

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

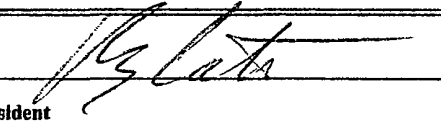
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NMNM - 108026
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name 789 8/2/2012
2. Name of Operator RSC Resources Limited Partnership		7. If Unit or CA Agreement, Name and No.
3a. Address 6824 Island Cir., Midland, Tx 79707	3b. Phone No. (include area code) 432-553-1849	8. Lease Name and Well No. C 39382 Chosa Draw 22 Federal No. 1H
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL & 1980' FEL At proposed prod. zone 660' FSL & 1980' FEL BHL		9. API Well No. 30-015-24057
14. Distance in miles and direction from nearest town or post office* 7 Miles SE of Whites City, NM		10. Field and Pool, or Exploratory Undesignated: Wolfcamp 11. Sec., T. & R. M. or Blk. and Survey or Area Sec 22, T25S- R25E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'	16. No. of acres in lease 320	17. Spacing Unit dedicated to this well 320, E2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 9200' TVD, 11696' MD	20. BLM/BIA Bond No. on file NMB 000437
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3501' GL	22. Approximate date work will start* 03/01/2012	23. Estimated duration 30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Randall Cate	Date 09/23/2011
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Title President	Approved by (Signature) /s/ W. W. Ingram	Name (Printed/Typed) /s/ W. W. Ingram	Date JUL 27 2012
	Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

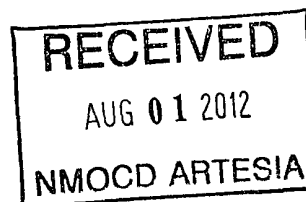
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVALApproval Subject to General Requirements
& Special Stipulations Attached

OPERATOR CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed herein will be conducted by RSC Resources L.P. , its contractors, and its subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

RSC Resources Limited Partnership

9/21/11

Date

R. Cate

Randall Cate, President

MEXICO OIL CONSERVATION COMMISS.
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-112
Superseded O-112
Effective 1-1-68

All distances must be from the outer boundaries of the Section

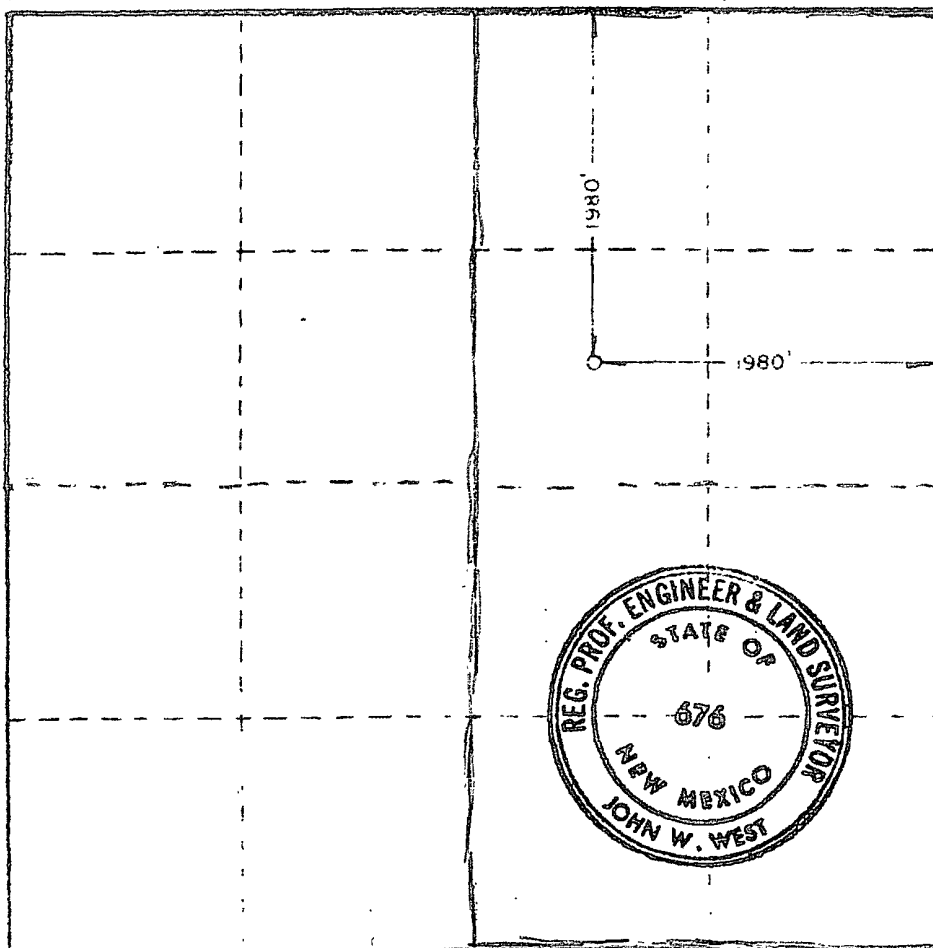
Operator Gulf Oil Company			Lease East Chosa Draw		Well No. 1
Tract Letter G	Section 22	Township 25 South	Range 25 East	County Eddy	
Actual Surface Location of Well: 1980 feet from the north line and 1980 feet from the east line					
Ground Level Elev. 3501'	Producing Formation Morrow		Pool Wildcat		Estimated Acreage 320

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (if on reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

R. C. Anderson

R. C. Anderson

Area Production Manager

Gulf Oil Corporation

12-30-81

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief

12-4-81

John W. West

JOHN W. WEST 676
PATRICK A. ROMERO 688
REG. PROF. ENGINEER & LAND SURVEYOR

District I
1625 N French Dr , Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St , Artesia, NM 88210
Phone.(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone.(505) 334-6178 Fax.(505) 334-6170
District IV
1220 S St Francis Dr , Santa Fe, NM 87505
Phone:(505) 476-3470 Fax (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 137838

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-24057	2. Pool Code 87285	3. Pool Name WHITE CITY; W.C. (RAB) Undesignated Wolfcamp
4. Property Code 39382	5. Property Name CHOSA DRAW 22 FEDERAL	
7. OGRID No. 245801	8. Operator Name RSC RESOURCES LIMITED PARTNERSHIP	6. Well No 001H 9. Elevation 3501

10. Surface Location

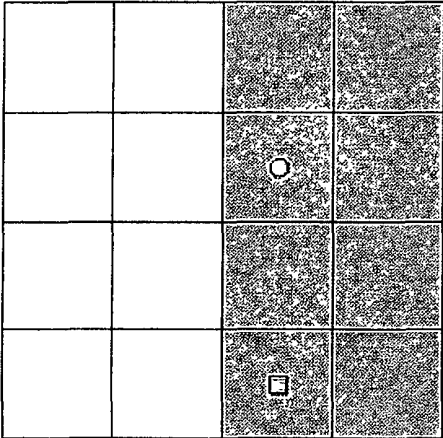
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
G	22	25S	25E		1980	N	1980	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	22	25S	25E	O	660	S	1980	E	EDDY

12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code	15. Order No
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well, at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>[Signature]</i> Title: <i>PRESIDENT</i> Date: <i>9/23/11</i></p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</i></p> <p>Surveyed By: Date of Survey: Certificate Number:</p>
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RSC Resources Limited Partnership**Drilling and Operations Program**

Chosa Draw 22 Federal # 1H (Reentry)

SL: 1980' FNL & 1980' FEL

BHL: 660' FSL & 1980' FEL

Sec. 22, T25S, R25E, Eddy Co., NM

In accordance with Part 24 of Form 3160-3, Application For Permit To Drill, RSC Resources submits the following:

The operation will consist of drilling out the cmt plug at surface-50'; CIBP and cmt at 492'; cmt plug at 1869'; cmt plug at 5048'; Cmt and CIBP at 8076'; and kick off the cmt and RBP at 8865-9065'. Horizontal lateral will be drilled to 11,696' and a combination 4.5" uncemented port/packer liner system run on 4.5" casing with DV cmt staging tool at 8750' from which cement will be brought to surface. The original well was drilled and PA'd by Gulf Oil in 4/82 and subsequently reentered and PA'd by Lario in 7/83.

1. The estimated tops of geologic markers are as follows:

Castille	380'
Salt	760'
Base of Salt/ Lamar	1,280'
Delaware * Bell Canyon	1,530'
Cherry Canyon	2,470'
Brushy Canyon	3,262'
Bone Spring *, **	5,028'
Wolfcamp **	8,008'
Cisco-Canyon **	9,603'

2. Estimated depths of anticipated fresh water, oil, and gas:

Fresh Water	80'-150'
Oil * Gas **	Denoted above

3. Proposed Casing Program: ** Denotes Existing in Place

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft/Grade</u>	<u>Depth</u>	<u>Jt Type</u>
14.75"	10.75"	40.5# J55	0-1820'	ST&C IN PLACE
9.5"	7.625"	26.4# S95, N80	0-8,700'	ST&C ^{LT&C} IN PLACE
6.5"	4.5"	11.6# P110	0-11,696'	LT&C NEW

DV cmt staging tool at 8750'.

Minimum casing design : Collapse 1.125, Burst 1.0, Tensile 1.8.

4. Cementing Program

10.75" - Fill to Surface w/ ~1580 Sx Class "C", Lite; IN PLACE

7.625" - circ to Surface w/ ~1700 Sx Class "C", 50/50 poz, "GulfMix"; IN PLACE

4.5" - DV @ 8750-surface; w/500 Sx Class H Light, 2.46 yld
Tail w/ 500 Sx Class H containing FLA, 1.18 yld; 34.7% excess

4.5" - with packers will not be cemented 8750'- 11,696'

5. Pressure Control Equipment and Testing:

see
COA

An 11", 5000# casing head will be welded to the 10.75" casing and an 11", 5000# WP Double Ram BOP and annular BOP will be installed. BOP and manifold will be tested by an independent tester to 3000# and annular/casing to 50% of rating prior to drilling out the plug at 472'-492', as per Onshore Order #2. BOP and manifold will be tested to 5000# and annular/casing to 2000# prior to drilling out the plug at 8076'-8194' and mud weight will be brought up to at least 9.5 #, being the equivalent mud weight to control 4500# BHP at 9200' TVD. BOP controls will be installed prior to drilling out the plug and will remain the duration of drilling operations. BOP will be inspected and rams operationally checked each 24 hour period and results recorded on the daily tour sheets. A Kelly cock and sub with full opening valve in open position will be available on the rig floor when the Kelly is not in use. Pit level indicators will be used.

6. Mud Program – Steel pits system to be used.

<u>Interval</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>FL</u>	<u>Type of System</u>
0'-11,885'	9.5-10.5	30-38	8-12	Cut brine, brine

Mud material will be added as needed to control mud properties.

7. Evaluation Program:

Samples: Every 10' while drilling curve and lateral.

Logging: LWD gamma, mud log. No cores or DSTs anticipated.

Directional Survey: Vertical bottom hole location will be determined by directional survey from surface to kick-off plug and corrections made to plan if needed to return curve and lateral to minimum 1980' FEL. Any unorthodox portion of the lateral will be isolated by packers unless unorthodox approval is first granted by New Mexico OCD.

8. Downhole Conditions:

No abnormal conditions, pressures, temperatures, or H₂S are expected. An H₂S contingency plan is included in this Application as a precaution. The expected bottom hole temperature and pressure are 170⁰ F and 4500 psi, respectively.

Open Hole 14.75in

Casing 10.75in 40.5lb/ft

set @ 1820', cmt
w/ 1568sx, surf

20 sx 0-50';
CIBP @ 492' w/
3 sx on top

cmt plug, 30 sx
@ 1819-1869'

cmt plug, 40 sx
@ 5048-5115'

Drillable Bridge Plug 8,194 ft

CIBP @ 8194'
w/ 40 sx cmt to
8076'

cmt plug, 60 sx
8865'-9065'
CIBP @ 9065'

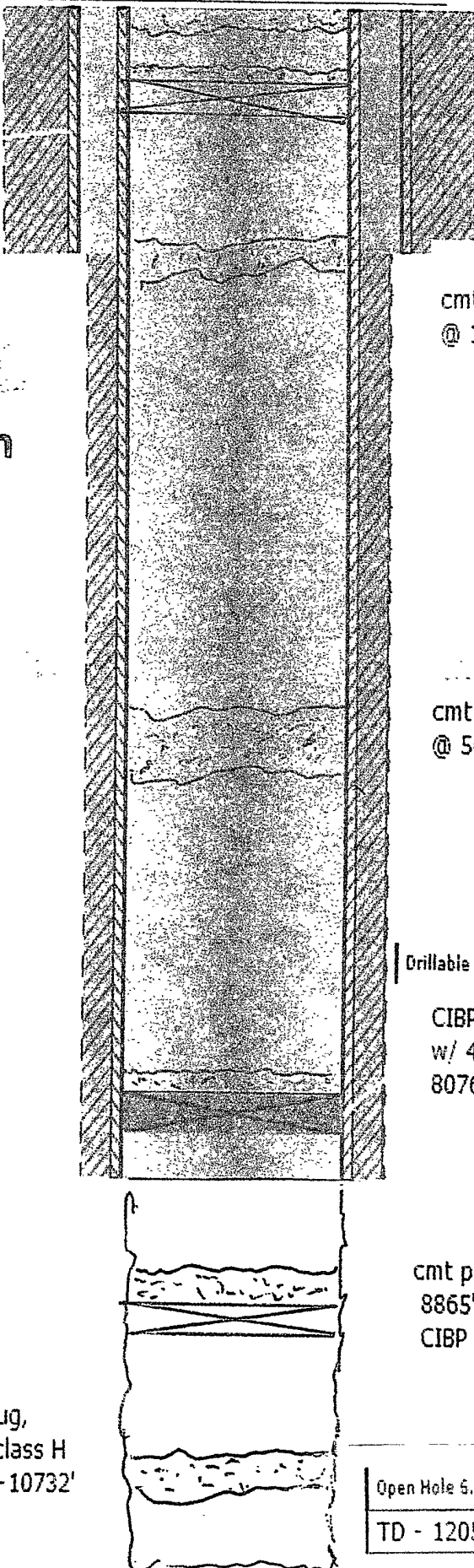
Cmt plug,
88 sx class H
10617'-10732'

Open Hole 6.5in

Open Hole 5.5in

TD - 12050'

Current Condition



Proposed Configuration

Open Hole 14.75in

Casing 10.75in 40.5lb/ft
set @ 1820', cmt
w/ 1568sx, surf

Open Hole 9.5in
Casing 7.625in 26.4lb/ft
Set @ 8700', Cmt
w/ 1700 sx, circ

Tuba 2.875in 6.5lb/ft

Retrievable Packer Mechanical 8,391 ft

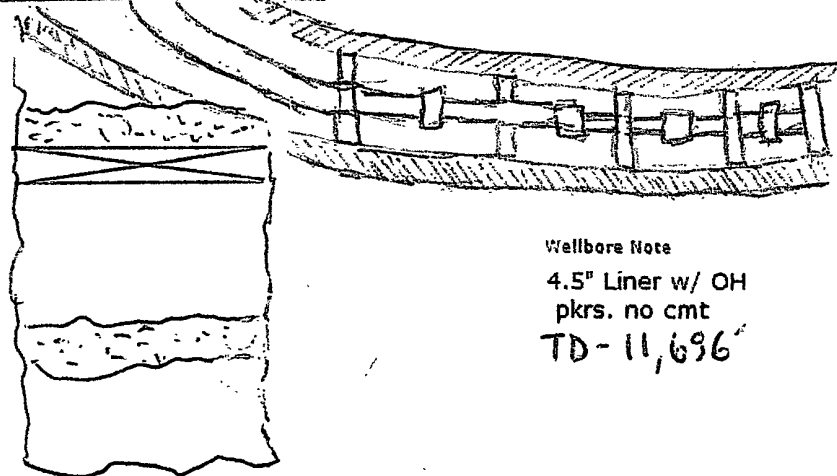
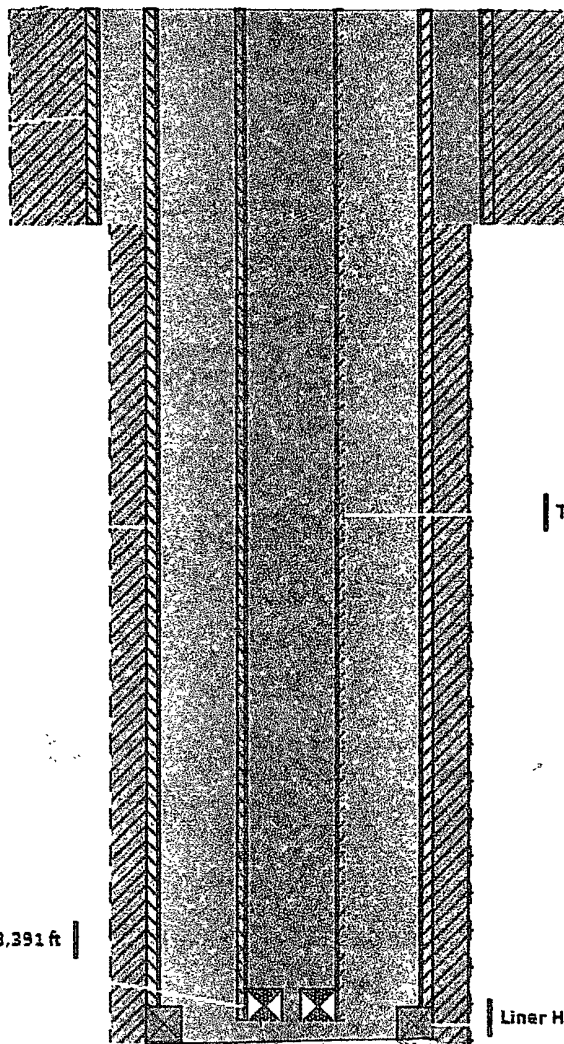
Liner Hanger 8,532 ft

Wellbore Note
cmt plug, 60 sx
8865'-9065'
CIBP @ 9065'

Open Hole 6.5in
TD - 12050'

Wellbore Note
Cmt plug,
88 sx class H
10617'-10732'

Wellbore Note
4.5" Liner w/ OH
pkrs. no cmt
TD - 11,696'



DDC
Well Planning Report



Database: EDM 5000.1 Single User Db
Company: RSC Resources, Lp
Project: Eddy, County NM
Site: Sec 22-25S-25E
Well: Chosa Draw 22 Fed #1H
Wellbore: Wellbore #1
Design: Design #1

Local Co-ordinate Reference: Site Sec 22-25S-25E
TVD Reference: WELL @ 0.0usft (Original Well Elev)
MD Reference: WELL @ 0.0usft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Project	Eddy, County NM		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Sec 22-25S-25E

Site Position:	Map	Northing:	0.00 usft	Latitude:	30° 59' 24.512 N
From:		Easting:	0.00 usft	Longitude:	105° 55' 44.137 W
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "	Grid Convergence:	-0.82 °

Well Chosa Draw 22 Fed #1H

Well Position	+N-S	0.0 usft	Northing:	0.00 usft	Latitude:	30° 59' 24.512 N
	+E-W	0.0 usft	Easting:	0.00 usft	Longitude:	105° 55' 44.137 W
Position Uncertainty	0.0 usft	Wellhead Elevation:		Ground Level:	0.0 usft	

Wellbore Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	10/26/2011	8.45	58.58	47,575

Design Design #1

Audit Notes:

Version: Phase: PLAN Tie On Depth: 0.0

Vertical Section:	Depth From (TVD) (usft)	+N-S (usft)	+E-W (usft)	Direction (°)
	0.0	0.0	0.0	180.00

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N-S (usft)	+E-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
8,865.0	0.00	0.00	8,865.0	0.0	0.0	0.00	0.00	0.00	0.00	
9,391.2	90.00	180.00	9,200.0	-335.0	0.0	17.11	17.11	34.21	180.00	
11,696.2	90.00	180.00	9,200.0	-2,640.0	0.0	0.00	0.00	0.00	0.00	PBHL Chosa Draw

DDC

Well Planning Report



Database: EDM 5000.1 Single User Db
Company: RSC Resources, Lp
Project: Eddy, County NM
Site: Sec 22-25S-25E
Well: Chosa Draw 22 Fed #1H
Wellbore: Wellbore #1
Design: Design #1

Local Co-ordinate Reference: Site Sec 22-25S-25E
TVD Reference: WELL @ 0.0usft (Original Well Elev)
MD Reference: WELL @ 0.0usft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N-S (usft)	+E-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
1,100.0	0.00	0.00	1,100.0	0.0	0.0	0.0	0.00	0.00	0.00
1,200.0	0.00	0.00	1,200.0	0.0	0.0	0.0	0.00	0.00	0.00
1,300.0	0.00	0.00	1,300.0	0.0	0.0	0.0	0.00	0.00	0.00
1,400.0	0.00	0.00	1,400.0	0.0	0.0	0.0	0.00	0.00	0.00
1,500.0	0.00	0.00	1,500.0	0.0	0.0	0.0	0.00	0.00	0.00
1,600.0	0.00	0.00	1,600.0	0.0	0.0	0.0	0.00	0.00	0.00
1,700.0	0.00	0.00	1,700.0	0.0	0.0	0.0	0.00	0.00	0.00
1,800.0	0.00	0.00	1,800.0	0.0	0.0	0.0	0.00	0.00	0.00
1,900.0	0.00	0.00	1,900.0	0.0	0.0	0.0	0.00	0.00	0.00
2,000.0	0.00	0.00	2,000.0	0.0	0.0	0.0	0.00	0.00	0.00
2,100.0	0.00	0.00	2,100.0	0.0	0.0	0.0	0.00	0.00	0.00
2,200.0	0.00	0.00	2,200.0	0.0	0.0	0.0	0.00	0.00	0.00
2,300.0	0.00	0.00	2,300.0	0.0	0.0	0.0	0.00	0.00	0.00
2,400.0	0.00	0.00	2,400.0	0.0	0.0	0.0	0.00	0.00	0.00
2,500.0	0.00	0.00	2,500.0	0.0	0.0	0.0	0.00	0.00	0.00
2,600.0	0.00	0.00	2,600.0	0.0	0.0	0.0	0.00	0.00	0.00
2,700.0	0.00	0.00	2,700.0	0.0	0.0	0.0	0.00	0.00	0.00
2,800.0	0.00	0.00	2,800.0	0.0	0.0	0.0	0.00	0.00	0.00
2,900.0	0.00	0.00	2,900.0	0.0	0.0	0.0	0.00	0.00	0.00
3,000.0	0.00	0.00	3,000.0	0.0	0.0	0.0	0.00	0.00	0.00
3,100.0	0.00	0.00	3,100.0	0.0	0.0	0.0	0.00	0.00	0.00
3,200.0	0.00	0.00	3,200.0	0.0	0.0	0.0	0.00	0.00	0.00
3,300.0	0.00	0.00	3,300.0	0.0	0.0	0.0	0.00	0.00	0.00
3,400.0	0.00	0.00	3,400.0	0.0	0.0	0.0	0.00	0.00	0.00
3,500.0	0.00	0.00	3,500.0	0.0	0.0	0.0	0.00	0.00	0.00
3,600.0	0.00	0.00	3,600.0	0.0	0.0	0.0	0.00	0.00	0.00
3,700.0	0.00	0.00	3,700.0	0.0	0.0	0.0	0.00	0.00	0.00
3,800.0	0.00	0.00	3,800.0	0.0	0.0	0.0	0.00	0.00	0.00
3,900.0	0.00	0.00	3,900.0	0.0	0.0	0.0	0.00	0.00	0.00
4,000.0	0.00	0.00	4,000.0	0.0	0.0	0.0	0.00	0.00	0.00
4,100.0	0.00	0.00	4,100.0	0.0	0.0	0.0	0.00	0.00	0.00
4,200.0	0.00	0.00	4,200.0	0.0	0.0	0.0	0.00	0.00	0.00
4,300.0	0.00	0.00	4,300.0	0.0	0.0	0.0	0.00	0.00	0.00
4,400.0	0.00	0.00	4,400.0	0.0	0.0	0.0	0.00	0.00	0.00
4,500.0	0.00	0.00	4,500.0	0.0	0.0	0.0	0.00	0.00	0.00
4,600.0	0.00	0.00	4,600.0	0.0	0.0	0.0	0.00	0.00	0.00
4,700.0	0.00	0.00	4,700.0	0.0	0.0	0.0	0.00	0.00	0.00
4,800.0	0.00	0.00	4,800.0	0.0	0.0	0.0	0.00	0.00	0.00
4,900.0	0.00	0.00	4,900.0	0.0	0.0	0.0	0.00	0.00	0.00
5,000.0	0.00	0.00	5,000.0	0.0	0.0	0.0	0.00	0.00	0.00
5,100.0	0.00	0.00	5,100.0	0.0	0.0	0.0	0.00	0.00	0.00
5,200.0	0.00	0.00	5,200.0	0.0	0.0	0.0	0.00	0.00	0.00
5,300.0	0.00	0.00	5,300.0	0.0	0.0	0.0	0.00	0.00	0.00

DDC

Well Planning Report



Database: EDM 5000.1 Single User Db
Company: RSC Resources, Lp
Project: Eddy, County NM
Site: Sec 22-25S-25E
Well: Chosa Draw 22 Fed #1H
Wellbore: Wellbore #1
Design: Design #1

Local Co-ordinate Reference: Site Sec 22-25S-25E
TVD Reference: WELL @ 0.0usft (Original Well Elev)
MD Reference: WELL @ 0.0usft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,400.0	0.00	0.00	5,400.0	0.0	0.0	0.0	0.00	0.00	0.00
5,500.0	0.00	0.00	5,500.0	0.0	0.0	0.0	0.00	0.00	0.00
5,600.0	0.00	0.00	5,600.0	0.0	0.0	0.0	0.00	0.00	0.00
5,700.0	0.00	0.00	5,700.0	0.0	0.0	0.0	0.00	0.00	0.00
5,800.0	0.00	0.00	5,800.0	0.0	0.0	0.0	0.00	0.00	0.00
5,900.0	0.00	0.00	5,900.0	0.0	0.0	0.0	0.00	0.00	0.00
6,000.0	0.00	0.00	6,000.0	0.0	0.0	0.0	0.00	0.00	0.00
6,100.0	0.00	0.00	6,100.0	0.0	0.0	0.0	0.00	0.00	0.00
6,200.0	0.00	0.00	6,200.0	0.0	0.0	0.0	0.00	0.00	0.00
6,300.0	0.00	0.00	6,300.0	0.0	0.0	0.0	0.00	0.00	0.00
6,400.0	0.00	0.00	6,400.0	0.0	0.0	0.0	0.00	0.00	0.00
6,500.0	0.00	0.00	6,500.0	0.0	0.0	0.0	0.00	0.00	0.00
6,600.0	0.00	0.00	6,600.0	0.0	0.0	0.0	0.00	0.00	0.00
6,700.0	0.00	0.00	6,700.0	0.0	0.0	0.0	0.00	0.00	0.00
6,800.0	0.00	0.00	6,800.0	0.0	0.0	0.0	0.00	0.00	0.00
6,900.0	0.00	0.00	6,900.0	0.0	0.0	0.0	0.00	0.00	0.00
7,000.0	0.00	0.00	7,000.0	0.0	0.0	0.0	0.00	0.00	0.00
7,100.0	0.00	0.00	7,100.0	0.0	0.0	0.0	0.00	0.00	0.00
7,200.0	0.00	0.00	7,200.0	0.0	0.0	0.0	0.00	0.00	0.00
7,300.0	0.00	0.00	7,300.0	0.0	0.0	0.0	0.00	0.00	0.00
7,400.0	0.00	0.00	7,400.0	0.0	0.0	0.0	0.00	0.00	0.00
7,500.0	0.00	0.00	7,500.0	0.0	0.0	0.0	0.00	0.00	0.00
7,600.0	0.00	0.00	7,600.0	0.0	0.0	0.0	0.00	0.00	0.00
7,700.0	0.00	0.00	7,700.0	0.0	0.0	0.0	0.00	0.00	0.00
7,800.0	0.00	0.00	7,800.0	0.0	0.0	0.0	0.00	0.00	0.00
7,900.0	0.00	0.00	7,900.0	0.0	0.0	0.0	0.00	0.00	0.00
8,000.0	0.00	0.00	8,000.0	0.0	0.0	0.0	0.00	0.00	0.00
8,100.0	0.00	0.00	8,100.0	0.0	0.0	0.0	0.00	0.00	0.00
8,200.0	0.00	0.00	8,200.0	0.0	0.0	0.0	0.00	0.00	0.00
8,300.0	0.00	0.00	8,300.0	0.0	0.0	0.0	0.00	0.00	0.00
8,400.0	0.00	0.00	8,400.0	0.0	0.0	0.0	0.00	0.00	0.00
8,500.0	0.00	0.00	8,500.0	0.0	0.0	0.0	0.00	0.00	0.00
8,600.0	0.00	0.00	8,600.0	0.0	0.0	0.0	0.00	0.00	0.00
8,700.0	0.00	0.00	8,700.0	0.0	0.0	0.0	0.00	0.00	0.00
8,800.0	0.00	0.00	8,800.0	0.0	0.0	0.0	0.00	0.00	0.00
Build 17.11°/100' @ 8865' MD									
8,865.0	0.00	0.00	8,865.0	0.0	0.0	0.0	0.00	0.00	0.00
8,900.0	5.99	180.00	8,899.9	-1.8	0.0	1.8	17.11	17.11	0.00
9,000.0	23.09	180.00	8,996.4	-26.8	0.0	26.8	17.11	17.11	0.00
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9,200.0	57.30	180.00	9,146.9	-154.0	0.0	154.0	17.11	17.11	0.00
9,300.0	74.41	180.00	9,187.6	-244.9	0.0	244.9	17.11	17.11	0.00
EOB @ 9391' MD / 90° Inc / 180° Azm / 9200' TVD									
9,391.2	90.00	180.00	9,200.0	-335.0	0.0	335.0	17.11	17.11	0.00
9,400.0	90.00	180.00	9,200.0	-343.8	0.0	343.8	0.00	0.00	0.00
9,500.0	90.00	180.00	9,200.0	-443.8	0.0	443.8	0.00	0.00	0.00
9,600.0	90.00	180.00	9,200.0	-543.8	0.0	543.8	0.00	0.00	0.00
9,700.0	90.00	180.00	9,200.0	-643.8	0.0	643.8	0.00	0.00	0.00
9,800.0	90.00	180.00	9,200.0	-743.8	0.0	743.8	0.00	0.00	0.00
9,900.0	90.00	180.00	9,200.0	-843.8	0.0	843.8	0.00	0.00	0.00
10,000.0	90.00	180.00	9,200.0	-943.8	0.0	943.8	0.00	0.00	0.00
10,100.0	90.00	180.00	9,200.0	-1,043.8	0.0	1,043.8	0.00	0.00	0.00
10,200.0	90.00	180.00	9,200.0	-1,143.8	0.0	1,143.8	0.00	0.00	0.00

DDC
Well Planning Report



Database: EDM 5000.1 Single User Db
Company: RSC Resources, Lp
Project: Eddy, County NM
Site: Sec 22-25S-25E
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North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
10,300.0	90.00	180.00	9,200.0	-1,243.8	0.0	1,243.8	0.00	0.00	0.00
10,400.0	90.00	180.00	9,200.0	-1,343.8	0.0	1,343.8	0.00	0.00	0.00
10,500.0	90.00	180.00	9,200.0	-1,443.8	0.0	1,443.8	0.00	0.00	0.00
10,600.0	90.00	180.00	9,200.0	-1,543.8	0.0	1,543.8	0.00	0.00	0.00
10,700.0	90.00	180.00	9,200.0	-1,643.8	0.0	1,643.8	0.00	0.00	0.00
10,800.0	90.00	180.00	9,200.0	-1,743.8	0.0	1,743.8	0.00	0.00	0.00
10,900.0	90.00	180.00	9,200.0	-1,843.8	0.0	1,843.8	0.00	0.00	0.00
11,000.0	90.00	180.00	9,200.0	-1,943.8	0.0	1,943.8	0.00	0.00	0.00
11,100.0	90.00	180.00	9,200.0	-2,043.8	0.0	2,043.8	0.00	0.00	0.00
11,200.0	90.00	180.00	9,200.0	-2,143.8	0.0	2,143.8	0.00	0.00	0.00
11,300.0	90.00	180.00	9,200.0	-2,243.8	0.0	2,243.8	0.00	0.00	0.00
11,400.0	90.00	180.00	9,200.0	-2,343.8	0.0	2,343.8	0.00	0.00	0.00
11,500.0	90.00	180.00	9,200.0	-2,443.8	0.0	2,443.8	0.00	0.00	0.00
11,600.0	90.00	180.00	9,200.0	-2,543.8	0.0	2,543.8	0.00	0.00	0.00
TD @ 11696' MD / 9200' TVD									
11,696.2	90.00	180.00	9,200.0	-2,640.0	0.0	2,640.0	0.00	0.00	0.00

Design Targets

Target Name

- hit/miss target	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
- Shape									
PBHL Chosa Draw 22	0.00	0.00	9,200.0	-2,640.0	0.0	-2,640.00	0.00	30° 58' 58.390 N	105° 55' 43.703 W
- plan hits target center									
- Point									

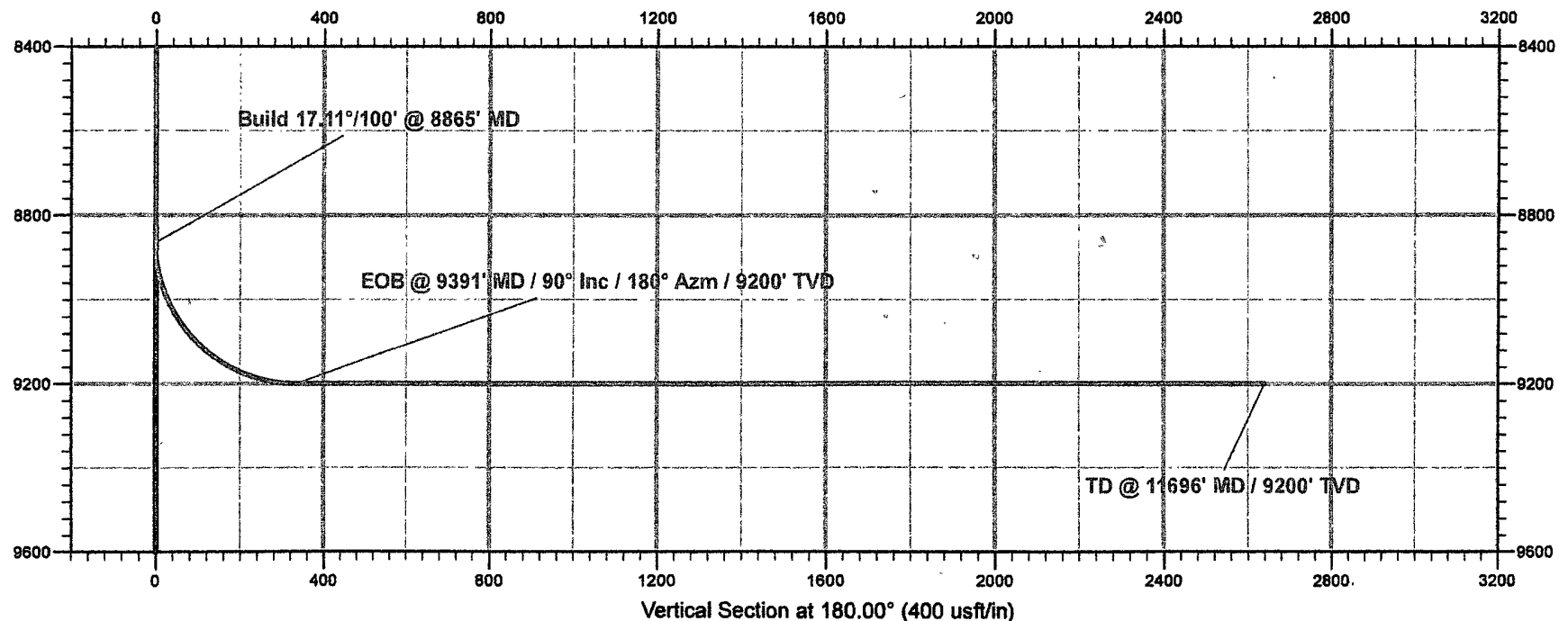
Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
8,865.0	8,865.0	0.0	0.0	Build 17.11°/100' @ 8865' MD
9,391.2	9,200.0	-335.0	0.0	EOB @ 9391' MD / 90° Inc / 180° Azm / 9200' TVD
11,696.2	9,200.0	-2,640.0	0.0	TD @ 11696' MD / 9200' TVD

RSC Resources, L.P.

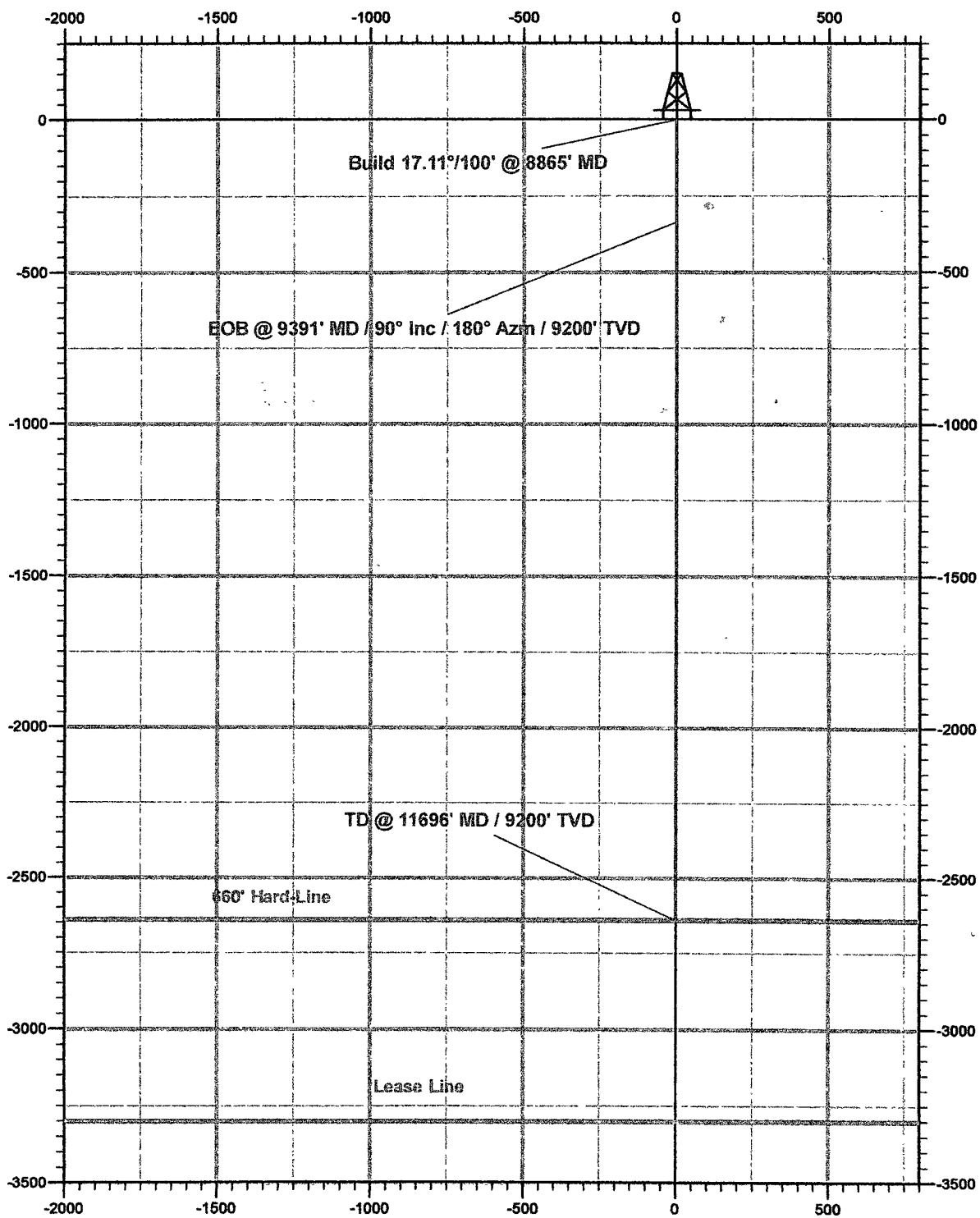
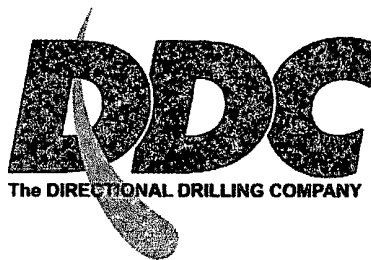


Eddy, County NM
Chosa Draw 22 Fed #1H
Design #1



RSC Resources, L.P.

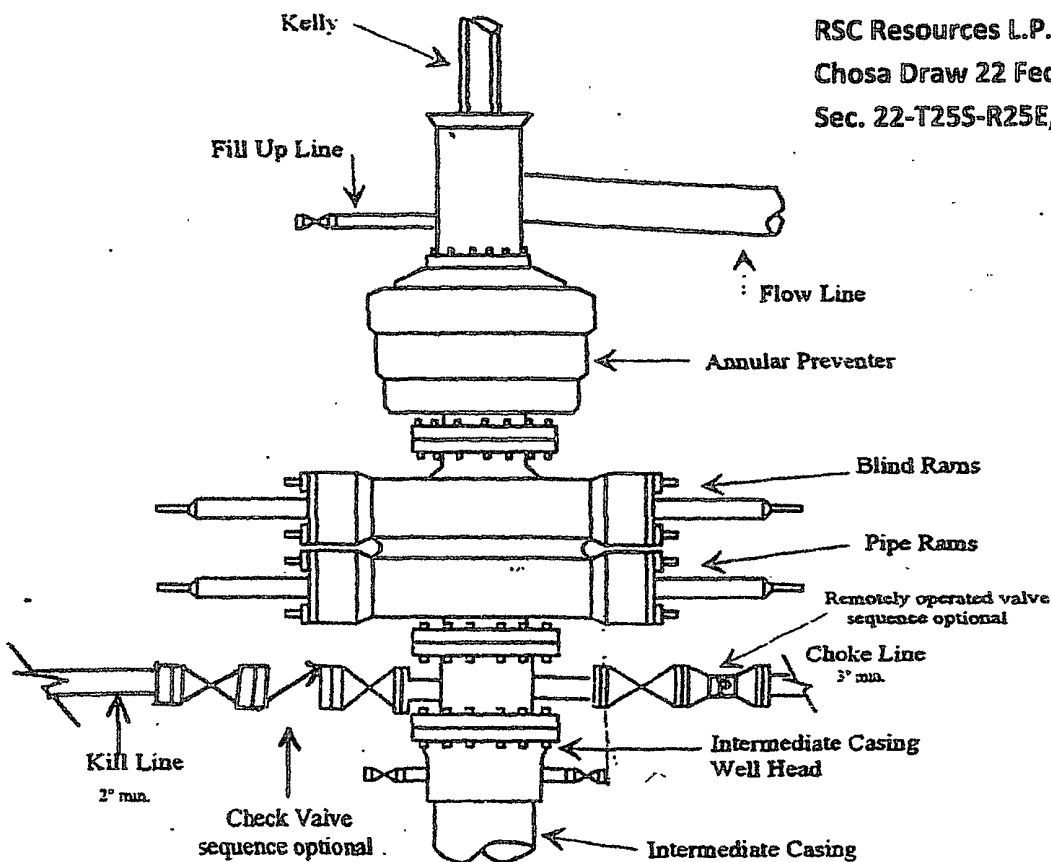
Eddy, County NM
Chosa Draw 22 Fed #1H
Design #1





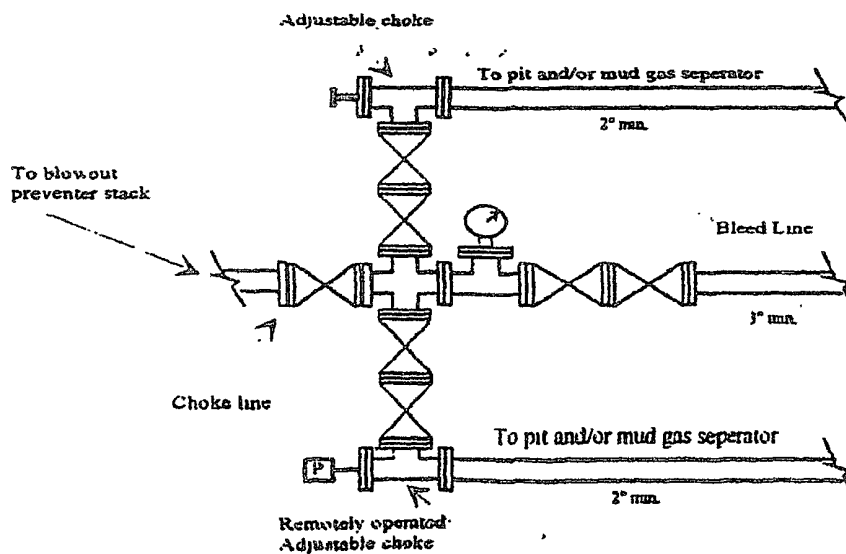
BOP-4

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



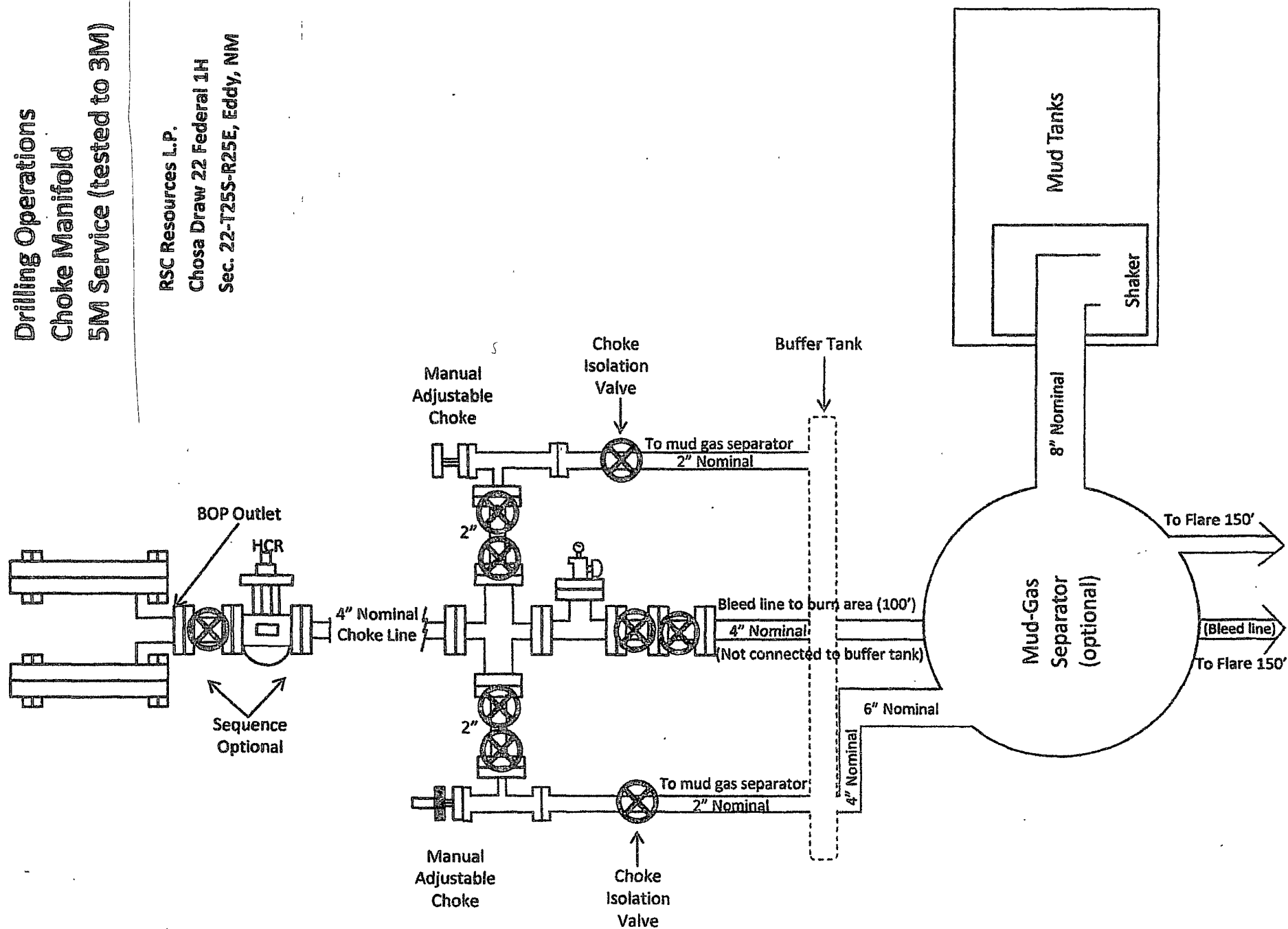
RSC Resources L.P.
Chosa Draw 22 Federal 1H
Sec. 22-T25S-R25E, Eddy, NM

Typical 5,000 psi choke manifold assembly with at least these minimum features



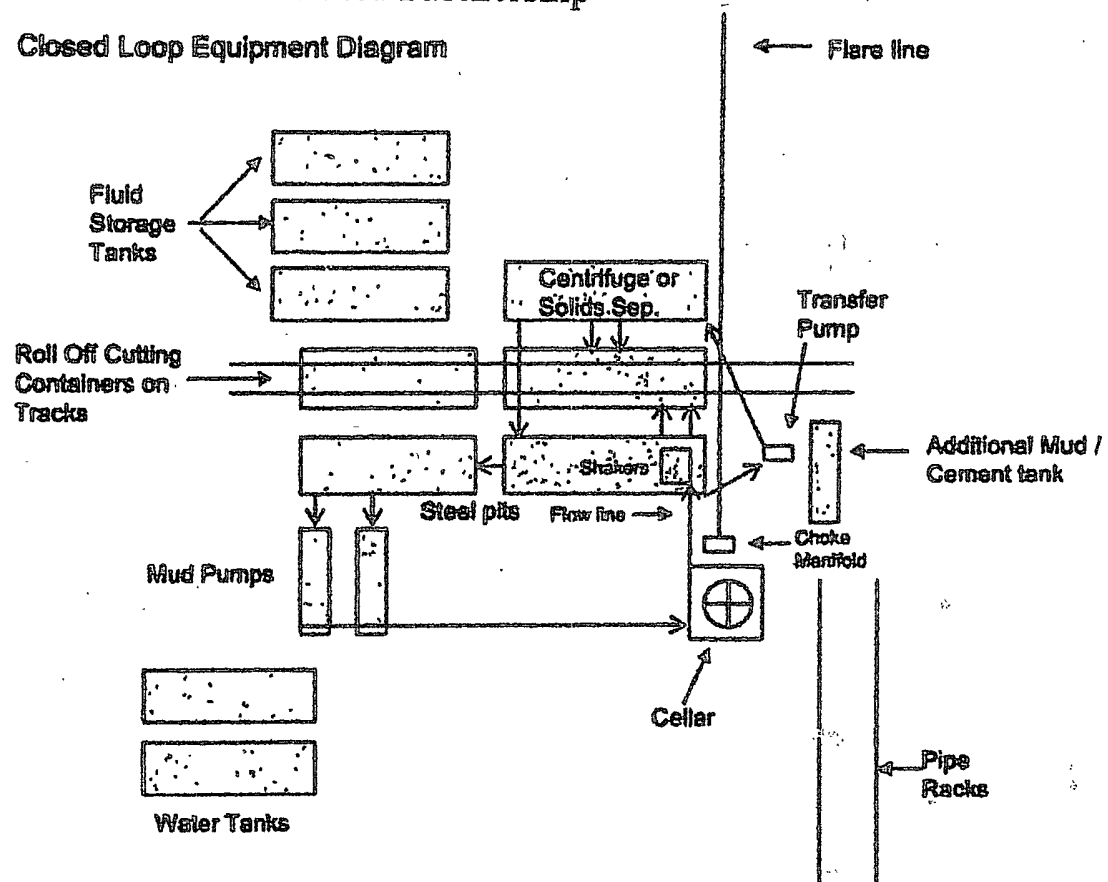
Drilling Operations Choke Manifold 5M Service (tested to 3M)

RSC Resources L.P.
Chosa Draw 22 Federal 1H
Sec. 22-T25S-R25E, Eddy, NM



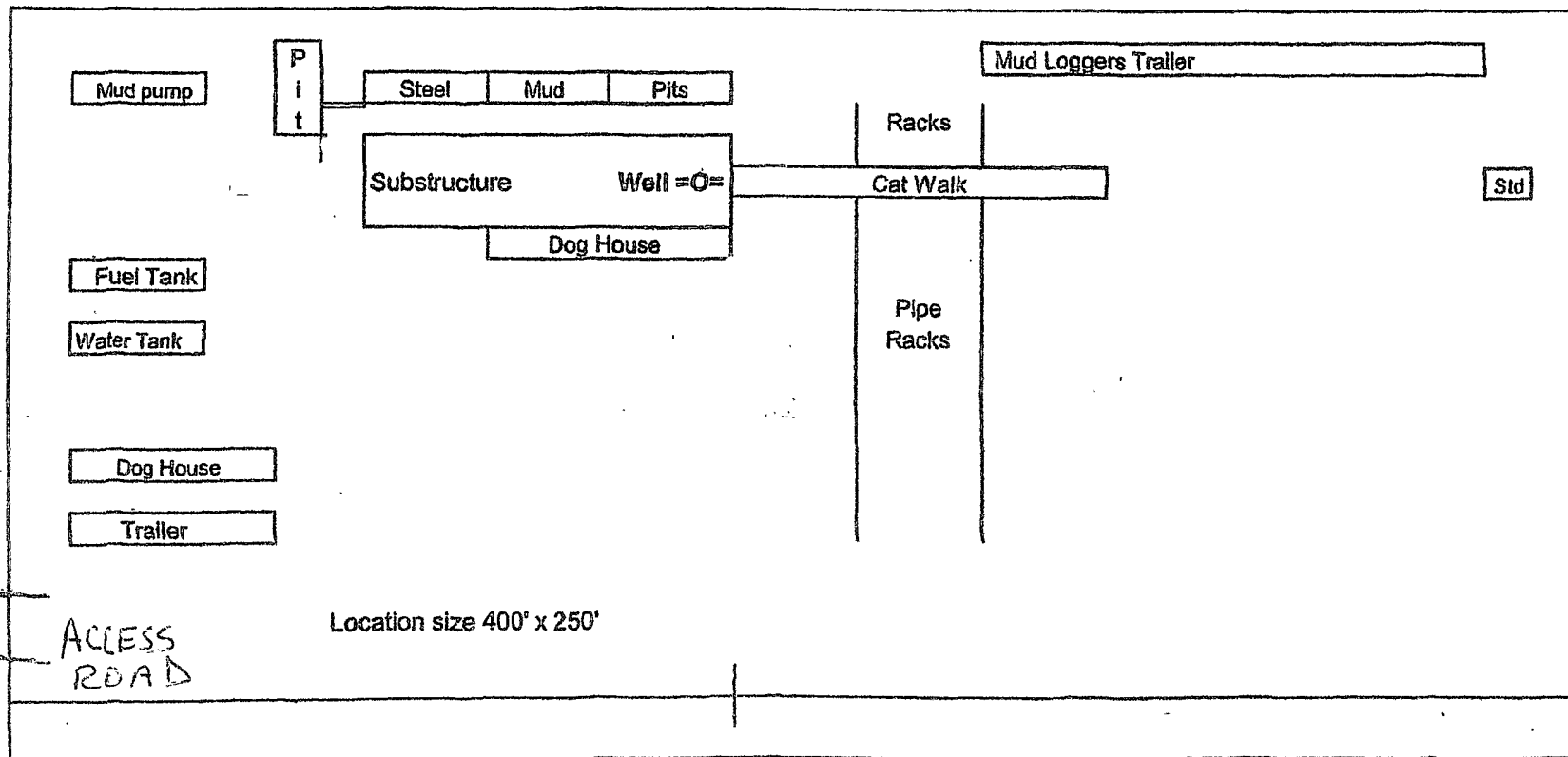
RSC Resources Limited Partnership

Closed Loop Equipment Diagram





RSC Resources L.P.
Chosa Draw 22 Federal 1H
Sec. 22-T25S-R25E, Eddy, NM



Rin Location Schematic

RSC Resources Limited Partnership

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H₂S).
- B. The proper use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H₂S detection and monitoring equipment:

2 - portable H₂S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.

D. Visual warning systems:

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H₂S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

W A R N I N G

**YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY**

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CK WITH RSC RESOURCES, L.P. MAIN OFFICE**

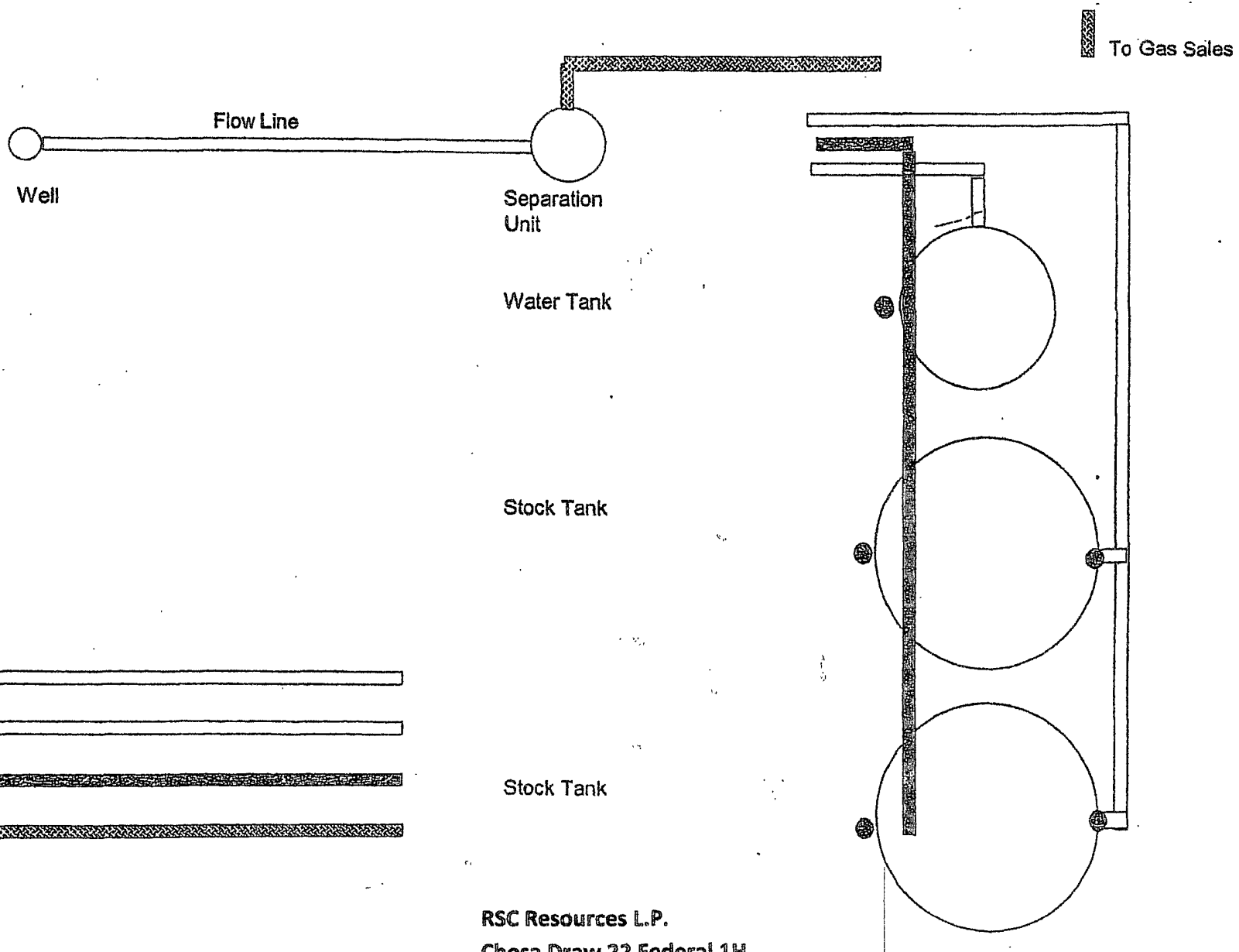
RSC Resources Limited Partnership

1-432-553-1849

Emergency Phone Numbers

Eddy County Sheriff's Office	575-746-9888
Ambulance Service	911 or 575-746-5051
Artesia Fire Dept	911 or 575-746-5051
Loco Hills Volunteer Fire Dept.	911 or 575-677-3266
Closest Medical Facility Artesia General Hospital	575-748-3333
New Mexico State Police	575-746-2703

Proposed Production Facilities Schematic



RSC Resources L.P.
 Chosa Draw 22 Federal 1H
 Sec. 22-T25S-R25E, Eddy, NM

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	RSC RESOURCES, LP
LEASE NO.:	NM108026
WELL NAME & NO.:	1 CHOSA DRAW 22 FEDERAL
SURFACE HOLE FOOTAGE:	1980' FNL & 1980' FEL
BOTTOM HOLE FOOTAGE:	660' FSL & 1980' FEL
LOCATION:	Section 22, T.25 S., R.25 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Cave/Karst
 - VRM
 - Watershed Resources
 - Range Project Avoidance
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling-Re-entry**
 - Critical Cave/Karst
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**