

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

RECEIVED
JAN 14 2013
NMC

Form C-101
Revised December 16, 2011

Permit
www.emnrd.state.nm.us
Current forms are available on our website and should be used when filing regulatory documents.

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG

Operator Name and Address Lime Rock Resources II-A 1111 Bagby Street, Suite 4600 Houston, Texas 77042		277558
Property Code 39637	Property Name Fanning 11 I	API Number 30-015-40979
Well No. #3		

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
I	11	18S	26E		2310	S	330	E	Eddy

8 Pool Information

RED LAKE Atoka, Glorieta-Yeso	51120 3260
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Additional Well Information

⁹ Work Type N	¹⁰ Well Type O	¹¹ Cable/Rotary R	¹² Lease Type P	¹³ Ground Level Elevation 3306.1
¹⁴ Multiple N	¹⁵ Proposed Depth 4650	¹⁶ Formation Yeso	¹⁷ Contractor United Drilling, Inc.	¹⁸ Spud Date After 2/15/2013
Depth to Ground water: 30 Feet		Distance from nearest fresh water well: 0.31 Miles		Distance to nearest surface water: 0.77 Miles

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Conductor	26"	20"	91.5	40	Ready Mix	Surface
Surface	12-1/4"	8-5/8"	24	425	300	Surface
Production	7-7/8"	5-1/2"	17	4650	910	Surface

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
XLT 11"	5000	2000	National Varco

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Signature: *Spencer Cox*
Printed name: Spencer Cox
Title: Production Engineer
E-mail Address: scox@limerockresources.com
Date: **1-11-13**
Phone: 713-292-9528

OIL CONSERVATION DIVISION
Approved By: *T. C. Shepard*
Title: *Biologist*
Approved Date: *1/15/2015* Expiration Date: *1/15/2015*
Conditions of Approval Attached

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-40979	² Pool Code 57120	³ Pool Name REDLAKE ; GG YB50
⁴ Property Code 39637	⁵ Property Name FANNING "11" I	
⁶ OGRID No. 277558	⁷ Operator Name LIME ROCK RESOURCES II A, L.P.	⁸ Well Number 3
		⁹ Elevation 3306.1

" Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	11	18 S	26 E		2310	SOUTH	330	EAST	EDDY

" Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	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>N89°40'15"W 2652.58 FT</p> <p>NW CORNER SEC. 11 LAT. = 32.7696820°N LONG. = 104.3605564°W</p> <p>COMPUTED</p>		<p>N89°40'15"W 2652.58 FT</p> <p>NE CORNER SEC. 11 LAT. = 32.7696007°N LONG. = 104.3453017°W</p>	
<p>S00°11'13"W 2657.50 FT</p>		<p>S00°32'26"E 2649.24 FT</p>	
<p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.</p>		<p>W/4 CORNER SEC. 11 LAT. = 32.7623791°N LONG. = 104.3605823°W</p>	
<p>S00°10'43"W 2640.40 FT</p>		<p>S00°32'26"E 2649.23 FT</p>	
<p>SW CORNER SEC. 11 LAT. = 32.7551232°N LONG. = 104.3606069°W</p> <p>COMPUTED</p>		<p>SE CORNER SEC. 11 LAT. = 32.7550409°N LONG. = 104.3434626°W</p> <p>COMPUTED</p>	
<p>S89°39'53"E 2636.03 FT</p>		<p>S89°39'53"E 2636.03 FT</p>	

" OPERATOR CERTIFICATION

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 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.

Signature: Spencer Cox Date: 1-11-13

Printed Name: Spencer Cox

E-mail Address: Scox@limerockresources.com

" SURVEYOR CERTIFICATION

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.

JULY 20, 2012

Date of Survey

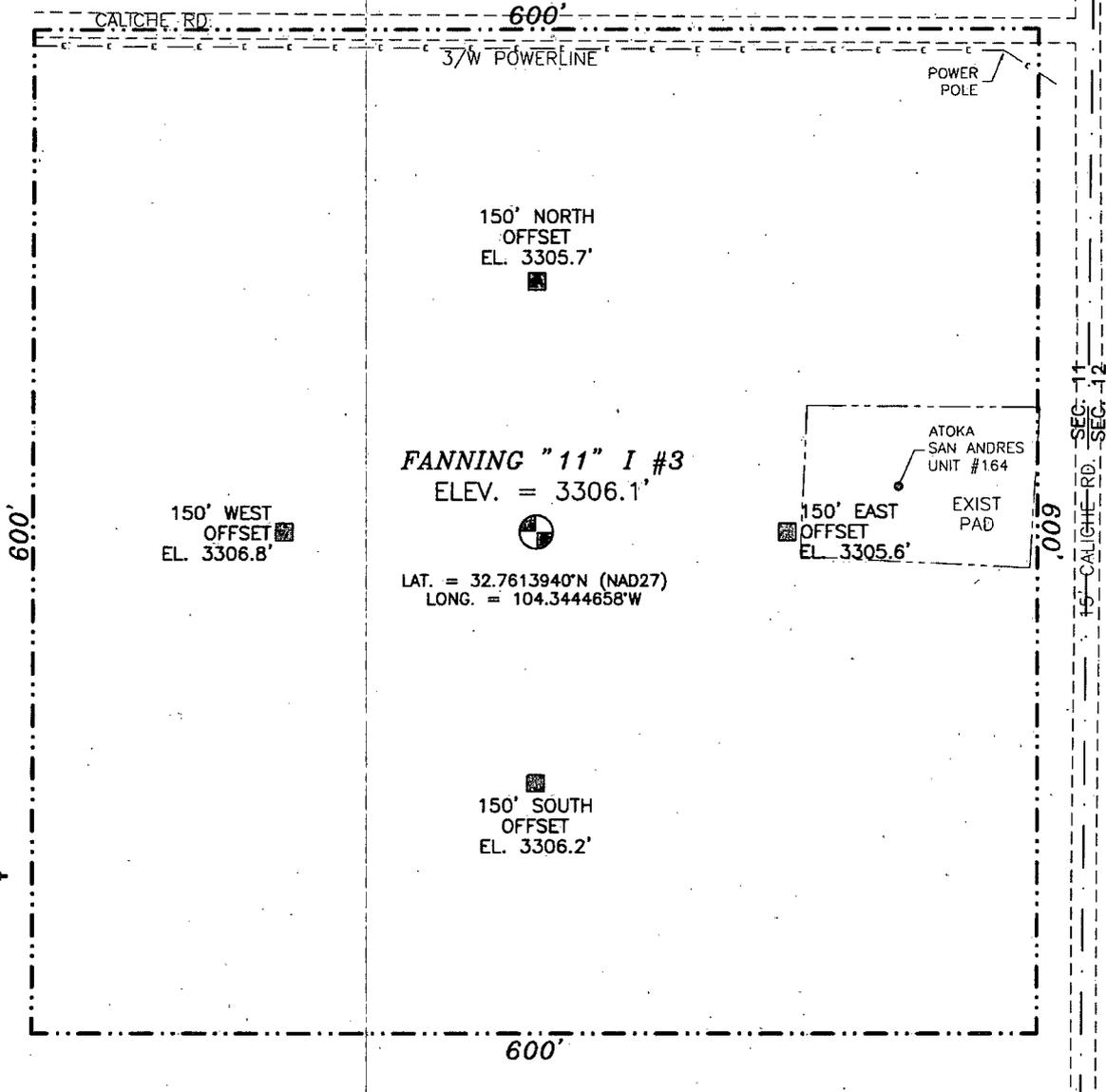
Signature and Seal of Professional Surveyor: [Signature]

Certificate Number: PILIMON E. JARAMILLO, PLS 12797

SURVEY NO. 1096

SECTION 11, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

NOTE: THE LATITUDE AND LONGITUDE COORDINATES ARE SHOWN
 USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN
 DECIMAL DEGREE FORMAT.



0 10 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM CR. #44 (FANNING) AND CR #39 (4-DINKUS) GO EAST ON CR #39 0.25 MILES, TURN LEFT AND GO NORTH 0.45 MILES AND LOCATION IS ON THE LEFT (WEST) 330'

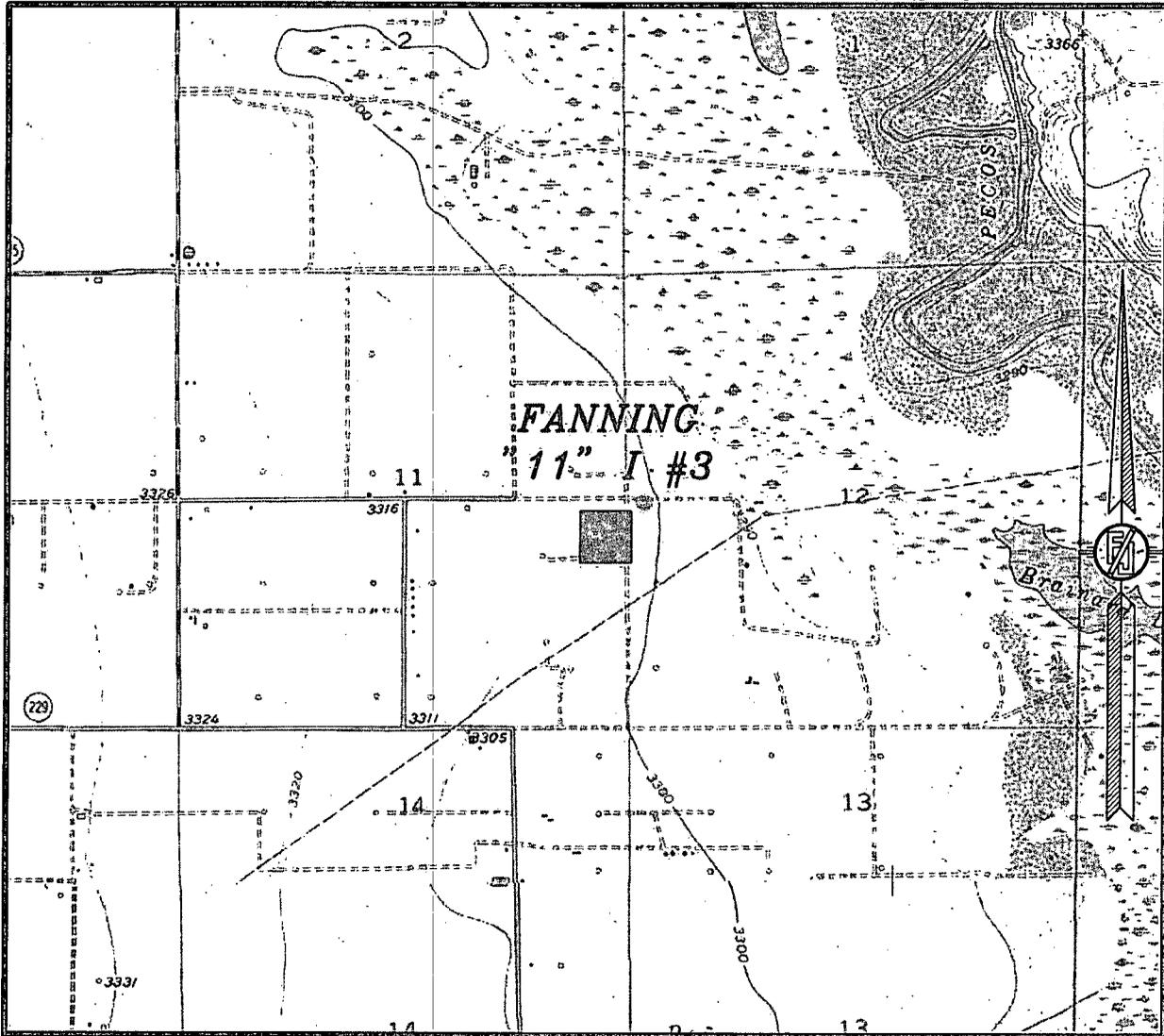
LIME ROCK RESOURCES II-A, L.P.
FANNING "11" I #3
 LOCATED 2310 FT. FROM THE SOUTH LINE
 AND 330 FT. FROM THE EAST LINE OF
 SECTION 11, TOWNSHIP 18 SOUTH,
 RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

JULY 20, 2012

SURVEY NO. 1096

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
 (575) 234-3341

SECTION 11, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:
SPRING LAKE

NOT TO SCALE

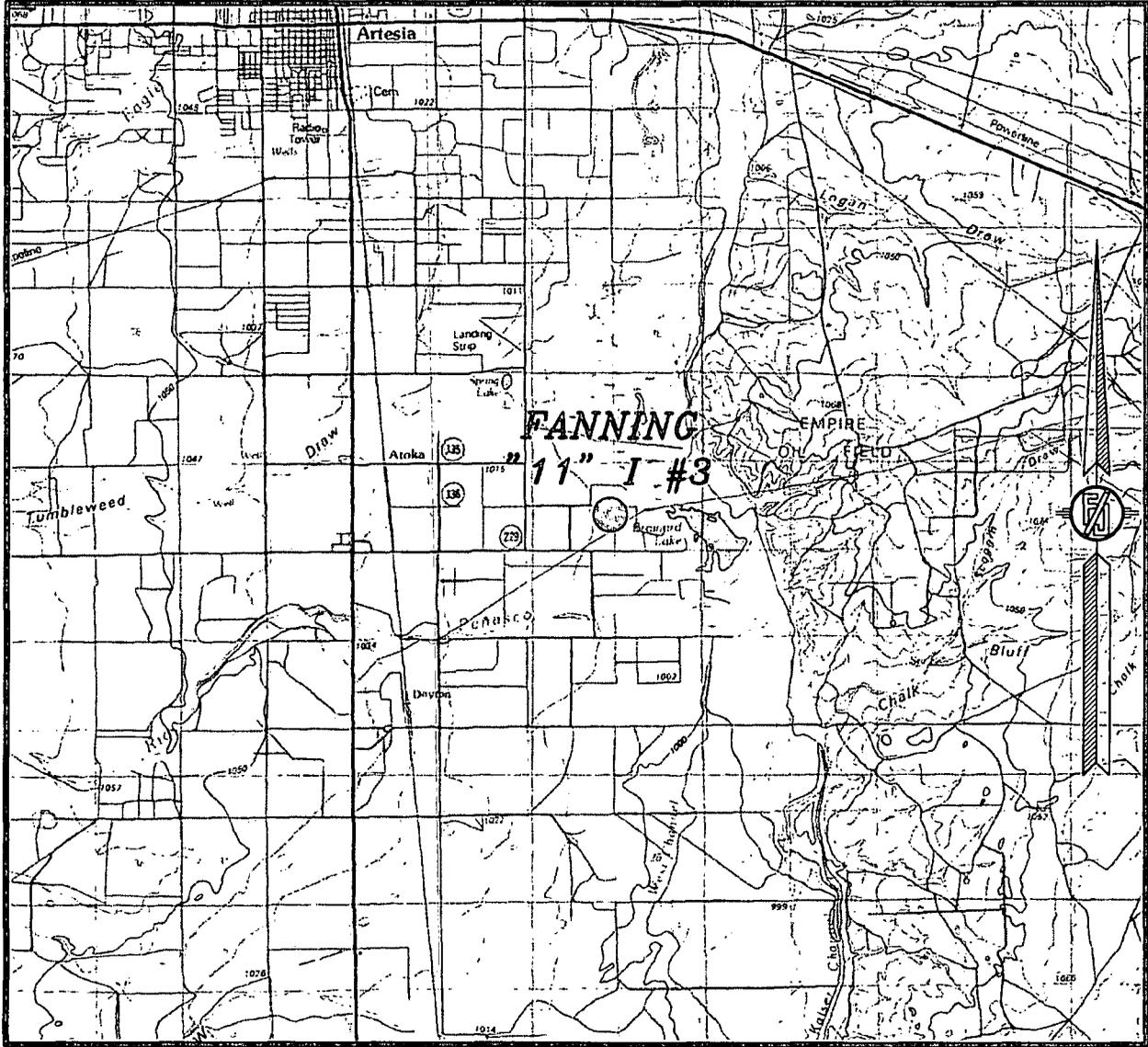
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JULY 20, 2012

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(575) 234-3341

SECTION 11, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 VICINITY MAP



NOT TO SCALE

LIME ROCK RESOURCES II-A, L.P.
 FANNING "11" I #3
 LOCATED 2310 FT. FROM THE SOUTH LINE
 AND 330 FT. FROM THE EAST LINE OF
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 RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

JULY 20, 2012

SURVEY NO. 1096

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
 (575) 234-3341

**Lime Rock Resources II-A
Drilling Plan**

**Fanning 11 I #3
2310' FSL 330' FEL
I-S11-T18S-R26E
Eddy County, NM**

1. The elevation of the unprepared ground is 3306.1' feet above sea level.
2. The geologic name of the surface formation is Quaternary – Alluvium.
3. A rotary rig will be utilized to drill the well to 4650' and run casing. This equipment will be rigged down and the well will be completed with a workover rig.
4. Proposed total depth is 4650'.
5. Estimated tops of geologic markers:
6. Estimated depths at which anticipated oil, gas, or other mineral bearing formations are expected to be encountered:

Quaternary – Alluvium	Surface
Queen	307
Grayburg	727
San Andres	1020
Glorieta	2389
Yeso	2458
Tubb	3950
TD	4650'

Queen	307
Grayburg	727
San Andres	1020
Glorieta	2389
Yeso	2458
Tubb	3950
TD	4650'

7. Proposed Casing and Cement program is as follows:

Type	Hole Size	Casing Size	Wt	Grade	Thread	Depth	Sx	Density	Yield	Components
Conductor	26"	20"	91.5	B	Welded	40				Ready Mix
Surface	12-1/4"	8-5/8"	24	J-55	ST&C	425	300	14.8	1.35	Cl C Cmt + 0.25 lbs/sk Cello Flake + 2% CaCl2
Production	7-7/8"	5-1/2"	17	J-55	LT&C	4650	200	12.8	1.903	35:65 Poz/Cl H w/ 6% Gel, 0.125 lbs/sk Cello Flake, 5 pps LCM-1 and retarder
							710	14.8	1.330	Cl H w/ 0.6% R-3, 0.125% Cello Flake, 2% Gel

8. Proposed Mud Program is as follows

Depth	0-425	425-4500	4500-4650
Mud Type	Fresh Water Mud	Brine	Brine, Salt Gel, & Starch
Properties			
MW	8.5-9.3	9.8-10.1	9.9-10.2
pH	11	10-11.5	11/12/2012
WL	NC	NC	20-30
Vis	28-35	29-32	32-35
MC	NC	NC	<2
Solids	NC	<1	<3
Pump Rate	300-351	375-425	400-451
Special		Use Poymers sticks and MF-55 Hi-Vis Sweeps as necessary	Hi Vis Sweeps, add acid and starch as req. Raise Vis to 35 for log.

9. Pressure Control Equipment: See Attached Description and diagram of Pressure Control Equipment.

10. Testing, Logging and Coring Program

Testing Program: No drill stem tests are anticipated

Electric Logging Program: SGR-DLL-CDL-CNL Quad Combo from 4650 to surf. Csg. SGR-CNL to Surf.

Coring Program: No full or sidewall cores are anticipated.

11. Potential Hazards:

No abnormal temperatures or pressures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 2046 psi based on 0.44 x TD. The estimated BHT is 125 degrees F.

12. Duration of Operations:

Anticipated spud date will be soon after approval and as soon as a rig will be available. Move in operations and drilling is expected to take 10 days. An additional 14 days will be needed it complete the well and to construct surface facilities.

Pressure Control Equipment

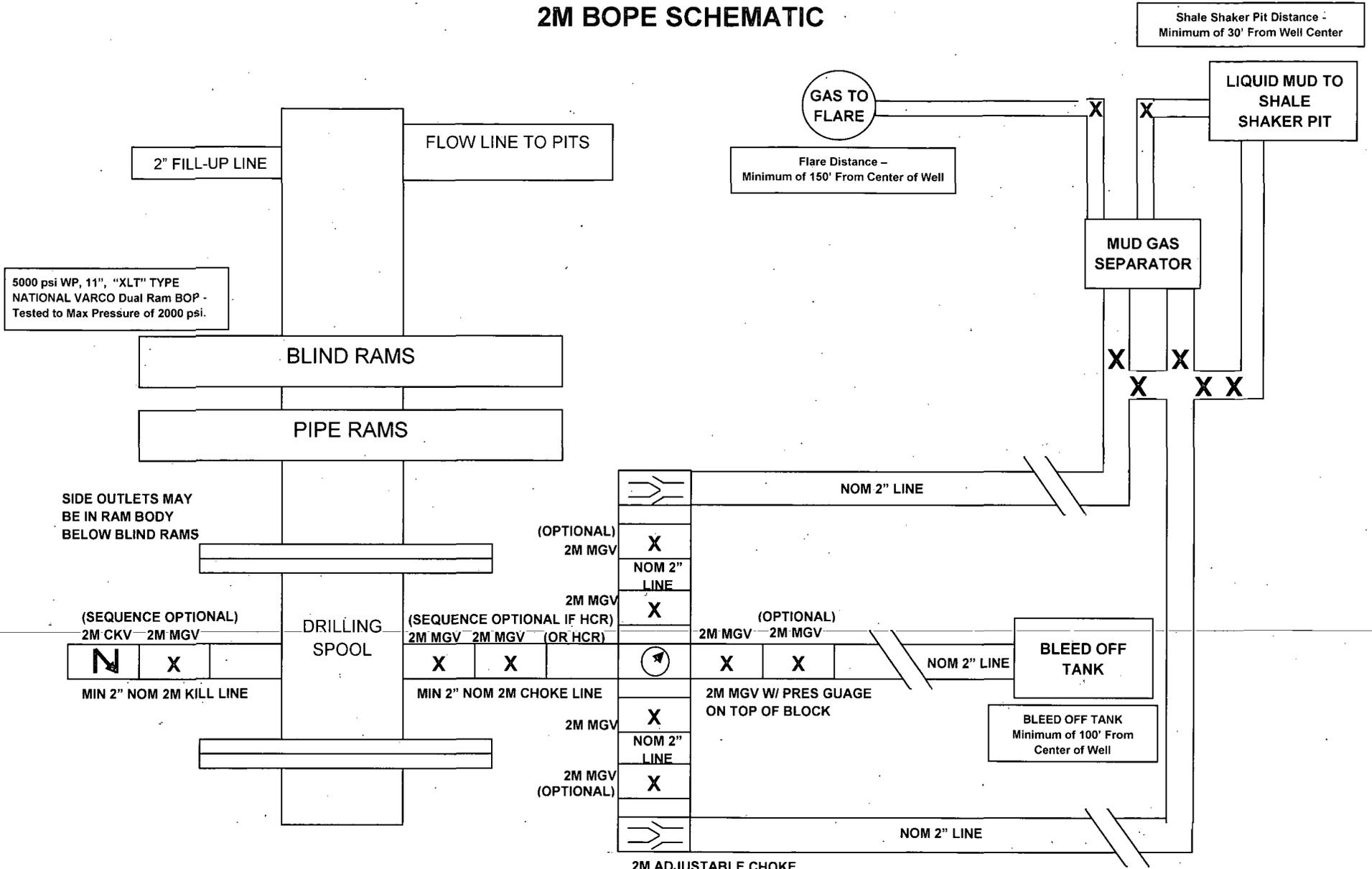
The blowout preventer equipment (BOP) will consist of a 5000 psi rated, "XLT" type, National VARCO double ram preventer that will be tested to a maximum pressure of 2000 psi. The unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and drill pipe rams on bottom. The 2M BOP will be installed on the 8 5/8" surface casing and utilized continuously until total depth is reached. All casing strings will be tested as per Onshore Order #2. This also includes a thirty day (30) test, should the rig still be operating on the same well in thirty days.

Pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drilling logs.

The BOP equipment will consist of the following:

- Double ram with blind rams (top) and pipe rams (bottom),
- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 2" minimum diameter, kill side will be at least 2 inch diameter),
- Kill line (2 inch minimum),
- A minimum of 2 choke line valves (2 inch minimum),
- 2 inch diameter choke line,
- 2 kill valves, one of which will be a check valve (2 inch minimum),
- 2 chokes, one of which will be capable of remote operation,
- pressure gauge on choke manifold,
- Upper Kelly cock valve with handle available,
- Safety valve and subs to fit all drill string connections in use,
- All BOPE connections subjected to well pressure will be flanged, welded, or clamped,
- A Fill-up line above the uppermost preventer.

2M BOPE SCHEMATIC



5000 psi WP, 11", "XLT" TYPE NATIONAL VARCO Dual Ram BOP - Tested to Max Pressure of 2000 psi.

Shale Shaker Pit Distance - Minimum of 30' From Well Center

Flare Distance - Minimum of 150' From Center of Well

SIDE OUTLETS MAY BE IN RAM BODY BELOW BLIND RAMS

(SEQUENCE OPTIONAL) 2M CKV 2M MGV
MIN 2" NOM 2M KILL LINE

(SEQUENCE OPTIONAL IF HCR) 2M MGV 2M MGV (OR HCR)
MIN 2" NOM 2M CHOKE LINE

2M ADJUSTABLE CHOKE (REMOTE OPERATED CHOKE OPTIONAL FOR ONE SIDE ONLY)

BLEED OFF TANK
BLEED OFF TANK Minimum of 100' From Center of Well

MGV = Manual Gate Valve
CKV = Check Valve
HCR = Hydraulically Controlled Remote Valve

NOTE: All lines, valves and chokes are shown at the minimum size allowed, but may be larger.

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H₂S, the first responder(s) must

- Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- Evacuate any public places encompassed by the 100 ppm ROE.
- Be equipped with H₂S monitors and air packs in order to control the release.
- Use the "buddy system" to ensure no injuries occur during the response
- Take precautions to avoid personal injury during this operation.
- Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- Have received training in the
 - Detection of H₂S, and
 - Measures for protection against the gas,
 - Equipment used for protection and emergency response.

Ignition of Gas source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever this is an ignition of the gas.

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Lime Rock Resources personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Lime Rock Resources response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

H2S CONTINGENCY PLAN EMERGENCY CONTACTS

Company Office –Lime Rock Resources 713-292-9510
Answering Service (During Non-Office Hours) 713-292-9555

Key Personnel

<u>Name</u>	<u>Title</u>	<u>Phone Number</u>
Richard Ghiselin	Production Engineer	713-345-2136 Cell: 218-507-0386
Mike Barrett	Production Supervisor	575-623-8424 Cell: 505-353-2644

Ambulance	911
State Police	575-746-2703
City Police	575-746-2703
Sheriff's Office	575-746-9888
Fire Department	575-746-2701
Local Emergency Planning Committee	575-746-2122
New Mexico Oil Conservation Division	575-748-1283

Carlsbad

Ambulance	911
State Police	575-8885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-887-3798
Local Emergency Planning Committee	575-887-6544
US Bureau of Land Management	575-887-6544

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
24 Hour	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635
National Emergency Response Center (Washington, DC)	800-424-8802

Other

Boots & Coots IWC	800-256-9688 or 281-931-8884
Cudd PressureControl	915-699-0139 or 915-563-3356
Halliburton	575-746-2757
B. J. Services	575-746-3569
Flight For Life – 4000 24 th St. Lubbock, Texas	806-743-9911
Aerocare – R3, Box 49F, Lubbock, Texas	806-747-8923
Med Flight Air Amb – 2301 Yale Blvd SE #D3, Albuquerque, NM	505-842-4433
S B Air Med Service – 2505 Clark Carr Loop SE, Albuquerque, NM	505-842-4949