

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-44600
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other : SWD/INJECTION		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator 3BEAR FIELD SERVICES, LLC		6. State Oil & Gas Lease No.
3. Address of Operator 1512 LARIMER ST., SUITE 540 DENVER, CO 80202		7. Lease Name or Unit Agreement Name COTTONWOOD FEE SWD
4. Well Location Unit Letter <u>O</u> : <u>330</u> feet from the <u>SOUTH</u> line and <u>1662</u> feet from the <u>EAST</u> line Section <u>19</u> Township <u>26S</u> Range <u>26E</u> NMPM County <u>EDDY</u>		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3483' GL		9. OGRID Number 320495
		10. Pool name or Wildcat SWD; DEVONIAN-SILURIAN

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER ACID JOB/INITIAL DEVONIAN STEP RATE TEST (SRT) <input checked="" type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

08/21/2018- 3Bear Field Services, LLC is requesting an Initial Step Rate Test (SRT) to be conducted on 08/24/2018. Acid job will be completed before the Step Rate Test is conducted. Both the Acid job and Step Rate Test will be completed by BJ Services. Procedure is attached. Kelly Pogue gave 72 hour notification to G. Cordero w/Dist. 2 OCD on 8/21/2018 proceeding the successful MIT.

NM OIL CONSERVATION
 ARTESIA DISTRICT

AUG 21 2018

RECEIVED

Spud Date: 06/15/2018 Rig Release Date: 08/10/2018

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

SIGNATURE Jennifer Elrod TITLE SR. REGULATORY ANALYST DATE 08/21/2018

Type or print name JENNIFER ELROD E-mail address: jelrod@chisholmenergy.com PHONE: 817-953-3728
 For State Use Only kburns@3bearllc.com

APPROVED BY: [Signature] TITLE State Mgr DATE 8-24-18
 Conditions of Approval (if any):

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018



Quote #

QUO-12349-L6L8H8

3 Bear Delaware Operating-NM LLC

Cottonwood Fee SWD #1

Clean out - Existing Well

**NM OIL CONSERVATION
ARTESIA DISTRICT**

AUG 21 2018

RECEIVED

Eddy, NM

July 18, 2018

Fracturing Quotation

Prepared For

Client Contact Kevin Burns
Title Sr. Operations Engineer
Company 3 Bear Delaware Operating-NM LLC
Bus Phone
Email kburns@3bearllc.com
Mobile 432-312-0843

Prepared by

Quote Writer Waqas Iqbal
Title
Bus Phone (575) 489-4756 Ext. 5813
Email Waqas.Iqbal@BJSERVICES.COM
Mobile

Service Point

District Hobbs, NM

Service Representatives

Account Rep John Faul
Title Sr. Account Manager
Bus Phone (940) 327-9934
Email Duke.Faul@bjservices.com
Mobile

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018

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QUO-12349-L6L8H8



JOB AT A GLANCE

Zone 6-1/2" Hole X 4-1/2" Slotted liner
Job Code Clean out - Existing Well
Surface Treating Pressure (max) (psi) 1,660.02
Total Rate (max) (bpm) 5.00
Estimated Pump Time (min) 238.10

Frac Fluids

Fluid	Volume (gals)
SPACER : Spacer 2% KCL water	5,000.00
DISPLACEMENT : Displacement	5,000.00
ACID : 20% HCL	40,000.00

Proppants

Proppant Type	Mass (lbs)
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Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018

Quote #

QUO-12349-L6L8H8



WELL DATA

Reservoir Details

Depth to Middle Perforation (ft) 12,880.00
Fracture Gradient (psi/ft) 0.50
Bottom Hole Fracture Pressure (psi) 4,678.25
Bottom Hole Static Temperature (°F) 141.37

Well Classification

Intervals

TVD (ft)	MD (ft)	Shot Density	Total Perforation	Diameter (in)
14,000.00	14,000.00	8	0	0.38

Total Number of Perforations

Total Feet Perforated (ft)

Tubular Geometry

Pump Via Casing

Type	OD (in)	Weight (lb/ft)	ID (in)	Top (ft)	Bottom (ft)	Volume (bbls)
Tubing	4.500	15.500	3.826	11,760.000	14,000.000	31.853
Casing	7.625	39.000	6.625	7,810.000	11,760.000	168.428
Casing	9.625	43.500	8.755	0.000	7,810.000	581.533

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018

Quote #

QUO-12349-L6L8H8



FLUID SPECIFICATIONS

<u>ACID : 20% HCL</u>	40,000.00	gals
HCL 20% HYDROCHLORIC ACID (BLEND)	100.0000	pct
IRON CONTROL, ResCare IC 280L	4.0000	gpt
NON-EMULSIFIER, NE-945	1.5000	gpt
CORROSION INHIBITORS, CI-27	4.0000	gpt
Gellant Acid, AG-12	2.5000	gpt

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018



Quote # QUO-12349-L6L8H8

INPUT PARAMETERS

TVD Depth (Mid Perforation) (ft)	12,880.00
MD Depth (Mid Perforation) (ft)	12,880.00
Number of Perforations	0
Perforation Diameter (in)	0.38
Fracture Gradient (psi/ft)	0.50
Bottom Hole Frac Pressure (psi)	4,678.25
Bottom Hole Static Temperature (°F)	141.37
BFactor/NVF	

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018



Quote #

QUO-12349-L6L8H8

CALCULATED RATES, PRESSURES & POWER REQUIREMENTS

	Max	Min	Avg
Surface Treating Pressure (psi)	1,660.02	932.50	0.00
Slurry Rate (bpm)	5.00	5.00	5.00
Proppant Rate (lbs/min)			
Power (hhp)	203.35	114.23	0.00

Operator Name 3 Bear Delaware Operating-NM LLC



Well Cottonwood Fee SWD #1

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Quote #

QUO-12349-L6L8H8

TREATMENT SCHEDULE

#	Fluid	Placement	Clean Fluid @ Surface			STP (psi)	Stage Pump Time (min)
			Rate (bpm)	Vol. (gals)	Cum. (gals)		
1	Spacer 2% KCL water	Load Hole	5.00	5,000.00	5,000.00	0.00	23.81
2	20% HCL	Acid	5.00	40,000.00	45,000.00	0.00	190.48
3	Displacement	Flush	5.00	5,000.00	50,000.00	0.00	23.81

#	Proppant						Slurry @ Surface			
	Proppant		Concentration		Rate (lbs/min)	Mass		Rate (bpm)	Vol. (gals)	Cum. (gals)
	Proppant 1	Proppant 2	Start (ppg)	End (ppg)		Stage (lbs)	Cum. (lbs)			
1			0.00	0.00	0.00	0.00	0.00	5.00	5,000.00	5,000.00
2			0.00	0.00	0.00	0.00	0.00	5.00	40,000.00	45,000.00
3			0.00	0.00	0.00	0.00	0.00	5.00	5,000.00	50,000.00

JOB AT A GLANCE

Zone	Step Rate Test
Job Code	Clean out - Existing Well
Surface Treating Pressure (max) (psi)	0.00
Total Rate (max) (bpm)	20.00
Estimated Pump Time (min)	567.14

Frac Fluids

Fluid	Volume (gals)
SPACER : Spacer 2% KCL water	112,080.00

Proppants

Proppant Type	Mass (lbs)
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Operator Name 3 Bear Delaware Operating-NM LLC

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WELL DATA

Reservoir Details

Depth to Middle Perforation (ft) 12,880.00
Fracture Gradient (psi/ft) 0.50
Bottom Hole Fracture Pressure (psi) 4,678.25
Bottom Hole Static Temperature (°F) 141.37

Well Classification

Intervals

TVD (ft)	MD (ft)	Shot Density	Total Perforation	Diameter (in)
14,000.00	14,000.00	8	0	0.38

Total Number of Perforations

Total Feet Perforated (ft)

Tubular Geometry

Pump Via Casing

Type	OD (in)	Weight (lb/ft)	ID (in)	Top (ft)	Bottom (ft)	Volume (bbls)
Tubing	4.500	12.750	3.958	0.000	11,650.000	177.313
Casing	7.625	39.000	6.625	7,810.000	11,760.000	168.428
Casing	9.625	43.500	8.755	0.000	7,810.000	581.533

Operator Name 3 Bear Delaware Operating-NM LLC

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FLUID SPECIFICATIONS

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

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INPUT PARAMETERS

TVD Depth (Mid Perforation) (ft)	12,880.00
MD Depth (Mid Perforation) (ft)	12,880.00
Number of Perforations	0
Perforation Diameter (In)	0.38
Fracture Gradient (psi/ft)	0.50
Bottom Hole Frac Pressure (psi)	4,678.25
Bottom Hole Static Temperature (°F)	141.37
BFactor/NVF	

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CALCULATED RATES, PRESSURES & POWER REQUIREMENTS

	Max	Min	Avg
Surface Treating Pressure (psi)	0.00	0.00	0.00
Slurry Rate (bpm)	20.00	0.50	10.44
Proppant Rate (lbs/min)			
Power (hhp)	0.00	0.00	0.00

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Well Cottonwood Fee SWD #1

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QUO-12349-L6L8H8

TREATMENT SCHEDULE

#	Fluid	Placement	Clean Fluid @ Surface			STP (psi)	Stage Pump Time (min)
			Rate (bpm)	Vol. (gals)	Cum. (gals)		
1	Spacer 2% KCL water	Load Hole	0.50	7,500.00	7,500.00	0.00	357.14
2	Spacer 2% KCL water	Diagnostic	3.00	3,780.00	11,280.00	0.00	30.00
3	Spacer 2% KCL water	Diagnostic	6.00	7,560.00	18,840.00	0.00	30.00
4	Spacer 2% KCL water	Diagnostic	9.00	11,340.00	30,180.00	0.00	30.00
5	Spacer 2% KCL water	Diagnostic	12.00	15,120.00	45,300.00	0.00	30.00
6	Spacer 2% KCL water	Diagnostic	15.00	18,900.00	64,200.00	0.00	30.00
7	Spacer 2% KCL water	Diagnostic	18.00	22,680.00	86,880.00	0.00	30.00
8	Spacer 2% KCL water	Diagnostic	20.00	25,200.00	112,080.00	0.00	30.00

#	Proppant						Slurry @ Surface			
	Proppant		Concentration		Rate (lbs/min)	Mass		Slurry @ Surface		
	Proppant 1	Proppant 2	Start (ppg)	End (ppg)		Stage (lbs)	Cum. (lbs)	Rate (bpm)	Vol. (gals)	Cum. (gals)
1			0.00	0.00	0.00	0.00	0.00	0.50	7,500.00	7,500.00
2			0.00	0.00	0.00	0.00	0.00	3.00	3,780.00	11,280.00
3			0.00	0.00	0.00	0.00	0.00	6.00	7,560.00	18,840.00
4			0.00	0.00	0.00	0.00	0.00	9.00	11,340.00	30,180.00
5			0.00	0.00	0.00	0.00	0.00	12.00	15,120.00	45,300.00
6			0.00	0.00	0.00	0.00	0.00	15.00	18,900.00	64,200.00
7			0.00	0.00	0.00	0.00	0.00	18.00	22,680.00	86,880.00
8			0.00	0.00	0.00	0.00	0.00	20.00	25,200.00	112,080.00

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Well Cottonwood Fee SWD #1

Date 18 July, 2018

Quote #

QUO-12349-L6L8H8

Notes

Customer has slotted liner in open hole section. 11,760' - 14,000'
With all open hole section as treatment zone calculated diverter as follow:
Rock Salt at 0.5 lbs/gal - 50 gallons per ft fluid
.5 X 50 X 2240 = 56,000 lbs of Rock Salt.

Actual concentration will be determine later.

Design is estimate only. Actual design will be based on lab testing.

Wellbore data is based on current available information. Please confirm data before execution.

Tank blending and delivery charge consist of delivering 32Be acid to location and blending in two 500 bbls lined tanks to make 20% HCL acid.

Customer to execute treatment in 5-7 stages. Additional charges of standby will apply along with pumping charges if pumping exceed three hours.

Load hole is not part of diagnostics and estimate only.

For step rate test we will use 2 Acid pumps with two lines to wellhead along with datavan to conduct job. Price for 3.5 hours only. Additional charges if pumping exceed 3.5 hours.

PRICE ESTIMATES

Product Materials

Product	Quantity	UOM	Unit Price	Net Amount
CORROSION INHIBITORS, CI-27	160.0000	GAL	\$20.720	\$3,315.200
Gellant Acid, AG-12	100.0000	GAL	\$25.800	\$2,580.000
HCL 20% HYDROCHLORIC ACID (BLEND)	40,000.0000	GAL	\$0.625	\$25,000.000
InnoFrac DP RS	56,000.0000	LB	\$0.153	\$8,540.000
IRON CONTROL, ResCare IC 280L	160.0000	GAL	\$44.960	\$7,193.600
NON-EMULSIFIER, NE-945	60.0000	GAL	\$24.520	\$1,471.200
Product Material Subtotal:				\$48,100.00

Service Charges

Service	Quantity	UOM	Unit Price	Net Amount
Acidizing - - Computer job monitor	2.0000	JOB	\$1,148.000	\$2,296.000
Bulk delivery Charges	21,361.0000	GAL	\$0.784	\$16,747.024
Frac Fleet Mobilization-Demobilizatoin Fee	1.0000	EA	\$10,192.000	\$10,192.000
Portable emergency shower	1.0000	JOB	\$102.368	\$102.368

Operator Name 3 Bear Delaware Operating-NM LLC



Well Cottonwood Fee SWD #1

Date 18 July, 2018

Quote # QUO-12349-L6L8H8

Tank blending charge	2.0000	EA	\$185.360	\$370.720
Service Subtotal:				\$29,708.11
TOTALS:				\$77,808.112

Client will be charged for all 'SPECIAL PROPPANTS' delivered to location, whether they are pumped or not. All proppants other than standard grade frac. Sand are considered 'SPECIAL PROPPANTS'.

The technical data contained in this proposal is based on the best information available at the time of writing and is subject to further analysis and testing. The pricing data contained in this proposal are estimates only and may vary depending on the work actually performed. Pricing does not include federal, state and local taxes or royalties.

This quotation is based on BJ Services being awarded the work on a first call basis and within thirty (30) days of the proposal date. These prices will be subject to review if the work is done after thirty (30) days from the proposal date, or on a second or third call basis.

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018

Quote #

QUO-12349-L6L8H8



BJ SERVICES TERMS & CONDITIONS

All work orders for services ("Services" or "Work") and purchase orders for the supply of products or chemicals ("Products") (collectively, "Work Orders") to be provided in the United States and/or Canada by BJ Services, LLC or its subsidiaries or affiliates (collectively "BJ") to its customers (each a "Customer") are subject to acceptance by BJ, and any Work Orders so accepted will be governed by the pricing proposal, the Work Order, and these Terms and Conditions, unless the Customer and BJ (collectively the "Parties") have executed a Master Service Agreement, which terms shall control.

1. PAYMENT TERMS

Unless alternate payment terms are specified or approved by the BJ Credit Department, all charges billed by BJ must be paid within thirty (30) days of the date of invoice. For invoices, unpaid after thirty (30) days, discounts from list price may be revoked, interest may be charged at the rate of ten percent (10%) per annum or the maximum legal rate, liens and security interests may be filed and registered, and Customer shall pay BJ all costs of collection, including reasonable attorneys' fees and court costs, in addition to other amounts due. Operating, production or well conditions that prevent satisfactory operation of Services or Products do not relieve Customer of its payment responsibility. BJ reserves the right to require payment COD based on credit review at time of Work.

2. CANCELLATION AND RETURNS

A. Products: Product Orders may only be cancelled with written authorization from BJ. Customer may be charged a restocking charge of twenty-five percent (25%), plus any packing and transportation costs incurred. Products specially manufactured to Customer specifications, or orders for substantial quantities may not be cancelled. Delivered Products may only be returned for credit (less the restocking fee and transport costs) in unused, reusable condition, in original unopened containers.

B. Services: In the event Customer cancels an order for Services without cause, Customer shall be liable for all reasonable costs incurred by BJ including mobilization/demobilization.

3. THIRD-PARTY CHARGES, TAXES

Customer shall pay all third-party charges, in compliance with BJ's current price list, and any sales, use, rental or other taxes that may be applicable. Customer shall pay all applicable customs, excise, import and other duties unless otherwise agreed in writing by BJ. Customer shall provide necessary import licenses and extensions.

4. INDEPENDENT CONTRACTOR

It is expressly understood that BJ is an independent contractor, and that neither BJ nor its principals, partners, shareholders, members, directors, officers, employees or subcontractors are servants, agents or employees of Customer. Where BJ provides Services in Louisiana, the Services provided by BJ and its subcontractors are an integral part of, and are essential to the ability of Customer to generate Customer's goods, products, and services, and therefore BJ and Customer agree that Customer is the statutory employer of BJ's employees and its subcontractor's employees under La. R.S. 23:1061 (A) (3).

5. LIABILITIES, RELEASES AND INDEMNIFICATION:

A. In these Terms and Conditions (i) "BJ Group" means BJ, its subsidiary and affiliated companies; its subcontractors at any tier; and the officers, directors, employees, consultants, and agents of all of the foregoing; (ii)

"Claims" means all claims, demands, causes of action, liabilities, damages, judgments, fines, penalties, awards, losses, costs, expenses (including, without limitation, attorneys' fees and costs of litigation) of any kind or character arising out of, or related to, the performance of the Services or Products provided; (iii) "Consequential Damages" means any indirect, special, punitive, exemplary or consequential damages or losses under applicable law; (iv) "Customer Group" means Customer, its parent, subsidiary and affiliated or related companies; its co-lessees, co-owners, partners, joint operators and joint ventures; its client or customer if it is not the end user of the Services or Products; its other contractors at any tier; and the officers, directors, employees, consultants, and agents of all of the foregoing; (v) "Pollution Claims" means all Claims relating to pollution or contamination of water, land, or air, including without limitation, adverse effects on the environment or any form of property, or any violation or alleged violation of environmental statutes, ordinances, laws, orders, rules and regulations; (vi) "Tools" means any of BJ Group's instruments, equipment, or tools, and (vii) "Waste" means any cuttings, muds, waste, water, or materials from the well that where Services are performed by BJ.

B. BJ SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD CUSTOMER GROUP HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF OR RELATED TO (I) PERSONAL OR BODILY INJURY, ILLNESS, SICKNESS, DISEASE OR DEATH OF ANY MEMBER OF BJ GROUP, AND

(II) LOSS, DAMAGE OR DESTRUCTION OF REAL OR PERSONAL PROPERTY, WHETHER OWNED, LEASED, OR CHARTERED, OF ANY MEMBER OF BJ GROUP.

C. CUSTOMER SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD BJ GROUP HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF OR RELATED TO (I) PERSONAL OR BODILY INJURY, ILLNESS, SICKNESS, DISEASE OR DEATH OF ANY MEMBER OF CUSTOMER GROUP, AND (II) LOSS, DAMAGE OR DESTRUCTION OF REAL OR PERSONAL PROPERTY WHETHER OWNED, LEASED, OR CHARTERED, OF ANY MEMBER OF CUSTOMER GROUP.

D. SUBJECT TO THE PERSONAL INJURY PROVISIONS OF ARTICLE 5(B) ABOVE, BJ SHALL PROTECT, DEFEND AND INDEMNIFY CUSTOMER GROUP FROM AND AGAINST ALL CLAIMS, DEMANDS AND CAUSES OF ACTION, INCLUDING POLLUTION CLAIMS, ARISING FROM POLLUTION OR CONTAMINATION WHICH ORIGINATES ABOVE THE SURFACE OF THE LAND OR WATER AND IS DIRECTLY ASSOCIATED WITH BJ GROUP'S EQUIPMENT OR OTHER EQUIPMENT IN ITS CONTROL, AND SHALL ASSUME ALL RESPONSIBILITY FOR CONTROL AND REMOVAL OF SAME.

E. SUBJECT TO THE PERSONAL INJURY PROVISIONS OF 5(C) ABOVE, CUSTOMER SHALL PROTECT, DEFEND AND INDEMNIFY BJ GROUP FROM AND AGAINST ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING DIRECTLY OR INDIRECTLY FROM ANY EXISTING POLLUTION AT THE SITE AND FROM ALL OTHER POLLUTION OR CONTAMINATION, INCLUDING BUT NOT LIMITED TO POLLUTION RESULTING FROM FIRE, BLOWOUT, CRATERING, SEEPAGE OR OTHER UNCONTROLLED FLOW OF OIL, GAS, OR

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018



Quote #

QUO-12349-L6L8H8

OTHER SUBSTANCE; OR RELATED TO THE TRANSPORTATION, STORAGE, TREATMENT, DISPOSAL OR HANDLING OF WASTE, AND SHALL ASSUME ALL RESPONSIBILITY FOR CONTROL AND REMOVAL OF SAME.

F. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, CUSTOMER SHALL RELEASE, PROTECT, DEFEND, AND INDEMNIFY BJ GROUP FROM AND AGAINST ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN THE EVENT OF CATASTROPHIC LOSSES INCLUDING BUT NOT LIMITED TO: (I) LOSS OR DAMAGE TO A HOLE(S) OR WELL(S), INCLUDING ITS CASING, (II) LOSS OR DAMAGE TO ANY GEOLOGICAL FORMATION, STRATA OR OIL OR GAS RESERVOIR OR MINERAL OR WATER RESOURCE,

(III) IMPAIRMENT OF PROPERTY RIGHTS OR OTHER INTERESTS IN OR TO LAND, OIL, GAS, MINERAL, OR WATER RESOURCES, OR THE QUIET ENJOYMENT THEREOF, (IV) SUBSURFACE TRESPASS,

(V) DAMAGE FROM ANY RADIOACTIVE SOURCES AND (VI) REGAINING CONTROL OF ANY WILD WELL OR OUT OF CONTROL WELL, UNDERGROUND OR ABOVE THE SURFACE, INCLUDING REMOVAL OF WRECK AND DEBRIS, EMEDIATING ENVIRONMENTAL DAMAGE AND ALL COSTS RELATED THERETO.

G. CUSTOMER SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD BJ GROUP HARMLESS FROM AND AGAINST ANY CLAIMS FOR CONSEQUENTIAL DAMAGES ASSERTED BY OR IN FAVOR OF ANY MEMBER OF CUSTOMER GROUP. BJ SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD CUSTOMER GROUP HARMLESS FROM AND AGAINST ANY CLAIMS FOR CONSEQUENTIAL DAMAGES ASSERTED BY OR IN FAVOR OF ANY MEMBER OF BJ GROUP.

H. THE EXCLUSIONS OF LIABILITY, RELEASES AND INDEMNITIES SET FORTH IN THIS ARTICLE 5 APPLY TO ANY CLAIM(S) WITHOUT REGARD TO THE CAUSE(S) THEREOF, INCLUDING BUT NOT LIMITED TO PRE-EXISTING CONDITIONS, WHETHER SUCH CONDITIONS BE PATENT OR LATENT, THE UNSEAWORTHINESS OF ANY VESSEL OR VESSELS, IMPERFECTION OF MATERIAL, DEFECT OR FAILURE OF PRODUCTS OR EQUIPMENT, BREACH OF REPRESENTATION OR WARRANTY (EXPRESS OR IMPLIED), ULTRAHAZARDOUS ACTIVITY, STRICT LIABILITY, TORT, BREACH OF CONTRACT, BREACH OF DUTY (STATUTORY OR OTHERWISE), BREACH OF ANY SAFETY REQUIREMENT OR REGULATION, OR THE NEGLIGENCE, GROSS NEGLIGENCE, OR OTHER LEGAL FAULT OR RESPONSIBILITY OF ANY PERSON, PARTY, OR ENTITY (INCLUDING THE INDEMNIFIED OR RELEASED PARTY), WHETHER SUCH FORM OF NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE.

6. INSURANCE

Each Party agrees to support the indemnity obligations contained in Article 5 by carrying insurance (or qualified self-insurance) with reputable insurance companies in the following minimum amounts:

A. Workers' Compensation Insurance complying with applicable state, provincial and federal laws, and Employers' Liability Insurance in the amount of \$1,000,000 each accident for bodily injury by accident/\$1,000,000 each employee for bodily injury by disease/ \$1,000,000 policy limit.

B. Commercial General Liability Insurance, Including Products and Completed operations aggregate, sudden and accidental pollution (which may be provided for in a separate policy), in the amount of \$1,000,000 combined single limit per occurrence/\$2,000,000 in the aggregate.

C. Automobile Liability Insurance in the amount of \$1,000,000 combined single limit for Bodily Injury and property Damage, including coverage for all owned, hired, and non-owned vehicles.

D. Excess Liability Insurance over that required in A (for Employer's Liability only), B and C in the minimum amount of \$5,000,000 each occurrence and in the aggregate, specifically including contractual liability coverage.

Upon written request, each party shall furnish to the other party certificates of insurance evidencing that adequate insurance to support each party's obligations has been secured. To the extent of each party's release and indemnity obligations, each party agrees that all such insurance policies shall (i) be primary to the other party's insurance, (ii) include the other party, its parent, subsidiary and affiliated or related companies, its subcontractors and other contractors, and its and their respective officers, directors, employees, consultants and agents as additional insured, and (iii) be endorsed to waive subrogation against the other party, its parent, subsidiary and affiliated or related companies, its subcontractors and other contractors, and its and their respective officers, directors, employees, consultants and agents.

7. CONFIDENTIALITY

Each party shall maintain all data and information obtained from the other party in strict confidence, subject only to disclosure required by law or legal process. The design, construction, application and operation of BJ's Services and Products embody proprietary and confidential information. Customer shall maintain this information in strict confidence and shall not disclose it to others, subject only to disclosure required by law or legal process.

8. ACCESS TO WELL AND WELL SITE STORAGE

Customer shall provide at its expense adequate access to and from the well site, and shall obtain all permits, licenses or other authorization required for BJ to enter upon work areas for the purposes contemplated. Customer shall provide proper storage space at the well site, meeting all applicable safety and security requirements and consistent with good industry practices, for the Tools and Products, including, without limitation, all radioactive materials. BJ reserves the right not to perform Work if the job or conditions of the location render such performance inadvisable.

9. STANDARD OF PERFORMANCE

A. Services: BJ warrants (i) that all Services shall be performed in compliance with all laws, rules and regulations (including all safety codes, statutes, regulations, precautions, and procedures) and utilizing all necessary Protective equipment and devices, (ii) that all Services shall be done with the utmost skill, care and diligence, in a good and workmanlike manner, in accordance with the terms hereof, the specifications set forth in the applicable Order, and good industry standards of performance and in a timely manner; and (iii) that BJ, its subcontractors and their employees are sufficiently experienced and suitably trained to perform the Services. In the event that the Services fail to conform to such specifications, BJ shall re-perform that part of the non-conforming Services, provided BJ is notified in writing by Customer prior to demobilization.

B. Products: BJ warrants that the Products shall conform to BJ's published specifications or the specifications agreed to in writing. If any of the Products fail to conform, BJ shall repair or replace the non-conforming Products, or issue credit to the Customer. In the event BJ is requested to develop, manufacture, test or use Products that are intended to satisfy a unique need identified by Customer and are not

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018

Quote #

QUO-12349-L6L8H8



"standard" Products of BJ ("Specialty Products"), Customer recognizes and agrees that Specialty Products may not have or contain the same or similar characteristics as BJ's standard Products, including historical performance against which future performance can be measured. In developing, manufacturing, testing and using any Specialty Product, BJ will be relying upon information and specifications provided by Customer regarding its unique needs, and will have no responsibility for the design, manufacture or engineering of any such Specialty Product. Upon inspection, if the Specialty Product fails to meet the specifications agreed to in writing by Customer, then BJ shall, at its option, repair or replace the non-conforming specialty Products with the type originally furnished to Customer or substitute with standard Products. BJ's warranty obligations are non-transferrable and void if the non-conformity were caused by (i) Customer's failure to properly store or maintain the Products, (ii) abnormal well conditions, abrasive materials, corrosion due to aggressive fluids or incorrect specifications provided by Customer, (iii) unauthorized alteration of the Products, (iv) loss or damage while on Customer's site due to any negligence, vandalism or force majeure, or (v) use or handling by Customer in a manner inconsistent with BJ's recommendations.

Further, BJ's warranty obligations shall terminate if Customer fails to perform its obligations under these Terms and Conditions. All transportation charges and removal and reinstallation charges related

to the repair or replacement of non-conforming Products shall be borne by Customer, including shipment to BJ's facility.

C. Goods: BJ shall assign any vendor or supplier's warranty to Customer for any Products or goods purchased, to the extent such warranties are assignable.

D. Recommendations: Interpretations, research, analysis, recommendations, advice or interpretational data (specifically including, without limitation, any engineering designs, geological studies or analyses, well programs, reservoir models, production optimization or management programs) ("Recommendations") furnished by BJ are opinions based upon models, production optimization or management programs) ("Recommendations") furnished by BJ are opinions based upon inferences from measurements, empirical relationships and assumptions, and industry practice. The inferences, assumptions and practices are not infallible, and with respect to which professional geologists, engineers, drilling consultants, and analysts may differ. Accordingly, BJ does not warrant the accuracy, correctness, or completeness of any interpretations or Recommendations, or that reliance on its interpretations and/or Recommendations will accomplish any particular results. CUSTOMER ASSUMES FULL RESPONSIBILITY FOR THE USE OF SUCH RECOMMENDATIONS AND FOR ITS DECISIONS. OTHER THAN THE PROVISIONS IN THIS ARTICLE 9, BJ MAKES NO WARRANTY OR GUARANTEE OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE REGARDING ANY SERVICES, EQUIPMENT OR PRODUCTS. IN NO EVENT SHALL BJ BE LIABLE FOR CONSEQUENTIAL DAMAGES INCURRED BY CUSTOMER GROUP AS A RESULT OF DEFECTIVE OR NON-CONFORMING SERVICES, EQUIPMENT OR PRODUCTS.

10. INTELLECTUAL PROPERTY

A. BJ intends to protect its intellectual property. Customer shall not resell the Products (or drawings related thereto) to others or reverse engineer

or permit others to reverse engineer for the purpose of manufacturing similar Products. BJ owns and has legal rights to practice certain copyrights, trademarks, industrial designs, patents or pending applications on certain technology and items related to the Services or Products furnished. In the event that BJ makes any improvements on such technology, then BJ shall own all such improvements, including drawings, specifications, calculations and other documents.

B. BJ warrants that the use or sale of Products will not infringe valid patents of others by reason of the use or sale of such Products, and hereby agrees to RELEASE, DEFEND, INDEMNIFY AND HOLD CUSTOMER GROUP HARMLESS FROM AND AGAINST ALL CLAIMS for infringement of any such patent, provided that Customer shall promptly notify.

BJ in writing upon receipt of any claim for infringement, or upon the filing of any such suit for infringement, whichever first occurs, and shall afford BJ full opportunity, at BJ's option and expense, to answer such claim or threat of suit, assume the control of the defense of such suit, and settle or compromise same in any way BJ sees fit. BJ does not warrant that such Products: (i) will not infringe any such patent when not of BJ's manufacture, or specially made, in whole or in part, to the Customer's design certifications; or (ii) if used or sold in combination with other materials or apparatus or used in the practice of processes, will not, as a result of such combination or use, infringe any such patent, and BJ shall not be liable; AND CUSTOMER SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD BJ HARMLESS FOR DAMAGES OR LOSSES OF ANY NATURE WHATSOEVER RESULTING FROM ALLEGED PATENT INFRINGEMENT ARISING PURSUANT TO (I) AND (II) ABOVE.

11. FORCE MAJEURE

If either party is unable because of Force Majeure to carry out any of its obligations under these Terms and Conditions, other than obligations to pay money, then on such party giving notice and particulars in writing to the other party within a reasonable time after the occurrence of the cause relied upon, such obligations shall be suspended. "Force Majeure" shall include any event that is beyond the reasonable control of the party so affected including, without limitation, acts of God, laws and regulations, government action, war, civil disturbances, hijack, piracy, criminal action by a third party, threats or acts of terrorism, strikes and labor problems, delays of vendors or carriers, lightning, fire, flood, washout, storm, breakage or accident to equipment or machinery, and shortage of raw materials. If any suspension due to Force Majeure exceeds ten (10) consecutive days, either party may terminate these Terms and Conditions by written notice to the other party and Customer shall be liable for demobilization and any other reasonable costs incurred by BJ incidental to such termination.

12. LAWS, RULES, REGULATIONS, AND EXPORT CONTROL

BJ and Customer agree to comply with all laws, rules, regulations and decrees of any governmental or regulatory body having jurisdiction over the Services or Products to be provided by BJ or the work site or that may otherwise be applicable to BJ's or Customer's performance under these Terms and Conditions Services and Products and/or related technical data covered by these Terms and Conditions may be subject to U.S., Canadian and/or foreign trade controls. Customer agrees that it will not sell, re-export or transfer Products and/or related technical data except in full compliance with all governmental requirements including but not limited to economic sanctions and export controls administered by the U.S. Department of Treasury, U.S. Department of Commerce and U.S. Department of State.

Operator Name 3 Bear Delaware Operating-NM LLC

Well Cottonwood Fee SWD #1

Date 18 July, 2018



Quote #

QUO-12349-L6L8H8

Customer agrees to comply with all BJ requests for trade compliance information, statements, and other assurances including, without limitation, requests for End- User and Routed Transaction certifications. BJ reserves the right to refuse to fulfill any Work Order or otherwise perform under these Terms and Conditions if BJ in its sole discretion determines that such action may violate any law or regulation.

13. GOVERNING LAW, JURY WAIVER, AND VENUE

For all Work performed on a worksite within the United States of America, this MSA shall be exclusively governed by the laws of the State of Texas, without regard to any choice of laws or conflicts of law provisions. Venue shall lie exclusively in the state or federal courts of Harris County, Texas and Customer consents to personal jurisdiction therein. In the event Texas law cannot be applied to such Work, the law of the state where the Work was performed will govern.

For all Work performed on a worksite within Canada, this MSA shall be construed and the legal relations determined in accordance with the laws of the Province of Alberta. The Parties agree to submit to binding arbitration in Calgary, Alberta, Canada. Each Party waives any objection that the designed courts above are an inconvenient forum or venue.

References in these Terms and Conditions to any act, law, statute, rule, or regulation shall be deemed to include references to such as the same may be amended, replaced, or reenacted from time to time.

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THESE TERMS AND CONDITIONS.

14. ASSIGNMENT

BJ shall have the right to assign these Terms and Conditions to any of its affiliated companies without the consent of Customer.

15. GENERAL

Failure of either party to enforce any of these Terms and Conditions shall not be a waiver of the right to enforce. These Terms and Conditions contain all representations of the Parties and supersedes all prior oral or written agreements or representations and may only be amended by an agreement executed by both Parties. In the event of conflict between the provisions of these Terms and Conditions and any other terms in Customer's purchase orders, field work orders, work tickets, invoices, statements, or any other type of memoranda or other documents used by Customer, whether oral or written, the provisions of these Terms and Conditions shall govern.

CUSTOMER SIGNATURE:

Name: _____

Title: _____

Date: _____

Company: _____

Address: _____