Form 3160-3
(June 2015)

Carlsbad Field Office
OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM0002427

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other

1c. Type of Completion: ☐ Hydraulic Fracturing ☐ Single Zone ☑ Multiple Zone

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
WEST SQUARE LAKE 34 FED H
1 322943

2. Name of Operator
SEGURO OIL AND GAS LLC 372066

9. API Well No.
30-015-45528

3a. Address
407 N, Big Spring St. Suite 215 Midland TX 79702

3b. Phone No. *(include area code)*
(432)219-0740

10. Field and Pool, or Exploratory
SQUARE LAKE / SAN ANDRES 57570

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface LOT H / 1552 FNL / 928 FEL / LAT 32.88102 / LONG -103.9541856
At proposed prod. zone LOT H / 1552 FNL / 928 FEL / LAT 32.880877 / LONG -103.953776

11. Sec., T. R. M. or Blk. and Survey or Area
SEC 34 / T16S / R30E / NMP

14. Distance in miles and direction from nearest town or post office*
4.6 miles

12. County or Parish
EDDY

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
928 feet

16. No of acres in lease
640

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
920 feet

19. Proposed Depth
4445 feet / 4445 feet

20. BLM/BIA Bond No. in file
FED: NMB001590

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3755 feet

22. Approximate date work will start*
08/01/2018

23. Estimated duration
8 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

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

25. Signature	Name *(Printed/Typed)*	Date
(Electronic Submission)	Donna Sturdivant / Ph: (432)219-0740	07/12/2018

Title
Regulatory Clerk

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
(Electronic Submission)	Cody Layton / Ph: (575)234-5959	11/21/2018

Title	Office
Assistant Field Manager Lands & Minerals	CARLSBAD

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.

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.

NM OIL CONSERVATION
ARTESIA DISTRICT
NOV 29 2018
RECEIVED

APPROVED WITH CONDITIONS

(Continued on page 2)

Approval Date: 11/21/2018

*(Instructions on page 2)

KMF 12-6-18.

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM I: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the wen, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionany drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

ITEM 24: If the proposal will involve hydraulic fracturing operations, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.
AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160
PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service wen or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.
ROUTINE USE: Information from the record and/or the record win be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.
EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The BLM conects this information to anow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Conection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

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Additional Operator Remarks

Location of Well

1. SHL: LOT H / 1552 FNL / 928 FEL / TWSP: 16S / RANGE: 30E / SECTION: 34 / LAT: 32.88102 / LONG: -103.9541856 (TVD: 4445 feet, MD: 4445 feet)
   BHL: LOT H / 1552 FNL / 928 FEL / TWSP: 16S / RANGE: 30E / SECTION: 34 / LAT: 32.880877 / LONG: -103.953776 (TVD: 4445 feet, MD: 4445 feet)

BLM Point of Contact

Name: Sipra Dahal

Title: Legal Instruments Examiner

Phone: 5752345983

Email: sdahal@blm.gov

Approval Date: 11/21/2018

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	SEGURO OIL AND GAS LLC
LEASE NO.:	NMNM0002427
WELL NAME & NO.:	1: WEST SQUARE LAKE 34 FED H
SURFACE HOLE FOOTAGE:	1552'/N & 928'/E
BOTTOM HOLE FOOTAGE	1552'/N & 928'/E
LOCATION:	T-16S, R-30E, S34. NMPM
COUNTY:	EDDY, NM

Potash	◉ None	○ Secretary	○ R-111-P
Cave/Karst Potential	◉ Low	○ Medium	○ High
Variance	◉ None	○ Flex Hose	○ Other
Wellhead	◉ Conventional	○ Multibowl	
Other	☐4 String Area	☐Capitan Reef	☐WIPP

A. Hydrogen Sulfide

1. A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the **Yates** formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.

B. CASING

1. The **8 5/8** inch surface casing shall be set at approximately **355** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job will be a minimum of **8 hours** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength,

whichever is greater.

d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **5 1/2** inch production casing is:

    - Cement to surface. If cement does not circulate see B.1.a, c-d above.

C. PRESSURE CONTROL

1. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.

JJP 11192018

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ Chaves and Roosevelt Counties
Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
During office hours call (575) 627-0272.
After office hours call (575)

☒ Eddy County
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

☒ Lea County
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575) 393-3612

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

   a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
   b. When the operator proposes to set surface casing with Spudder Rig
      - Notify the BLM when moving in and removing the Spudder Rig.
      - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
      - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.

2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.

3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.

3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:

    a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
    b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
    c. Manufacturer representative shall install the test plug for the initial BOP test.
    d. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
    e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after

installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

e. The results of the test shall be reported to the appropriate BLM office.

f. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

PECOS DISTRICT
SURFACE USE
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	SEGURO OIL AND GAS LLC
LEASE NO.:	NMNM0002427
WELL NAME & NO.:	1:WEST SQUARE LAKE 34 FED H
SURFACE HOLE FOOTAGE:	1562'/N & 928'/E
BOTTOM HOLE FOOTAGE	1562'/N & 928'/E
LOCATION:	T-16S, R-30E, S34. NMPM
COUNTY:	EDDY, NM

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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.

Approval Date: 11/21/2018

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Wildlife Mitigation Measures:

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken:
Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Timing Limitation Exceptions:
The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

Ground-level Abandoned Well Marker to avoid raptor perching:
Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

Watershed/Hydrology Mitigation Measures:
The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. The compacted berm shall be constructed at a minimum of 12 inches with impermeable mineral material (e.g. caliche). Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed. Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion. Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control. If fluid collects within the bermed area, the

fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank or 24 hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, situating valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future

field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

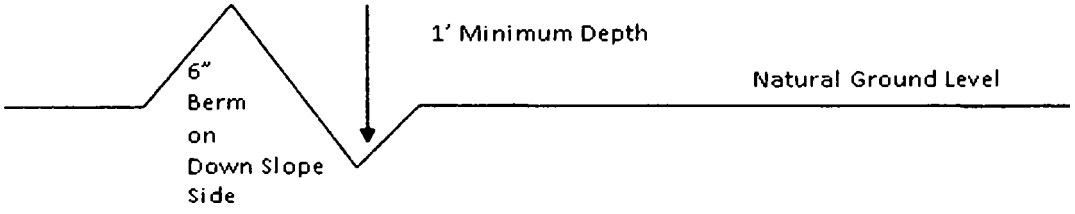
Ditching
Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattle guards
An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

Fence Requirement
Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Livestock Watering Requirement
Any damage to structures that provide water to livestock throughout the life of the well, caused by operations from the well site, must be immediately corrected by the operator. The operator must notify the BLM office (575-234-5972) and the private surface landowner or the grazing allotment holder if any damage occurs to structures that provide water to livestock.

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

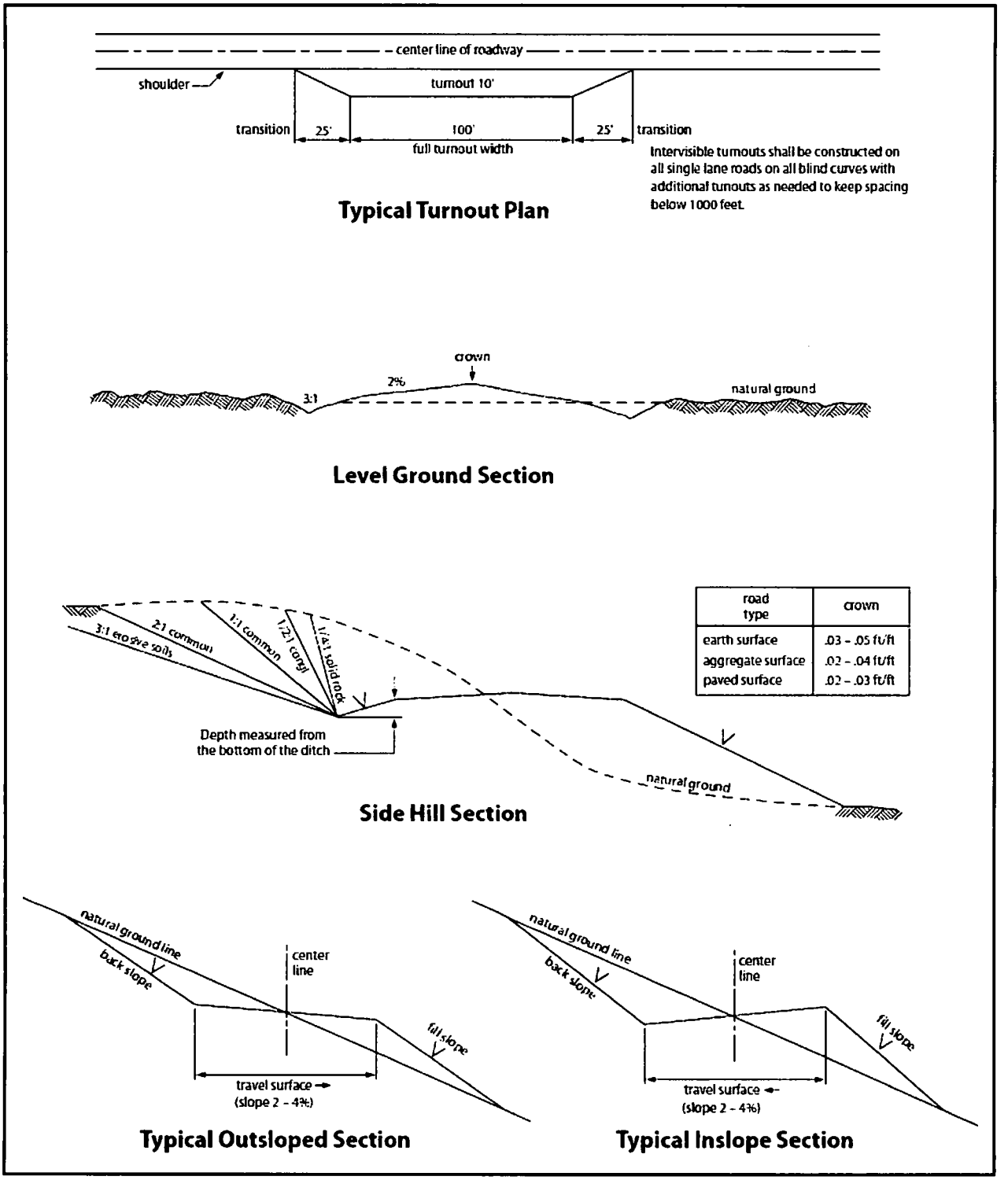


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VI. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

VRM Facility Requirement
Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

VII. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

VIII. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory

revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture for LPC Sand/Shinnery Sites

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. Seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

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U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Operator Certification Data Report

11/27/2018

Operator Certification

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

NAME: Donna Sturdivant **Signed on:** 07/10/2018

Title: Regulatory Clerk

Street Address: 407 N, Big Spring St. Suite 215

City: Midland **State:** TX **Zip:** 79702

Phone: (432)219-0740

Email address: dmsreg2014@yahoo.com

Field Representative

Representative Name: STEPHEN ANDERSON

Street Address: 407 N BIG SPRING STREET, SIUTE 215

City: MIDLAND **State:** TX **Zip:** 79701

Phone: (432)219-0740

Email address: PAUL@SEGURO-LLC.COM

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Application Data Report

11/27/2018

APD ID: 10400031969 **Submission Date:** 07/12/2018

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Show Final Text

Well Type: OIL WELL **Well Work Type:** Drill

Section 1 - General

APD ID: 10400031969 **Tie to previous NOS?** 10400027788 **Submission Date:** 07/12/2018

BLM Office: CARLSBAD **User:** Donna Sturdivant **Title:** Regulatory Clerk

Federal/Indian APD: FED **Is the first lease penetrated for production Federal or Indian?** FED

Lease number: NMNM0002427 **Lease Acres:** 640

Surface access agreement in place? **Allotted?** **Reservation:**

Agreement in place? NO **Federal or Indian agreement:**

Agreement number:

Agreement name:

Keep application confidential? NO

Permitting Agent? YES **APD Operator:** SEGURO OIL AND GAS LLC

Operator letter of designation: Seguro_Operator_Letter_of_Designation_WSL_34_Fed_H_1_20180710093706.pdf

Operator Info

Operator Organization Name: SEGURO OIL AND GAS LLC

Operator Address: 407 N, Big Spring St. Suite 215 **Zip:** 79702

Operator PO Box: PO Box 3176

Operator City: Midland **State:** TX

Operator Phone: (432)219-0740

Operator Internet Address:

Section 2 - Well Information

Well in Master Development Plan? NO **Mater Development Plan name:**

Well in Master SUPO? NO **Master SUPO name:**

Well in Master Drilling Plan? NO **Master Drilling Plan name:**

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1 **Well API Number:**

Field/Pool or Exploratory? Field and Pool **Field Name:** SQUARE LAKE **Pool Name:** SAN ANDRES

Is the proposed well in an area containing other mineral resources? NATURAL GAS,OIL

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Describe other minerals:

Is the proposed well in a Helium production area? N **Use Existing Well Pad?** NO **New surface disturbance?**

Type of Well Pad: SINGLE WELL **Multiple Well Pad Name:** **Number:**

Well Class: VERTICAL **Number of Legs:** 1

Well Work Type: Drill

Well Type: OIL WELL

Describe Well Type:

Well sub-Type: EVALUATION

Describe sub-type:

Distance to town: 4.6 Miles **Distance to nearest well:** 920 FT **Distance to lease line:** 928 FT

Reservoir well spacing assigned acres Measurement: 40 Acres

Well plat: WSL_34_Federal_H_1_20180710065340.pdf

Well work start Date: 08/01/2018 **Duration:** 8 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83 **Vertical Datum:** NAVD88

Survey number:

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD
SHL Leg #1	1552	FNL	928	FEL	16S	30E	34	Lot H	32.88102	-103.9541856	EDDY	NEW MEXICO	NEW MEXICO	F	NMNM 0002427	3755	4445	4445
BHL Leg #1	1552	FNL	928	FEL	16S	30E	34	Lot H	32.880877	-103.953776	EDDY	NEW MEXICO	NEW MEXICO	F	NMNM 0002427	-690	4445	4445

Operator Certification – Seguro Oil and Gas, LLC

West Square Lake 34 FED H #1
Section 34, T16S, R30E
1552 FNL & 928 FEL
Eddy County, New Mexico

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statement made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that the company I represent is responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this day of 2018

Printed Name: S. Paul Anderson

Signature: S. Paul Anderson

Position/Title: President

Address: PO Box 3176, Midland, Texas 79702

Telephone: 432-219-0740 Ext. 10

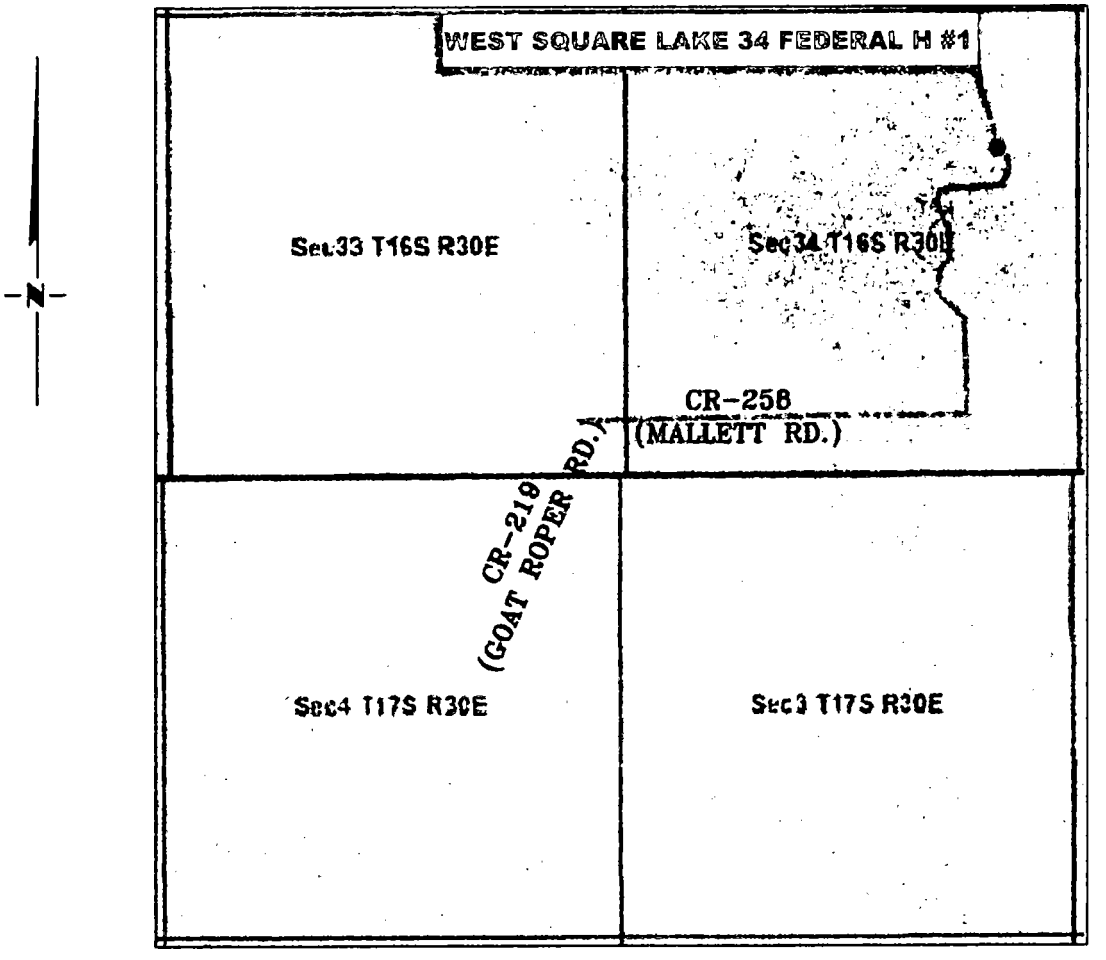
Email: donna@seguro-llc.com

Field Representative: Paul Anderson

Telephone: 432-219-0740 Ext. 10 or 432-559-6260

VICINITY MAP

NOT TO SCALE



SECTION 34, TWP. 16 SOUTH, RGE. 30 EAST,
N. M. P. M., EDDY CO., NEW MEXICO

OPERATOR: Seguro Oil & Gas, LLC
LEASE: West Square Lake 34 Federal H
WELL NO.: 1

LOCATION: 1552' FNL & 928' FEL
ELEVATION: 3755'

NO.	REVISION	DATE

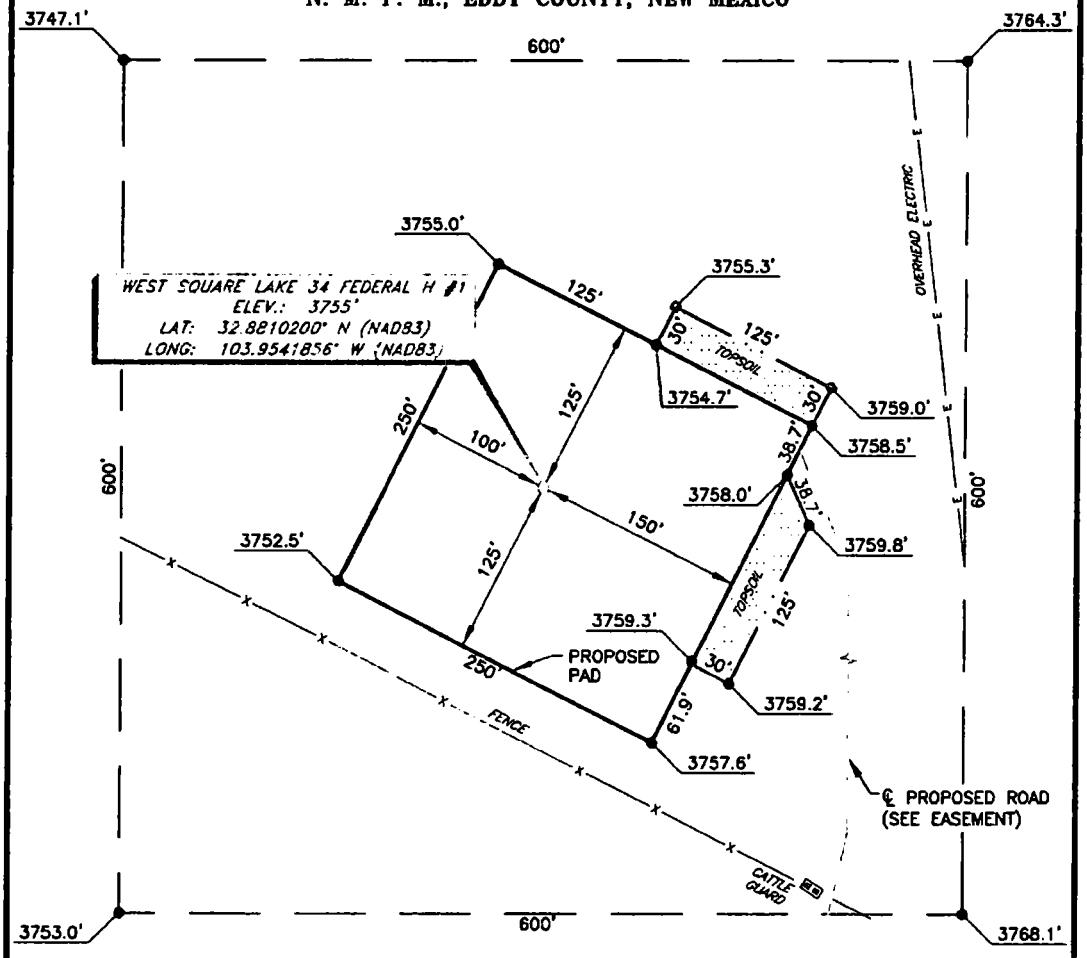
JOB NO.: LS1804424
DWG. NO.: 1804424VM

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: N. T. S.
DATE: 5-31-2018
SURVEYED BY: BC/AJ
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

SEGURO
WEST SQUARE LAKE 34 FEDERAL H #1
(1552' FNL & 928' FEL)
SECTION 34, T16S, R30E
N. M. P. M., EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

From the intersection of CR- 219 (Goat Roper Rd.) and CR-258 (Mallett Rd);

Go East on CR-258 approx. 0.9 miles to a lease road on the left;

Turn left and go North approx. 0.3 miles to a curve on the left;

Take curve to the left and go Northwest approx. 0.1 miles to a lease road on the right;

Turn right and go North approx. 0.2 miles to lease road on the right;

Turn right and go East approx. 0.2 miles to a proposed road on the left;

Turn left on proposed road and go North approx. 500 feet to loaction on the left.

-N-

SCALE: 1" = 100'
0 50 100

BEARINGS ARE NAD 83 GRID - NM EAST
DISTANCES ARE GROUND

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that I prepared this unclassified survey of a well location from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett
Róbert M. Howett NM PS 19680

ROBERT M. HOWETT
NEW MEXICO
19680
6/19/18
PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

JOB NO.: LS1804424
DWG. NO.: 1804424PAD

RRC

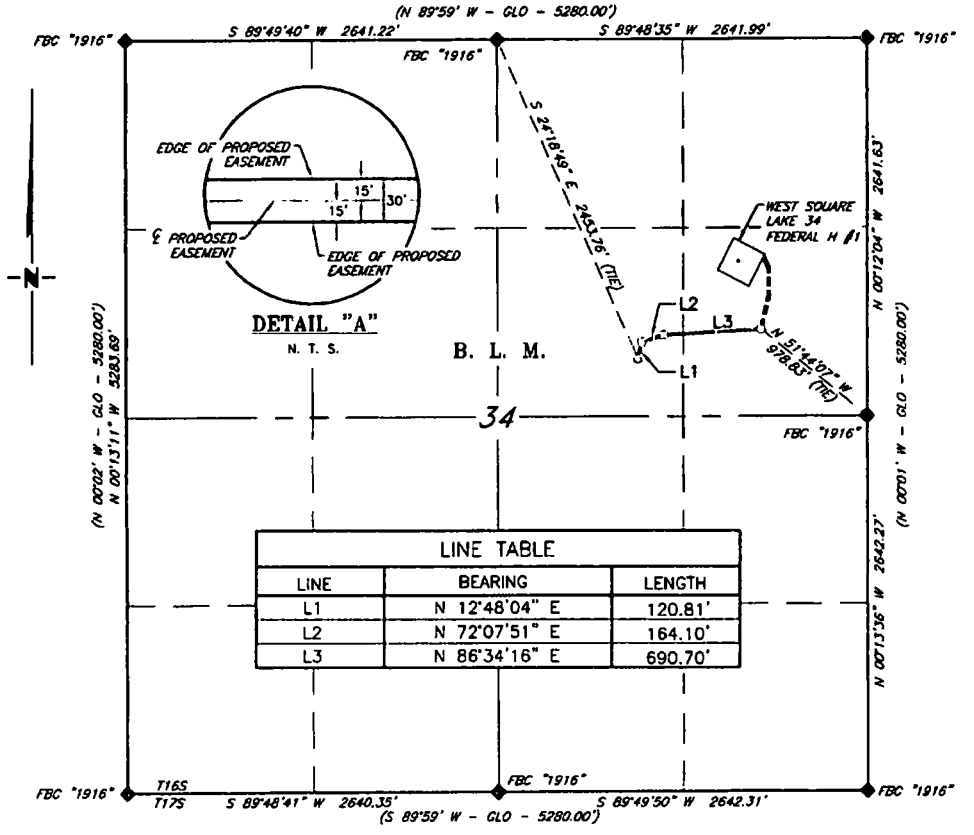
308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 100'
DATE: 5/31/18
SURVEYED BY: BC/AJ
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

SEGURO OIL & GAS, LLC

PROPOSED UPGRADE OF AN EXISTING ROAD FOR THE WEST SQUARE LAKE 34 FEDERAL H #1

SECTION 34, T16S, R30E,
N. M. P. M., EDDY CO., NEW MEXICO



LINE TABLE		
LINE	BEARING	LENGTH
L1	N 12°48'04" E	120.81'
L2	N 72°07'51" E	164.10'
L3	N 86°34'16" E	690.70'

DESCRIPTION

A strip of land 30 feet wide, being 975.61 feet or 59.128 rods in length, lying in Section 34, Township 16 South, Range 30 East, N. M. P. M., Eddy County, New Mexico, being 15 feet left and 15 feet right of the following described survey of a centerline across B. L. M. land:

BEGINNING at a point in the Northeast quarter of Section 34, which bears, S 24°18'49" W, 2,453.76 feet from a brass cap, stamped "1916", found for the North quarter corner of Section 34;

Thence N 12°48'04" E, 120.81 feet, to a point;

Thence N 72°07'51" E, 164.10 feet, to a point;

Thence N 86°34'16" E, 690.70 feet, to the End of Survey, a point in the Northeast quarter of Section 34, which bears, N 51°44'07" W, 978.83 feet from a brass cap, stamped "1916", found for the East quarter corner of Section 34.

Said strip of land contains 0.672 acres, more or less, and is allocated by forties as follows:

SW 1/4 NE 1/4	25.473 Rods	0.290 Acres
SE 1/4 NE 1/4	33.655 Rods	0.382 Acres

SCALE: 1" = 1000'
0 500' 1000'

BEARINGS ARE GRID NAD 83 NM EAST
DISTANCES ARE HORIZ. GROUND.

LEGEND
( ) RECORD DATA - GLO
◆ FOUND MONUMENT AS NOTED
——— PROPOSED ROAD UPGRADE

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that I prepared this plat from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett
Robert M. Howett NM PS 19680

ROBERT M. HOWETT NEW MEXICO 19680 6/20/18 PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

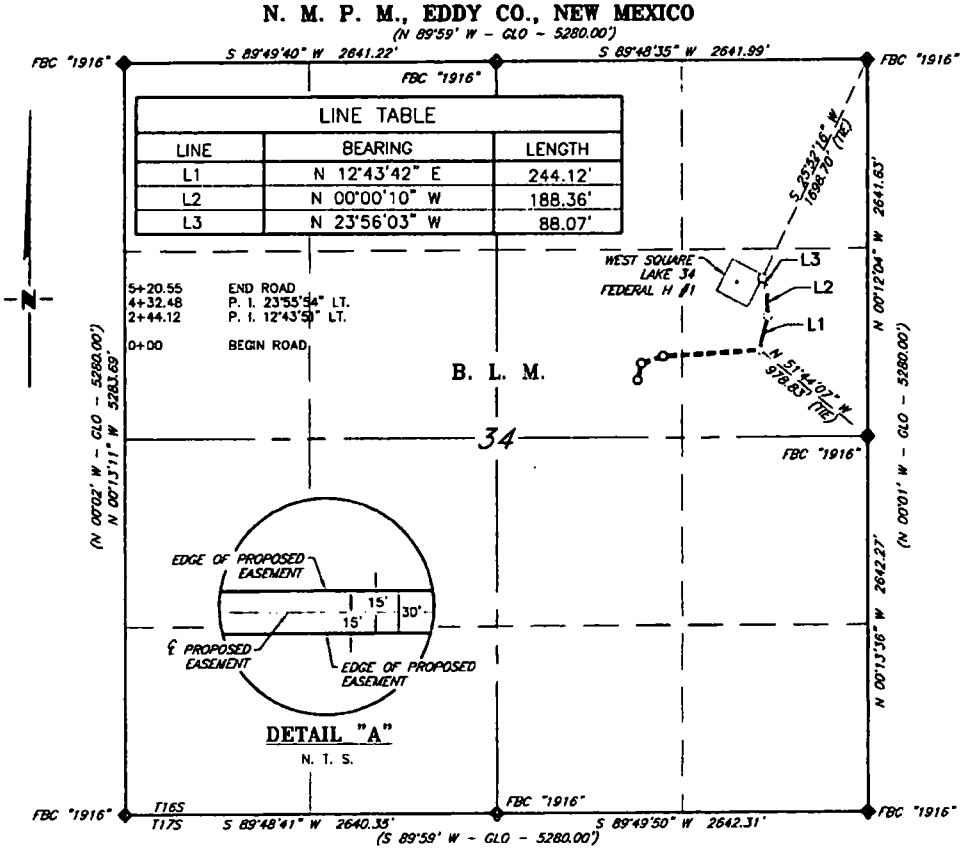
JOB NO.: LS1804424
DWG. NO.: 1804424RD1

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 1000'
DATE: 5-31-2018
SURVEYED BY: BC/AJ
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

SEGURO OIL & GAS, LLC
PROPOSED ACCESS ROAD FOR THE
WEST SQUARE LAKE 34 FEDERAL H #1
SECTION 34, T16S, R30E,
N. M. P. M., EDDY CO., NEW MEXICO



DESCRIPTION

A strip of land 30 feet wide, being 520.55 feet or 31.548 rods in length, lying in Section 34, Township 16 South, Range 30 East, N. M. P. M., Eddy County, New Mexico, being 15 feet left and 15 feet right of the following described survey of a centerline across B. L. M. land:

BEGINNING at Engr. Sta. 0+00, a point in the Northeast quarter of Section 34, which bears, N 51°44'07" W, 978.83 feet from a brass cap, stamped "1916", found for the East quarter corner of Section 34;

Thence N 12°43'42" E, 244.12 feet, to Engr. Sta. 2+44.12, a P. I. of 12°43'51" left;

Thence N 00°00'10" W, 188.36 feet, to Engr. Sta. 4+32.48, a P. I. of 23°56'53" left;

Thence N 23°56'03" W, 88.07 feet, to Engr. Sta. 5+20.55, the End of Survey, a point in the Northeast quarter of Section 34, which bears, S 25°52'16" W, 1698.70 feet from a brass cap, stamped "1916", found for the Northeast corner of Section 34.

Said strip of land contains 0.358 acres, more or less, and is allocated by forties as follows:

SE 1/4 NE 1/4	31.548 Rods	0.358 Acres

SCALE: 1" = 1000'
0 500' 1000'

BEARINGS ARE GRID NAD 83 NM EAST
DISTANCES ARE HORIZ. GROUND.

LEGEND
( ) RECORD DATA - GLO
◆ FOUND MONUMENT AS NOTED
——— PROPOSED ACCESS ROAD

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that I prepared this plat from an actual survey made on the ground under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett
Robert M. Howett NM PS 19680

ROBERT M. HOWETT NEW MEXICO 19680 6/20/18 PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

JOB NO.: LS1804424
DWG. NO.: 1804424RD2

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 1000'
DATE: 5-31-2018
SURVEYED BY: BC/AJ
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Drilling Plan Data Report

11/27/2018

APD ID: 10400031969 **Submission Date:** 07/12/2018

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Well Type: OIL WELL **Well Work Type:** Drill

Highlighted data reflects the most recent changes

Show Final Text

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
1	QUATERNARY	3755	0	0	OTHER : Eolian Sand Dunes	USEABLE WATER	No
2	RUSTLER	3480	285	285	ANHYDRITE	POTASH	No
3	TOP SALT	3220	545	545	SALT	POTASH	No
4	BASE OF SALT	2525	1240	1240	SALT	POTASH	No
5	YATES	2345	1420	1420	SANDSTONE	NATURAL GAS	No
6	SEVEN RIVERS	2090	1675	1675	DOLOMITE	NATURAL GAS,OIL	No
7	QUEEN	1480	2285	2285	SANDSTONE	NATURAL GAS,OIL	No
8	PENROSE	1275	2490	2490	DOLOMITE	NATURAL GAS,OIL	No
9	GRAYBURG	1060	2705	2705	SANDSTONE,DOLOMITE	NATURAL GAS,OIL	No
10	LOCO	925	2840	2840	SANDSTONE	NATURAL GAS,OIL	No
11	METEX	890	2875	2875	SANDSTONE	NATURAL GAS,OIL	No
12	PREMIER	800	2965	2965	SANDSTONE	NATURAL GAS,OIL	No
13	SAN ANDRES UPPER	760	3005	3005	DOLOMITE	NATURAL GAS,OIL	Yes
14	LOVINGTON	665	3100	3100	SANDSTONE	NATURAL GAS,OIL	No
15	SAN ANDRES	240	3525	3525	DOLOMITE	NATURAL GAS,OIL	Yes

Section 2 - Blowout Prevention

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Pressure Rating (PSI): 5M **Rating Depth:** 10600

Equipment: 11" 5M BOP - Rotating Head, Kill Line, Mud Gas Separator

Requesting Variance? NO

Variance request:

Testing Procedure: BOP / BOPE will be tested by an independent service company to 250 psi low and the high pressure as listed above. The system may be upgraded to a higher pressure but still tested at percent listed for component WP as listed above. If the system is upgraded, all the components for that section will be functional and tested. Pipe rams and Annular will be functionally checked each 24 hour period. Blind rams will be operationaly checked on each trip out of hole. These checks will be noted on the IADC records onsite. Other accessories to the BOP equipment will include a kelly cock, floor safety valve, inside BOP, choke manifold and lines. See attached BOPE schematics.

Choke Diagram Attachment:

Seguro_WSL_34_Fed_H__1__Choke_Diagram_20180710071501.pdf

BOP Diagram Attachment:

Seguro_WSL_34_Fed_H_1_BOP_Schematic_20180712082023.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	12.25	8.625	NEW	API	N	0	305	0	305			305	J-55	24	STC	8.75	15.77	DRY	32.07	DRY	50.8
2	PRODUCTION	7.875	5.5	NEW	API	N	0	4445	0	4445			4445	J-55	15.5	LTC	1.77	1.85	DRY	3.18	DRY	3.64

Casing Attachments

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Casing Attachments

Casing ID: 1 **String Type:** SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Seguro_WSL_34_Fed_H_1_Casing_Program_20180710095737.pdf

Casing ID: 2 **String Type:** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Seguro_WSL_34_Fed_H_1_Casing_Program_20180710095747.pdf

Section 4 - Cement

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	305	200	1.34	14.8	268	100	Class C	Class C & 2% PF1 (CACL2)
PRODUCTION	Lead		0	4445	340	2.06	12.6	700	50	Class C	Class C 35/65 & 5% PF44 (Salt) & 6% PF20 (Gel) & 0.2% PF606 (Fluid loss) & 0.1% PF13 (Retarder) & 3# PF42 (Koalseal) & 0.4# PF45 (Defoamer) &

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
											0.125 PF29 (Cellophane)
PRODUCTION	Tail				370	1.33	14.8	492	50	Class C	Class C & 0.2% PF65 (Dispersant) & 0.2% PF606 (Fluid loss)

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: BOP, Choke Manifold, Gas Buster, Blow down Pit, Flare line with igniter, pre-mix pit, rotating head. Sufficient mud materials to maintain mud properties and meet minimum lost circulation will be kept on location at all times

Describe the mud monitoring system utilized: A Pason or similar system will be used to monitor the loss or gain of fluid.

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
2400	4445	SALT SATURATED	9.7	10							
0	305	SPUD MUD	8.7	9.5							
305	2400	SALT SATURATED	9.3	9.7							

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

Pason or Geolorgaph 1 ft drill time spud - TD
2 Man Mud Log from 305' - TD

List of open and cased hole logs run in the well:

CALIPER,CBL,CNL,DLL,FDC,GR,MUDLOG,SONIC

Coring operation description for the well:

Potential to take up to 75 Side Wall Cores

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 1910 **Anticipated Surface Pressure:** 932.1

Anticipated Bottom Hole Temperature(F): 107

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geoharzards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

WELL_CONTROL_EMERGENCY_RESPONSE_PLAN_20180703132238.docx
HYDROGEN_SULFIDE_20180703132225.docx
HYDROGEN_SULFID1_20180703132211.docx

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

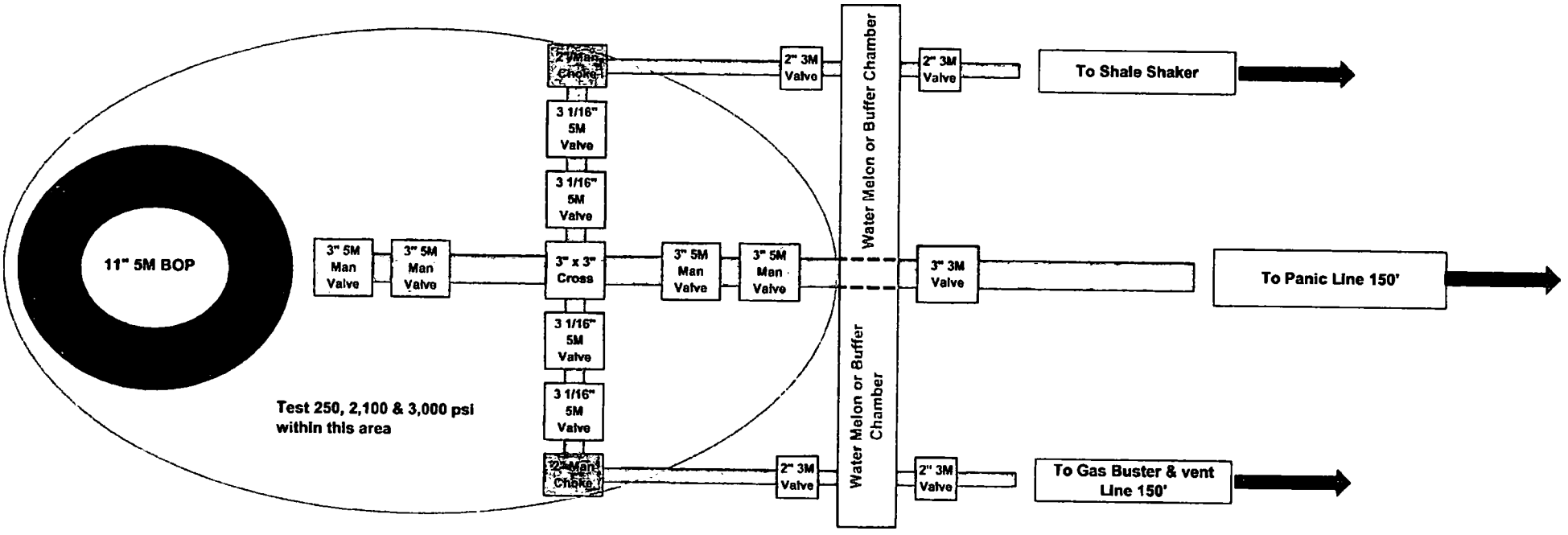
Other proposed operations facets description:

Other proposed operations facets attachment:

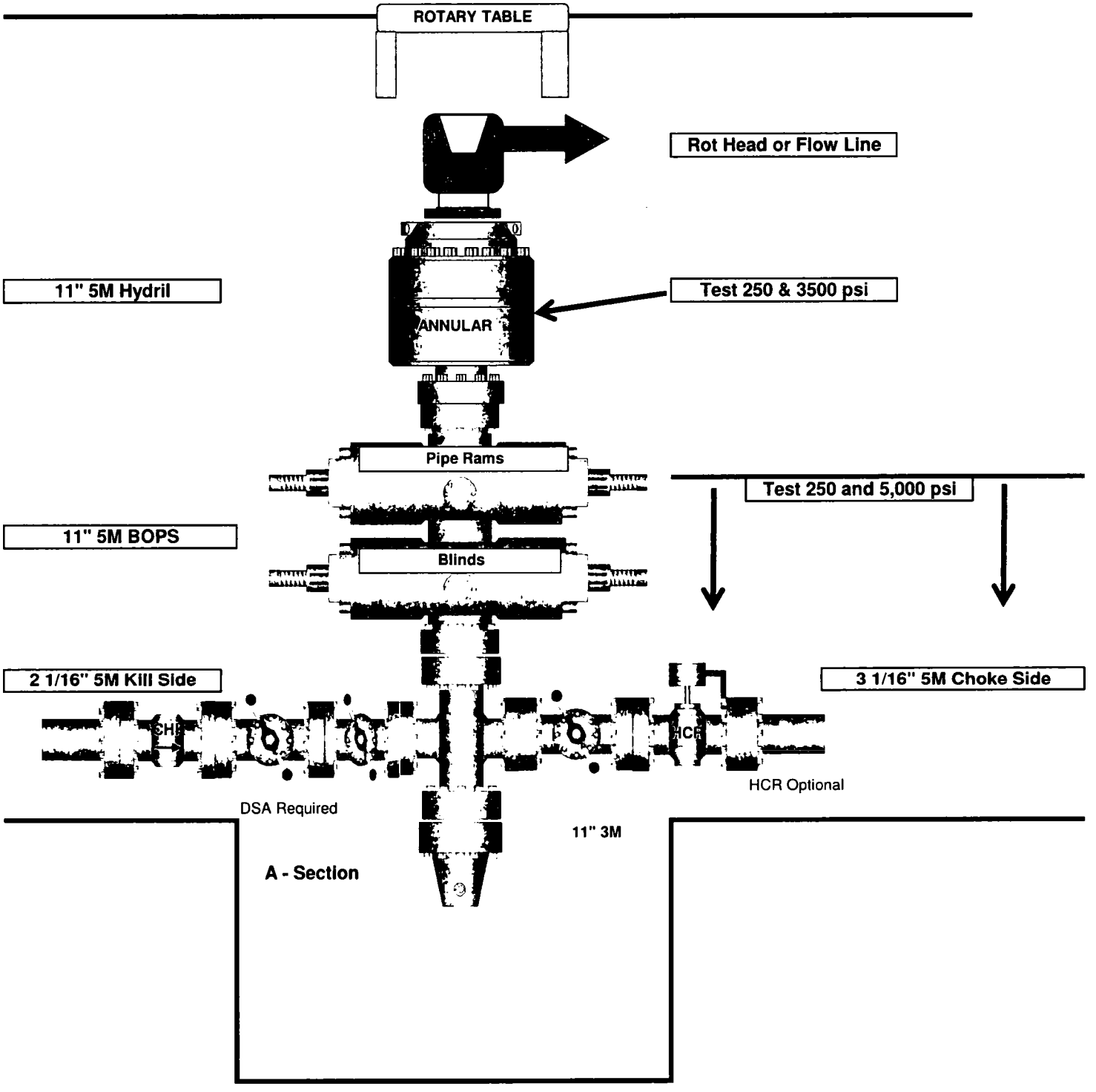
Other Variance attachment:

Choke Manifold

Minimum Configuration of Choke Side



WELL:	**West Square Lake 34 Fed H # 1**			
LOCATION:	**Approximately 4.6 miles North of Loco Hills NM**			
COUNTY:	**Eddy**	**STATE:**	**New Mexico**	
RIG NAME & No.	**United 35**			
GL ELEVATION:	**3755**	**KB**	**10**	



Casing Programs WSL 34 FED H #1

Hole Size	Casing Interval From	Casing Interval To	Casing Size	Weight (lbs)	Grade	Conn.	MW	SF Collapse (mud)	SF Collapse (cmt)	SF Burst	SF Joint Tension	SF Body Tension
20.000	0	40	14.000	54.57	H40	Weld	FW	NA	NA	NA	NA	NA
12.250	0	305	8.625	24.00	J55	STC	9.50	8.750	6.690	15.770	32.070	50.080
7.875	0	4,445	5.500	15.50	J55	LTC	10.00	1.770	1.490	1.850	3.180	3.640

Design SF Used	
Collapse Mud	1.300
Collapse Cement	1.300
Burst Mud	1.200
Joint Yield	1.800
Body Yield	2.000

BLM Minimum Safety Factor	1.125	1.125	1.000	1.200	1.6 Dry 1.8 Wet

Sierra Hamilton standards used for all SF calculations. Assume .70 FG and 100% evacuation with gas @ .11 GR

Casing Programs WSL 34 FED H #1

Hole Size	Casing Interval		Casing Size	Weight (lbs)	Grade	Conn.	MW	SF Collapse (mud)	SF Collapse (cmt)	SF Burst	SF Joint Tension	SF Body Tension
	From	To										
20.000	0	40	14.000	54.57	H40	Weld	FW	NA	NA	NA	NA	NA
12.250	0	305	8.625	24.00	J55	STC	9.50	8.750	6.690	15.770	32.070	50.080
7.875	0	4,445	5.500	15.50	J55	LTC	10.00	1.770	1.490	1.850	3.180	3.640
BLM Minimum Safety Factor								1.125	1.125	1.000	1.200	1.6 Dry 1.8 Wet

Design SF Used	
Collapse Mud	1.300
Collapse Cement	1.300
Burst Mud	1.200
Joint Yield	1.800
Body Yield	2.000

Sierra Hamilton standards used for all SF calculations. Assume .70 FG and 100% evacuation with gas @ .11 GR

WELL CONTROL EMERGENCY RESPONSE PLAN

I. GENERAL PHILOSPHY

Our objective is to ensure that during an emergency, a predetermined procedure is followed so that prompt decisions can be made based on accurate information.

The best way to handle and emergency is with an experienced organization set up for the sole purpose of solving the problem. The *Well Control Emergency Response Team* was organized to handle dangerous & expensive well control problems. The *Team* is structured such that each individual can contribute the most from his area of expertise. Key decision-makers are determined prior to an emergency to avoid confusion about who is in charge.

II. EMERGENCY PROCEDURE ON DRILLING OR COMPLETION OPERATIONS

A. In the event of an emergency the *Drilling Foreman or Tool-Pusher* will immediately contact only one of the following starting with the first name listed:

Name	Office	Mobile
Russ Ginanni – Engineer	432-683-8000	432-425-7450
Paul Anderson - President	432-219-0740 Ext. 10	432-559-6260

***This one phone call will free the Drilling Foreman to devote this full time to securing the safety of personnel& equipment. This call will initial the process to mobilize the Well Control Emergency Response Team.*

B. If Russ Ginanni is out of contact, Paul Anderson will be notified.

C. If a member of the *Emergency Response Team* is away from the job, he must be available for call back. Telephone numbers should be left with secretaries or a key decision-maker.

EMERGENCY RESPONSE NUMBERS:

SHERIFF DEPARTMENT	NUMBER
Eddy County	575-887-7551
Lea County	575-396-3611
FIRE DEPARTMENT	**911**
Artesia	575-746-5050
Carlsbad	575-885-2111
Eunice	575-394-2111
Hobbs	575-397-9308
Jal	575-395-2221
Lovington	575-396-2359
HOSPITALS	**911**
Artesia Medical Emergency	575-746-5050
Carlsbad Medical Emergency	575-885-2111
Eunice Medical Emergency	575-394-2112
Hobbs Medical Emergency	575-397-9308
Jal Medical Emergency	575-395-2221
Lovington Medical Emergency	575-396-2359
AGENT NOTIFICATIONS	**NUMBER**

Bureau of Land Management	575-393-3612
New Mexico Oil Conservation Division	575-393-6161

HYDROGEN SULFIDE (H_2S) CONTINGENCY PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H_2S concentration shall trigger activation of this plan

Emergency Procedures

In the event of a release containing H_2S, 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 H_2S 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 operators and/or local officials to aid in operation. See list of phone numbers attached.
- Have received training in the:
    - Detection of H_2S
    - 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 (SO_2). 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 H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = I	10 ppm	100 ppm/hr.	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = I	2 ppm	N/A	1000 ppm

Contacting Authorities

Seguro Oil and Gas, LLC 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 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. Seguro Oil and Gas, LLC response must be in coordination with he State of New Mexico's *"Hazardous Materials Emergency Response Plan" (HMER).*

HYDROGEN SULFIDE (H_2S) DRILLING OPERATIONS PLAN

Hydrogen Sulfide Training:

All regularly assigned personnel, contracted or employed by Seguro Oil and Gas, LLC will receive training from qualified instructor(s) in the following areas prior to commencing drilling possible hydrogen sulfide bearing formations in this well:

- The hazards and characteristics of hydrogen sulfide (H_2S)
- The proper use and maintenance of personal protective equipment and life support systems.
- The proper use of H_2S detectors, alarms, warning systems, briefing area, evacuation procedures & prevailing winds.
- The proper techniques for first aid and rescue procedures.

Supervisory personnel will be trained in the following areas:

- The effects of H_2S on metal components. If high tensile tubulars are to be utilized, personnel will be trained in their special maintenance requirements.
- Corrective action & Shut-in procedures when drilling or reworking a well & blowout prevention / well control procedures.
- The contents and requirements of the H_2S Drilling Operations Plan

H_2S SAFETY EQUIPMENT AND SYSTEMS:

Well Control Equipment that will be available & installed if H_2S is encountered:

- Flare Line with electronic igniter or continuous pilot.
- Choke manifold with a minimum of remote choke.
- Blind rams & pipe rams to accommodate all pipe sizes with properly sized closing unit.
- Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head & flare gun with flares

Protective Equipment for Essential Personnel:

- Mark II Survive-air 30-minute units located in dog house & at briefing areas, as indicated on wellsite diagram.

H2S Detection and Monitoring Equipment:

- Two portable H_2S monitors positioned on location for best coverage & response. These units have warning lights & audible sirens when H_2S levels of 20 ppm are reached.
- One portable H_2S monitor positioned near flare line.

H2S Visual Warning Systems:

- Wind direction indicators are shown on wellsite diagram.
- Caution / Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black letter of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

Mud Program:

- The Mud Program has been designed to minimize the volume of H_2S circulated to the surface. Proper mud weights, safe drilling practices & the use of H_2S scavengers will minimize hazards when penetrating H_2S bearing zones.

Metallurgy:

- All drill strings, casing, tubing, wellhead, blowout prevents, drilling spool, kill lines, choke manifold & lines, & valves will be suitable for H_2S service.
- All elastomers used for packing & seals shall be H_2S trim.

Communication:

- Cellular telephone and 2-way radio communications in company vehicles, rig floor and mud logging trailer.

APD ID: 10400031969 **Submission Date:** 07/12/2018

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Well Type: OIL WELL **Well Work Type:** Drill

Highlighted data reflects the most recent changes

Show Final Text

Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

WSL_34_Federal_H_1_Road_Maps_20180712082818.pdf

Existing Road Purpose: ACCESS **Row(s) Exist?** NO

ROW ID(s)

ID:

Do the existing roads need to be improved? YES

Existing Road Improvement Description: Re-blade and caliche existing access road Per BLM Specifications as outlined at onsite

Existing Road Improvement Attachment:

GasCapturePlan_WSL_35_G__1_20181012111604.docx

Section 2 - New or Reconstructed Access Roads

Will new roads be needed? YES

New Road Map:

WSL_34_Federal_H_1_Road_Maps_20180712083208.pdf

New road type: RESOURCE

Length: 520.55 Feet **Width (ft.):** 30

Max slope (%): 2 **Max grade (%):** 2

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 30

New road access erosion control: Road will be crowned for water drainage and to control erosion

New road access plan or profile prepared? NO

New road access plan attachment:

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Access road engineering design? NO

Access road engineering design attachment:

Access surfacing type: OTHER

Access topsoil source: ONSITE

Access surfacing type description: Caliche

Access onsite topsoil source depth: 6

Offsite topsoil source description:

Onsite topsoil removal process: Push to 6 inches

Access other construction information:

Access miscellaneous information:

Number of access turnouts: **Access turnout map:**

Drainage Control

New road drainage crossing: CROSSING

Drainage Control comments: Road will be crowned for water drainage

Road Drainage Control Structures (DCS) description: Road will be crowned per water drainage

Road Drainage Control Structures (DCS) attachment:

Access Additional Attachments

Additional Attachment(s):

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

WSL_34_Fed_H__1_1mi_Radius_Map_20180710081411.pdf

Existing Wells description:

Section 4 - Location of Existing and/or Proposed Production Facilities

Submit or defer a Proposed Production Facilities plan? SUBMIT

Production Facilities description:

Production Facilities map:

Seguro_WSL_34_Fed_H_1_Production_Facility_Layout_20180712124142.pdf

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Section 5 - Location and Types of Water Supply

Water Source Table

Water source use type: INTERMEDIATE/PRODUCTION CASING **Water source type:** OTHER

Describe type: Cut Brine

Source latitude: 32.522205 **Source longitude:** -103.30162

Source datum: NAD83

Water source permit type: PRIVATE CONTRACT

Source land ownership: STATE

Water source transport method: TRUCKING

Source transportation land ownership: STATE

Water source volume (barrels): 1700 **Source volume (acre-feet):** 0.21911827

Source volume (gal): 71400

Water source use type: SURFACE CASING **Water source type:** GW WELL

Describe type:

Source latitude: 32.49979 **Source longitude:** -103.59539

Source datum: NAD83

Water source permit type: PRIVATE CONTRACT

Source land ownership: PRIVATE

Water source transport method: TRUCKING

Source transportation land ownership: PRIVATE

Water source volume (barrels): 2200 **Source volume (acre-feet):** 0.2835648

Source volume (gal): 92400

Water source and transportation map:

WSL_34_Fed_H_1_Brine_Water_Source_2_20180712083930.jpg
WSL_34_Fed_H_1_Fresh_Water_Source_1_20180712083933.jpg

Water source comments: Please see attached

New water well? NO

New Water Well Info

Well latitude: **Well Longitude:** **Well datum:**

Well target aquifer:

Est. depth to top of aquifer(ft): **Est thickness of aquifer:**

Aquifer comments:

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Aquifer documentation:

Well depth (ft): **Well casing type:**

Well casing outside diameter (in.): **Well casing inside diameter (in.):**

New water well casing? **Used casing source:**

Drilling method: **Drill material:**

Grout material: **Grout depth:**

Casing length (ft.): **Casing top depth (ft.):**

Well Production type: **Completion Method:**

Water well additional information:

State appropriation permit:

Additional information attachment:

Section 6 - Construction Materials

Construction Materials description: Caliche for surfacing any proposed roads and well site will be obtained from NMSLO pit #CO-237, Mack Energy Corp. Coordinates are 32°58'32.34"N 103°58'59.18"W. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road. Copy of construction materials source location is attached.

Construction Materials source location attachment:

WSL_34_Federal_H_1__caliche_route_20181012070248.pdf

Section 7 - Methods for Handling Waste

Waste type: DRILLING

Waste content description: Drilling fluid from well, during drilling operations will be stored safely. Any excess will be hauled to approved NMOCD disposal facility.

Amount of waste: 3600 barrels

Waste disposal frequency : One Time Only

Safe containment description: drilling fluids will be stored in sealed frack tanks

Safe containmant attachment:

Waste disposal type: RECYCLE **Disposal location ownership:** OTHER

Disposal type description:

Disposal location description: Operator's next well

Waste type: SEWAGE

Waste content description: Human waste and gray water

Amount of waste: 2000 gallons

Waste disposal frequency : Weekly

Safe containment description: sewage will be stored in steel waste tanks

Safe containmant attachment:

Waste disposal type: OTHER **Disposal location ownership:** STATE

Disposal type description: Municipal Waste Facility

Disposal location description: Hobbs Municipal Waste Facility

Waste type: DRILLING

Waste content description: Excess cement returns

Amount of waste: 40 barrels

Waste disposal frequency : Weekly

Safe containment description: cement returns will be stored in steel roll-off bins, then transferred to disposal vacuum trucks.

Safe containmant attachment:

Waste disposal type: OTHER **Disposal location ownership:** PRIVATE

Disposal type description: Haul to Private facility

Disposal location description: R360 6601 W. Hobbs Hwy Carlsbad, NM 88220

Waste type: GARBAGE

Waste content description: Household garbage, trash, and non-toxic mud sacks

Amount of waste: 1500 pounds

Waste disposal frequency : Weekly

Safe containment description: Garbage will be disposed of in portable trash trailers.

Safe containmant attachment:

Waste disposal type: OTHER **Disposal location ownership:** STATE

Disposal type description: Private Landfill

Disposal location description: Lea County Landfill

Reserve Pit

Reserve Pit being used? NO

Temporary disposal of produced water into reserve pit?

Reserve pit length (ft.) **Reserve pit width (ft.)**

Reserve pit depth (ft.) **Reserve pit volume (cu. yd.)**

Is at least 50% of the reserve pit in cut?

Reserve pit liner

Reserve pit liner specifications and installation description

Cuttings Area

Cuttings Area being used? NO

Are you storing cuttings on location? NO

Description of cuttings location

Cuttings area length (ft.) **Cuttings area width (ft.)**

Cuttings area depth (ft.) **Cuttings area volume (cu. yd.)**

Is at least 50% of the cuttings area in cut?

WCuttings area liner

Cuttings area liner specifications and installation description

Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

Seguro_WSL_34_Fed_H_1_Rig_Layout_20180712124204.pdf

Comments:

Section 10 - Plans for Surface Reclamation

Type of disturbance: New Surface Disturbance **Multiple Well Pad Name:**

Multiple Well Pad Number:

Recontouring attachment:

Drainage/Erosion control construction: Slight slope for water drainage

Drainage/Erosion control reclamation: reclamation is going to follow natural terrain to control erosion runoff and siltation of surrounding area.

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

Well pad proposed disturbance (acres): 1.43
Road proposed disturbance (acres): 0
Powerline proposed disturbance (acres): 0
Pipeline proposed disturbance (acres): 0
Other proposed disturbance (acres): 0
Total proposed disturbance: 1.43

Well pad interim reclamation (acres): 0
Road interim reclamation (acres): 0
Powerline interim reclamation (acres): 0
Pipeline interim reclamation (acres): 0
Other interim reclamation (acres): 0
Total interim reclamation: 0

Well pad long term disturbance (acres): 1.43
Road long term disturbance (acres): 0
Powerline long term disturbance (acres): 0
Pipeline long term disturbance (acres): 0
Other long term disturbance (acres): 0
Total long term disturbance: 1.43

Disturbance Comments:

Reconstruction method: After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. The location will be cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible. NO reclamation required due to construction of production facility. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible.

Topsoil redistribution: If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. Topsoil from the soil pile will be placed over the disturbed area to the extent possible.

Soil treatment: No soil treatment expected.

Existing Vegetation at the well pad: plants are sparse but include grasses, some mesquite, and shinnery oak.

Existing Vegetation at the well pad attachment:

Existing Vegetation Community at the road: plants are sparse but include grasses, some mesquite, and shinnery oak.

Existing Vegetation Community at the road attachment:

Existing Vegetation Community at the pipeline: plants are sparse but include grasses, some mesquite, and shinnery oak.

Existing Vegetation Community at the pipeline attachment:

Existing Vegetation Community at other disturbances: plants are sparse but include grasses, some mesquite, and shinnery oak.

Existing Vegetation Community at other disturbances attachment:

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Will seed be harvested for use in site reclamation? NO

Seed harvest description:

Seed harvest description attachment:

Seed Management

Seed Table

Seed type:

Seed source:

Seed name:

Source name:

Source address:

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre:

Proposed seeding season:

Seed Summary	
Seed Type	**Pounds/Acre**

Total pounds/Acre:

Seed reclamation attachment:

Operator Contact/Responsible Official Contact Info

First Name: Paul **Last Name:** Anderson

Phone: (432)219-0740 **Email:** paul@seguro-llc.com

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Existing invasive species treatment attachment:

Weed treatment plan description: Operator will consult with authorized officer for acceptable weed control methods,. which include following EPA and BLM requirements and policies.
Weed treatment plan attachment:

Monitoring plan description: Interim reclamation, reclaimed areas, will be monitored periodically to insure vegetation has re-established, that area is not redisturbed, and erosion is controlled.
Monitoring plan attachment:

Success standards: Objective of interim reclamation is to restore vegetative cover and a portion of land form to maintain healthy, biologically active topsoil, control erosion and minimize habitat and forage loss, visual impact, and weed infestation during life of well or facilities.
Pit closure description: Not Applicable

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland: **USFS Ranger District:**

Section 12 - Other Information

Right of Way needed? NO **Use APD as ROW?**

ROW Type(s):

ROW Applications

SUPO Additional Information: Power will be provided by Central Valley Electric

Use a previously conducted onsite? NO

Previous Onsite information:

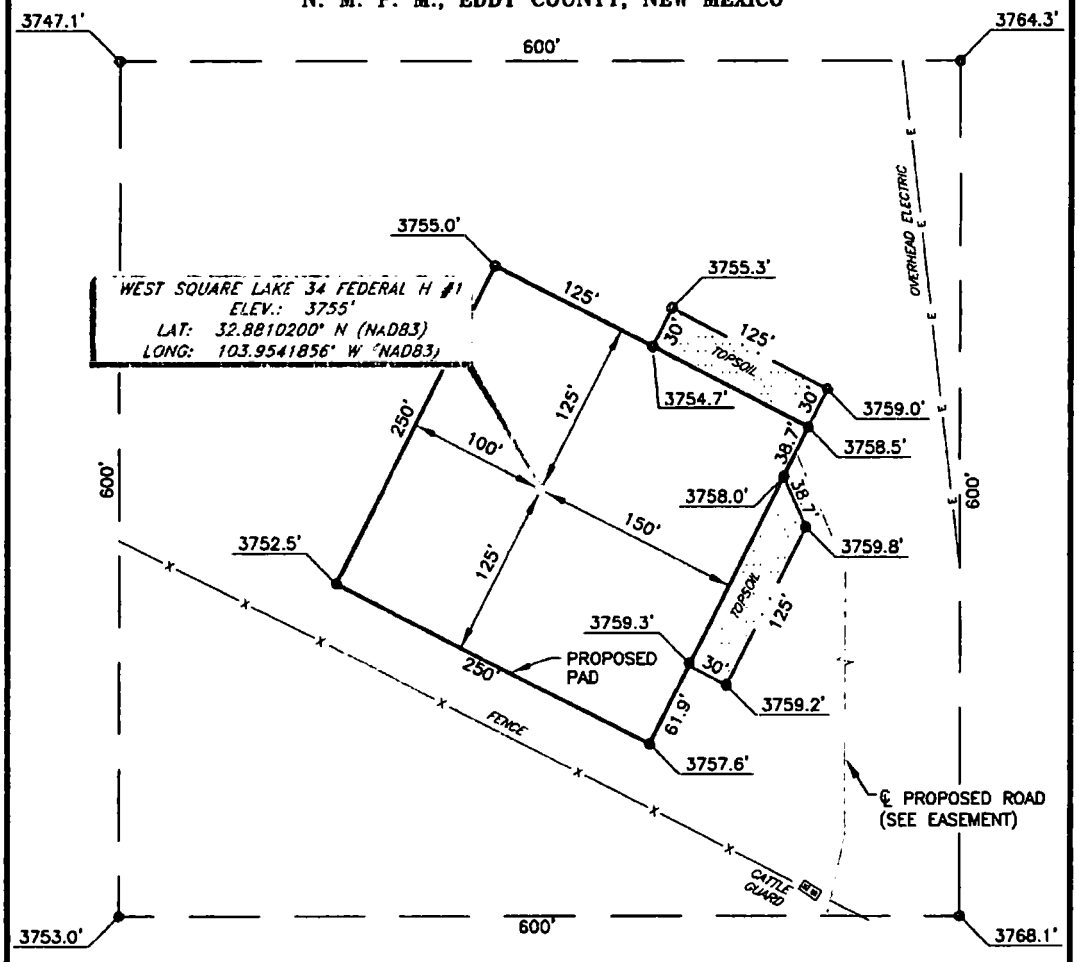
Other SUPO Attachment

Operator Name: SEGURO OIL AND GAS LLC

Well Name: WEST SQUARE LAKE 34 FED H **Well Number:** 1

GasCapturePlan_WSL_34_H_1_20181012111626.docx

SEGURO
WEST SQUARE LAKE 34 FEDERAL H #1
(1552' FNL & 928' FEL)
SECTION 34, T16S, R30E
N. M. P. M., EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

From the intersection of CR- 219 (Goat Roper Rd.) and CR-258 (Mallett Rd);

Go East on CR-258 approx. 0.9 miles to a lease road on the left;

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N

SCALE: 1" = 100'
0 50 100

BEARINGS ARE NAD 83 GRID - NM EAST
DISTANCES ARE GROUND

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Robert M. Howett NM PS 19680

ROBERT M. HOWETT
NEW MEXICO
19680
6/19/18
PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

JOB NO.: LS1804424
DWG. NO.: 1804424PAD

RRC

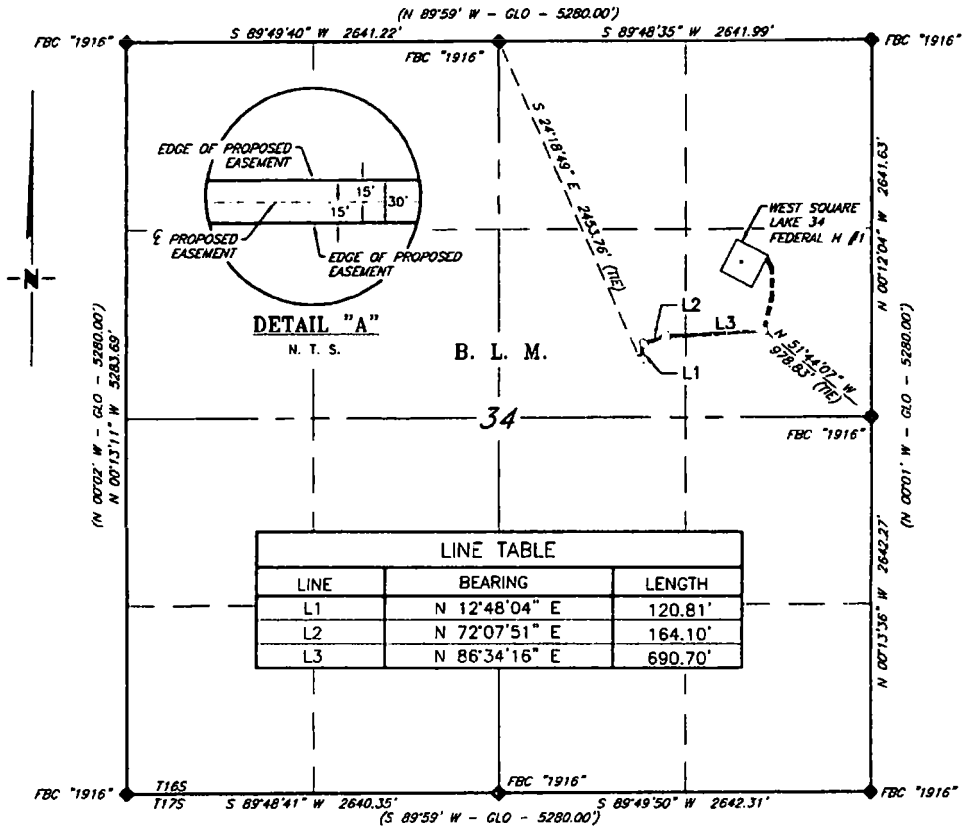
308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

SCALE: 1" = 100'
DATE: 5/31/18
SURVEYED BY: BC/AJ
DRAWN BY: LPS
APPROVED BY: RMH
SHEET: 1 OF 1

SEGURO OIL & GAS, LLC

PROPOSED UPGRADE OF AN EXISTING ROAD FOR THE WEST SQUARE LAKE 34 FEDERAL H #1

SECTION 34, T16S, R30E, N. M. P. M., EDDY CO., NEW MEXICO



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L3	N 86°34'16" E	690.70'

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LEGEND
( ) RECORD DATA - GLO
◆ FOUND MONUMENT AS NOTED
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ROBERT M. HOWETT NEW MEXICO 19680 6/20/18 PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

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DWG. NO.: 1804424RD1

RRC

308 W. BROADWAY ST., HOBBS, NM 88240 (575) 964-8200

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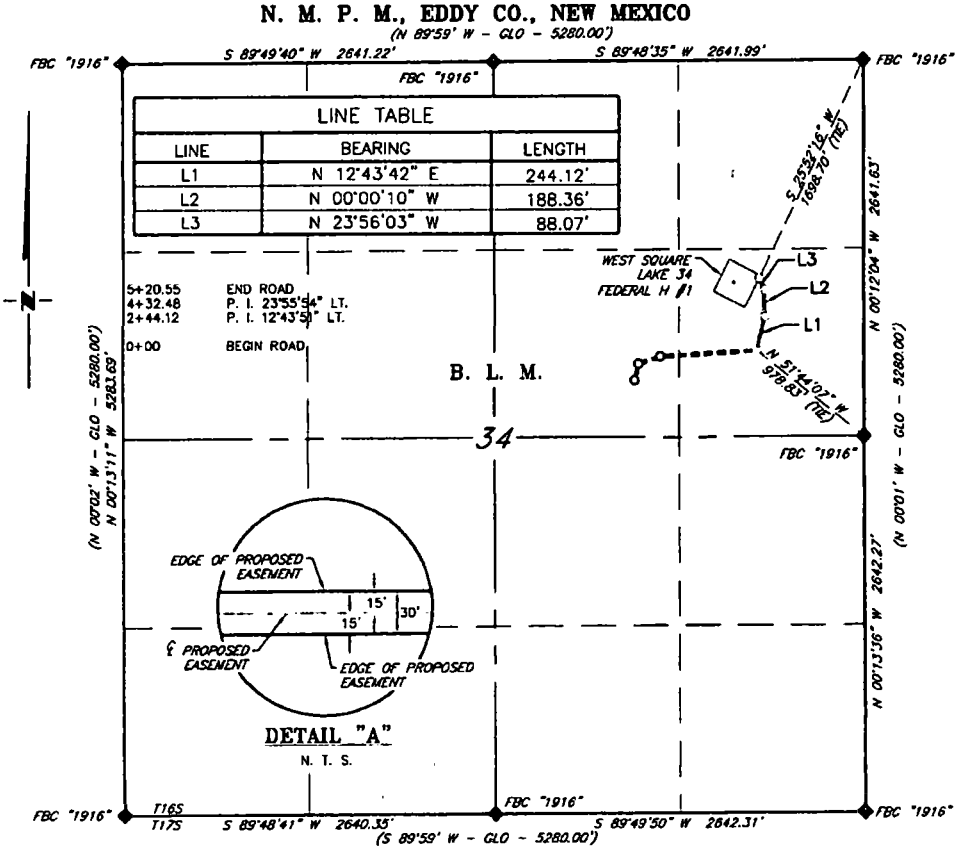
SEGURO OIL & GAS, LLC
PROPOSED ACCESS ROAD FOR THE
WEST SQUARE LAKE 34 FEDERAL H #1
SECTION 34, T16S, R30E,
N. M. P. M., EDDY CO., NEW MEXICO



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Thence N 23°56'03" W, 88.07 feet, to Engr. Sta. 5+20.55, the End of Survey, a point in the Northeast quarter of Section 34, which bears, S 25°52'16" W, 1698.70 feet from a brass cap, stamped "1916", found for the Northeast corner of Section 34.

Said strip of land contains 0.358 acres, more or less, and is allocated by forties as follows:

SE 1/4 NE 1/4	31.548 Rods	0.358 Acres

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RRC

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SCALE: 1" = 1000'
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District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original to Appropriate District Office

GAS CAPTURE PLAN

Date: 10-10-2018

☒ Original
☐ Amended - Reason for Amendment: _____

Operator & OGRID No.: Seguro Oil & Gas, LLC 372066

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
West Square Lake 35 Fed G #1	1040003197 1	Lot G Sec 35, T16S, R30E	2250' FNL 1650' FEL	150	Flared	Flared while testing if any is encountered.
						Sales to DCP at time of production.

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to Gas Transporter and will be connected to Gas Transporter low/high pressure gathering system located in Eddy County, New Mexico. It will require 15,110' of pipeline to connect the facility to low/high pressure gathering system. Operator provides (periodically) to Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Operator and Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Gas Transporter Processing Plant located in Sec. 19, Twn. 19S, Rng. 32E, Eddy County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Gas Transporter system at that time. Based on current information, it is Operator's belief the system can take this gas upon completion of the well(s).

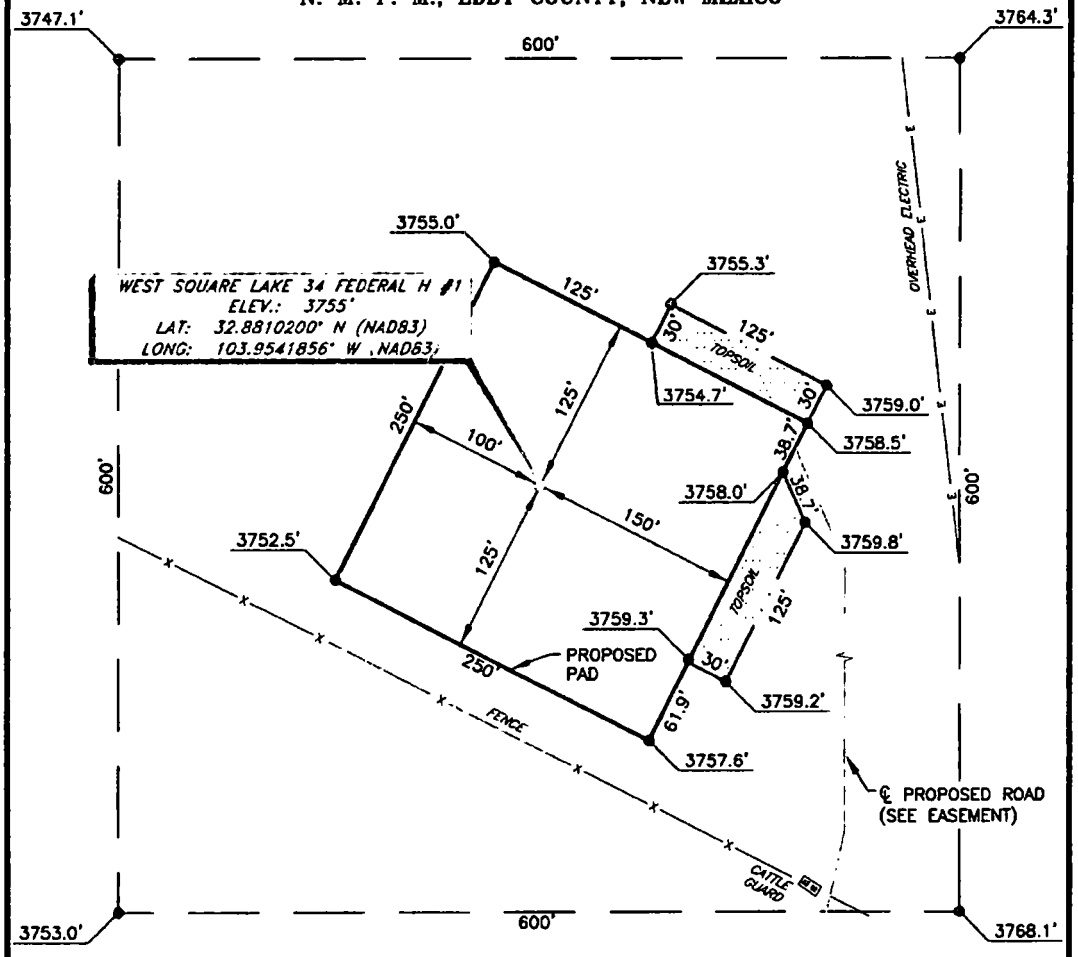
Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

SEGURO
WEST SQUARE LAKE 34 FEDERAL H #1
(1552' FNL & 928' FEL)
SECTION 34, T16S, R30E
N. M. P. M., EDDY COUNTY, NEW MEXICO



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SECTION 34, T16S, R30E,
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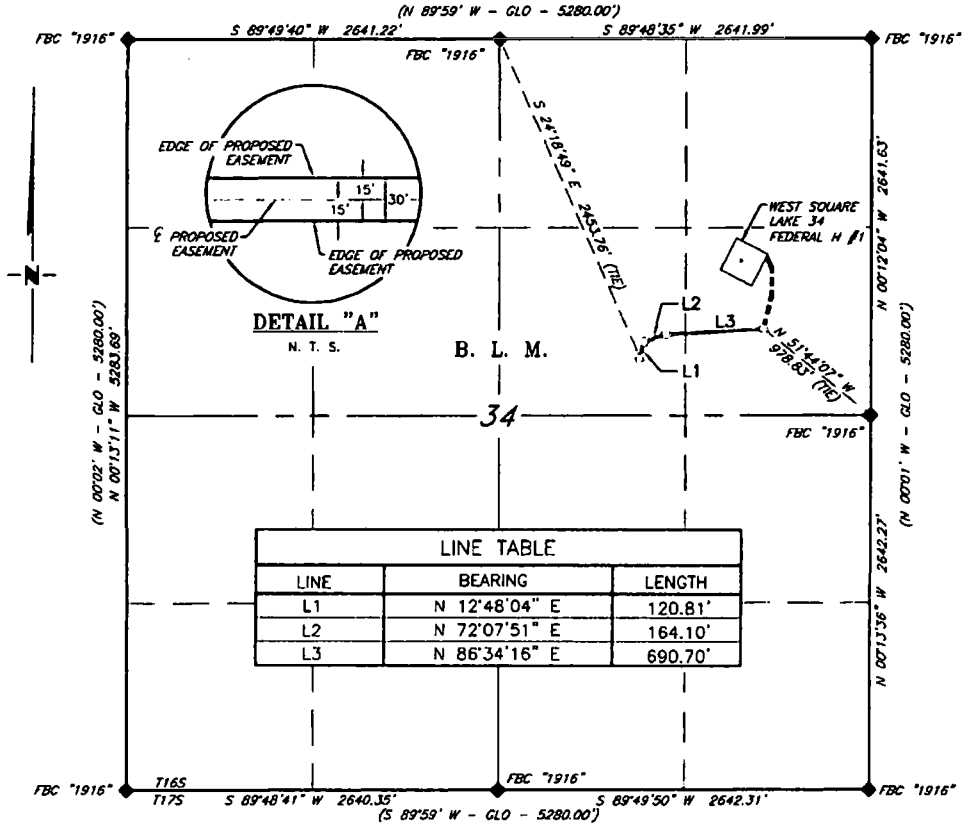

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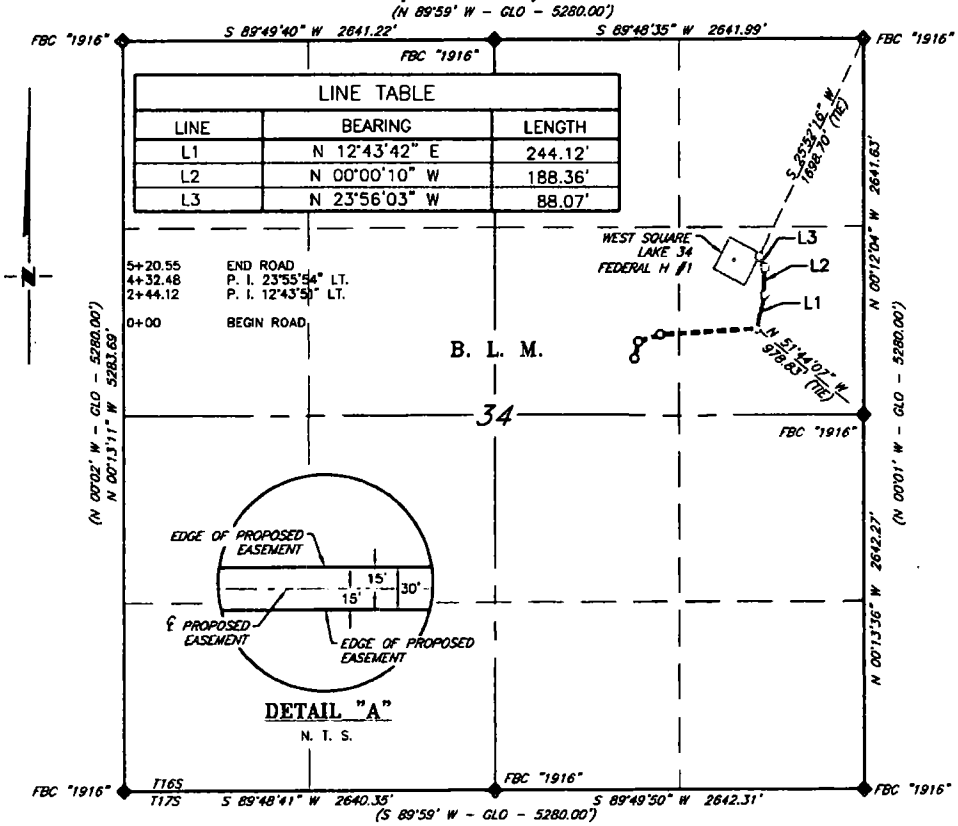

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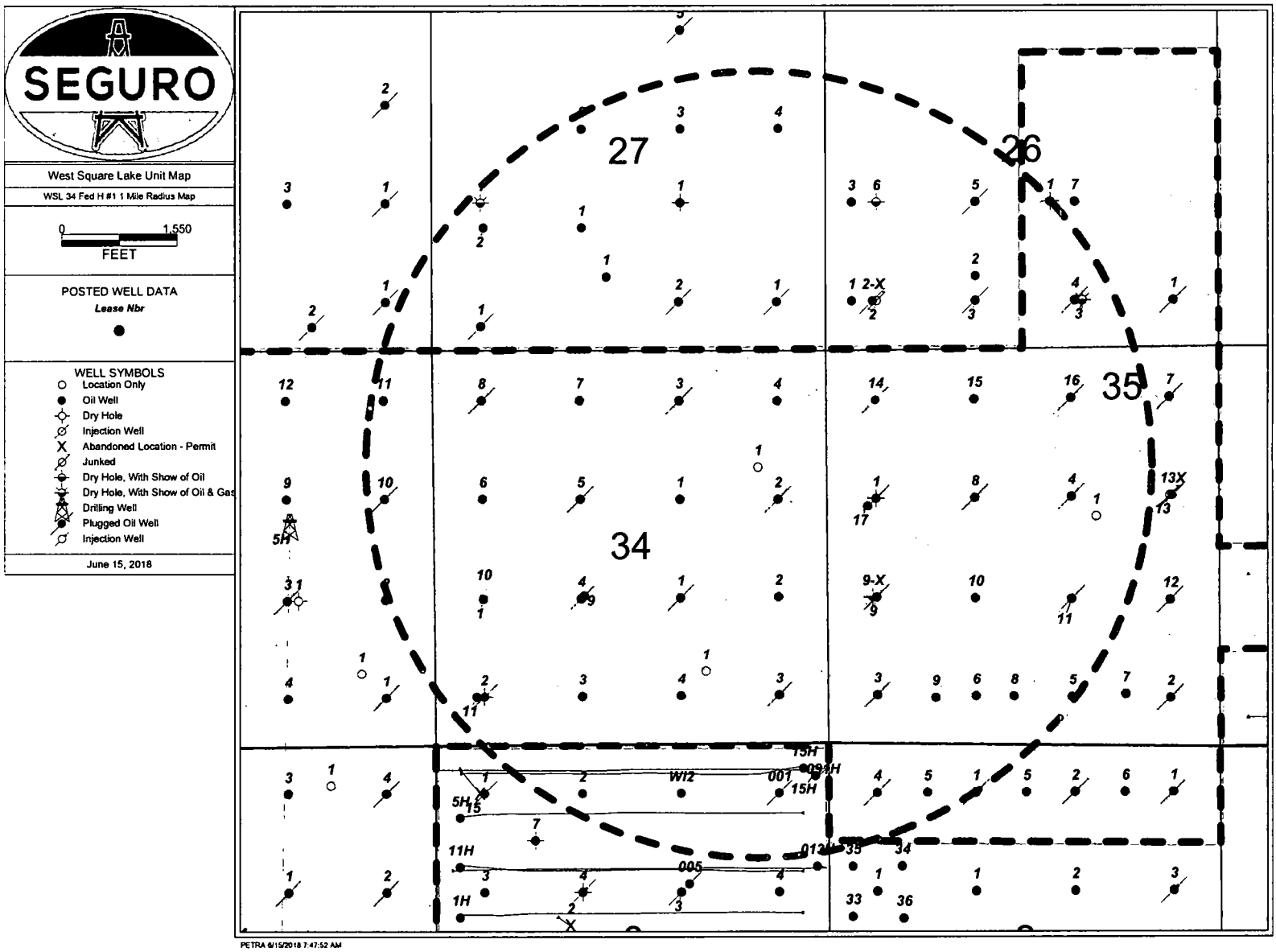
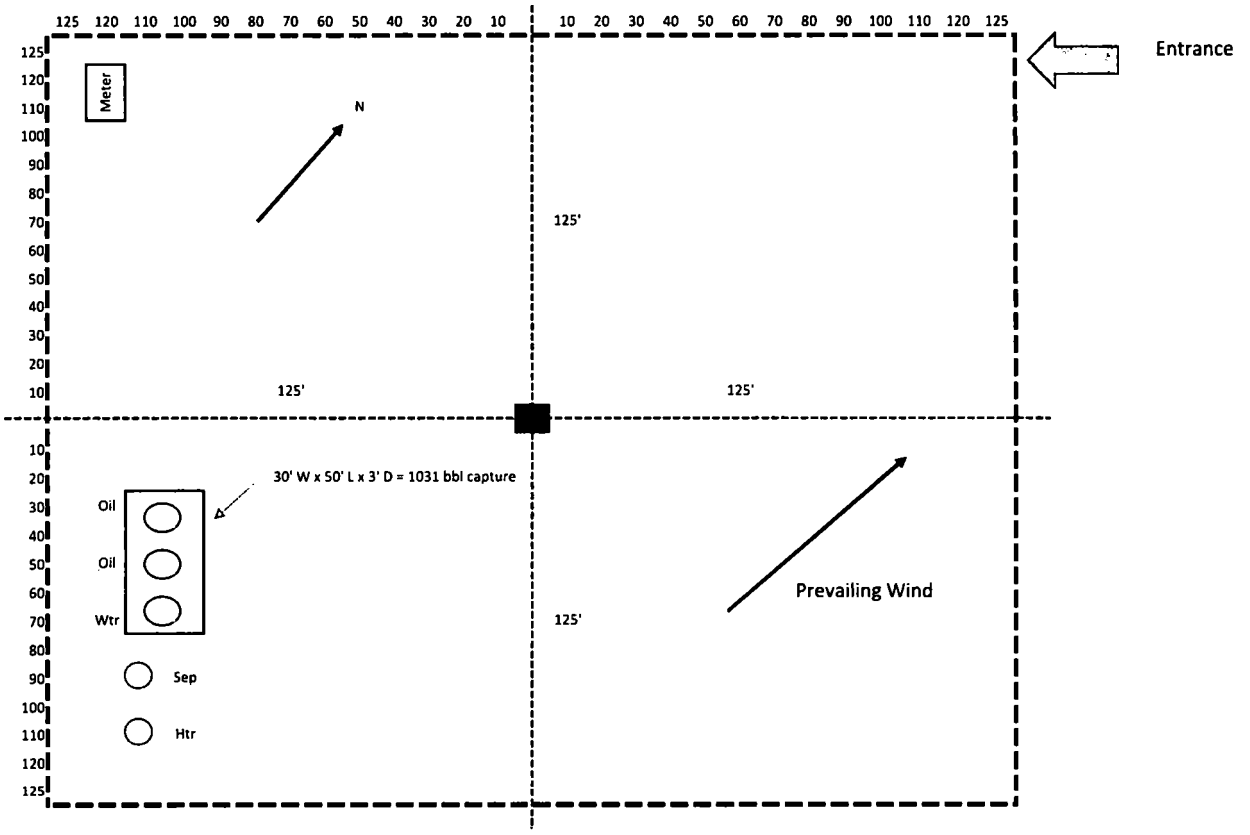
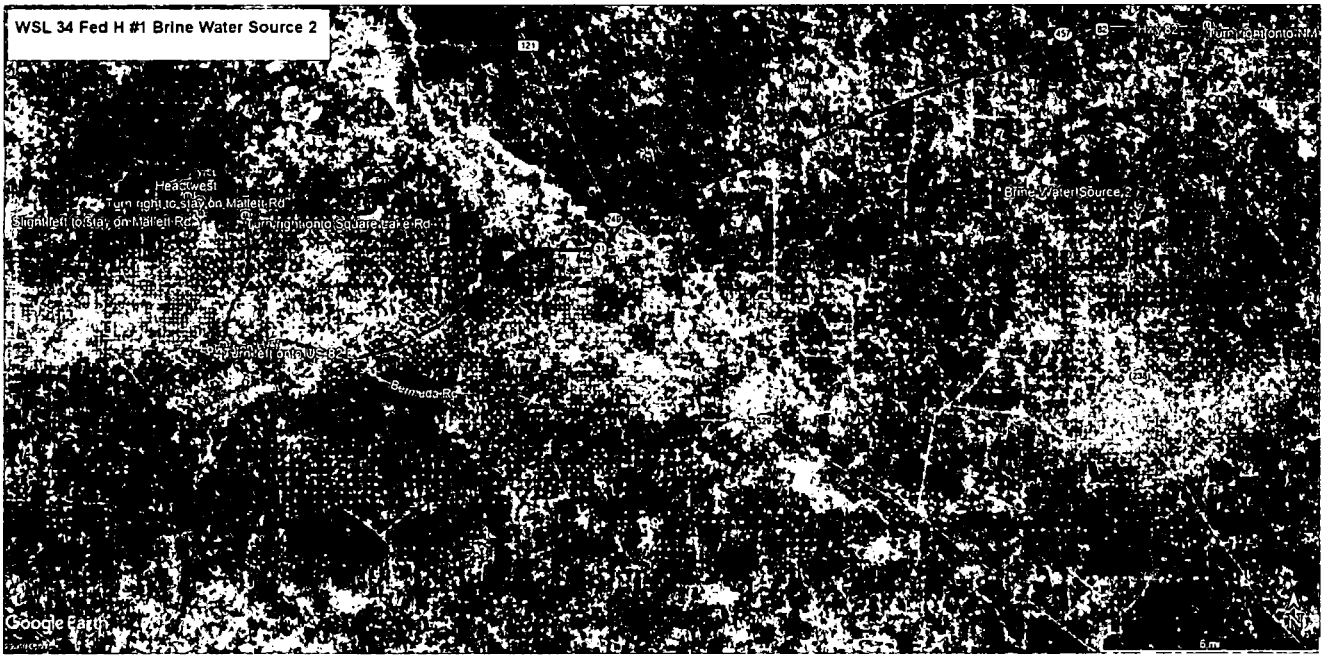
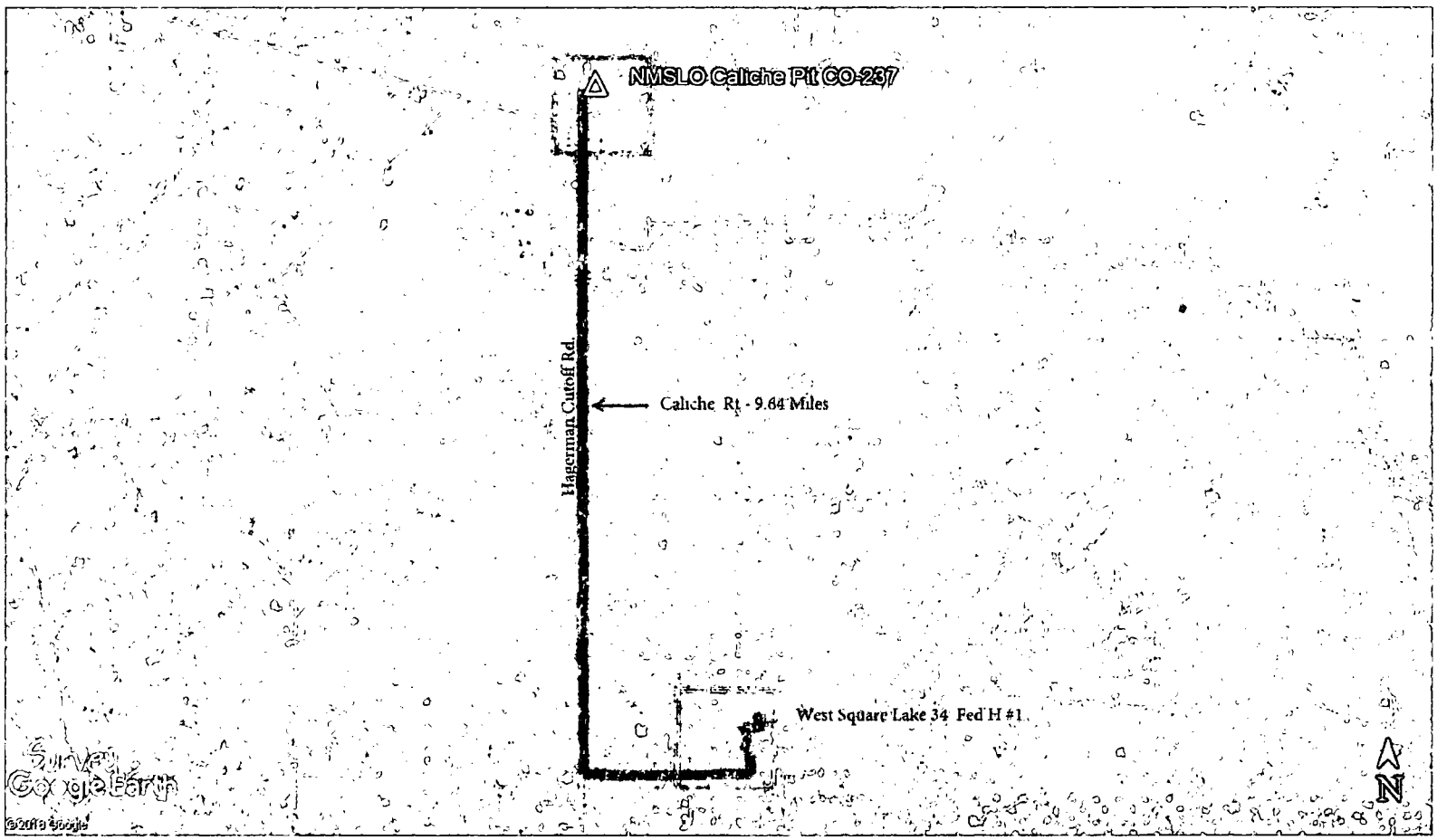

SEGURO
West Square Lake Unit Map
WSL 34 Fed H #1 1 Mile Radius Map
0
1,550
FEET
POSTED WELL DATA
Lease Nbr
WELL SYMBOLS
Location Only
Oil Well
Dry Hole
Injection Well
Abandoned Location - Permit
Junked
Dry Hole, With Show of Oil
Dry Hole, With Show of Oil & Gas
Drilling Well
Plugged Oil Well
Injection Well
June 15, 2018
27
26
35
34
WI2
001
005
15H
11H
1H
5H
PETRA 6/15/2018 7:47:52 AM

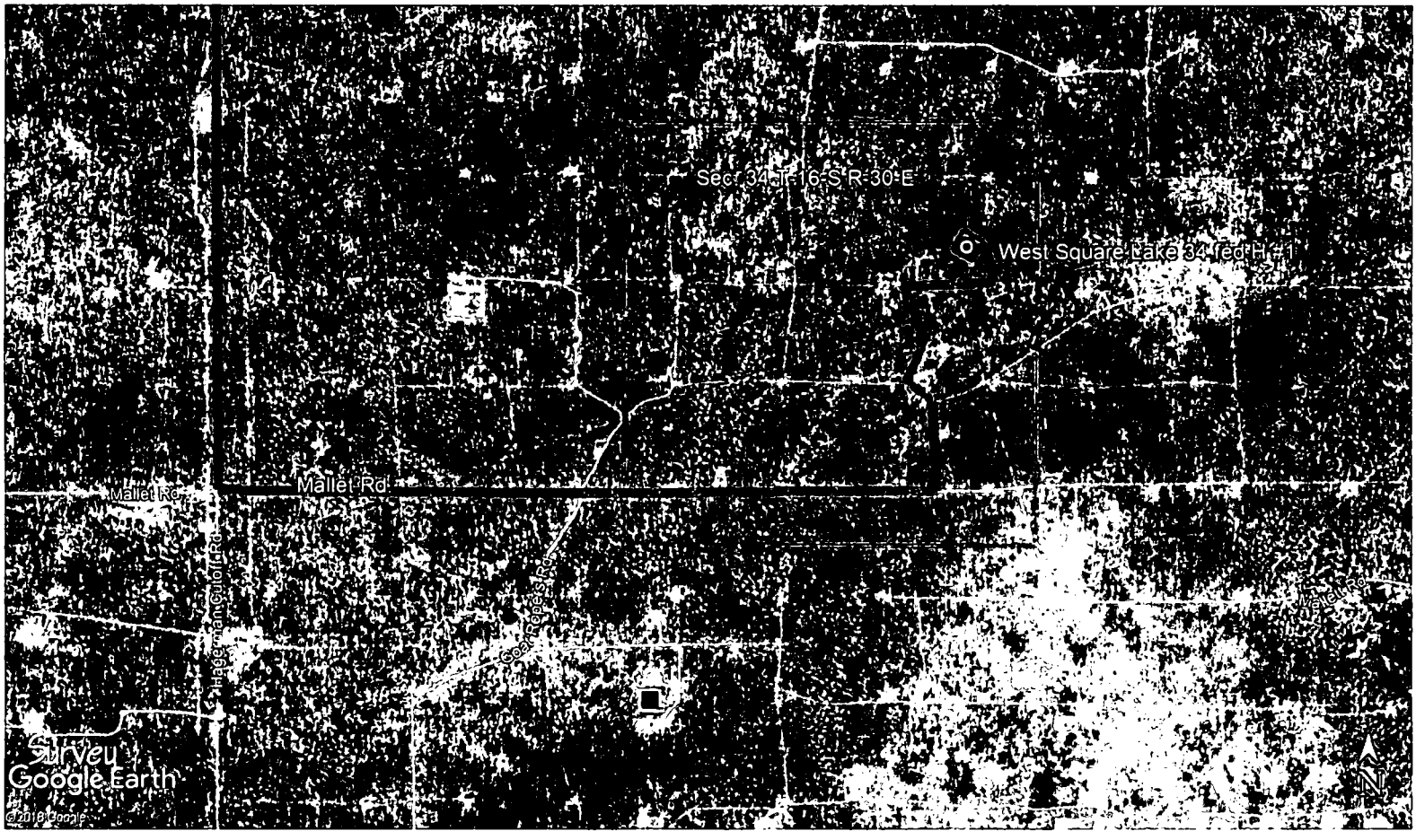
West Square Lake 34 Fed H # 1 - Production Facility Layout

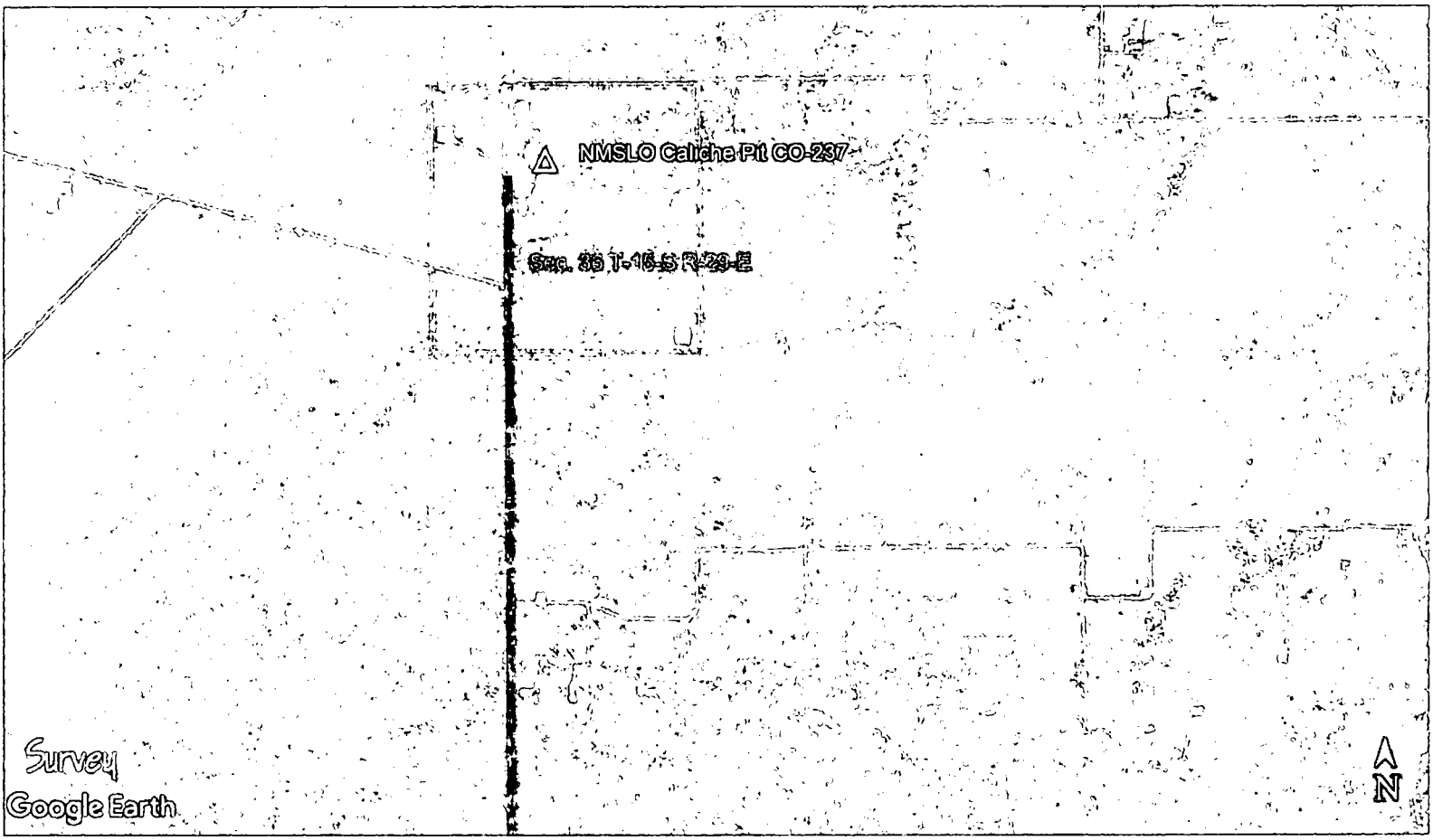



WSL 34 Fed H #1 Brine Water Source 2
Head west
Turn right to stay on Maljeti Rd
Slight left to stay on Maljeti Rd
Turn right onto Square Lake Rd
Bermuda Rd
Brine Water Source 2
Google Earth


WSL 34 Fed H #1 Fresh Water Source 1
Turn left toward Goat Ropers Rd
Head west
Turn right onto Goat Ropers Rd
Turn left onto Hackberry Cutoff Rd
Turn right onto Mallett Rd
Fresh Water Source 1
Turn left onto US-82 E
Google Earth


NMSLO Caliche Pit CO-237
Hagerman Cutoff Rd.
Caliche Rt - 9.64 Miles
West Square Lake 34 Fed H #1
N
Google Earth
©2019 Google


Sec 34 T 16 S R 30 E
West Square Lake 34 fed H #1
Mallet Rd
Mallet Rd
Hagerman Cutoff Rd
Google Earth
© 2018 Google


NMSLO Caliche Pit CO-237
Sec. 35 T-16-S R-29-E
Survey
Google Earth
N

Section 1 - General

Would you like to address long-term produced water disposal? NO

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Produced Water Disposal (PWD) Location: ONLEASE

PWD surface owner: BLM

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit? Y

Is the reclamation bond a rider under the BLM bond? Y

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location: ONLEASE

PWD surface owner:

PWD disturbance (acres):

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Decribe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

Do you propose to put the produced water to beneficial use? YES

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

Does the produced water have an annual average Total Dissolved Solids (TDS) concentration equal to or less than that of the existing water to be protected? Y

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

Unlined pit: do you have a reclamation bond for the pit? Y

Is the reclamation bond a rider under the BLM bond? Y

Unlined pit bond number:

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

Injection well type:

Injection well number: **Injection well name:**

Assigned injection well API number? **Injection well API number:**

Injection well new surface disturbance (acres):

Minerals protection information:

Mineral protection attachment:

Underground Injection Control (UIC) Permit? YES

UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner: **PWD disturbance (acres):**

Surface discharge PWD discharge volume (bbl/day):

Surface Discharge NPDES Permit? N

Surface Discharge NPDES Permit attachment:

Surface Discharge site facilities information:

Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Other PWD discharge volume (bbl/day):

Other PWD type description:

Other PWD type attachment:

Have other regulatory requirements been met? Y

Other regulatory requirements attachment:

AFMSS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Bond Info Data Report

11/27/2018

Bond Information

Federal/Indian APD: FED

BLM Bond number: NMB001590

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment: