

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, 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

III 10 2007

Form C-101
May 27, 2004

OCD-ARTESIA

Submit to appropriate District Office

☐ AMENDED REPORT

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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Primexx Operating Corporation 4849 GREENVILLE AVE STE 1000 Box 51769, Midland, TX 79710 DALLAS, TX 75206		OGRID Number 153888
Property Code 30624	Property Name Siglo IV	API Number 30-005-63960
Proposed Pool 1 Greenfield; Wolfcamp		Well No 1
Proposed Pool 2		

Surface Location

UL or lot no. M	Section 17	Township 13S	Range 27 E	Lot Idn	Feet from the 660	North/South line South	Feet from the 660	East/West line West	County Chaves
--------------------	---------------	-----------------	---------------	---------	----------------------	---------------------------	----------------------	------------------------	------------------

Proposed Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
--------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Additional Well Information

Work Type Code New Drill Well	Well Type Code Gas	Cable/Rotary Rotary	Lease Type Code Fee/Fed	Ground Level Elevation 3488
Multiple	Proposed Depth 5500	Formation Wolfcamp	Contractor	Spud Date July 31, 2007
Depth to Groundwater ~300'		Distance from nearest fresh water well >1000'		Distance from nearest surface water >1000'
Pit Liner Synthetic <input checked="" type="checkbox"/> 30 mils thick Clay <input type="checkbox"/> Pit Volume 5000 bbls Drilling Method Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13.375"	55#	Surface - 300'	300	Surface
12.5	9.625"	32#	Surface - 900'	900	Surface
7.875	5.5"	17#	Surface to TD	1500	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Operator will utilize three strings of casing in the following manner: Drilling will begin with a 17.5" bit to a depth of 300', into which 13.375", J-55, 55#, Long Thread Connection ("LTC") casing will be set with ~300 sacks of cement to surface; then a 12.5" bit will drill to 900' into which 9.625" J-55, 32#, LTC casing will be set with ~900 sx of cement to surface, then to TD into which 5.5" N-80, 17# LTC casing will be set with ~1500 sx of cement to surface. Cement will be Class "C" (14.8 Density & 1.32 Yield) for the upper portions of the casing, and Class "H" (15.7 Density & 1.17 Yield) for the lower, perforated portion of the hole. (See attached sheets for mud and H2S plans.)

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

Signature

Printed name: Jeffrey G. Bane as President of I-43

Title: Associates, Inc., Agent-In-Fact

E-mail Address: jeff@i43associates.com

Date: 7/6/07

Phone: 432.553.7244

OIL CONSERVATION DIVISION

Approved by

BRYAN G. ARRANT

DISTRICT II GEOLOGIST

Approval Date: JUL 22 2007

Expiration Date: JUL 22 2008

Conditions of Approval Attached ☐

Mud Use Plan

for
Primexx Energy Partners, LTD

Siglo IV Federal #1

660' FSL & 660' FWL (Unit Letter "M")
Section 17, T-13-S, R-27-E, N.M.P.M.
Chaves County, New Mexico

Circulating Medium:

Primexx anticipates the following mud program:

0' – 900'	Freshwater w/gel spud mud – 8.4-9.0 ppg. With 32 – 38 Viscosity
900' – TD	Freshwater & Cut Brine w/gel & lime – 9-12 ppg. Viscosity of 32-38

Hydrogen Sulfide Drilling Operations Plan

for
Primexx Energy Partners, LTD

Siglo IV Federal #1

660' FSL & 660' FWL (Unit Letter "M")
Section 17, T-13-S, R-27-E, N.M.P.M.
Chaves County, New Mexico

ONE - Hydrogen Sulfide Training:

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

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

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

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

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

TWO - H₂S Safety Equipment and Systems:

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

1. Well Control Equipment:

- Flare line with flare igniter;
- Choke manifold with one remote hydraulic choke installed;
- Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit;
- Auxiliary equipment to include an Annular Preventer.

2. Protective equipment for essential personnel:

- The designated safety expert will provide 5-minute escape units located in the doghouse, and 30-minute air units at briefing areas.

3. H2S detection and monitoring equipment:

- Three portable H2S monitors will be positioned on location for the best coverage and response. These units have warning lights and audible sirens when triggered by H2S levels > 20 PPM.
- One portable SO2 monitor will be positioned near flare line during H2S flaring operations.

4. Visual warning systems:

- Wind direction indicators will be placed in accordance with the directives issued by the designated H2S expert.
- Caution/Danger signs shall be posted on roads providing direct access to the location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be legible from the immediate location.

5. Mud Program:

- The mud program will minimize the volume of H2S circulated to the surface. Proper mud weight safe drilling practices, and, if necessary, the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

- All drill strings, casing, tubing, wellhead, blowout preventers, drilling spools kill lines, choke manifold and line valves shall be suitable for H2S service
- All elastomers used for packing and seals shall be H2S trimmed.

7. Communications:

- Radio and telephone communications will be available in company vehicles and rig doghouse.

8. Well Testing:

- Drill stem testing will be performed with a minimum number of personnel necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Wednesday, July 18, 2007 1:11 PM
To: 'jeff@i43associates.com'
Cc: 'John_Simitz@nm.blm.gov'; Sanchez, Daniel J., EMNRD
Subject: Siglo IV # 1

Dear Mr. Bane,

In regards to the above noted APD received by our office on 7/17/2007, I need for you to re submit a revised casing program as it fails

to adequately protect fresh ground water in this area.

Please revise your casing program accordingly to set the surface casing in the anhydrite section of the Rustler.

Maximum surface casing setting depth shall be no greater than 400'.

In addition, please submit a H2S well contingency plan per NMOCD Rule 118.

If in your study of this area such a plan is not required, submit a letter of statement.

In addition, I need for you to submit the drilling mud program for this well.

Yours truly,

Bryan G. Arrant

District II Geologist

New Mexico Oil Conservation Division

1301 West Grand Ave.

Artesia, NM 88210

505-748-1283 Ext. 103

CC: Well file

7/18/2007

DISTRICT I
1525 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., 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, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number Unassigned	² Pool Code 97531	³ Pool Name Greenfield; Wolfcamp
⁴ Property Code	⁵ Property Name SIGLO IV	⁶ Well Number 1
⁷ OGRID No. 153888	⁸ Operator Name PRIMEXX ENERGY PARTNERS, LTD	⁹ Elevation 3488'


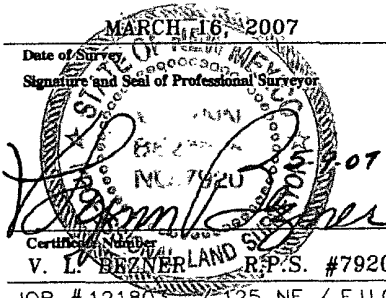
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	13 SOUTH	27 EAST, N.M.P.M.		660'	SOUTH	660'	WEST	CHAVES

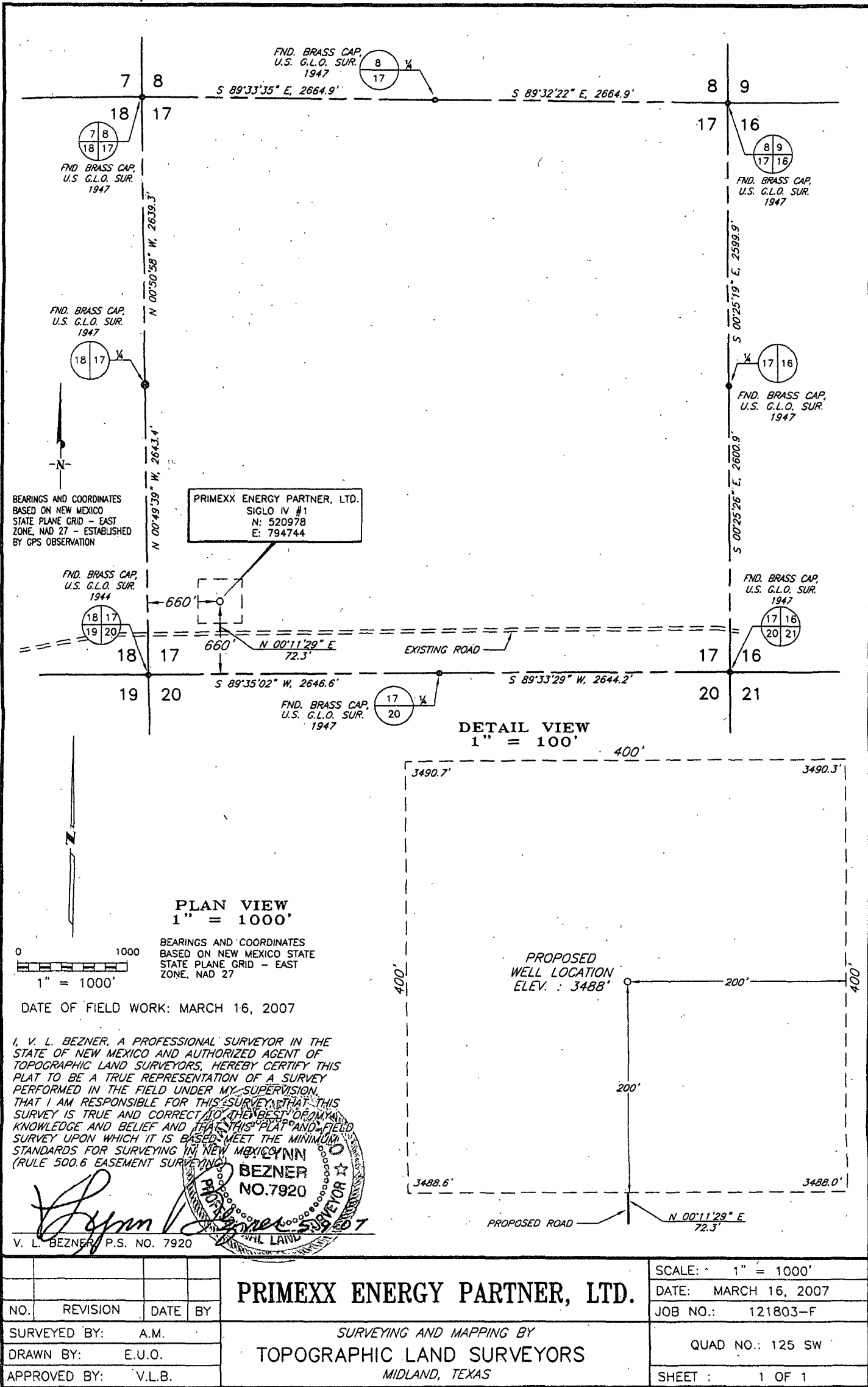
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div data-bbox="156 1010 1106 1936"><p>16</p></div>	<div data-bbox="1123 1010 1528 1936"><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p><p> 5/17/07 Signature Date Jeffrey G. Lane Printed Name</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p><p>MARCH 16, 2007 Date of Survey  Signature and Seal of Professional Surveyor V. L. BRENNERLAND Certifying Surveyor R.P.S. #7920 JOB #121803 / 125 NE / E.U.O.</p></div>
---	--

PLAT SHOWING PROPOSED WELL LOCATION IN
SECTION 17, T-13-S, R-27-E, N.M.P.M.
CHAVES COUNTY, NEW MEXICO





JUL 17 2007
OCD-ARTESIA

June 6, 2007

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88210

Re: Permit to Drill
Siglo IV Federal #1
Section 17, T13S – R27E
Chaves County, New Mexico

To whom it may concern:

Enclosed are three original C-101's with survey plats covering an Application to drill for the above-captioned well. Please pay special attention to the following page, a color copy of a letter from Ms. Linda Askwig with the Bureau of Land Management in Roswell, New Mexico. In this letter she informs the under-signed that there is no requirement for BLM approval since the well is to be drilled on fee simple surface and minerals.

If you have any questions, please do not hesitate to call. I will happy to provide you anything you may need.

Sincerely,
I-43 Associates, Inc. agent-in-fact for
Primexx Operating Corporation



Jeffrey G. Bane
President

Linda
Askwig/RFO/NM/BLM/DOI
06/15/2007 10:37 AM

To Jeff Bane
cc
bcc
Subject APD for Primexx Oper Corp

Jeff,

It was nice talking with you this AM.

I am returning the APD for the #1 Siglo IV Federal which was received on 6/15/07 in the Roswell Office. It is fee surface with fee minerals and we do not approve it. If you have any questions, please call me.

Thanks
Linda
(505) 627-0237

Please remind Linda ~~that~~ and I spoke and
that she and I had ~~talked~~ ^{spoken} her
that she had ~~spoken~~ ^{spoken} with
opinion after speaking in her
the engineers ~~in~~
office.
Thanks
Jeff Bane

