

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 193-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9726
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

HOBBS OCD

SEP 14 2012

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

Form C-101
Revised December 16, 2011

Permit

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

| | | |
|--|--|----------------------------------|
| Operator Name and Address R360 Permian Basin, LLC 16945 Northchase Drive, Suite 2200 Houston, Texas 77060 | | OGRID Number 289936 |
| Property Code 39444 | | API Number 30025-40751 |
| Property Name ARTESIA SWD | | Well No. 1 |

7 Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| A | 7 | 17S | 32E | | 232 | North | 288 | East | Lea |

8 Pool Information

SWD Wolfcamp **96135**

Additional Well Information

| | | | | |
|-----------------------|---------------------------|--|-----------------|-----------------------------------|
| Work Type New Well | Well Type SWD | Cable/Rotary R | Lease Type P | Ground Level Elevation 4035' |
| Multiple N | Proposed Depth 10,000' | Formation Wolfcamp | Contractor | Spud Date |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

19 Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|---------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surface | 17-1/2" | 13-3/8" | 48 | 900' | 938 cf | Surface |
| Int | 12-1/4" | 9-5/8" | 36 | 4,200' | 1973 cf | Surface |
| Prod | 8-3/4" | 7" | 26 | 10,200' | 2,300 cf | Surface |
| | | | | | | |
| | | | | | | |

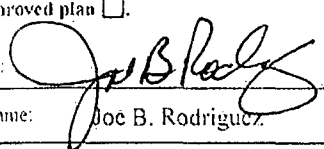
Casing/Cement Program: Additional Comments

Proposed Blowout Prevention Program

| | | | |
|------------|------------------|---------------|--------------|
| Type | Working Pressure | Test Pressure | Manufacturer |
| Double Ram | 3000 | 3000 | |

Permit Expires 2 Years From Approved Date Unless Drilling Underway

SWD-1382

| | | | |
|--|-----------------------|---------------------------------|------------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Signature:  | | | |
| Printed name: Joe B. Rodriguez | | Title: Petroleum Engineer | |
| Title: Director, Regulatory Affairs and Development | | Approved Date: JAN 17 2013 | Expiration Date: JAN 17 2015 |
| E-mail Address: jrodriguez@r360es.com | | | |
| Date: 09/05/2012 | Phone: (210) 275-0839 | Conditions of Approval Attached | |

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1801 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Pecos Rd., Alamo, NM 87410

DISTRICT IV
1280 B. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Frances Dr.

Santa Fe, NM 87505

Form C-102

Revised October 18, 2006

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | | | | |
|---------------|----------------|---------------|-------------------------|-------------|-----------------|
| API Number | 30-0285-410751 | Pool Code | 916135 | Pool Name | S.W.D. Wolfcamp |
| Property Code | 394444 | Property Name | ARTESIA SWD | Well Number | 1 |
| OCRID No. | 2899936 | Operator Name | R360 PERMIAN BASIN LLC. | Elevation | 4035' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot 1db | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 7 | 17-S | 32-E | | 232 | NORTH | 288 | EAST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot 1db | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. | | | | | | |

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

| | | | | | |
|--|--|--|--|--|-----|
| | | | | Plane Coordinate X = 664,500.0 Y = 675,426.1 | 285 |
| OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this information shall meet a working interest or vested interest within the land boundary the proposed bottom hole location or has a right to drill the well at this location pursuant to a contract with an owner of such a mineral or surface interest, or is a voluntary pooling agreement or a compulsory pooling order lawfully entered by the division. Signature: Joe B. Rodriguez Date: 9/5/12 Printed Name: Joe B. Rodriguez | | | | | |
| SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. Date of Survey: July 30, 2012 Signature & Seal of Professional Surveyor: SJA W.O. Rodriguez, 2012, 12185 Certificate No.: WACSN, HENDERSON 12185 | | | | | |
| NOTE: 1) Plane Coordinates shown herein are Transverso Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown herein are mean horizontal surface values. | | | | | |