

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-101
August 1, 2011
Permit 138413

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

1. Operator Name and Address THREE RIVERS OPERATING COMPANY LLC 1122 S. Capital of Texas Hwy Austin, TX 78746		2. OGRID Number 272295
		3. API Number 30-025-40349
4. Property Code 38866	5. Property Name LOBO 26 STATE	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	26	21S	33E	D	660	N	330	W	LEA

8. Pool Information

WILDCAT;BONE SPRING	96403
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3762
14. Multiple N	15. Proposed Depth 15500	16. Formation Bone Spring	17. Contractor	18. Spud Date 12/15/2011
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 Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.37	54.5	1600	1625	
Int1	12.25	9.625	40	4100	1275	
Prod	8.75	5.5	17	15500	2860	

Casing/Cement Program: Additional Comments

1. There are no known Potash leases with 1 (one) mile of this location. 2. Surface Casing will be set in the Basal Rustler Formation at 1600'. Top of the salt is projected to be 1708'. The salt protection string will be set at 4100', 600' below the base of the salt. The base of the salt is projected to be 3500'. The Production Casing will be cemented to surface utilizing a DV tool set at +/- 5500'.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	Hydril/Cameron

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
Printed Name: Electronically filed by Jim Keisling	Approved By: Paul Kautz
Title: VP Engineering	Title: Geologist
Email Address: jkeisling@3mr.com	Approved Date: 12/6/2011 Expiration Date: 12/6/2013
Date: 10/19/2011 Phone: 512-600-3182	Conditions of Approval Attached

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

Form C-102
August 1, 2011
Permit 138413

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40349	2. Pool Code 96403	3. Pool Name WILDCAT;BONE SPRING
4. Property Code 38866	5. Property Name LOBO 26 STATE	6. Well No. 001H
7. OGRID No. 272295	8. Operator Name THREE RIVERS OPERATING COMPANY LLC	9. Elevation 3762

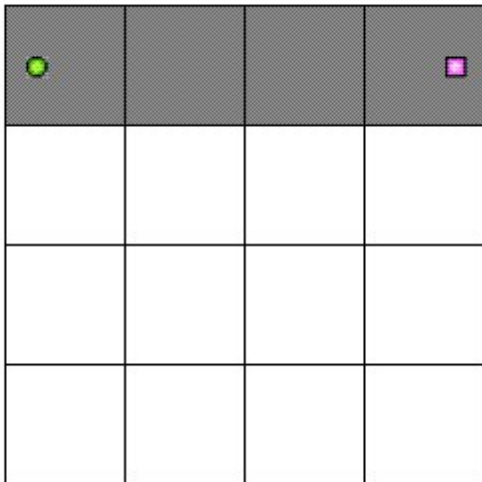

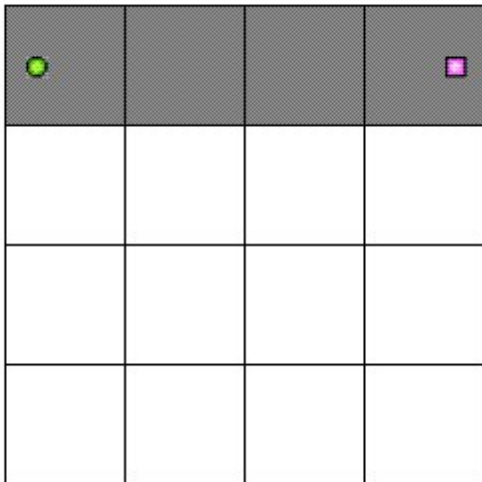

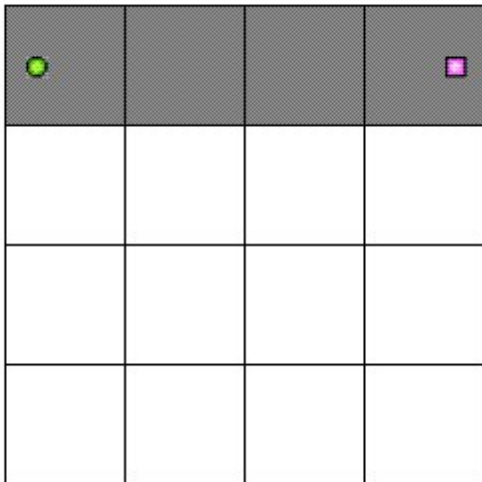

10. Surface Location

UL - Lot D	Section 26	Township 21S	Range 33E	Lot Idn	Feet From 660	N/S Line N	Feet From 330	E/W Line W	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot A	Section 26	Township 21S	Range 33E	Lot Idn A	Feet From 660	N/S Line N	Feet From 330	E/W Line E	County LEA
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. 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

<table border="1" style="width: 100%; border-collapse: collapse; height: 150px;"> <tr> <td style="width: 25%; text-align: center; vertical-align: middle;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center; vertical-align: middle;"></td> </tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </table>																	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Jim Keisling Title: VP Engineering Date: 10/19/2011</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Terry Asel Date of Survey: 9/27/2011 Certificate Number: 15079</p>
																	

Permit Comments

Operator: THREE RIVERS OPERATING COMPANY LLC , 272295

Well: LOBO 26 STATE #001H

API: 30-025-40349

Created By	Comment	Comment Date
pkautz	Land s/S	10/11/2011
pkautz	R-111-P Potash area	10/11/2011
pkautz	Rejected casing program does not conform to requirements in R-111-p. See Order R-111-p for casing requirements	10/11/2011
ATEMPLE	1. There are no known Potash leases within 1 (one) mile of this location. 2. There is no known production from any oil or gas pools above the Bone Springs in this area. Therefore, Three Rivers requests an exception to Order R-111-p, Paragraph D, Section (3) requiring a salt protection string. Three Rivers requests permission to set an intermediate casing string at a depth of 5,500'. This will provide additional well control and reduce potential hole stability problems.	10/12/2011
pkautz	APD REJECTED Second time casing progrm does not conform to R-111-p	10/17/2011

Permit Conditions of Approval

Operator: THREE RIVERS OPERATING COMPANY LLC , 272295

Well: LOBO 26 STATE #001H

API: 30-025-40349

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
DMULL	Well location in the POTASH AREA. Requires response from the Bureau of Land Management and the State Land Office. Notice letter advising them of the APD sent by the Hobbs OCD Office.