

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-103
August 1, 2011

Permit 143394

| | | |
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| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NUMBER 30-015-39721 |
| 1. Type of Well: O | | 5. Indicate Type of Lease S |
| 2. Name of Operator ALAMO PERMIAN RESOURCES, LLC | | 6. State Oil & Gas Lease No. |
| 3. Address of Operator 415 W. Wall Street Suite 500, Midland, TX 79701 | | 7. Lease Name or Unit Agreement Name STATE BK |
| 4. Well Location Unit Letter <u>4</u> : <u>990</u> feet from the <u>S</u> line and <u>330</u> feet from the <u>W</u> line Section <u>19</u> Township <u>17S</u> Range <u>31E</u> NMPM <u>Eddy</u> County | | 8. Well Number 008 |
| 11. Elevation (Show whether DR, KB, BT, GR, etc.) 3607 GR. | | 9. OGRID Number 274841 |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____ | | 10. Pool name or Wildcat |

| | | |
|---|--|---|
| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> Other: _____ | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> Other: Drilling/Cement <input checked="" type="checkbox"/> |
|---|--|---|

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work.) SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See Attached
1/21/2012 Spudded well.

Casing and Cement Program

| Date | String | Fluid Type | Hole Size | Csg Size | Weight lb/ft | Grade | Est TOC | Dpth Set | Sacks | Yield | Class | 1" Dpth | Pres Held | Pres Drop | Open Hole |
|----------|--------|------------|-----------|----------|--------------|-------|---------|----------|-------|-------|-------|---------|-----------|-----------|-----------|
| 01/24/12 | Surf | FreshWater | 12.25 | 8.625 | 24 | J 55 | 213 | 538 | 450 | | C | | | | |
| 01/24/12 | Surf | FreshWater | 12.25 | 8.625 | 24 | J 55 | 78 | 538 | 435 | | C | 155 | | | |
| 01/24/12 | Surf | FreshWater | 12.25 | 8.625 | 24 | J 55 | 0 | 538 | 50 | | C | 78 | | | |
| 02/01/12 | Prod | Brine | 7.875 | 5.5 | 17 | J 55 | 0 | 4100 | 825 | | C | | | | |

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Electronically Signed _____ TITLE _____ DATE 2/3/2012
Type or print name CARIE A STOKER E-mail address cstoker@helmsoil.com Telephone No. 432-664-7659

For State Use Only:

APPROVED BY: Randy Dade TITLE District Supervisor DATE 2/6/2012 9:02:51 AM

Drilling Report Daily Operations Recap

Alamo Permian

Thursday, February 02, 2012

United Rig #4

| State BK # 8 | | | : Alamo | | Total | RU | Drig | Ream | Core | Mud | Trip | Lub | Rpr | Cut | Dev | Log | Csg | wo | NU | Tst | DST | Plg | Sqz | Fish | Dir | Stan | Stuc | | | | | | Other |
|--------------------------|-------|--|--------------------|------------|-------|-----|------|------|-------|-----|------|-----|------|------|-------|-------|------|----|----|-----|-----|-----|-----|------|-----|------|------|----|----|--|--|--|-------|
| 1/20/2012 - 2/1/2012 | | | API # | 3001539721 | Hrs | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rpt | Depth | Operations | Drilling Code >>>> | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | | | | |
| 0 | 40 | MIRU, Mix Spud Mud, Strap 7 PU BHA. | 24.00 | 24.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 557 | Finish MIRU. Spud @ 9:30 AM 1/21/2012. Drill from 40 ft to 557 ft - Total of 517 ft @ 36.28 f/hr. TD Surface hole @ 12:45 AM, 557 ft. Circulate & Pump LCM. POOH & LD DC's. Wait 2.5 hours on Csg Crew. Start to run 8-5/8" 17# J55 ST&C Csg. | 24.00 | 3.50 | 13.25 | | | 2.25 | 1.25 | | | | | | 1.00 | | | | | | | | | 2.75 | | | | | | | | | |
| 2 | 557 | Finish Running 8-5/8" Csg to 538 ft. Cement 8-5/8" Csg w/ 450 sx of Class "C". No circulation on cement. Run Temp Survey - Top of Cement @ 213 ft. Perf 4 Holes @ 190 ft for Circ. RU Pump try to break Circ. No Returns. RIH to Perf 4 Holes @ 130 ft. | 24.00 | | | | | | | | | | | 1.50 | 19.00 | | | | | | | | | 3.50 | | | | | | | | | |
| 3 | 557 | Pump 200 Bbl of FW Spacer & 275 sx Class C, Still No Returns. TIH w/ 1" Pipe & Pump 200 Bbl FW Spacer followed by 60 sx of Class C, Still No Circ. TIH w/1" Pipe to 78', Pump 200 Bbl FW Spacer - Broke Circ.Pump in 100 sx WOC. Cut off Csg & Install WH. | 24.00 | | | | | | 1.00 | | | | | | 11.50 | 10.00 | | | | | | | | 1.50 | | | | | | | | | |
| 4 | 557 | Install WH. NU BOP. TIH w/ Bit to Drill Cmt& Plug. Tag Cmt @ 488 ft. Attempt to Test Csg & BOP Could Not Hold PSI. POOH & LD Bit & RMRs.TIH w/ 6 Jts of DP. RU Cmt Trk to Squeeze Perfs. Pump 50 sx POOH w/5 Jts Attempt to Shut Annular. Leave Shut In WOC. | 24.00 | | 0.75 | | | | 5.00 | | | | | | 4.75 | 2.75 | 2.75 | | | | | | | 8.00 | | | | | | | | | |
| 5 | 1,063 | WOC w/ Well Shut in. TIH w/ Bit #2 and Drill Out Cement & Float. Csg Tested Good to 150# for 15 min. Drill from 557 ft to 1063 ft - total of 506 ft @ 53.26 f/hr. Ran One Deviation Survey @ 525 ft - 0.2 degrees.Encounter Water Flow @ 670' 9.9 #, 12 GPM. | 24.00 | | 9.50 | | | | 1.25 | | 0.50 | | 0.25 | | 4.75 | 7.75 | | | | | | | | | | | | | | | | | |
| 6 | 2,045 | Drilled from 1063 ft to 2045 ft - Total of 982 ft @ 35.13 f/hr. Ran Three Deviation Surveys @ 1021 ft - 1.4 degrees, @ 1500 - 1.2 degrees, @ 1926 ft - 0.1 degrees. Serviced the Rig for 0.25 hr. Water flow continued Weight 10.2#, 12 GPM. | 24.00 | | 22.75 | | | | | | 0.25 | | 1.00 | | | | | | | | | | | | | | | | | | | | |
| 7 | 2,818 | Drilled from 2045 ft to 2818 ft - Total of 773 ft @ 33.61 f/hr. Ran One Deviation Survey @ 2399 ft - 1.03 degrees. Serviced the Rig for 0.5 Hour. Water flow continued Weight 10.2#, 12 GPM. | 24.00 | | 23.00 | | | | | | 0.50 | | 0.50 | | | | | | | | | | | | | | | | | | | | |
| 8 | 3,048 | Drilled from 2818 ft to 3048 ft - Total of 230 ft @ 20.91 f/hr. Ran Two Deviation Surveys One Came Back Inconclusive & @ 2902 ft - 1.4 degrees. ROP Slowed, POOH W/ Bit #2, Start to TIH W/ Smith 7-7/8" - Bit #3. Water flow increased to 25 GPM TIH. | 24.00 | | 11.00 | | | | 12.25 | | | | 0.75 | | | | | | | | | | | | | | | | | | | | |
| 9 | 3,290 | Finish TIH W/ Smith 7-7/8" Bit #3. 9 Hours of United Drilling Rig Time. Drill from 3048 ft to 3290 ft - total of 242 ft @ 16.69 f/hr. Water flow continued Weight 10.2#, dropped 8-10 GPM, Chloride 180,000+ amd Mag & Calcium off the charts. | 24.00 | | 14.50 | | | | 0.50 | | 9.00 | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 3,650 | Drilled from 3290 ft to 3650 ft - total of 360 ft @ 15.82 f/hr. Ran one Deviation Survey @ 3414 ft - 1.01 degrees. Serviced Rig for 0.75 hour. Water flow continued Weight 10.2#, 8-10 GPM, Chloride 180,000+ amd Mag & Calcium off the charts. | 24.00 | | 22.75 | | | | | | 0.75 | | 0.50 | | | | | | | | | | | | | | | | | | | | |
| 11 | 4,100 | Drilled From 3650 ft to 4100 ft - Total of 450 ft @ 22.78 f/hr. Ran One Deviation Survey @ 3854 ft - 1.02 Degrees. SWI 0.5 hour to Watch Choke PSI - 120#, Water Flow 10 gal/min. Work on Pumps for 1 Hour. TD @ 3:45 AM. Pump Sweep, Circ & Run Fluid Caliper | 24.00 | | 19.75 | | | | 2.75 | | 1.00 | | 0.50 | | | | | | | | | | | | | | | | | | | | |
| 12 | 4,100 | POOH LD DP & Dcs. Run 98 Jts of 5-1/2" 17# J55, ST&C Csg. Cement 5-1/2" Csg w/ Lead: 325 sx Class C & Tail: 500 sx Class C. Circulate 66 sx to Pits. Observe SI Well for 4 Hours Release Annular- No Flow. ND BOP, Set Slips & Install WH. Clean & Jet Pits. RD. | 24.00 | | | | | | 5.25 | | | | | | 11.75 | | 7.00 | | | | | | | | | | | | | | | | |
| Total Hours: | | | | 312 | 28 | 137 | | 5 | 27 | | 12 | | 4 | 2 | 53 | 21 | 10 | | | | | | | | 16 | | | | | | | | |
| Percent of Total: | | | | 100% | 9% | 44% | | 2% | 8% | | 4% | | 1% | 0% | 17% | 7% | 3% | | | | | | | | 5% | | | | | | | | |
| Report Total Hours: | | | | 312 | 28 | 137 | | 5 | 27 | | 12 | | 4 | 2 | 53 | 21 | 10 | | | | | | | | 16 | | | | | | | | |
| Report Percent of Total: | | | | 100% | 9% | 44% | | 2% | 8% | | 4% | | 1% | 0% | 17% | 7% | 3% | | | | | | | | 5% | | | | | | | | |

Drilling Comments

OGRID: [274841] ALAMO PERMIAN RESOURCES, LLC
Permit Number: 143394
Permit Type: Drilling

| Created By | Comment | Comment Date |
|------------|---|--------------|
| CSTOKER | Water flow started @ 870' @ which time the WT was at 9.9 & has climbed to 10.2 and remained there. The water color has been clear the whole time. No black water or sulfur smell. Flow was 12 Gal per minute. It continued @ that rate until about 2,500' at which point we noticed it increased to about 25 GPM during trip. We had constant flow but only about 8-10 GPM. Once we got on bottom our flow has only been 10 GPM & is still 10 GPM Chlorides 180,000 up to 205,000 & Magnesium & Calcium off the charts high. We have investigated offset injection and discussed it with Randy Dade at NMOCD on Jan | 2/1/2012 |
| CSTOKER | 66 cu of cement were circulated which leads us to believe the long string cement job was successful. | 2/2/2012 |
| CSTOKER | (continuation of 2/1/2012 comment) 31st. Randy has agreed with our plan to cement and hold pressure in order to squeeze cement into the water bearing strata. | 2/3/2012 |