

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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 179495

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

| | | |
|---|--|-------------------------------|
| 1. Operator Name and Address NEARBURG PRODUCING CO 3300 N. A Street, Bldg 2, Midland, TX 79707 | | 2. OGRID Number 15742 |
| 4. Property Code 40317 | | 3. API Number 30-015-41950 |
| 5. Property Name Lotus 23 | | 6. Well No. 001 |

7. Surface Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| G | 23 | 19S | 25E | | 2310 | N | 2310 | E | Eddy |

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| G | 23 | 19S | 25E | G | 2310 | N | 2310 | E | Eddy |

9. Pool Information

| | |
|--------------------------------|-------|
| N. SEVEN RIVERS; GLORIETA-YESO | 97565 |
|--------------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3432 |
| 16. Multiple N | 17. Proposed Depth 3600 | 18. Formation Yeso Formation | 19. Contractor | 20. Spud Date 1/13/2014 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 32 | 825 | 494 | 0 |
| Prod | 7.875 | 5.5 | 17 | 3600 | 720 | 0 |

Casing/Cement Program: Additional Comments

8-5/8" Casing: Lead Cement: 180 sxs Thixotropic "H" + 10% A-10 + 1% CC + 10 pps LCM-1 + .25 pps Cello + 5 pps LCM 1. Weight 14.6 ppg Yield 1.32 cfs Mix Water 6.15 gps Tail Cement: 314 sxs "C" + 2% CC + 1 gps FP-6L. Weight 14.8 ppg Yield 1.32 cfs Mix Water 6.3 gps. These volumes based on circulating cement to surface. 100% excess. If cement does not circulate 1 inch cement to surface. 5-1/2" Casing: Lead Cement: 720 sxs "C" Neat Weight 14.8 ppg Yield 1.32 cfs Mix Water 6.3 gps. These volumes based on circulating cement to surface. 40% excess. Final cement volumes for production casing to be calculated off open hole logs plus 40% excess.

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|--------|------------------|---------------|--------------|
| Hydril | 5000 | 5000 | |

| | |
|---|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature: _____ Printed Name: Electronically filed by LeighAnn Hall Title: Production Tech Email Address: lhall@nearburg.com Date: 1/8/2014 | OIL CONSERVATION DIVISION Approved By: Randy Dade Title: District Supervisor Approved Date: 1/14/2014 Expiration Date: 1/14/2016 Conditions of Approval Attached |
| Phone: 432-818-2950 | |

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DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3400 Fax: (505) 476-3452

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 August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|--------------------|---|---|
| API Number | Pool Code 97565 | Pool Name N. SEVEN RIVERS; GLORIETA-YESO |
| Property Code | Property Name LOTUS "23" | Well Number 1 |
| OGRID No. 15742 | Operator Name NEARBURG PRODUCING COMPANY | Elevation 3432' |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot No. G | Section 23 | Township 19 S | Range 25 E | Lot Idn | Feet from the 2310 | North/South line NORTH | Feet from the 2310 | East/West line EAST | County EDDY |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

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 |
| Dedicated Acres 40 | 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

| | | | |
|---|---|---|---|
| N 601438 3490 E 501082 6770 NAD83 | <p>SURFACE LOCATION Lat - N 32°38'49.52" Long - W 104°27'15.67" NAD83 NADSPCE - N 599160.7 E 504091.2 (NAD-83)</p> | N 601494 6330 E 506406 4880 NAD83 | <p>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 organization either owns a working interest or undivided 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><i>[Signature]</i> 1-7-14 Signature Date Tim Green Printed Name tgreen@nearburg.com Email Address</p> <p>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.</p> <p>OCT 10 2013 Date Surveyed Signature & Seal of Professional Surveyor 7977 Certified Professional Land Surveyor 7977 Scale: 1" = 1000' WO Num. 29590</p> |
|---|---|---|---|

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Form APD Comments
Permit 179495

PERMIT COMMENTS

| | | |
|---|----------|-----------------------------|
| Operator Name and Address: NEARBURG PRODUCING CO [15742] 3300 N. A Street, Bldg 2, Midland, TX 79707 | | API Number: 30-015-41950 |
| | | Well: Lotus 23 #001 |
| Created By | Comment | Comment Date |
| CSHAPARD | Land p/P | 1/8/2014 |

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Form APD Conditions
Permit 179495

PERMIT CONDITIONS OF APPROVAL

| | | |
|---|--|-----------------------------|
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| | | Well: Lotus 23 #001 |

| | |
|-----------------|--|
| OCD Reviewer | Condition |
| CSHAPARD | 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 |