

**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 272789

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

1. Operator Name and Address STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034		2. OGRID Number 371682
		3. API Number 30-025-46482
4. Property Code 326146	5. Property Name SLIPPIN JIMMY FEE	6. Well No. 001H

**7. Surface Location**

UL - Lot I	Section 26	Township 13S	Range 38E	Lot Idn I	Feet From 2048	N/S Line S	Feet From 333	E/W Line E	County Lea
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**8. Proposed Bottom Hole Location**

UL - Lot A	Section 23	Township 13S	Range 38E	Lot Idn 1	Feet From 100	N/S Line N	Feet From 394	E/W Line E	County Lea
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**9. Pool Information**

BRONCO;SAN ANDRES, SOUTH	7500
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**Additional Well Information**

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3791
16. Multiple N	17. Proposed Depth 13800	18. Formation San Andres Formation	19. Contractor	20. Spud Date 4/1/2020
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	9.625	36	2400	850	0
Prod	8.75	5.5	20	13800	3100	0

**Casing/Cement Program: Additional Comments**

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**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	Schafer
Double Ram	3000	1500	Schafer

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 checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.	<b>OIL CONSERVATION DIVISION</b>	
Signature:		
Printed Name: Electronically filed by William McMann	Approved By: Paul F Kautz	
Title:	Title: Geologist	
Email Address: bill.mcmann@stewardenergy.net	Approved Date: 11/8/2019	Expiration Date: 11/8/2021
Date: 10/18/2019	Phone: 214-297-0516	Conditions of Approval Attached

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-46482	<sup>2</sup> Pool Code 7500	<sup>3</sup> Pool Name BRONCO; SAN ANDRES, SOUTH
<sup>4</sup> Property Code 326146	<sup>5</sup> Property Name SLIPPIN JIMMY FEE	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 371682	<sup>8</sup> Operator Name STEWART ENERGY II, LLC	<sup>9</sup> Elevation 3791'

<sup>10</sup> Surface Location

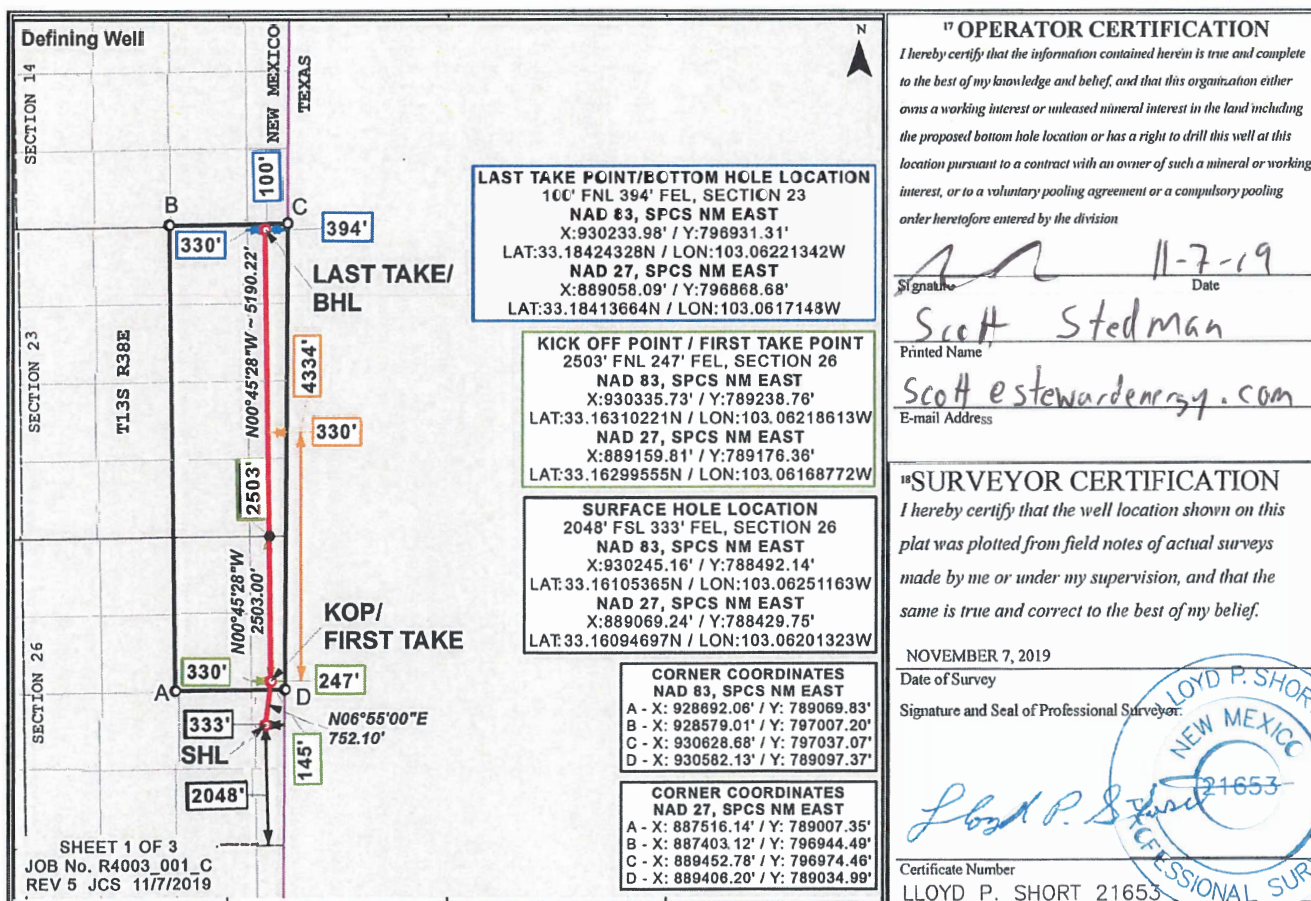
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	26	13S	38E		2048	SOUTH	333	EAST	LEA

<sup>11</sup> 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
A	23	13S	38E		100	NORTH	394	EAST	LEA

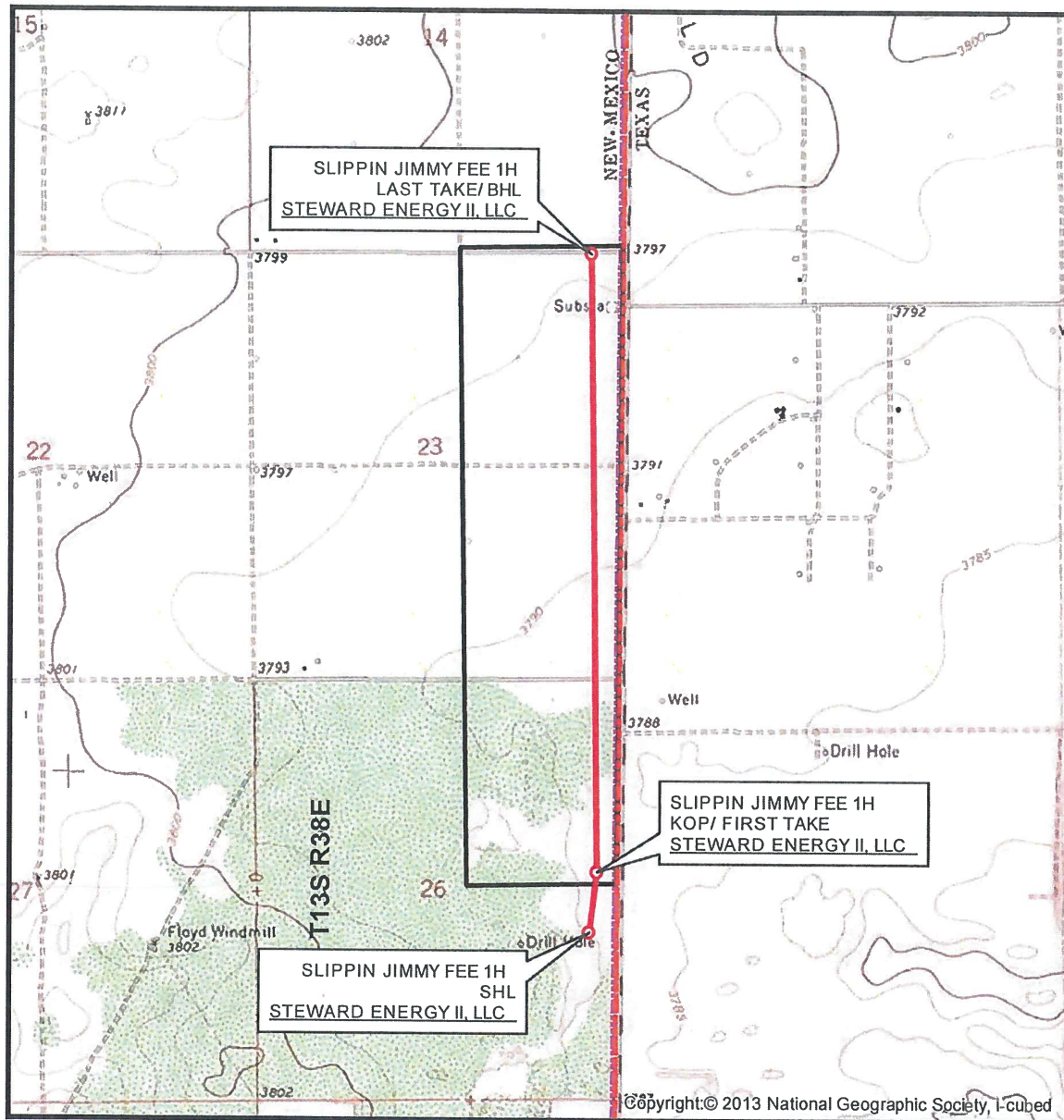
<sup>12</sup> Dedicated Acres 358.05	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Distances/areas relative to NAD 83 Combined Scale Factor: 1.000081596 Convergence: 00°41'37.78218"

## LOCATION VERIFICATION MAP



SEC. 26 TWP. 13-S RGE. 38-E  
 SURVEY: N.M.P.M.  
 COUNTY: LEA  
 OPERATOR: STEWARD ENERGY II, LLC  
 DESCRIPTION: 2048' FSL & 333' FEL  
 ELEVATION: 3791'  
 LEASE: SLIPPIN JIMMY FEE  
 U.S.G.S. TOPOGRAPHIC MAP: PRAIRIEVIEW NE, NM, TX.

1" = 2,000'  
 CONTOUR INTERVAL = 20'

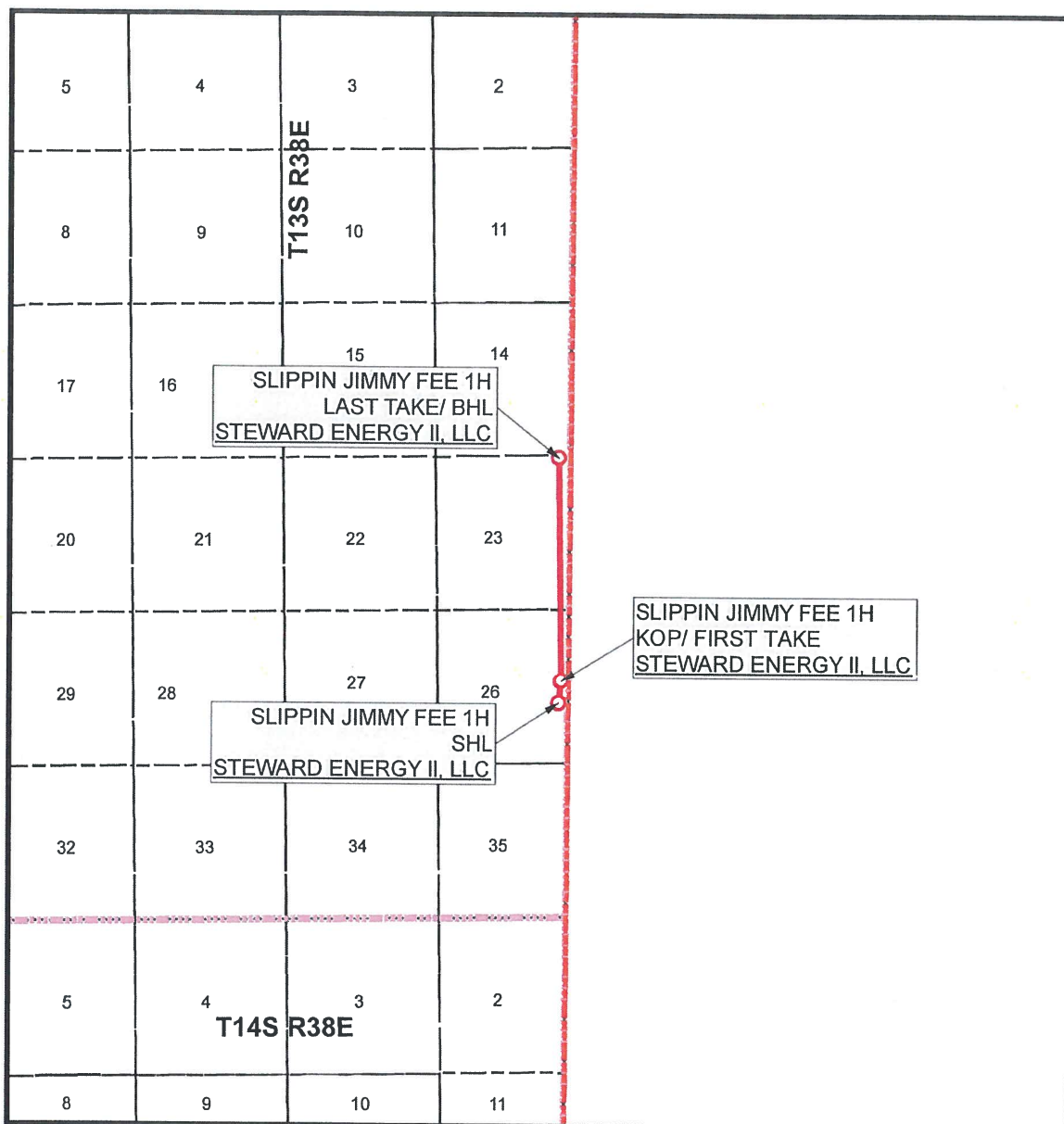


SHEET 2 OF 3

PREPARED BY:  
 R-SQUARED GLOBAL, LLC  
 1309 LOUISVILLE AVENUE, MONROE, LA 71201  
 318-323-6900 OFFICE  
 JOB No. R4003\_001\_C



## VICINITY MAP



SEC. 26 TWP. 13-S RGE. 38-E  
 SURVEY: N.M.P.M.  
 COUNTY: LEA  
 OPERATOR: STEWARD ENERGY II, LLC  
 DESCRIPTION: 2048' FSL & 333' FEL  
 ELEVATION: 3791'  
 LEASE: SLIPPIN JIMMY FEE  
 U.S.G.S. TOPOGRAPHIC MAP: PRAIRIEVIEW NE, NM, TX.

1" = 1 MILE



SHEET 3 OF 3

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## GAS CAPTURE PLAN

Date: 11/8/2019

☒ Original

Operator & OGRID No.: [371682] STEWARD ENERGY II, LLC

☐ Amended - Reason for  
Amendment: \_\_\_\_\_

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

*Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).*

### Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
SLIPPIN JIMMY FEE #001H	30-025-46482	I-26-13S-38E	2048S 0333E	200	Flared	

### Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to STAKEHOLDER GAS UTILITY, LLC and will be connected to STAKEHOLDER GAS UTILITY, LLC Low Pressure gathering system located in Lea County, New Mexico. It will require 5000' of pipeline to connect the facility to Low Pressure gathering system. STEWART ENERGY II, LLC provides (periodically) to STAKEHOLDER GAS UTILITY, LLC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, STEWART ENERGY II, LLC and STAKEHOLDER GAS UTILITY, LLC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at STAKEHOLDER GAS UTILITY, LLC Processing Plant located in Sec. 24, Twn. 13S, Rng. 38E, Lea County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

### Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on STAKEHOLDER GAS UTILITY, LLC system at that time. Based on current information, it is STEWART ENERGY II, LLC's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

### Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

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Form APD Comments

Permit 272789

**PERMIT COMMENTS**

Operator Name and Address: STEWARD ENERGY II, LLC [371682] 2600 Dallas Parkway Frisco, TX 75034	API Number: 30-025-46482
	Well: SLIPPIN JIMMY FEE #001H

Created By	Comment	Comment Date
pkautz	Two pool completions submitted. One in error with a zero pool code. Please delete completion with zero pool code and resubmit	10/3/2019
hpankrat	Dear Paul, Edited per your instructions,	10/17/2019
hpankrat	Dear Paul, Try this one, Wayne It was all successful, Bronco: San Andres, South (7500)	10/17/2019

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Form APD Conditions

Permit 272789

**PERMIT CONDITIONS OF APPROVAL**

Operator Name and Address: STEWARD ENERGY II, LLC [371682] 2600 Dallas Parkway Frisco, TX 75034	API Number: 30-025-46482
	Well: SLIPPIN JIMMY FEE #001H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	SURFACE & PRODUCTION CASING - Cement must circulate to surface
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
pkautz	1)- The Operator is to notify NMOC by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 45 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104
pkautz	It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. If an APD expires and if site construction has occurred, site remediation is required.
pkautz	Stage Tool 1) Must notify OCD Hobbs Office prior to running Stage Tool at 5753703186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.
pkautz	Will require a administrative order for non-standard location prior to placing the well on production.

Intent ☒ As Drilled ☐

API #		
Operator Name:	Property Name:	Well Number

## Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W W	County LEA
Latitude					Longitude				NAD 83

## First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County LEA
Latitude									NAD 83

## Last Take Point (LTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County LEA
Latitude					Longitude				NAD 83

Is this well the defining well for the Horizontal Spacing Unit? ☒Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

}