

District I1625 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 274726

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

| | | |
|--|--|-------------------------------|
| 1. Operator Name and Address BREITBURN OPERATING LP 1111 Bagby St. Suite 1600 Houston, Tx 77002, TX 77002 | | 2. OGRID Number 370080 |
| 4. Property Code 316831 | | 3. API Number 30-025-46555 |
| 5. Property Name ENCORE M 21 FEE | | 6. Well No. 003 |

7. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|-------------------|---------------|---------------|
| UL - Lot J | Section 21 | Township 22S | Range 37E | Lot Idn J | Feet From 1572 | N/S Line S | Feet From 1956 | E/W Line E | County Lea |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|-------------------|---------------|---------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|-------------------|---------------|---------------|
| UL - Lot J | Section 21 | Township 22S | Range 37E | Lot Idn J | Feet From 1572 | N/S Line S | Feet From 1956 | E/W Line E | County Lea |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|-------------------|---------------|---------------|

9. Pool Information

| | |
|----------------------------|-------|
| WANTZ;ABO | 62700 |
| DRINKARD | 19190 |
| TUBB OIL AND GAS (OIL) | 60240 |
| BLINEBRY OIL AND GAS (OIL) | 6660 |

Additional Well Information

| | | | | |
|---------------------------|----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3353 |
| 16. Multiple Y | 17. Proposed Depth 7600 | 18. Formation Abo | 19. Contractor | 20. Spud Date 11/19/2019 |
| 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 | 17.5 | 13.375 | 54.5 | 1180 | 1085 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 4500 | 1300 | 0 |
| Prod | 8.75 | 5.5 | 0 | 7600 | 1300 | 3500 |

Casing/Cement Program: Additional Comments

| |
|--|
| |
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22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Annular | 5000 | 2500 | Townsend |
| Double Ram | 5000 | 3500 | Townsend |

| | | | |
|--|---------------------|----------------------------------|--|
| 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. | | OIL CONSERVATION DIVISION | |
| Signature: | | Approved By: Paul F Kautz | |
| Printed Name: Electronically filed by Charlotte Nash | | Title: Geologist | |
| Title: Regulatory | | Approved Date: 12/4/2019 | |
| Email Address: charlotte.nash@mavresources.com | | Expiration Date: 12/4/2021 | |
| Date: 11/15/2019 | Phone: 713-632-8730 | Conditions of Approval Attached | |

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Revised August 1, 2011
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District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|----------------------------|----------------------------|------------------------|--------------------------|
| ¹ API Number | | ² Pool Code | ³ Pool Name |
| ⁴ Property Code | ⁵ Property Name | | ⁶ Well Number |
| | Encore M 21 Fee | | 003 |
| ⁷ OGRID No. | ⁸ Operator Name | | ⁹ Elevation |
| | Breitburn Operating LP | | 3353' |

¹⁰Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J | 21 | 22 S | 37 E | | 1572' | South | 1956' | East | Lea |

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| | | | | | | | | | |

| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | 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.

| | |
|--|---|
| <p>T-22-S, R-37-E N.M.P.M.</p> <p>Encore M 21 Fee 003 Elev. 3353' NAD 83 NM East X = 901805.0' Y = 501918.0' Lat. = 32.3744354° Long. = -103.1657549°</p> <p>Encore M Fee Lease</p> <p>Sec. 21</p> | <p>¹⁷OPERATOR CERTIFICATION</p> <p>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 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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> |
| | <p>¹⁸SURVEYOR CERTIFICATION</p> <p>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>11-5-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>10324 Certificate Number</p> |
| | <p>16</p> |
| | <p>17</p> |

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| ⁴ Property Code | | ⁵ Property Name | | | ⁶ Well Number |
| | | Encore M 21 Fee | | | 003 |
| ⁷ OGRID No. | | ⁸ Operator Name | | | ⁹ Elevation |
| | | Breitburn Operating LP | | | 3353' |

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| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
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|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | 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.

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| <p>T-22-S, R-37-E N.M.P.M.</p> <p>Encore M 21 Fee 003 Elev. 3353' NAD 83 NM East X = 901805.0' Y = 501918.0' Lat. = 32.3744354° Long. = -103.1657549°</p> <p>Encore M 21 Fee 001</p> <p>Encore M 21 Fee 002</p> <p>LMPSU 102</p> <p>LMPSU 72</p> <p>LMPSU 71</p> <p>LMPSU 74</p> <p>LMPSU 106</p> <p>LMPSU 103</p> <p>LMPSU 101</p> <p>LMPSU 105</p> <p>LMPSU 521</p> <p>LMPSU 522</p> <p>Encore M Fee Lease</p> <p>Sec. 21</p> | <p>¹⁷OPERATOR CERTIFICATION</p> <p>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 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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
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| | <p>4.4 Miles South of Eunice, New Mexico.</p> <p>File No. A-12141_1</p> | |
| | | |

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| | <p>Michael L. Stanford</p> <p>10324</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR</p> <p>NEW MEXICO</p> |
| | <p>4.4 Miles South of Eunice, New Mexico.</p> <p>File No. A-12141_1</p> |

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GAS CAPTURE PLAN

Date: 12/4/2019

☒ Original

Operator & OGRID No.: [370080] BREITBURN OPERATING LP

☐ 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 |
|----------------------|--------------|-----------------------|-------------|----------------|------------------|-----------------------------|
| ENCORE M 21 FEE #003 | 30-025-46555 | J-21-22S-37E | 1572S 1956E | 218 | None | Gas to be captured and sold |

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 TARGA MIDSTREAM SERVICES LLC and will be connected to TARGA MIDSTREAM SERVICES LLC Low Pressure gathering system located in Lea County, New Mexico. It will require 0' of pipeline to connect the facility to Low Pressure gathering system. BREITBURN OPERATING LP provides (periodically) to TARGA MIDSTREAM SERVICES LLC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, BREITBURN OPERATING LP and TARGA MIDSTREAM SERVICES LLC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at TARGA MIDSTREAM SERVICES LLC Processing Plant located in Sec. 21, Twn. 22S, Rng. 37E, 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 TARGA MIDSTREAM SERVICES LLC system at that time. Based on current information, it is BREITBURN OPERATING LP'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 274726

PERMIT COMMENTS

| | | |
|---|--|-------------------------------|
| Operator Name and Address: BREITBURN OPERATING LP [370080] 1111 Bagby St. Suite 1600 Houston, Tx 77002, TX 77002 | | API Number: 30-025-46555 |
| | | Well: ENCORE M 21 FEE #003 |

| Created By | Comment | Comment Date |
|------------|---|--------------|
| cnash | Spud date for well is planned for 12-15-19. | 11/15/2019 |
| cnash | Spud date for well is planned for 12-15-19. | 11/15/2019 |

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Form APD Conditions

Permit 274726

PERMIT CONDITIONS OF APPROVAL

| | |
|---|-------------------------------|
| Operator Name and Address: BREITBURN OPERATING LP [370080] 1111 Bagby St. Suite 1600 Houston, Tx 77002, TX 77002 | API Number: 30-025-46555 |
| | Well: ENCORE M 21 FEE #003 |

| | |
|--------------|--|
| OCD Reviewer | Condition |
| pkautz | Will require a deviation survey |
| pkautz | Will require a administrative order for non-standard location prior to placing the well on production. |
| pkautz | 1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing -- |
| 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 NMOCD 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. |

Proposed WBD

Breitburn Operating. LP

Encore M 21 Fee 003

Sec. 21, Twp. 22S, Rge. 37E

Lea County, NM.

Vertical Well

Spud Date: 12/19/2019
Rig Release: 01/10/2020
GL: 3,353'
KB: 3,368'

CONDUCTOR PIPE:

24" Hole
20" landed at +/- 80' below GL
TOC: Surface

SURFACE

17-1/2" Hole: +/- 1,180' MD/TVD
13-3/8", 54.5 ppf, J-55, BT&C: +/- 1,180' MD/TVD
TOC: Surface

9-5/8" DV Tool: +/- 3,000' MD/TVD

INTERMEDIATE

12-1/4" Hole: +/- 4,500' MD/TVD
9-5/8", 40 ppf, J-55, LTC: +/- 4,500' MD/TVD
TOC: Surface

5-1/2" DV Tool: +/- 6,200' MD/TVD

PRODUCTION

8-3/4" Hole: +/- 7,600' MD/TVD
5-1/2", 23 ppf, L-80, LTC: +/- 7,600' MD/TVD
ETOC: +/- 3,500'

PBTD: +/- 7,520' MD/TVD
TD: +/- 7,600' MD/TVD

