

Form 3160-3  
(June 2015)

FORM APPROVED  
OMB No. 1004-0137  
Expires: January 31, 2018

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other 1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		5. Lease Serial No. <b>NMNM090807</b>
2. Name of Operator <b>COLGATE OPERATING LLC</b>		6. If Indian, Allottee or Tribe Name  7. If Unit or CA Agreement, Name and No.  8. Lease Name and Well No. <b>BLACK DIAMOND 34 FED</b> <b>134H</b>
3a. Address <b>306 W. Wall St., Suite 500, Midland, TX 79701</b>	3b. Phone No. (include area code) <b>(432) 695-4224</b>	9. API Well No.  10. Field and Pool, or Exploratory <b>PARKWAY/BONE SPRING</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>SESE / 1090 FSL / 360 FEL / LAT 32.6129037 / LONG -104.0553245</b> At proposed prod. zone <b>SESE / 410 FSL / 2626 FEL / LAT 32.6111294 / LONG -104.0798349</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>SEC 34/T19S/R29E/NMP</b>
14. Distance in miles and direction from nearest town or post office* <b>17 miles</b>		12. County or Parish <b>EDDY</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>427 feet</b>		13. State <b>NM</b>
16. No of acres in lease		17. Spacing Unit dedicated to this well <b>240.0</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>45 feet</b>		20. BLM/BIA Bond No. in file <b>FED: NMB001382</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3330 feet</b>	22. Approximate date work will start* <b>09/01/2020</b>	23. Estimated duration <b>90 days</b>
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- |   |   |
|---|---|
| 1. Well plat certified by a registered surveyor.<br>2. A Drilling Plan.<br>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).<br>5. Operator certification.<br>6. Such other site specific information and/or plans as may be requested by the BLM. |
|---|---|

25. Signature (Electronic Submission)	Name (Printed/Typed) <b>BRIAN WOOD / Ph: (432) 695-4224</b>	Date <b>05/18/2020</b>
Title <b>President</b>		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) <b>Cody Layton / Ph: (575) 234-5959</b>	Date <b>12/14/2020</b>
Title <b>Assistant Field Manager Lands &amp; Minerals</b> Office <b>Carlsbad Field Office</b>		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



## INSTRUCTIONS

**GENERAL:** This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

**ITEM I:** If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

**ITEM 4:** Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

**ITEM 14:** Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

**ITEMS 15 AND 18:** If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

**ITEM 22:** Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

**ITEM 24:** If the proposal will involve hydraulic fracturing operations, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

## NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48( d) provide that you be furnished the following information in connection with information required by this application.

**AUTHORITY:** 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

**PRINCIPAL PURPOSES:** The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

**ROUTINE USE:** Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

**EFFECT OF NOT PROVIDING INFORMATION:** Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM connects this information to a new evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

**BURDEN HOURS STATEMENT:** Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Connection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

## Additional Operator Remarks

### Location of Well

0. SHL: SESE / 1090 FSL / 360 FEL / TWSP: 19S / RANGE: 29E / SECTION: 34 / LAT: 32.6129037 / LONG: -104.0553245 ( TVD: 0 feet, MD: 0 feet )

PPP: SESE / 564 FSL / 198 FEL / TWSP: 19S / RANGE: 29E / SECTION: 34 / LAT: 32.6114634 / LONG: -104.0547984 ( TVD: 5776 feet, MD: 5803 feet )

BHL: SESE / 410 FSL / 2626 FEL / TWSP: 19S / RANGE: 29E / SECTION: 34 / LAT: 32.6111294 / LONG: -104.0798349 ( TVD: 9031 feet, MD: 16683 feet )

### BLM Point of Contact

Name: Gavin Mickwee

Title: Land Law Examiner

Phone: (575) 234-5972

Email: gmickwee@blm.gov

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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 <b>30-015-</b>		<sup>2</sup> Pool Code <b>49622</b>		<sup>3</sup> Pool Name <b>PARKWAY; BONE SPRING</b>	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>BLACK DIAMOND 34 FED</b>			<sup>6</sup> Well Number <b>134H</b>
<sup>7</sup> OGRID No. <b>371449</b>		<sup>8</sup> Operator Name <b>COLGATE OPERATING, LLC</b>			<sup>9</sup> Elevation <b>3330.1</b>

<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
<b>P</b>	<b>34</b>	<b>19S</b>	<b>29E</b>		<b>1090</b>	<b>SOUTH</b>	<b>360</b>	<b>EAST</b>	<b>EDDY</b>

<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
<b>O</b>	<b>33</b>	<b>19S</b>	<b>29E</b>		<b>410</b>	<b>SOUTH</b>	<b>2626</b>	<b>EAST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>240.00</b>	<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.

Diagram details: The plat shows sections 33 and 34. Key points include: NW CORNER SEC. 33 (LAT. = 32.6245465°N, LONG. = 104.0884181°W), N/4 CORNER SEC. 33 (LAT. = 32.6245105°N, LONG. = 104.0798640°W), SECTION CORNER (LAT. = 32.6244740°N, LONG. = 104.0713099°W), NE CORNER SEC. 34 (LAT. = 32.6244132°N, LONG. = 104.0541300°W), N/4 CORNER SEC. 34 (LAT. = 32.6129037°N, LONG. = 104.0553245°W), E/4 CORNER SEC. 34 (LAT. = 32.6171594°N, LONG. = 104.0541410°W). Well location is marked with a red dot and 'WELL LOCATION'. Surface location is marked with a red dot and 'SURFACE LOCATION'. Distances from the surface location to the well location are 360' and 1060'. Other distances include 2626' from the bottom hole location to the surface location.

**17 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 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.

*Brian Wood* **5-16-20**  
Signature Date

**BRIAN WOOD**  
Printed Name

**brian@permitswest.com**  
E-mail Address

**505 466-8120**  
Phone Number

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**18 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.

MAY 8, 2020  
Date of Survey

*William F. Jaramillo*  
Signature and Seal of Professional Surveyor

Certificate Number: **12797**  
Professional Surveyor License No. 7884B

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Submit Original  
to Appropriate  
District Office

**GAS CAPTURE PLAN**

Date: 4/22/2020

X Original Operator & OGRID No.: Colgate Operating, LLC (371449)

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, recomplete to new zone, re-frac) activity.

*Note: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A*

**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	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Black Diamond 34 Fed 133H	30-015-	P-34-19S-29E	1135 FSL & 360 FEL	1300	30 days	Time depends on well clean up
Black Diamond 34 Fed 134H	30-015-	P-34-19S-29E	1090 FSL & 360 FEL	1300	30 days	Time depends on well clean up

**Gathering System and Pipeline Notification**

Well will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. No gas contract has been signed, but 2 potential transporters are DCP Operating Company, LP (36785) and Lucid Artesia Company (147831) who transport gas from Colgate’s Parkway 35 Federal Com 5H well in P-34-19s-29e. That well is ≈600’ SE. Colgate Operating, LLC will provide (periodically) to its Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Colgate Operating, LLC and its Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at an as yet undetermined Gas Transporter Processing Plant located in Eddy 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 its Gas Transporter system at that time. Based on current information, it is Colgate Operating, LLC’s belief an existing or new system can take this gas upon completion of the well(s). Safety requirements during cleanout operations from using 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



U.S. Department of the Interior  
BUREAU OF LAND MANAGEMENT

# Drilling Plan Data Report

12/14/2020

APD ID: 10400056747

Submission Date: 05/18/2020

Highlighted data  
reflects the most  
recent changes

Operator Name: COLGATE OPERATING LLC

Well Name: BLACK DIAMOND 34 FED

Well Number: 134H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

## Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
728459	QUATERNARY	3330	0	0	OTHER : None	USEABLE WATER	N
728460	RUSTLER ANHYDRITE	3189	141	141	ANHYDRITE	NONE	N
728461	TOP SALT	2954	376	376	SALT	NONE	N
728462	BASE OF SALT	2199	1131	1131	SALT	NONE	N
728463	YATES	1950	1380	1380	SANDSTONE	NONE	N
728464	CAPITAN REEF	582	2748	2756	LIMESTONE	USEABLE WATER	N
728465	CHERRY CANYON	-153	3483	3498	SANDSTONE	NONE	N
728466	LOWER BRUSHY CANYON 8A	-2029	5359	5392	SANDSTONE	NATURAL GAS, OIL	N
728467	BONE SPRING	-2436	5766	5803	LIMESTONE	NONE	N
728468	BONE SPRING 1ST	-3801	7131	7138	SANDSTONE	NATURAL GAS, OIL	N
728469	BONE SPRING 2ND	-4026	7356	7403	LIMESTONE	NATURAL GAS, OIL	N
728470	BONE SPRING 2ND	-4586	7916	7963	SANDSTONE	NATURAL GAS, OIL	N
728471	BONE SPRING 3RD	-4836	8166	8213	LIMESTONE	NATURAL GAS, OIL	N
728472	BONE SPRING 3RD	-5531	8861	8925	SANDSTONE	NATURAL GAS, OIL	Y

## Section 2 - Blowout Prevention

**Operator Name:** COLGATE OPERATING LLC**Well Name:** BLACK DIAMOND 34 FED**Well Number:** 134H**Pressure Rating (PSI):** 10M**Rating Depth:** 15000

**Equipment:** A 10M system rated to 15,000 will be used. Well control equipment with working pressure ratings in excess of anticipated surface pressure will be used for well control from drill out of surface casing to TMD. A diverter system will be installed on the 18.625 casing once it is set and cemented. A 13.625 multi-bowl wellhead will be SOW installed to 13.375 once set and cemented. A 13.625 10M BOP will be nipped up to the 13.625 multi-bowl wellhead through the completion of the drilling operation. A rotating head will also be installed and used as needed. All BOPE connections will be flanged, welded, or clamped. All choke lines will be straight unless targeted with running tees or tee blocks are used. Choke lines will be anchored to prevent whip and reduce vibrations. All valves in the choke line and the choke manifold will be full opening as to not cause restrictions and to allow for straight fluid paths to minimize potential erosion. All gauges used in the well control system will be of a type designed for drilling fluid service. Subs equipped with full opening valves sized to fit the drill pipe and collars will be available on the rig floor in open position. The key to operate said valve equipped subs will on the rig floor at all times. The accumulator system will have sufficient capacity to open the HCR and close all 3 sets of rams plus the annular preventer while retaining at least 300-psi above pre-charge on the closing manifold. (Accumulator system will be capable of doing so without using the closing unit pumps.) The fluid reservoir capacity will be double the usable fluid volume of the accumulator system capacity. Fluid level will be maintained at the manufactures recommended level. Before connecting the closing unit to the BOP stack, an accumulator pre-charge pressure test will be performed to ensure the pre-charge pressure is within 100-psi of the desired pressure. (Only nitrogen gas will be used to pre-charge.) Two independent power sources will always be available to power the closing unit pumps so the pumps can automatically start when the closing valve manifold pressure has decreased to the pre-set level. Closing unit pumps will be sized to allow opening of HCR and closing of annular preventer on 5 drill pipe achieving >200-psi above pre-charge pressure with the accumulator system isolated from service in 2 minutes. A valve will be installed in the closing line as close to the annular preventer as possible to act as a locking device. The valve will be maintained in the open position and will be closed only when the power source for the accumulator is inoperative. Remote controls capable of opening and closing all preventers and the HCR will be readily accessible to the driller. Master controls will be operable at the accumulator. The wellhead will be a multi-bowl speed head allowing for hang-off of intermediate 2 casing and isolation of the 13.375 x 9.625 annulus without breaking the connection between the BOP and wellhead to install an additional casing head. A wear bushing will be installed and inspected frequently to guard against internal wear to the wellhead.

**Requesting Variance?** YES

**Variance request:** Variance is requested to drill the well using a co-flex hose between the BOP and choke manifold. Certification for the proposed hose is attached. Manufacturer does not require the hose to be anchored. If this specific hose is not available, then one of equal or higher rating will be used. Variance is requested to the Onshore Order 2 requirement that a 2M system with annular preventer be installed before drilling of the surface casing shoe due to the shallow setting depth of the surface casing. The diverter system adequately meets the requirements for the preferred method of handling a well control event in a situation where the existing casing shoe is not adequate for a hard shut-in due to the likelihood of an underground blowout with the potential to breach the surface.

**Testing Procedure:** BOPE will be tested as follows. Once the surface casing is set and the diverter system is installed on the 18.625 casing, pressure tests will be performed by a 3rd party tester to 500-psi. After intermediate 1 casing is set and BOPE installed, pressure tests of BOPE will be performed by a 3rd party tester using water and a test plug to 250-psi low and 10,000 psi high. A pressure test will be deemed successful if pressure is maintained for 10-minuutes without any bleed-off. A valve on the wellhead below the seat of the test plug will always be open during BOPE tests to prevent damage to casing. The BOPE will be re-tested in this manner after any connection breaks or passage of allotted time (25 days). Any BOPE which does not pass pressure tests after initial install will be replaced before drilling out of the intermediate 1 casing shoe. If at any time a BOPE component cannot function to secure the hole, the hole will be secured using a retrievable packer, and the non-functioning BOPE component will be repaired or replaced. After repair or replacement, a pressure test of the repaired or replaced component and any connections broken to repair or replace said component will be tested in the same manner as described for initial install of BOPE. Annular preventer will be function tested at least weekly. Ram-type preventers will be function tested on each trip. BOP pit level drills will be conducted weekly with each drilling crew. All pressure tests performed on BOPE and BOPE pit levels drills will be recorded in the drilling log. Isolation of 13.375" x 9.625" casing annulus will be confirmed by pressure testing of wellhead sealing component after said sealing component is installed. Each installed casing string will be tested as follows. After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 18.625" surface casing will be pressured to 1500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the cement head. After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 13.375" intermediate 1

**Operator Name:** COLGATE OPERATING LLC**Well Name:** BLACK DIAMOND 34 FED**Well Number:** 134H

casing will be pressured to 1500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the blind rams of the 13.625" 10M BOPE before picking up tools to drill out. After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 9.625" intermediate 2 casing will be pressured to 2500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the lower pipe rams of the 13.625" 10M BOPE immediately before drilling out the float equipment. Casing pressure test of the 5.5" production casing will occur >72 hours after cement is placed and reached ultimate compressive strength. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. Casing will be tested by pressuring up to 10,000-psi and holding pressure for 30-minutes before starting perforation and stimulation.

**Choke Diagram Attachment:**

BP\_134H\_Choke\_20200430133434.pdf

**BOP Diagram Attachment:**

BD\_134H\_BOP\_20200430133440.pdf

**Section 3 - Casing**

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	24	18.625	NEW	API	N	0	330	0	330	3330	3000	330	J-55	87.5	BUTT	1.125	1.2	DRY	1.6	DRY	1.6
2	INTERMEDIATE	17.5	13.375	NEW	API	N	0	1590	0	1590	3330	1740	1590	J-55	54.5	BUTT	1.125	1.2	DRY	1.6	DRY	1.6
3	INTERMEDIATE	12.25	9.625	NEW	API	N	0	4300	0	4277	0	-947	4300	J-55	36	BUTT	1.125	1.2	DRY	1.6	DRY	1.6
4	PRODUCTION	8.75	5.5	NEW	NON API	N	0	16683	0	9031	0	-5701	16683	HCP-110	20	OTHER - CDC-HTQ	1.125	1.2	DRY	1.6	DRY	1.6

**Casing Attachments**

**Operator Name:** COLGATE OPERATING LLC

**Well Name:** BLACK DIAMOND 34 FED

**Well Number:** 134H

**Casing Attachments**

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**Casing ID:** 1                    **String Type:** SURFACE

**Inspection Document:**

**Spec Document:**

**Tapered String Spec:**

**Casing Design Assumptions and Worksheet(s):**

Casing\_Design\_Assumptions\_20200804130308.pdf

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**Casing ID:** 2                    **String Type:** INTERMEDIATE

**Inspection Document:**

**Spec Document:**

**Tapered String Spec:**

**Casing Design Assumptions and Worksheet(s):**

BP\_134H\_Casing\_Design\_Assumptions\_20200430133601.pdf

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**Casing ID:** 3                    **String Type:** INTERMEDIATE

**Inspection Document:**

**Spec Document:**

**Tapered String Spec:**

**Casing Design Assumptions and Worksheet(s):**

BP\_134H\_Casing\_Design\_Assumptions\_20200430133657.pdf

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Operator Name: COLGATE OPERATING LLC

Well Name: BLACK DIAMOND 34 FED

Well Number: 134H

**Casing Attachments**

Casing ID: 4 String Type: PRODUCTION

Inspection Document:

Spec Document:

5.5in\_USS\_CDC\_Casing\_Spec\_20200518094948.pdf

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

BP\_134H\_Casing\_Design\_Assumptions\_20200430133811.pdf

**Section 4 - Cement**

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
PRODUCTION	Lead		0	0	0	0	0	0	0	None	None
PRODUCTION	Tail		2050	1668 3	3500	1.24	14.2	4340	20	Class H	Fluid loss + dispersant + retarder + LCM
SURFACE	Lead		0	330	418	1.8	13.5	752	100	Class C	Salt, accelerator, extender and LCM additives

INTERMEDIATE	Lead		0	1272	710	2.19	12.7	1555	100	Class C	Salt + accelerator + extender + LCM
INTERMEDIATE	Tail		1272	1590	208	1.33	14.8	277	25	Class C	accelerator + LCM
INTERMEDIATE	Lead	2500	0	1640	199	4.41	10.6	878	100	Class C	accelerator + extender + LCM
INTERMEDIATE	Tail		1640	2500	127	1.33	14.8	169	25	Class C	Accelerator + LCM
INTERMEDIATE	Lead		2500	3440	134	4.41	10.6	591	100	Class C	accelerator + extender + LCM
INTERMEDIATE	Tail		3440	4300	253	1.33	14.8	336	25	Class C	Accelerator + LCM

**Operator Name:** COLGATE OPERATING LLC

**Well Name:** BLACK DIAMOND 34 FED

**Well Number:** 134H

### Section 5 - Circulating Medium

**Mud System Type:** Closed

**Will an air or gas system be Used?** YES

**Description of the equipment for the circulating system in accordance with Onshore Order #2:** Air compressors will be used to gather large volumes of air and compress the air to approximately 350 psi in the first stage of compression. The compressed air will be fed into a medium pressure booster capable of taking pressurized air from the compressors and compressing it further, to approximately 2,000 psi, in the second stage of compression. If the rigs standpipe pressure is less than the capability of the medium pressure booster, the high pressure booster will be plumbed-in so that can be isolated, bypassed and temporarily taken offline. Assuming higher standpipe pressures are encountered, the air supplied by the medium pressure booster will be fed into the high pressure booster where it will be compressed further (to as much as 5,000 psi). Immediately downstream of the high pressure booster, a pressure relief valve (PRV) manifold will be placed in-line to safeguard against an unintentional over pressuring of the air system. All energized air lines will be cabled & hobbled to ensure proper whip restraint is in place at all times. A manifold, consisting of ball and check valves, will be placed at the air injection point into the standpipe on the rig floor. This manifold will be used to direct the flow of air either into the rigs standpipe or into an air bypass line as needed. The check valves placed in the manifold will act to prevent the flow of drilling mud into the air system. 5R string floats will be strategically placed in the drill string to prevent backflow of drilling mud during connections and aid in maintaining a more consistent BHP. A dart style float will be placed in the BHA to prevent backflow of fluids and cuttings from the annulus into the drill string. A properly lubricated and maintained rotating head will be utilized to direct the flow of the rapidly expanding air into the flow line at surface. A properly sized mud gas separator will be utilized to remove the air from the returns prior to the rig shakers. The mud gas separator will be connected to a flare stack where all separated gas will be directed. The flare stack will include an automatic igniter or continuous pilot light, and it will be rigged up so that the outlet is more than 100 from the wellbore. The compressors/booster equipment will be set in and rigged up more than 100 from the wellbore.

**Diagram of the equipment for the circulating system in accordance with Onshore Order #2:**

Aerate\_Drilling\_Rig\_Layout\_20200804132108.pdf

**Describe what will be on location to control well or mitigate other conditions:** All necessary mud products for weight addition and fluid loss control will be on location at all times. During BOP drills performed weekly with each rig crew, emphasis will be placed on well control situations occurring while aerate drilling (specifically identifying the steps at the air manifold required to remove the air injection from the standpipe to allow the mud pumps to fill the wellbore with nonaerated drilling mud in order to regain a full hydrostatic column). Mud program is subject to change due to hole conditions.

**Describe the mud monitoring system utilized:** The mud monitoring system is an electronic Pason system satisfying requirements of Onshore Order #1. Both visual and electronic mud monitoring equipment will be utilized to detect volume changes indicating loss or gain of circulating system fluid volume. Slow pump rates will be taken & recorded hourly in the drilling log. Mud engineer will perform tests and provide written report at least every 12 hours while circulating. A trip tank will be utilized and trip sheet will be recorded to ensure wellbore is taking proper fill or displacing proper fluid volume during all tripping operations. Gas detecting equipment will be utilized to monitor for hydrocarbon gas at the shakers while drilling and/or circulating. H2S monitoring equipment with both visual & auditory alarms will be installed and operational at the shakers, rig floor and cellar while drilling and/or circulating. A flare system with an effective method for ignition & discharge more than 100 feet from the wellbore will be utilized to gather and burn all gas; lines will be straight unless targeted with running tees. A mud gas separator will be installed and operable prior to drill out of surface casing.

### Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics

**Operator Name:** COLGATE OPERATING LLC

**Well Name:** BLACK DIAMOND 34 FED

**Well Number:** 134H

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	330	OTHER : Fresh water spud	8.6	9							
330	1590	OTHER : Brine water	10	10.2							
4300	1668 3	OTHER : Cut Brine Poly Oil Mud	9	10							
1590	4300	OTHER : Aerated Fresh Water	8.4	8.9							

### Section 6 - Test, Logging, Coring

**List of production tests including testing procedures, equipment and safety measures:**

Directional surveys will be collected via MWD tools at <200 intervals.

GR log will be acquired by MWD tools from the intermediate casing to TD.

A formation integrity test (FIT) will be performed on all casing strings after BOPE is installed to at least 1 ppg over planned section mud after drilling 10 of new hole.

**List of open and cased hole logs run in the well:**

GAMMA RAY LOG,

**Coring operation description for the well:**

No core, drill stem test, open hole log, CBL, or temperature survey is planned.

### Section 7 - Pressure

**Anticipated Bottom Hole Pressure:** 3910

**Anticipated Surface Pressure:** 1923

**Anticipated Bottom Hole Temperature(F):** 120

**Anticipated abnormal pressures, temperatures, or potential geologic hazards?** NO

**Describe:**

**Contingency Plans geohazards description:**

**Contingency Plans geohazards attachment:**

**Hydrogen Sulfide drilling operations plan required?** YES

**Operator Name:** COLGATE OPERATING LLC**Well Name:** BLACK DIAMOND 34 FED**Well Number:** 134H**Hydrogen sulfide drilling operations plan:**

Colgate\_H2S\_Contingency\_Plan\_20200804133051.pdf

**Section 8 - Other Information****Proposed horizontal/directional/multi-lateral plan submission:**

BD\_134H\_Horizontal\_Plan\_20200430134554.pdf

**Other proposed operations facets description:**

Cement will be placed on all casing strings using the pump and plug method. A float will be installed in the casing shoe and float collar on all casing strings to hold cement in place once pumping is completed. A top plug will be used on all casing strings to prevent contamination of the cement by the displacement fluid. A pre-flush fluid will be pumped before cementing to aid in removal of the drilling mud from the wellbore, prevent drilling mud contamination of the cement, and prepare the surfaces of the wellbore and casing for cement.

After cement has been allowed to sit undisturbed for eighteen hours and has reached a compressive strength of 500 psi, the 185/8 surface casing will be pressured to 1,500 psi and held for 30 minutes. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review. A casing test will be deemed successful if test pressure does not decline more than 10% over the thirty minute period. The casing pressure test will be completed against the cement head. After cement has been allowed to sit undisturbed for eighteen hours and has reached a compressive strength of 500 psi, the 133/8 intermediate I casing will be pressured to 1,500 psi and held for 30 minutes. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review. A casing test will be deemed successful if test pressure does not decline more than 10% over the thirty minute period. The casing pressure test will be completed against the blind rams of 135/8 10M BOPE prior to PU tools to drill out. After cement has been allowed to sit undisturbed for eighteen hours and has reached a compressive strength of 500 psi, the 9 5/8 intermediate II casing will be pressured to 2,500 psi and held for 30 minutes. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review. A casing test will be deemed successful if test pressure does not decline more than 10% over the thirty minute period. Casing pressure test will be completed against the lower pipe rams of 135/8 10M BOPE immediately prior to drilling out float equipment. Casing pressure test on 51/2 production casing will occur more than 72 hours after cement is placed and reached ultimate compressive strength. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review. A casing test will be deemed successful if test pressure does not decline more than 10% over the thirty minute period. Casing will be tested by pressuring up to 10,000 psi and holding pressure for 30 minutes prior to the beginning of perforating & stimulating operations.

Colgate has 21 wells in the township and based on that experience does not anticipate there will be enough H2S from GL to the Bone Spring to meet BLMs requirements for submitting an H2S plan. In any event, an H2S safety package is present on all Colgate wells. Adequate flare lines will be installed off the mud/gas separator where gas will safely flare.

**Other proposed operations facets attachment:**

BD\_134H\_Anti\_Collision\_Report\_20200430134533.pdf

CoFlex\_Certs\_20200518092020.pdf

BD\_134H\_Well\_Control\_Plan\_20200816162005.pdf

BD\_134H\_Diverter\_20200817083117.pdf

BD\_134H\_Speedhead\_Specs\_20200817083129.pdf

BD\_134H\_Drill\_Plan\_Revised\_20200826144243.pdf

**Other Variance attachment:**

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DRILL PLAN PAGE 1

Drilling Program

1. ESTIMATED TOPS

Formation Name	TVD	MD	Bearing
Quaternary	0'	0'	water
Rustler anhydrite	141'	141'	N/A
top salt	376'	376'	N/A
base salt	1131'	1131'	N/A
Yates sandstone	1380'	1380'	N/A
Capitan Reef limestone	2748'	2756'	water
Cherry Canyon sandstone	3483'	3498'	N/A
Lower Brushy Canyon sandstone	5359'	5392'	hydrocarbons
Bone Spring limestone	5766'	5803'	N/A
1 <sup>st</sup> Bone Spring sandstone	7131'	7178'	hydrocarbons
2 <sup>nd</sup> Bone Spring limestone	7356'	7403'	hydrocarbons
2nd Bone Spring sandstone	7916'	7963'	hydrocarbons
3d Bone Spring limestone	8166'	8213'	hydrocarbons
(KOP	8553'	8600'	hydrocarbons)
3 <sup>rd</sup> Bone Spring sandstone	8861'	8925'	hydrocarbons
TD	9031'	16683'	hydrocarbons

2. NOTABLE ZONES

Bone Spring is the goal. All perforations will be  $\geq 100'$  from the dedication perimeter. Closest water well (CP 00741) is 0.60-mile northwest. Depth to water was 60' in this 230' deep well.

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DRILL PLAN PAGE 2

### 3. PRESSURE CONTROL

A 10M system rated to 15,000' will be used. Well control equipment with working pressure ratings in excess of anticipated surface pressure will be used for well control from drill out of surface casing to TMD. A diverter system will be installed on the 18.625" casing once it is set and cemented. A 13.625" multi-bowl wellhead will be SOW installed to 13.375" once set and cemented. A 13.625" 10M BOP will be nipped up to the 13.625" multi-bowl wellhead through the completion of the drilling operation. A rotating head will also be installed and used as needed.

All BOPE connections will be flanged, welded, or clamped. All choke lines will be straight unless targeted with running tees or tee blocks are used. Choke lines will be anchored to prevent whip and reduce vibrations. All valves in the choke line and the choke manifold will be full opening as to not cause restrictions and to allow for straight fluid paths to minimize potential erosion.

All gauges used in the well control system will be of a type designed for drilling fluid service. Subs equipped with full opening valves sized to fit the drill pipe and collars will be available on the rig floor in open position. The key to operate said valve equipped subs will be on the rig floor at all times. The accumulator system will have sufficient capacity to open the HCR and close all 3 sets of rams plus the annular preventer while retaining at least 300-psi above pre-charge on the closing manifold. (Accumulator system will be capable of doing so without using the closing unit pumps.)

The fluid reservoir capacity will be double the usable fluid volume of the accumulator system capacity. Fluid level will be maintained at the manufacture's recommended level.

Before connecting the closing unit to the BOP stack, an accumulator pre-charge pressure test will be performed to ensure the pre-charge pressure is within 100-psi of the desired pressure. (Only nitrogen gas will be used to pre-charge.) Two independent power sources will always be available to power the closing unit pumps so the pumps can automatically start when the closing valve manifold pressure has decreased to the pre-set level. Closing unit pumps will be sized to allow opening of HCR and closing of

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DRILL PLAN PAGE 3

annular preventer on 5" drill pipe achieving  $\geq 200$ -psi above pre-charge pressure with the accumulator system isolated from service in  $< 2$  minutes.

A valve will be installed in the closing line as close to the annular preventer as possible to act as a locking device. The valve will be maintained in the open position and will be closed only when the power source for the accumulator is inoperative.

Remote controls capable of opening and closing all preventers and the HCR will be readily accessible to the driller. Master controls will be operable at the accumulator. The wellhead will be a multi-bowl speed head allowing for hang-off of intermediate 2 casing and isolation of the 13.375" x 9.625" annulus without breaking the connection between the BOP and wellhead to install an additional casing head. A wear bushing will be installed and inspected frequently to guard against internal wear to the wellhead.

Variance is requested to drill the well using a co-flex hose between the BOP and choke manifold. Certification for the proposed hose is attached. Manufacturer does not require the hose to be anchored. If this specific hose is not available, then one of equal or higher rating will be used.

Variance is requested to the Onshore Order 2 requirement that a 2M system with annular preventer be installed before drilling of the surface casing shoe due to the shallow setting depth of the surface casing. The diverter system adequately meets the requirements for the preferred method of handling a well control event in a situation where the existing casing shoe is not adequate for a hard shut-in due to the likelihood of an underground blowout with the potential to breach the surface.

BOPE will be tested as follows. Once the surface casing is set and the diverter system is installed on the 18.625" casing, pressure tests will be performed by a 3<sup>rd</sup> party tester to 500-psi. After intermediate 1 casing is set and BOPE installed, pressure tests of BOPE will be performed by a 3<sup>rd</sup> party tester using water and a test plug to 250-psi low and 10,000 psi high. A pressure test will be deemed successful if pressure is maintained for 10-minuutes without any bleed-off. A valve on the wellhead below the seat of the test plug will always be open during BOPE tests to prevent damage to casing. The BOPE will be re-tested in this manner after any connection breaks or passage of allotted time (25

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days). Any BOPE which does not pass pressure tests after initial install will be replaced before drilling out of the intermediate 1 casing shoe.

If at any time a BOPE component cannot function to secure the hole, the hole will be secured using a retrievable packer, and the non-functioning BOPE component will be repaired or replaced. After repair or replacement, a pressure test of the repaired or replaced component and any connections broken to repair or replace said component will be tested in the same manner as described for initial install of BOPE.

Annular preventer will be function tested at least weekly. Ram-type preventers will be function tested on each trip. BOP pit level drills will be conducted weekly with each drilling crew. All pressure tests performed on BOPE and BOPE pit levels drills will be recorded in the drilling log. Isolation of 13.375" x 9.625 casing annulus will be confirmed by pressure testing of wellhead sealing component after said sealing component is installed.

Each installed casing string will be tested as follows.

After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 18.625" surface casing will be pressured to 1500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the cement head.

After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 13.375" intermediate 1 casing will be pressured to 1500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the blind rams of the 13.625" 10M BOPE before picking up tools to drill out.

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After cement has set undisturbed for 18-hours and has reached a compressive strength of 500-psi, then the 9.625" intermediate 2 casing will be pressured to 2500-psi and held for 30-minutes. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. The casing pressure test will be completed against the lower pipe rams of the 13.625" 10M BOPE immediately before drilling out the float equipment.

Casing pressure test of the 5.5" production casing will occur >72 hours after cement is placed and reached ultimate compressive strength. Lab reports with the 500-psi compressive strength time for the cement will be on-site for review. A casing test will be deemed successful if test pressure does not decline >10% over the 30-minute period. Casing will be tested by pressuring up to 10,000-psi and holding pressure for 30-minutes before starting perforation and stimulation.

#### 4. CASING & CEMENT

All casing will be new. First three strings are API. See attached casing assumption worksheet.

Hole O. D.	Set MD	Set TVD	Casing OD	Weight (lb/ft)	Grade	Joint	Collapse	Burst	Tension
24"	0' - 330'	0' - 330'	18.625"	87.5	J-55	BTC	1.125	1.2	1.60
17.5"	0' - 1590'	0' - 1590'	13.375" interm. 1	54.5	J-55	BTC	1.125	1.2	1.60
12.25"	0' - 4300'	0' - 4277'	9.625" interm. 2	36	J-55	BTC	1.125	1.2	1.60
8.75"	0' - 16683'	0' - 9031'	5.5" product.	20	HCP-110	CDC HTQ	1.125	1.2	1.60

Cement will be placed on all casing strings using the pump and plug method. A float will be installed in the casing shoe and float collar on all casing strings to hold cement in place once pumping is completed. A top plug will be used on all casing strings to prevent contamination of the cement by the displacement fluid. A pre-

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## DRILL PLAN PAGE 6

flush fluid will be pumped before cementing to aid in removal of the drilling mud from the wellbore, prevent drilling mud contamination of the cement, and prepare the surfaces of both the wellbore and casing for cement.

Name	Type	Sacks	Yield	Cu. Ft.	Weight	Blend
Surface	Tail	418	1.8	752	13.5	Class C + salt + accelerator + extender + LCM
TOC = GL		100% excess			1 centralizer 5' above shoe held in place with stop ring; 1 cent. per joint for following 2 joints, then every other joint to GL	
Intermediate 1	Lead	710	2.19	1555	12.7	Class C + salt + extender + LCM
	Tail	208	1.33	277	14.8	Class C + accelerator + LCM
TOC = GL		100% excess lead & 25% excess tail			2 centralizers on 1 <sup>st</sup> joint + 1 centralizer on 2 <sup>nd</sup> joint + 1 centralizer every 4 <sup>th</sup> joint to GL	
Intermediate 2*	Lead 1 <sup>st</sup> stage	134	4.41	591	10.6	Class C + accelerator + extender + LCM
	Tail 1 <sup>st</sup> stage	253	1.33	336	14.8	Class C + accelerator + LCM
	Lead 2 <sup>nd</sup> stage	199	4.41	878	10.6	Class C + accelerator + extender + LCM
	Tail 2 <sup>nd</sup> stage	127	1.33	169	14.8	Class C + accelerator + LCM
TOC = GL		100% excess leads & 25% excess tails			2 centralizers on 1 <sup>st</sup> joint + 1 centralizer on 2 <sup>nd</sup> joint + 1 centralizer every 4 <sup>th</sup> joint to GL	
Production	Tail	3530	1.24	4377	14.2	Class H + fluid loss + dispersant + retarder + LCM
TOC = 2050'		20% excess			2 centralizers on 1 <sup>st</sup> joint + 1 centralizer on 2 <sup>nd</sup> joint + 1	

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		centralizer every 3rd joint to 2940'
--	--	--------------------------------------

\*Stage tool and external casing packer will be set at  $\approx$ 2500' to ensure intermediate casing is adequately cemented.

## 5. MUD PROGRAM

All necessary mud products for weight addition and fluid loss control will be on site at all times. Mud program is subject to change due to hole conditions. Mud monitoring system will be an electronic Pason PVT system satisfying Onshore Order 1. Both visual and electronic mud monitoring equipment will be used to detect volume changes indicating loss or gain of circulating system fluid volume.

Slow pump rates will be taken and recorded every tour in the drilling log. Mud engineer will perform tests and provide a written report at least every 12 hours while circulating. A trip tank will be used. Trip sheet will be recorded to ensure wellbore is taking proper fill or displacing proper fluid volume during all tripping operations.

Gas detectors will monitor for hydrocarbon gas at the shakers while drilling and/or circulating. H<sub>2</sub>S monitors with visual and auditory alarms will be installed and operational at the shakers, rig floor, and cellar while drilling and/or circulating.

A flare system with an effective method for ignition will be used to gather and burn all gas. Flare will discharge  $\geq$ 100' from the wellbore. Flare line will be straight unless targeted with running tees. A mud gas separator will be installed and operable before drilling out of the surface casing.

Type	Interval (MD)	lb/gal	Viscosity	Fluid Loss
fresh water spud	0' - 330'	8.6 - 9.0	28 - 34	NC
brine water	330' - 1590'	10.0 - 10.2	30 - 32	NC
aerated fresh water	1590' - 4300'	8.4 - 8.9	28 - 30	NC
cut brine poly oil mud	4300' - 16683'	9.0 - 10.0	32 - 35	NC

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Air compressors will gather large volumes of air and compress it to  $\approx 350$  psi in the first stage of compression. The compressed air will then be fed into a medium pressure booster capable of compressing it further to  $\approx 2000$  psi in the second stage of compression.

If the rig's standpipe pressure is less than the capability of the medium pressure booster, then the high-pressure booster will be plumbed in so that it can be isolated, bypassed, and temporarily taken off-line. Assuming higher standpipe pressures are encountered, the air supplied by the medium pressure booster will be fed into the high-pressure booster where it will be compressed further (to as much as 5000-psi).

Immediately downstream of the high-pressure booster, a pressure relief valve (PRV) manifold will be placed in-line to safeguard against an unintentional over pressuring of the air system. All energized air lines will be cabled and hobbled to ensure proper whip restraint is in place at all times.

A manifold, consisting of ball and check valves, will be placed at the air's injection point into the standpipe on the rig floor. This manifold will be used to direct the flow of air either into the rig's standpipe or into an air bypass line as needed. The check valves placed in the manifold will act to prevent the flow of drilling mud in the air system.

5R string floats will be strategically placed in the drill string to prevent backflow of drilling mud during connections and aid in maintaining a more consistent BHP. A dart style float will be placed in the BHA to prevent backflow of fluids and cutting from the annulus into the drill string. A properly lubricated and maintained rotating head will be used to direct the flow of the rapidly expanding air into the flow line at the surface.

A properly sized mud gas separator will be used to remove the air from the returns before the rig shakers. The mud gas separator will be connected to a flare stack where all separated gas will be directed. The flare stack will include an automatic igniter or continuous pilot light and it will be rigged up so that the outlet is  $>100'$  from the wellbore. The compressor/booster equipment will be set and rigged up  $>100'$  from the wellbore.

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If a formation influx occurs while aerate drilling, then Colgate will immediately remove the air supply from the stand pipe using the air manifold at the rig floor. This would allow the mud pump to quickly fill the annulus of the wellbore with non-aerated drilling mud in order to significantly increase the hydrostatic barrier between the formation of influx and surface. If an additional influx is observed once a full hydrostatic column of drilling mud is in place, then all well control practices and procedures will be identical to mud drilling well control protocols. During weekly BOP drills with each rig crew, emphasis will be placed on well control situations occurring while aerate drilling. Special emphasis will identify the steps at the air manifold required to remove air injection from the standpipe in order to allow the mud pumps to fill the wellbore with non-aerated drilling mud to regain a full hydrostatic column.

## 6. CORES, TESTS, & LOGS

No core, drill stem test, open hole log, CBL, or temperature survey is planned.

Directional surveys will be collected via MWD tools at  $\leq 200'$  intervals.

GR log will be acquired by MWD tools from the intermediate casing to TD.

A formation integrity test (FIT) will be performed on all casing strings after BOPE is installed to at least 1 ppg over planned section mud after drilling 10' of new hole.

## 7. DOWN HOLE CONDITIONS

No abnormal pressure or temperature is expected. Maximum expected bottom hole pressure is  $\approx 3910$  psi. Expected bottom hole temperature is  $\approx 120^\circ$  F.

Colgate has 21 wells in the township and based on that experience does not anticipate there will be enough H<sub>2</sub>S from GL to the Bone Spring to meet BLM's requirements for submitting an H<sub>2</sub>S plan. In any event, an H<sub>2</sub>S safety package is present on all Colgate

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wells and an H2S plan is attached. Adequate flare lines will be installed off the mud/gas separator where gas will safely flare.

#### 8. OTHER INFORMATION

Anticipated spud date is upon approval. It is expected it will take  $\approx$ 3 months to drill and complete the well.



WELL DETAILS: Black Diamond 34 Fed Com 134H

Northing	Easting	Latitude	Longitude
586817.06	626938.87	32.61290365	-104.05532448



Azimuths to Grid North  
 True North: -0.15°  
 Magnetic North: 6.80°

Magnetic Field  
 Strength: 47807.3snT  
 Dip Angle: 60.22°  
 Date: 3/5/2020  
 Model: IGRF2020

PROJECT DETAILS: Eddy County, NM (N83-NME)  
 Well Name: Black Diamond 34 Fed Com 134H  
 Geodetic System: US State Plane 1983  
 Datum: North American Datum 1983  
 Ellipsoid: GRS 1980  
 Zone: New Mexico Eastern Zone  
 System Datum: Mean Sea Level  
 Local North: Grid  
 KB Elevation: RKB @ 3356.00usft (Permit)  
 Elevation: 3330.00

Site: Black Diamond 34 Fed Com  
 Well: Black Diamond 34 Fed Com 134H  
 Wellbore: Permit  
 Plan: Plan #1 r1

Section Details

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00
3	2021.34	7.82	162.85	2019.72	-33.94	10.48	1.50	162.85	-10.54
4	6725.64	7.82	162.85	6680.28	-645.56	199.24	0.00	0.00	-200.48
5	7246.98	0.00	0.00	7200.00	-679.50	209.72	1.50	180.00	-211.02
6	8600.28	0.00	0.00	8553.30	-679.50	209.72	0.00	0.00	-211.02
7	9509.48	90.92	270.11	9126.18	-678.38	-372.44	10.00	270.11	371.13
8	11605.62	90.92	270.11	9092.53	-674.36	-2468.30	0.00	0.00	2467.00
9	11617.18	90.69	270.11	9092.37	-674.34	-2479.86	2.00	179.24	2478.56
10	16683.15	90.69	270.11	9031.47	-664.34	-7545.45	0.00	0.00	7544.16

FORMATION TOP DETAILS

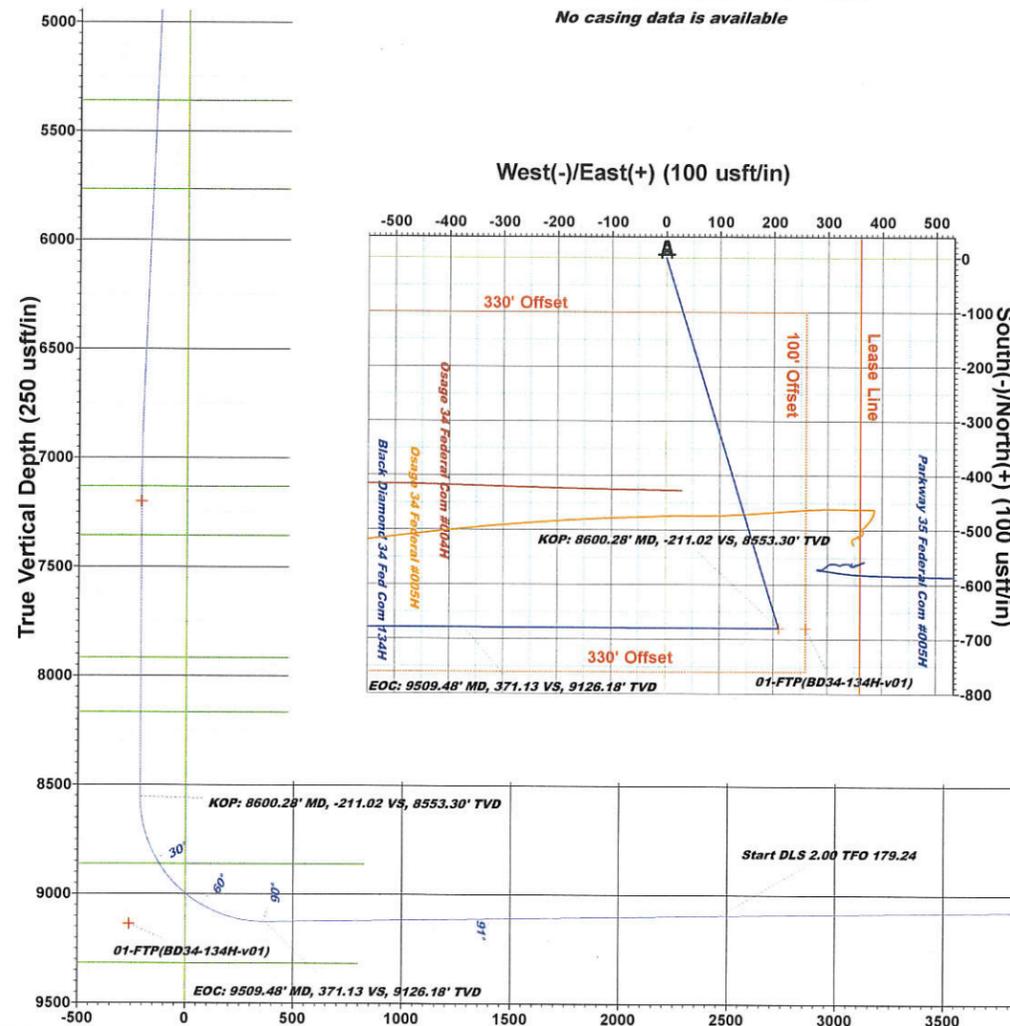
TVDPATH	MDPATH	FORMATION
141.00	141.00	Rustler
376.00	376.00	Top of Salt
1131.00	1131.00	Base of Salt
1380.00	1380.00	Yates
2748.00	2756.45	Capitan
3483.00	3498.35	DLWR Mnt. Group
5359.00	5391.96	Lower Brushy Canyon
5766.00	5802.78	Bone Spring Lime
7131.00	7177.98	1st Bone Spring SD
7356.00	7402.98	2nd Bone Spring LM
7916.00	7962.98	2nd Bone Spring SD
8166.00	8212.98	3rd Bone Spring LM
8861.00	8925.11	3rd Bone Spring SD

DESIGN TARGET DETAILS

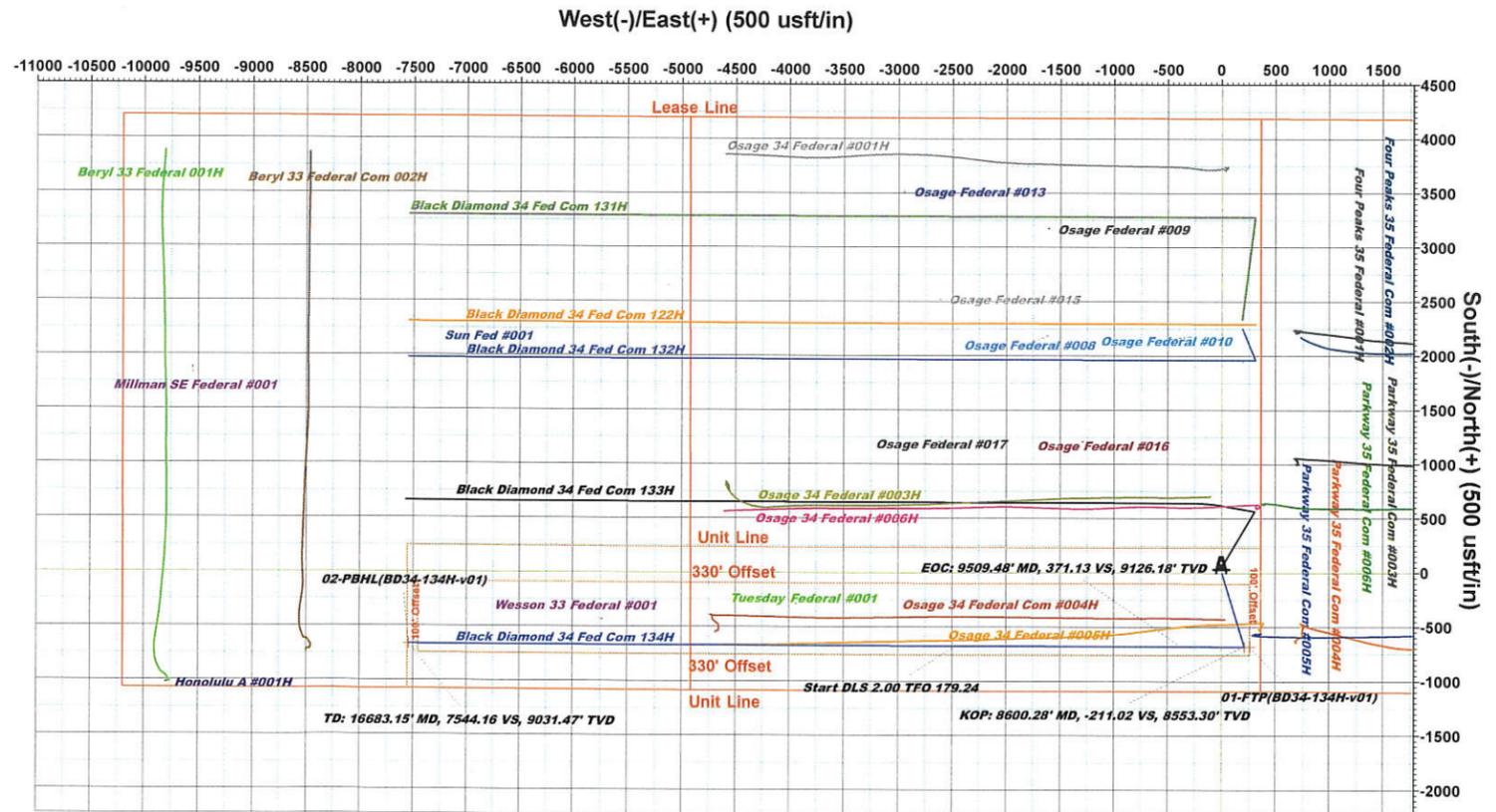
Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
00-EON(BD34-134H-v01)	7200.00	-679.50	209.72	586137.56	627148.59	32.61103440	-104.05464916
01-FTP(BD34-134H-v01)	9136.00	-679.77	259.75	586137.29	627198.62	32.61103330	-104.05448670
02-PBHL(BD34-134H-v01)9031.47		-664.34	-7545.45	586152.72	619393.42	32.61112942	-104.07983488

CASING DETAILS

No casing data is available



Vertical Section at 270.11° (250 usft/in)





Planning Report

<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

<b>Project</b>	Eddy County, NM (N83-NME)		
<b>Map System:</b>	US State Plane 1983	<b>System Datum:</b>	Mean Sea Level
<b>Geo Datum:</b>	North American Datum 1983		
<b>Map Zone:</b>	New Mexico Eastern Zone		

<b>Site</b>	Black Diamond 34 Fed Com				
<b>Site Position:</b>		<b>Northing:</b>	589,010.96 usft	<b>Latitude:</b>	32.61893234
<b>From:</b>	Map	<b>Easting:</b>	627,173.41 usft	<b>Longitude:</b>	-104.05454408
<b>Position Uncertainty:</b>	0.00 usft	<b>Slot Radius:</b>	13-3/16 "	<b>Grid Convergence:</b>	0.15 °

<b>Well</b>	Black Diamond 34 Fed Com 134H					
<b>Well Position</b>	<b>+N/-S</b>	-2,193.90 usft	<b>Northing:</b>	586,817.06 usft	<b>Latitude:</b>	32.61290365
	<b>+E/-W</b>	-234.54 usft	<b>Easting:</b>	626,938.87 usft	<b>Longitude:</b>	-104.05532448
<b>Position Uncertainty</b>		0.00 usft	<b>Wellhead Elevation:</b>		<b>Ground Level:</b>	3,330.00 usft

<b>Wellbore</b>	Permit				
<b>Magnetics</b>	<b>Model Name</b>	<b>Sample Date</b>	<b>Declination (°)</b>	<b>Dip Angle (°)</b>	<b>Field Strength (nT)</b>
	IGRF2020	3/5/2020	6.95	60.22	47,807.25408765

<b>Design</b>	Plan #1 r1			
<b>Audit Notes:</b>				
<b>Version:</b>	<b>Phase:</b>	PLAN	<b>Tie On Depth:</b>	0.00
<b>Vertical Section:</b>	<b>Depth From (TVD) (usft)</b>	<b>+N/-S (usft)</b>	<b>+E/-W (usft)</b>	<b>Direction (°)</b>
	0.00	0.00	0.00	270.11

<b>Plan Survey Tool Program</b>	<b>Date</b>	4/23/2020		
<b>Depth From (usft)</b>	<b>Depth To (usft)</b>	<b>Survey (Wellbore)</b>	<b>Tool Name</b>	<b>Remarks</b>
1	0.00	16,683.10 Plan #1 r1 (Permit)	OWSG MWD Rev 4	
			OWSG MWD - Standard	



Planning Report

<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,021.34	7.82	162.85	2,019.72	-33.94	10.48	1.50	1.50	0.00	162.85	
6,725.64	7.82	162.85	6,680.28	-645.56	199.24	0.00	0.00	0.00	0.00	
7,246.98	0.00	0.01	7,200.00	-679.50	209.72	1.50	-1.50	0.00	180.00	00-EON(BD34-134H-
8,600.28	0.00	0.01	8,553.30	-679.50	209.72	0.00	0.00	0.00	0.01	
9,509.48	90.92	270.11	9,126.18	-678.38	-372.44	10.00	10.00	0.00	270.11	
11,605.62	90.92	270.11	9,092.53	-674.36	-2,468.30	0.00	0.00	0.00	0.00	
11,617.18	90.69	270.11	9,092.37	-674.34	-2,479.86	2.00	-2.00	0.03	179.24	
16,683.15	90.69	270.11	9,031.47	-664.34	-7,545.45	0.00	0.00	0.00	0.00	02-PBHL(BD34-134H



Planning Report

<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
141.00	0.00	0.00	141.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Rustler</b>										
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
376.00	0.00	0.00	376.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Top of Salt</b>										
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,131.00	0.00	0.00	1,131.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Base of Salt</b>										
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,380.00	0.00	0.00	1,380.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Yates</b>										
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	1.50	162.85	1,599.99	-1.25	0.39	-0.39	1.50	1.50	0.00	0.00
1,700.00	3.00	162.85	1,699.91	-5.00	1.54	-1.55	1.50	1.50	0.00	0.00
1,800.00	4.50	162.85	1,799.69	-11.25	3.47	-3.49	1.50	1.50	0.00	0.00
1,900.00	6.00	162.85	1,899.27	-19.99	6.17	-6.21	1.50	1.50	0.00	0.00
2,000.00	7.50	162.85	1,998.57	-31.22	9.64	-9.70	1.50	1.50	0.00	0.00
2,021.34	7.82	162.85	2,019.72	-33.94	10.48	-10.54	1.50	1.50	0.00	0.00
2,100.00	7.82	162.85	2,097.65	-44.17	13.63	-13.72	0.00	0.00	0.00	0.00
2,200.00	7.82	162.85	2,196.72	-57.17	17.65	-17.75	0.00	0.00	0.00	0.00
2,300.00	7.82	162.85	2,295.79	-70.17	21.66	-21.79	0.00	0.00	0.00	0.00
2,400.00	7.82	162.85	2,394.86	-83.17	25.67	-25.83	0.00	0.00	0.00	0.00
2,500.00	7.82	162.85	2,493.93	-96.17	29.68	-29.87	0.00	0.00	0.00	0.00
2,600.00	7.82	162.85	2,593.00	-109.18	33.70	-33.91	0.00	0.00	0.00	0.00
2,700.00	7.82	162.85	2,692.07	-122.18	37.71	-37.94	0.00	0.00	0.00	0.00
2,756.45	7.82	162.85	2,748.00	-129.52	39.97	-40.22	0.00	0.00	0.00	0.00
<b>Capitan</b>										
2,800.00	7.82	162.85	2,791.14	-135.18	41.72	-41.98	0.00	0.00	0.00	0.00
2,900.00	7.82	162.85	2,890.21	-148.18	45.73	-46.02	0.00	0.00	0.00	0.00
3,000.00	7.82	162.85	2,989.28	-161.18	49.75	-50.06	0.00	0.00	0.00	0.00
3,100.00	7.82	162.85	3,088.35	-174.18	53.76	-54.09	0.00	0.00	0.00	0.00
3,200.00	7.82	162.85	3,187.42	-187.18	57.77	-58.13	0.00	0.00	0.00	0.00
3,300.00	7.82	162.85	3,286.49	-200.18	61.78	-62.17	0.00	0.00	0.00	0.00
3,400.00	7.82	162.85	3,385.56	-213.18	65.80	-66.21	0.00	0.00	0.00	0.00
3,498.35	7.82	162.85	3,483.00	-225.97	69.74	-70.18	0.00	0.00	0.00	0.00
<b>DLWR Mnt. Group</b>										
3,500.00	7.82	162.85	3,484.63	-226.19	69.81	-70.24	0.00	0.00	0.00	0.00
3,600.00	7.82	162.85	3,583.70	-239.19	73.82	-74.28	0.00	0.00	0.00	0.00
3,700.00	7.82	162.85	3,682.77	-252.19	77.84	-78.32	0.00	0.00	0.00	0.00
3,800.00	7.82	162.85	3,781.84	-265.19	81.85	-82.36	0.00	0.00	0.00	0.00
3,900.00	7.82	162.85	3,880.91	-278.19	85.86	-86.39	0.00	0.00	0.00	0.00



Planning Report

<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
4,000.00	7.82	162.85	3,979.98	-291.19	89.87	-90.43	0.00	0.00	0.00	
4,100.00	7.82	162.85	4,079.05	-304.19	93.89	-94.47	0.00	0.00	0.00	
4,200.00	7.82	162.85	4,178.12	-317.19	97.90	-98.51	0.00	0.00	0.00	
4,300.00	7.82	162.85	4,277.19	-330.20	101.91	-102.54	0.00	0.00	0.00	
4,400.00	7.82	162.85	4,376.26	-343.20	105.92	-106.58	0.00	0.00	0.00	
4,500.00	7.82	162.85	4,475.33	-356.20	109.94	-110.62	0.00	0.00	0.00	
4,600.00	7.82	162.85	4,574.40	-369.20	113.95	-114.66	0.00	0.00	0.00	
4,700.00	7.82	162.85	4,673.47	-382.20	117.96	-118.70	0.00	0.00	0.00	
4,800.00	7.82	162.85	4,772.54	-395.20	121.97	-122.73	0.00	0.00	0.00	
4,900.00	7.82	162.85	4,871.61	-408.20	125.99	-126.77	0.00	0.00	0.00	
5,000.00	7.82	162.85	4,970.68	-421.20	130.00	-130.81	0.00	0.00	0.00	
5,100.00	7.82	162.85	5,069.75	-434.20	134.01	-134.85	0.00	0.00	0.00	
5,200.00	7.82	162.85	5,168.82	-447.21	138.02	-138.88	0.00	0.00	0.00	
5,300.00	7.82	162.85	5,267.89	-460.21	142.04	-142.92	0.00	0.00	0.00	
5,391.96	7.82	162.85	5,359.00	-472.16	145.73	-146.63	0.00	0.00	0.00	
<b>Lower Brushy Canyon</b>										
5,400.00	7.82	162.85	5,366.96	-473.21	146.05	-146.96	0.00	0.00	0.00	
5,500.00	7.82	162.85	5,466.03	-486.21	150.06	-151.00	0.00	0.00	0.00	
5,600.00	7.82	162.85	5,565.10	-499.21	154.08	-155.03	0.00	0.00	0.00	
5,700.00	7.82	162.85	5,664.17	-512.21	158.09	-159.07	0.00	0.00	0.00	
5,800.00	7.82	162.85	5,763.24	-525.21	162.10	-163.11	0.00	0.00	0.00	
5,802.78	7.82	162.85	5,766.00	-525.57	162.21	-163.22	0.00	0.00	0.00	
<b>Bone Spring Lime</b>										
5,900.00	7.82	162.85	5,862.31	-538.21	166.11	-167.15	0.00	0.00	0.00	
6,000.00	7.82	162.85	5,961.38	-551.22	170.13	-171.18	0.00	0.00	0.00	
6,100.00	7.82	162.85	6,060.45	-564.22	174.14	-175.22	0.00	0.00	0.00	
6,200.00	7.82	162.85	6,159.52	-577.22	178.15	-179.26	0.00	0.00	0.00	
6,300.00	7.82	162.85	6,258.59	-590.22	182.16	-183.30	0.00	0.00	0.00	
6,400.00	7.82	162.85	6,357.66	-603.22	186.18	-187.33	0.00	0.00	0.00	
6,500.00	7.82	162.85	6,456.73	-616.22	190.19	-191.37	0.00	0.00	0.00	
6,600.00	7.82	162.85	6,555.80	-629.22	194.20	-195.41	0.00	0.00	0.00	
6,700.00	7.82	162.85	6,654.87	-642.22	198.21	-199.45	0.00	0.00	0.00	
6,725.64	7.82	162.85	6,680.28	-645.56	199.24	-200.48	0.00	0.00	0.00	
6,800.00	6.70	162.85	6,754.04	-654.54	202.02	-203.27	1.50	-1.50	0.00	
6,900.00	5.20	162.85	6,853.49	-664.45	205.08	-206.35	1.50	-1.50	0.00	
7,000.00	3.70	162.85	6,953.19	-671.87	207.37	-208.66	1.50	-1.50	0.00	
7,100.00	2.20	162.85	7,053.05	-676.80	208.89	-210.19	1.50	-1.50	0.00	
7,177.98	1.04	162.85	7,131.00	-678.90	209.54	-210.84	1.50	-1.50	0.00	
<b>1st Bone Spring SD</b>										
7,200.00	0.70	162.85	7,153.02	-679.22	209.63	-210.94	1.50	-1.50	0.00	
7,246.98	0.00	0.01	7,200.00	-679.50	209.72	-211.02	1.50	-1.50	0.00	
<b>00-EON(BD34-134H-v01)</b>										
7,300.00	0.00	0.00	7,253.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,400.00	0.00	0.00	7,353.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,402.98	0.00	0.00	7,356.00	-679.50	209.72	-211.02	0.00	0.00	0.00	
<b>2nd Bone Spring LM</b>										
7,500.00	0.00	0.00	7,453.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,600.00	0.00	0.00	7,553.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,700.00	0.00	0.00	7,653.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,800.00	0.00	0.00	7,753.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,900.00	0.00	0.00	7,853.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
7,962.98	0.00	0.00	7,916.00	-679.50	209.72	-211.02	0.00	0.00	0.00	
<b>2nd Bone Spring SD</b>										



Planning Report

<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
8,000.00	0.00	0.00	7,953.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
8,100.00	0.00	0.00	8,053.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
8,200.00	0.00	0.00	8,153.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
8,212.98	0.00	0.00	8,166.00	-679.50	209.72	-211.02	0.00	0.00	0.00	
<b>3rd Bone Spring LM</b>										
8,300.00	0.00	0.00	8,253.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
8,400.00	0.00	0.00	8,353.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
8,500.00	0.00	0.00	8,453.02	-679.50	209.72	-211.02	0.00	0.00	0.00	
8,600.28	0.00	0.00	8,553.30	-679.50	209.72	-211.02	0.00	0.00	0.00	
<b>KOP: 8600.28' MD, -211.02 VS, 8553.30' TVD</b>										
8,650.00	4.97	270.11	8,602.95	-679.50	207.56	-208.87	10.00	10.00	0.00	
8,700.00	9.97	270.11	8,652.51	-679.48	201.06	-202.37	10.00	10.00	0.00	
8,750.00	14.97	270.11	8,701.32	-679.46	190.27	-191.57	10.00	10.00	0.00	
8,800.00	19.97	270.11	8,749.00	-679.43	175.26	-176.57	10.00	10.00	0.00	
8,850.00	24.97	270.11	8,795.19	-679.40	156.16	-157.46	10.00	10.00	0.00	
8,900.00	29.97	270.11	8,839.53	-679.35	133.10	-134.40	10.00	10.00	0.00	
8,925.11	32.48	270.11	8,861.00	-679.33	120.09	-121.39	10.00	10.00	0.00	
<b>3rd Bone Spring SD</b>										
8,950.00	34.97	270.11	8,881.70	-679.30	106.26	-107.57	10.00	10.00	0.00	
9,000.00	39.97	270.11	8,921.37	-679.24	75.86	-77.16	10.00	10.00	0.00	
9,034.15	43.39	270.11	8,946.88	-679.20	53.15	-54.45	10.00	10.00	0.00	
<b>01-FTP(BD34-134H-v01)</b>										
9,050.00	44.97	270.11	8,958.24	-679.18	42.11	-43.41	10.00	10.00	0.00	
9,100.00	49.97	270.11	8,992.03	-679.11	5.27	-6.57	10.00	10.00	0.00	
9,150.00	54.97	270.11	9,022.48	-679.03	-34.37	33.07	10.00	10.00	0.00	
9,200.00	59.97	270.11	9,049.35	-678.95	-76.51	75.21	10.00	10.00	0.00	
9,250.00	64.97	270.11	9,072.46	-678.87	-120.84	119.53	10.00	10.00	0.00	
9,300.00	69.97	270.11	9,091.61	-678.78	-167.01	165.70	10.00	10.00	0.00	
9,350.00	74.97	270.11	9,106.66	-678.69	-214.67	213.37	10.00	10.00	0.00	
9,400.00	79.97	270.11	9,117.50	-678.59	-263.46	262.16	10.00	10.00	0.00	
9,450.00	84.97	270.11	9,124.05	-678.50	-313.02	311.71	10.00	10.00	0.00	
9,500.00	89.97	270.11	9,126.26	-678.40	-362.95	361.65	10.00	10.00	0.00	
9,509.48	90.92	270.11	9,126.18	-678.38	-372.43	371.13	10.00	10.00	0.00	
<b>EOC: 9509.48' MD, 371.13 VS, 9126.18' TVD</b>										
9,600.00	90.92	270.11	9,124.73	-678.21	-462.94	461.64	0.00	0.00	0.00	
9,700.00	90.92	270.11	9,123.13	-678.02	-562.93	561.63	0.00	0.00	0.00	
9,800.00	90.92	270.11	9,121.52	-677.82	-662.91	661.61	0.00	0.00	0.00	
9,900.00	90.92	270.11	9,119.91	-677.63	-762.90	761.60	0.00	0.00	0.00	
10,000.00	90.92	270.11	9,118.31	-677.44	-862.89	861.59	0.00	0.00	0.00	
10,100.00	90.92	270.11	9,116.70	-677.25	-962.88	961.57	0.00	0.00	0.00	
10,200.00	90.92	270.11	9,115.10	-677.06	-1,062.86	1,061.56	0.00	0.00	0.00	
10,300.00	90.92	270.11	9,113.49	-676.86	-1,162.85	1,161.55	0.00	0.00	0.00	
10,400.00	90.92	270.11	9,111.89	-676.67	-1,262.84	1,261.53	0.00	0.00	0.00	
10,500.00	90.92	270.11	9,110.28	-676.48	-1,362.82	1,361.52	0.00	0.00	0.00	
10,600.00	90.92	270.11	9,108.67	-676.29	-1,462.81	1,461.51	0.00	0.00	0.00	
10,700.00	90.92	270.11	9,107.07	-676.10	-1,562.80	1,561.50	0.00	0.00	0.00	
10,800.00	90.92	270.11	9,105.46	-675.91	-1,662.78	1,661.48	0.00	0.00	0.00	
10,900.00	90.92	270.11	9,103.86	-675.71	-1,762.77	1,761.47	0.00	0.00	0.00	
11,000.00	90.92	270.11	9,102.25	-675.52	-1,862.76	1,861.46	0.00	0.00	0.00	
11,100.00	90.92	270.11	9,100.65	-675.33	-1,962.74	1,961.44	0.00	0.00	0.00	
11,200.00	90.92	270.11	9,099.04	-675.14	-2,062.73	2,061.43	0.00	0.00	0.00	
11,300.00	90.92	270.11	9,097.43	-674.95	-2,162.72	2,161.42	0.00	0.00	0.00	
11,400.00	90.92	270.11	9,095.83	-674.75	-2,262.71	2,261.41	0.00	0.00	0.00	



Planning Report

<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N-S (usft)	+E-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
11,500.00	90.92	270.11	9,094.22	-674.56	-2,362.69	2,361.39	0.00	0.00	0.00	
11,605.62	90.92	270.11	9,092.53	-674.36	-2,468.30	2,467.00	0.00	0.00	0.00	
<b>Start DLS 2.00 TFO 179.24</b>										
11,617.18	90.69	270.11	9,092.37	-674.34	-2,479.86	2,478.56	2.00	-2.00	0.03	
11,700.00	90.69	270.11	9,091.37	-674.17	-2,562.67	2,561.37	0.00	0.00	0.00	
11,800.00	90.69	270.11	9,090.17	-673.98	-2,662.66	2,661.37	0.00	0.00	0.00	
11,900.00	90.69	270.11	9,088.97	-673.78	-2,762.66	2,761.36	0.00	0.00	0.00	
12,000.00	90.69	270.11	9,087.76	-673.58	-2,862.65	2,861.35	0.00	0.00	0.00	
12,100.00	90.69	270.11	9,086.56	-673.38	-2,962.64	2,961.34	0.00	0.00	0.00	
12,200.00	90.69	270.11	9,085.36	-673.19	-3,062.63	3,061.34	0.00	0.00	0.00	
12,300.00	90.69	270.11	9,084.16	-672.99	-3,162.63	3,161.33	0.00	0.00	0.00	
12,400.00	90.69	270.11	9,082.96	-672.79	-3,262.62	3,261.32	0.00	0.00	0.00	
12,500.00	90.69	270.11	9,081.75	-672.59	-3,362.61	3,361.31	0.00	0.00	0.00	
12,600.00	90.69	270.11	9,080.55	-672.40	-3,462.60	3,461.31	0.00	0.00	0.00	
12,700.00	90.69	270.11	9,079.35	-672.20	-3,562.60	3,561.30	0.00	0.00	0.00	
12,800.00	90.69	270.11	9,078.15	-672.00	-3,662.59	3,661.29	0.00	0.00	0.00	
12,900.00	90.69	270.11	9,076.95	-671.80	-3,762.58	3,761.29	0.00	0.00	0.00	
13,000.00	90.69	270.11	9,075.74	-671.61	-3,862.58	3,861.28	0.00	0.00	0.00	
13,100.00	90.69	270.11	9,074.54	-671.41	-3,962.57	3,961.27	0.00	0.00	0.00	
13,200.00	90.69	270.11	9,073.34	-671.21	-4,062.56	4,061.26	0.00	0.00	0.00	
13,300.00	90.69	270.11	9,072.14	-671.02	-4,162.55	4,161.26	0.00	0.00	0.00	
13,400.00	90.69	270.11	9,070.94	-670.82	-4,262.55	4,261.25	0.00	0.00	0.00	
13,500.00	90.69	270.11	9,069.73	-670.62	-4,362.54	4,361.24	0.00	0.00	0.00	
13,600.00	90.69	270.11	9,068.53	-670.42	-4,462.53	4,461.24	0.00	0.00	0.00	
13,700.00	90.69	270.11	9,067.33	-670.23	-4,562.52	4,561.23	0.00	0.00	0.00	
13,800.00	90.69	270.11	9,066.13	-670.03	-4,662.52	4,661.22	0.00	0.00	0.00	
13,900.00	90.69	270.11	9,064.92	-669.83	-4,762.51	4,761.21	0.00	0.00	0.00	
14,000.00	90.69	270.11	9,063.72	-669.63	-4,862.50	4,861.21	0.00	0.00	0.00	
14,100.00	90.69	270.11	9,062.52	-669.44	-4,962.49	4,961.20	0.00	0.00	0.00	
14,200.00	90.69	270.11	9,061.32	-669.24	-5,062.49	5,061.19	0.00	0.00	0.00	
14,300.00	90.69	270.11	9,060.12	-669.04	-5,162.48	5,161.18	0.00	0.00	0.00	
14,400.00	90.69	270.11	9,058.91	-668.85	-5,262.47	5,261.18	0.00	0.00	0.00	
14,500.00	90.69	270.11	9,057.71	-668.65	-5,362.46	5,361.17	0.00	0.00	0.00	
14,600.00	90.69	270.11	9,056.51	-668.45	-5,462.46	5,461.16	0.00	0.00	0.00	
14,700.00	90.69	270.11	9,055.31	-668.25	-5,562.45	5,561.16	0.00	0.00	0.00	
14,800.00	90.69	270.11	9,054.11	-668.06	-5,662.44	5,661.15	0.00	0.00	0.00	
14,900.00	90.69	270.11	9,052.90	-667.86	-5,762.43	5,761.14	0.00	0.00	0.00	
15,000.00	90.69	270.11	9,051.70	-667.66	-5,862.43	5,861.13	0.00	0.00	0.00	
15,100.00	90.69	270.11	9,050.50	-667.46	-5,962.42	5,961.13	0.00	0.00	0.00	
15,200.00	90.69	270.11	9,049.30	-667.27	-6,062.41	6,061.12	0.00	0.00	0.00	
15,300.00	90.69	270.11	9,048.10	-667.07	-6,162.40	6,161.11	0.00	0.00	0.00	
15,400.00	90.69	270.11	9,046.89	-666.87	-6,262.40	6,261.11	0.00	0.00	0.00	
15,500.00	90.69	270.11	9,045.69	-666.67	-6,362.39	6,361.10	0.00	0.00	0.00	
15,600.00	90.69	270.11	9,044.49	-666.48	-6,462.38	6,461.09	0.00	0.00	0.00	
15,700.00	90.69	270.11	9,043.29	-666.28	-6,562.37	6,561.08	0.00	0.00	0.00	
15,800.00	90.69	270.11	9,042.09	-666.08	-6,662.37	6,661.08	0.00	0.00	0.00	
15,900.00	90.69	270.11	9,040.88	-665.89	-6,762.36	6,761.07	0.00	0.00	0.00	
16,000.00	90.69	270.11	9,039.68	-665.69	-6,862.35	6,861.06	0.00	0.00	0.00	
16,100.00	90.69	270.11	9,038.48	-665.49	-6,962.35	6,961.05	0.00	0.00	0.00	
16,200.00	90.69	270.11	9,037.28	-665.29	-7,062.34	7,061.05	0.00	0.00	0.00	
16,300.00	90.69	270.11	9,036.08	-665.10	-7,162.33	7,161.04	0.00	0.00	0.00	
16,400.00	90.69	270.11	9,034.87	-664.90	-7,262.32	7,261.03	0.00	0.00	0.00	
16,500.00	90.69	270.11	9,033.67	-664.70	-7,362.32	7,361.03	0.00	0.00	0.00	
16,600.00	90.69	270.11	9,032.47	-664.50	-7,462.31	7,461.02	0.00	0.00	0.00	



Planning Report

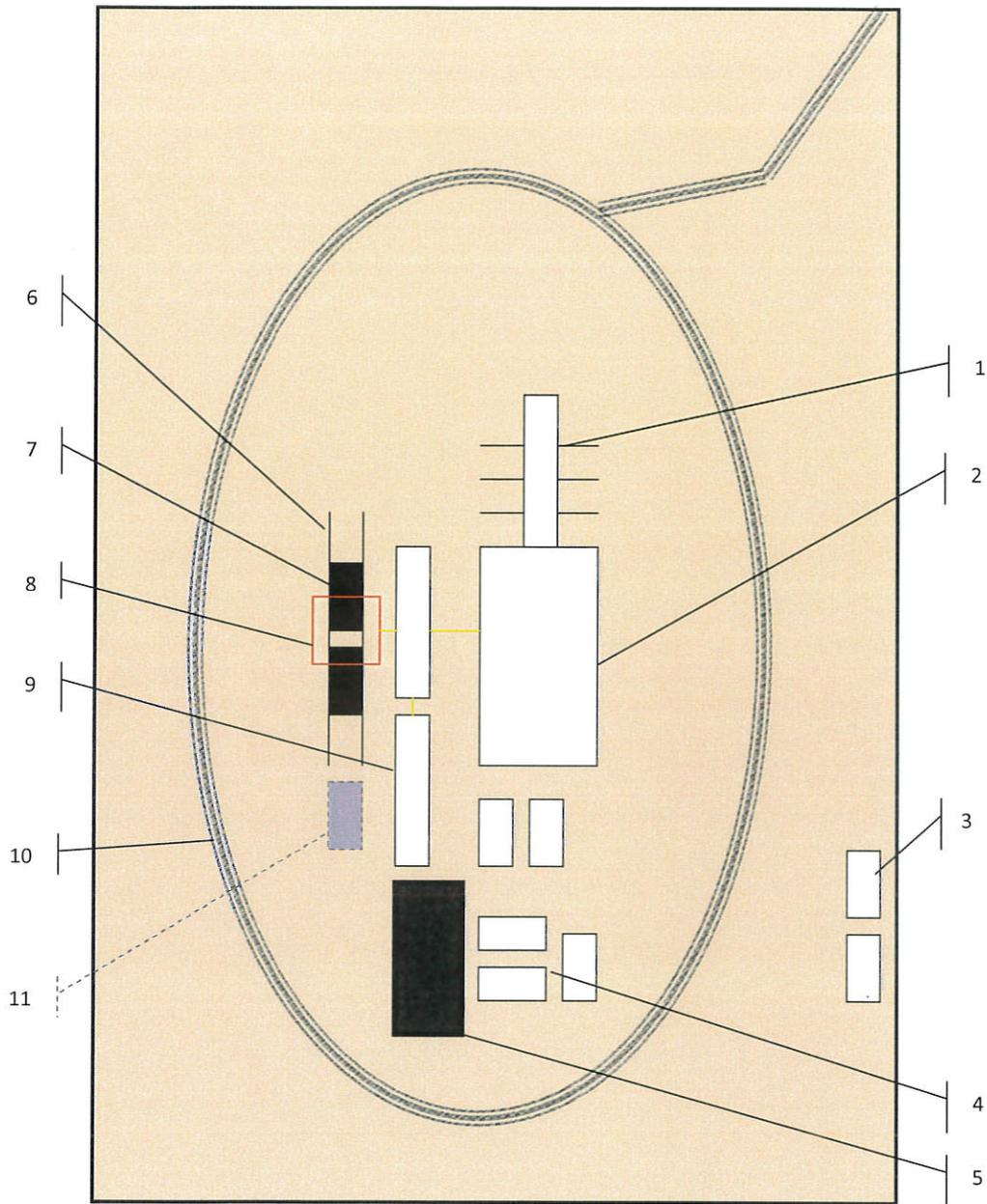
<b>Database:</b>	EDM 5000.14 Single User Db	<b>Local Co-ordinate Reference:</b>	Well Black Diamond 34 Fed Com 134H
<b>Company:</b>	Colgate Energy	<b>TVD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Project:</b>	Eddy County, NM (N83-NME)	<b>MD Reference:</b>	RKB @ 3356.00usft (Permit)
<b>Site:</b>	Black Diamond 34 Fed Com	<b>North Reference:</b>	Grid
<b>Well:</b>	Black Diamond 34 Fed Com 134H	<b>Survey Calculation Method:</b>	Minimum Curvature
<b>Wellbore:</b>	Permit		
<b>Design:</b>	Plan #1 r1		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
16,683.15	90.69	270.11	9,031.47	-664.34	-7,545.45	7,544.16	0.00	0.00	0.00
TD: 16683.15' MD, 7544.16 VS, 9031.47' TVD - 02-PBHL(BD34-134H-v01)									

Design Targets									
Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
00-EON(BD34-134H-v01) - plan hits target center - Point	0.00	0.01	7,200.00	-679.50	209.72	586,137.56	627,148.59	32.61103440	-104.05464916
02-PBHL(BD34-134H-v01) - plan hits target center - Point	0.00	0.00	9,031.47	-664.34	-7,545.45	586,152.72	619,393.42	32.61112942	-104.07983488
01-FTP(BD34-134H-v01) - plan misses target center by 280.09usft at 9034.15usft MD (8946.88 TVD, -679.20 N, 53.15 E) - Point	0.00	270.11	9,136.00	-679.77	259.75	586,137.29	627,198.62	32.61103330	-104.05448670

Formations						
Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)	
141.00	141.00	Rustler		0.00		
376.00	376.00	Top of Salt		0.00		
1,131.00	1,131.00	Base of Salt		0.00		
1,380.00	1,380.00	Yates		0.00		
2,756.45	2,748.00	Capitan		0.00		
3,498.35	3,483.00	DLWR Mnt. Group		0.00		
5,391.96	5,359.00	Lower Brushy Canyon		0.00		
5,802.78	5,766.00	Bone Spring Lime		0.00		
7,177.98	7,131.00	1st Bone Spring SD		0.00		
7,402.98	7,356.00	2nd Bone Spring LM		0.00		
7,962.98	7,916.00	2nd Bone Spring SD		0.00		
8,212.98	8,166.00	3rd Bone Spring LM		0.00		
8,925.11	8,861.00	3rd Bone Spring SD		0.00		

Plan Annotations				
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
8,600.28	8,553.30	-679.50	209.72	KOP: 8600.28' MD, -211.02 VS, 8553.30' TVD
9,509.48	9,126.18	-678.38	-372.43	EOC: 9509.48' MD, 371.13 VS, 9126.18' TVD
11,605.62	9,092.53	-674.36	-2,468.30	Start DLS 2.00 TFO 179.24
16,683.15	9,031.47	-664.34	-7,545.45	TD: 16683.15' MD, 7544.16 VS, 9031.47' TVD



**Schematic Closed Loop Drilling Rig\***

1. Pipe Rack
2. Drill Rig
3. House Trailers/ Offices
4. Generator/Fuel/Storage
5. Overflow-Frac Tank
6. Skids
7. Roll Offs
8. Hopper or Centrifuge
9. Mud Tanks
10. Loop Drive
11. Generator (only for use with centrifuge)

\*Not drawn to scale: Closed loop system requires at least 30 feet beyond mud tanks. Ideally 60 feet would be available

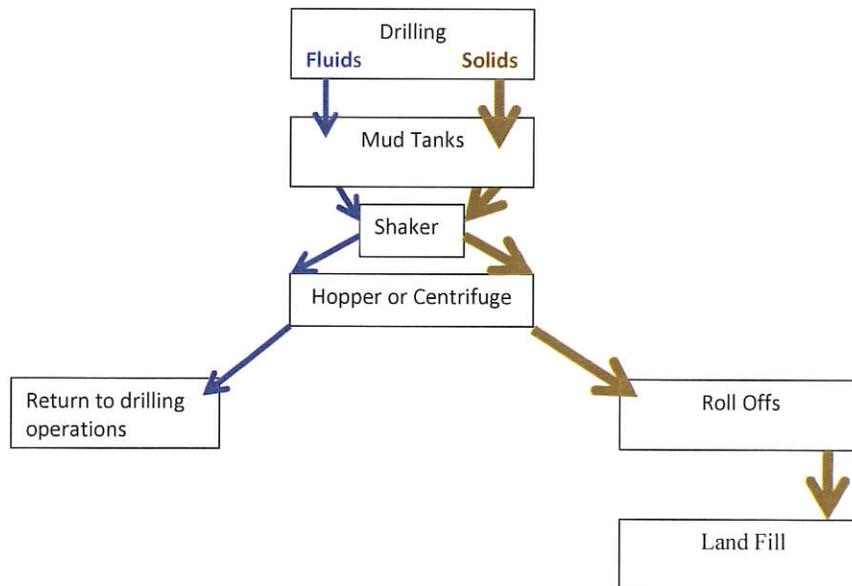


Above: Centrifugal Closed Loop System



Closed Loop Drilling System: Mud tanks to right (1)  
Hopper in air to settle out solids (2)  
Water return pipe (3)  
Shaker between hopper and mud tanks (4)  
Roll offs on skids (5)

Flow Chart for Drilling Fluids and Solids



Photos Courtesy of Gandy Corporation Oil Field Service

**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**

COMMENTS

Action 12079

**COMMENTS**

Operator: COLGATE OPERATING, LLC      300 North Marienfeld Street Suite 1000      Midland, TX79701		OGRID: 371449	Action Number: 12079	Action Type: FORM 3160-3
Created By kpickford	Comment KP GEO Review 12/15/2020	Comment Date 12/15/2020		

**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**

CONDITIONS

Action 12079

**CONDITIONS OF APPROVAL**

Operator:	COLGATE OPERATING, LLC Suite 1000 Midland, TX79701	300 North Marienfeld Street	OGRID: 371449	Action Number: 12079	Action Type: FORM 3160-3
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OCD Reviewer	Condition
kpickford	Will require a directional survey with the C-104
kpickford	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
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.