

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. NMNM138896 6. If Indian, Allottee or Tribe Name 7. If Unit or CA Agreement, Name and No. 8. Lease Name and Well No. YADA FED COM [329930] 137H 9. API Well No. 30-025-48269
2. Name of Operator TAP ROCK OPERATING LLC [372043] 3a. Address 602 Park Point Drive Suite 200, Golden, CO 80401 3b. Phone No. (include area code) (720) 460-3316		10. Field and Pool, or Exploratory [98098] WC-025 G-09 S243532M; WOLFBONE 11. Sec., T. R. M. or Blk. and Survey or Area SEC 35/T24S/R35E/NMP
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SESW / 213 FSL / 2228 FWL / LAT 32.1673073 / LONG -103.3396459 At proposed prod. zone NENW / 5 FNL / 1980 FWL / LAT 32.1957433 / LONG -103.3404572		12. County or Parish LEA 13. State NM
14. Distance in miles and direction from nearest town or post office* 9 miles		15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 213 feet 16. No of acres in lease 120 17. Spacing Unit dedicated to this well 320.0
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 25 feet 19. Proposed Depth 11795 feet / 22275 feet 20. BLM/BIA Bond No. in file FED: NMB001443		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3251 feet 22. Approximate date work will start* 12/01/2020 23. Estimated duration 90 days
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.
2. A Drilling Plan.
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).
5. Operator certification.
6. Such other site specific information and/or plans as may be requested by the BLM. |
|---|---|

25. Signature (Electronic Submission) Title President	Name (Printed/Typed) BRIAN WOOD / Ph: (720) 460-3316	Date 05/13/2020
Approved by (Signature) (Electronic Submission) Title Assistant Field Manager Lands & Minerals	Name (Printed/Typed) Cody Layton / Ph: (575) 234-5959 Office Carlsbad Field Office	Date 11/30/2020

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.

GCP Rec 12/17/2020**SL**

(Continued on page 2)

**Approval Date: 11/30/2020**

KZ
12/29/2020

*(Instructions on page 2)

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

¹ API Number 30-025-48269	² Pool Code 98098	³ Pool Name WC-025 G-09 S243532M; WOLFBONE
⁴ Property Code 329930	⁵ Property Name YADA FED COM	
⁷ OGRID No. 372043	⁸ Operator Name TAP ROCK OPERATING, LLC.	⁶ Well Number 137H
		⁹ Elevation 3251'

¹⁰Surface Location

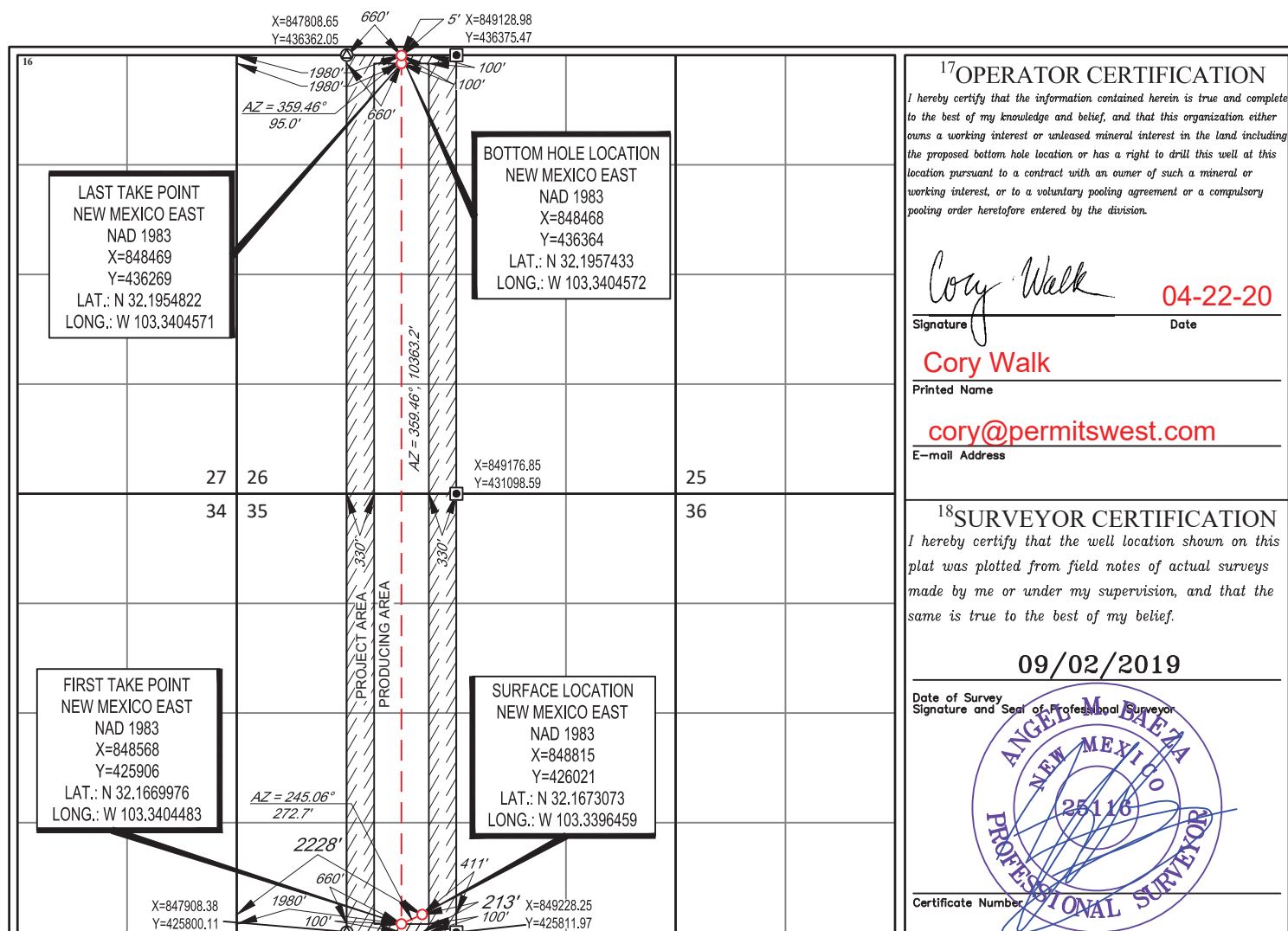
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	35	24-S	35-E	-	213'	SOUTH	2228'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

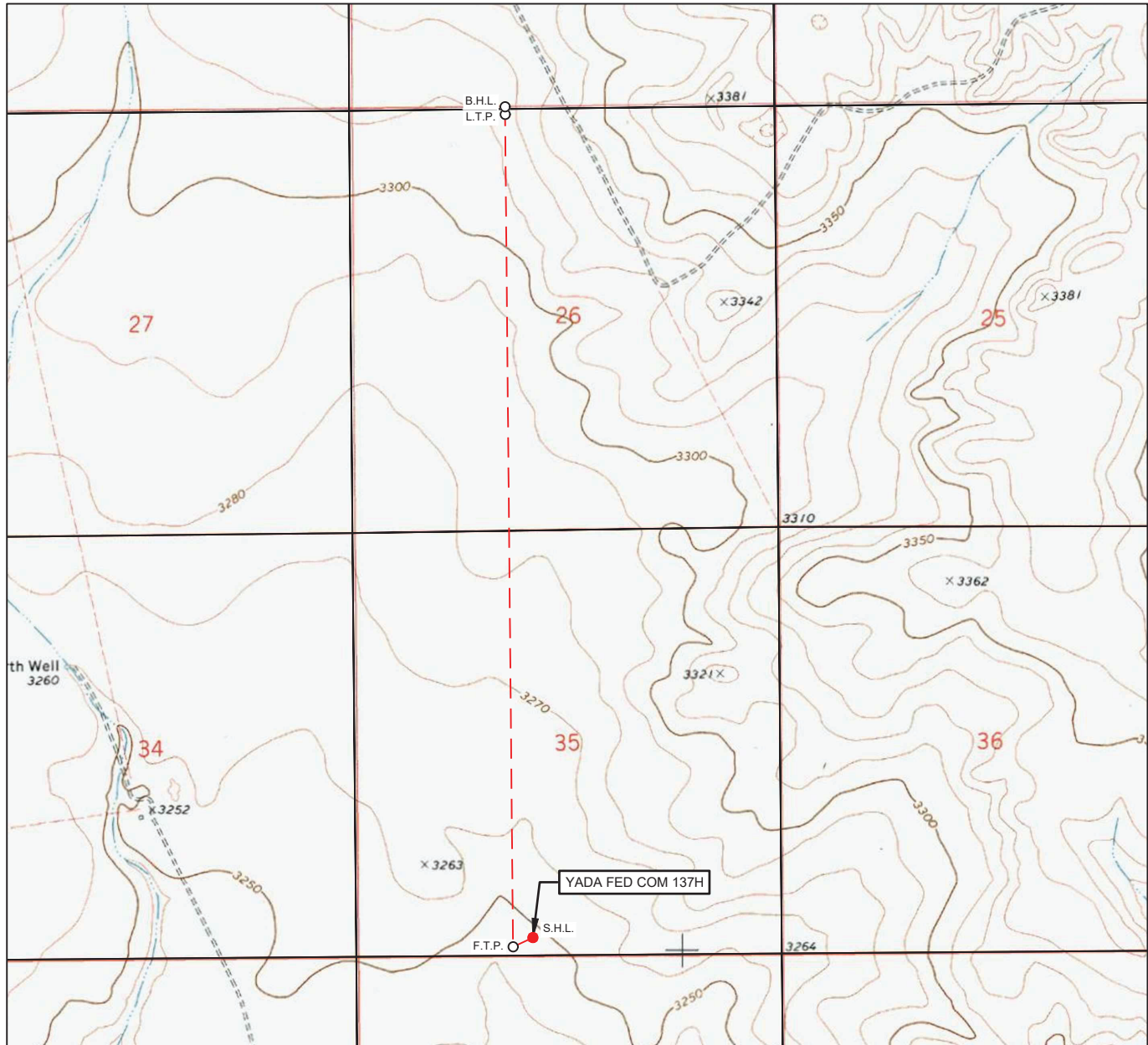
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	24-S	35-E	-	5'	NORTH	1980'	WEST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



LOCATION & ELEVATION VERIFICATION MAP

LEASE NAME & WELL NO.: YADA FED COM 137H

SECTION 35 TWP 24-S RGE 35-E SURVEY N.M.P.M.
 COUNTY LEA STATE NM ELEVATION 3251'
 DESCRIPTION 213' FSL & 2228' FWL

LATITUDE N 32.1673073 LONGITUDE W 103.3396459

SCALE: 1" = 2000'
 0' 1000' 2000'

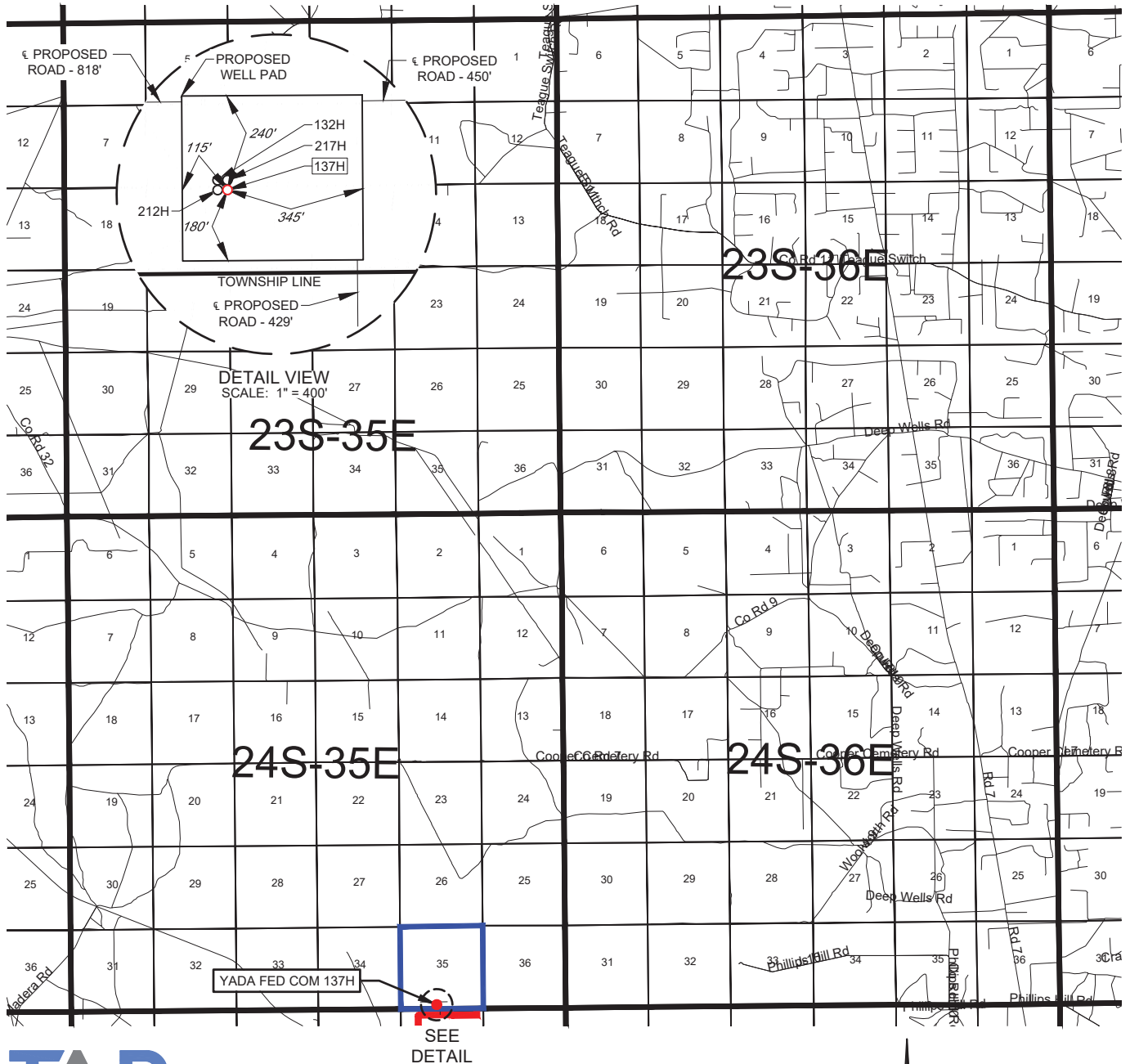
THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY TAP ROCK OPERATING, LLC. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.



TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
 TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
 2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 WWW.TOPOGRAPHIC.COM

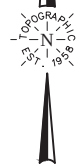
EXHIBIT 2
VICINITY MAPLEASE NAME & WELL NO.: YADA FED COM 137HSECTION 35 TWP 24-S RGE 35-E SURVEY N.M.P.M.COUNTY LEA STATE NMDESCRIPTION 213' FSL & 2228' FWL

DISTANCE & DIRECTION

FROM INT. OF N 3RD ST. & NM-128. GO WEST ON NM-128 ± 9.3 MILES.
 THENCE NORTH (RIGHT) ON A PROPOSED RD. ± 5330 , THEN EAST
 (RIGHT) ± 1384 FEET, THEN NORTH (LEFT) ± 429 FEET TO A POINT ± 376
 FEET SOUTHEAST OF THE LOCATION.

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY
 SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA
 PROVIDED BY TAP ROCK OPERATING, LLC. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR
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 MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.



SCALE: 1" = 10000'

0' 5000' 10000'



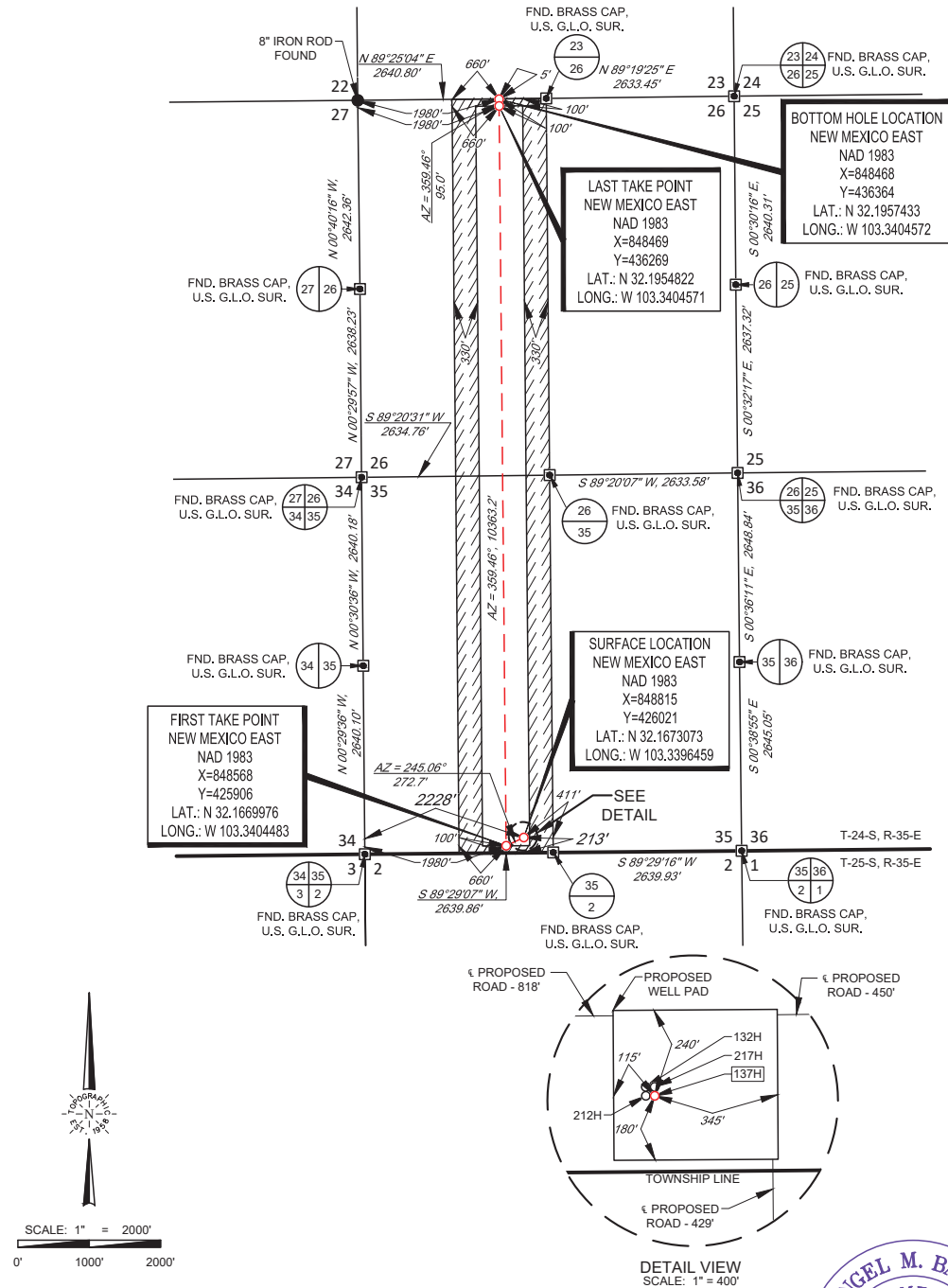
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TAP ROCK

EXHIBIT 2A

SECTION 35, TOWNSHIP 24-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



LEASE NAME & WELL NO.: YADA FED COM 137H

SECTION 35 TWP 24-S RGE 35-E SURVEY N.M.P.M.
COUNTY LEA STATE NM
DESCRIPTION 213' FSL & 2228' FWL

DISTANCE & DIRECTION

FROM INT. OF N 3RD ST. & NM-128. GO WEST ON NM-128 ±9.3 MILES.
THENCE NORTH (RIGHT) ON A PROPOSED RD. ±5330, THEN EAST
(RIGHT) ±1384 FEET, THEN NORTH (LEFT) ±429 FEET TO A POINT ±376
FEET SOUTHEAST OF THE LOCATION.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID
BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY
FEET.

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND
UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF
SURVEY, AND DATA PROVIDED BY TAP ROCK OPERATING, LLC THIS CERTIFICATION IS MADE AND
LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS
NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.



Angel M. Baeza, P.S. No. 25116

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
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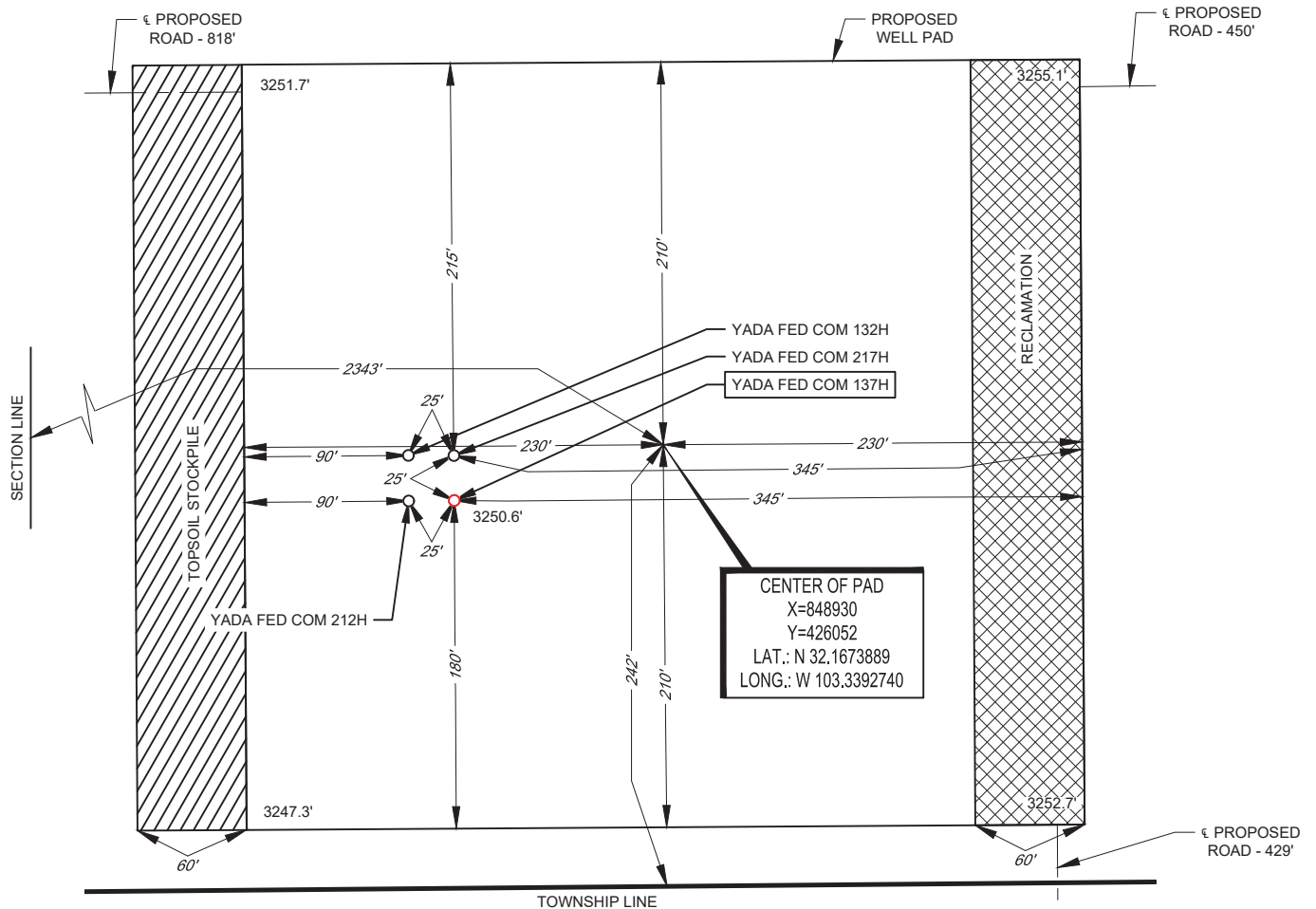


SECTION 35, TOWNSHIP 24-S, RANGE 35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO

DETAIL VIEW
SCALE: 1" = 100'

LEGEND

- TOWNSHIP LINE
 SECTION LINE
 PROPOSED ROAD



LEASE NAME & WELL NO.: YADA FED COM 137H
137H LATITUDE N 32.1673073 137H LONGITUDE W 103.3396459

CENTER OF PAD IS 242' FSL & 2343' FWL




Angel M. Baeza, P.S. No. 25116

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET. ELEVATIONS USED ARE NAVD88, OBTAINED THROUGH AN OPUS SOLUTION.

THIS PROPOSED PAD SITE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY TAP ROCK OPERATING, LLC. ONLY THE DATA SHOWN ABOVE IS BEING CERTIFIED TO, ALL OTHER INFORMATION WAS INTENTIONALLY OMITTED. THIS PLAT IS ONLY INTENDED TO BE USED FOR A PERMIT AND IS NOT A BOUNDARY SURVEY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.



SCALE: 1" = 100'



A horizontal scale bar with a black background and white markings. It is divided into two equal segments, each labeled '50'' below the bar. The total length is labeled '100'' at the right end. The left end is labeled '0''.



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 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 WWW.TOPOGRAPHIC.COM

ORIGINAL DOCUMENT SIZE: 8.5" X 11"

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811 S. First St., Artesia, NM 88210
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1000 Rio Brazos Road, Aztec, NM 87410
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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: 3/27/2020

☒ Original Operator & OGRID No.: 372043
☐ 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
YADA FED COM #137H 30-025-48269		N Sec 35 T.24S. R.35E	213' FSL 2228' FWL	+/- 1,600	21 days	Gas will be flared for ~21 days during flowback before being turned to the TB. Time est. depends on sales connect and well cleanup.

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 Salt Creek Midstream and will be connected to Salt Creek Midstream low/high pressure gathering system located in Eddy County, New Mexico. It will require ~15,000' of pipeline to connect the facility to low/high pressure gathering system. Tap Rock Operating, LLC provides (periodically) to Salt Creek Midstream a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Tap Rock Operating, LLC and Salt Creek Midstream have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Salt Creek Midstream Processing Plant located in Reeves County, Texas. 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 Salt Creek Midstream's system at that time. Based on current information, it is . Tap Rock Operating, LLC's belief the system can take this gas upon completion of the well(s).

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

Alternatives to Reduce Flaring

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

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease

- Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines



Drilling Operations Plan
Yada Fed Com 137H
Tap Rock Operating, LLC
SHL 213' FSL & 2228' FWL, Sec. 35
BHL 5' FNL & 1980' FWL, Sec. 26
T. 24S, R. 35E Lea County, NM

Elevation above Sea Level: 3251'

DRILLING PROGRAM

1. Estimated Tops

Formation	TVD	MD	Lithologies	Bearing
Quaternary Deposits	0	0	Surface	None
Rustler Anhydrite	545	545		Salt
Salado	965	965	Salt	Salt
Base Salt	4885	4885		Salt
Lamar	5205	5207	Limestone	None
Bell Canyon	5145	5147	Sandstone	Hydrocarbons
Cherry Canyon	6155	6158	Sandstone	Hydrocarbons
Brushy Canyon	7595	7599	Sandstone	Hydrocarbons
Bone Spring	8890	8894	Limestone	Hydrocarbons
1st Bone Spring	10100	10104	Sandstone	Hydrocarbons
2nd Bone Spring	10335	10339	Sandstone	Hydrocarbons
3rd Bone Spring	11065	11069	Sandstone	Hydrocarbons
KOP	11402	11406	Sandstone	Hydrocarbons
3rd BS W Sand	11849	11905	Shale	Hydrocarbons
TD	11795	22275	Shale	Hydrocarbons

2. Notable Zones

3rd Bone Spring W Sand is the formation target.

3. Pressure Control

Pressure Control Equipment (See Schematics):

A 15,000', 10,000 psi BOP stack consisting of 3 rams with 2 pipe rams, 1 blind ram, and 1 annular preventer will be used below surface casing to TD. See attachments for BOP and choke manifold diagrams. Also present will be an accumulator that meets the requirements of Onshore Order #2 for the pressure rating of the BOP stack. A rotating head will also be installed as needed. BOP will be inspected and operated as recommended in Onshore Order #2. A top drive check valve and sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position. The wellhead will be a multi-bowl speed head.



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T. 24S, R. 35E Lea County, NM

BOP Test procedure will be as follows:

After surface casing is set and the BOP is nipped up, the BOP pressure tests will be made with a third party tester to 250 psi low, 5000 psi high, and the annular preventer will be tested to 2,500 psi. The BOP will be tested in this manner after nipple-up if any break of the stack occurs. Before drilling out from 7.625" casing shoe, the BOP pressure tests will be made with a third party tester to 250 psi low, 10,000 psi high, and the annular preventer will be tested to 5,000 psi. The BOP will be tested in this manner if passage of allotted time occurs.

Variance Requests:

Tap Rock requests a variance to run a multi-bowl speed head for setting the Intermediate 1, Intermediate 2, and Production Strings. Tap Rock requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached. The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used. Tap Rock requests a variance to have the option of batch drilling this well with other wells on the same pad. In the event that this well is batch drilled, after drilling surface, 1st intermediate, and 2nd intermediate hole sections and cementing 2nd intermediate casing, a 10M dry hole cap with bleed off valve will be installed. The rig will then walk to another well on the pad. When the rig returns to this well and BOPs are installed, the operator will perform a full BOP test. Tap Rock requests a variance to run 7-5/8" BTC casing inside 9-5/8" BTC casing will be less than the 0.422" stand off regulation. Through conversations with BLM representatives, Tap Rock has received approval for this design as long as the 7-5/8" flush casing was run throughout the entire 300' cement tie back section between 9-5/8" and 7-5/8" casing. Tap Rock requests a variance to use a 5000 psi annular BOP on a 10M BOP stack. The annular will be tested to 250 psi low and 5000 psi high.

Tap Rock requests approval to possibly utilize a spudder rig to drill and set casing for the surface interval on this well. The spudder rig will be possibly utilized in order to reduce cost and save time. The wellhead will be installed and tested as soon as the surface casing is cut off per the existing COAs. A blind flange with the same pressure rating as the wellhead will be installed on the well. Once the spudder rig is removed, Tap Rock will secure the wellhead area by placing a guard rail around the cellar. Pressure will be monitored and a means for intervention will be maintained while the drilling rig is not over the well. Spudder rig operations are expected to take 2-3 days per well. Three wells on the pad will have surface casing set by the spudder rig as a part of this operation. The BLM will be notified 24 hours prior to commencing spudder rig operations. Within 90 days of the departure of the spudder rig, drilling operations will recommence on these wells. This rig will have a BOP stack equal or greater to the pressure rating required in the COAs. The BLM will be notified 24 hours before the larger rig moves on the pre-set wells. Tap Rock will have supervision on the spudder rig to ensure compliance with all BLM and NMOCD regulations.



Drilling Operations Plan
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Tap Rock Operating, LLC
SHL 213' FSL & 2228' FWL, Sec. 35
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T. 24S, R. 35E Lea County, NM

4. Casing & Cement

All Casing will be new.

Name	Hole Size	Casing Size	Standard	Tapered	Top MD	Bottom MD	Top TVD	BTM TVD	Grade	Weight	Thread	Collapse	Burst	Tension
Surface	17 1/2	13 3/8	API	No	0	620	0	620	J-55	54.5	BUTT	1.13	1.15	1.6
1st Intermediate	12 1/4	9 5/8	API	No	0	5227	0	5225	J-55	40	BUTT	1.13	1.15	1.6
2nd Intermediate	8 3/4	7 5/8	API	No	0	4927	0	4925	P-110	29.7	BUTT	1.13	1.15	1.6
2nd Intermediate	8 3/4	7 5/8	NON API	Yes	4927	11306	4925	11302	P-110	29.7	W-513	1.13	1.15	1.6
Production	6 3/4	5 1/2	NON API	No	0	11106	0	11102	P-110	20	TXP	1.13	1.15	1.6
Production	6 3/4	5	NON API	Yes	11106	22275	11102	11795	P-110	18	W-521	1.13	1.15	1.6

Name	Type	Top MD	Sacks	Yield	Cu. Ft	Weight	Excess	Cement	Additives
Surface	Tail	0	638	1.35	861	14.8	100%	C	5% NCI + LCM
1st Intermediate	Lead	0	991	2.18	2161	12.7	65%	C	Bentonite + 1% CaCL ₂ + 8% NaCl + LCM
	Tail	4182	406	1.33	540	14.8	65%	C	5% NaCl + LCM
2nd Intermediate	Lead	4927	329	2.22	730	11.5	35%	TXI	Fluid Loss + Dispersant + Retarder + LCM
	Tail	10306	99	1.37	136	13.2	35%	H	Fluid Loss + Dispersant + Retarder + LCM
Production	Tail	10606	1375	1.19	1636	15.8	25%	H	Fluid Loss + Dispersant + Retarder + LCM

5. Mud Program

Name	Top	Bottom	Type	Mud Weight	Visc	Fluid Loss
Surface	0	620	FW Spud Mud	8.30	28	NC
Intermediate	620	5227	Brine Water	10.00	30-32	NC
Intermediate 2	5227	11306	FW/Cut Brine	9.00	30-32	NC
Production	11306	22275	Oil Base Mud	11.50	50-70	<10

Electronic Pason mud monitor system complying with Onshore Order 1 will be used. All necessary mud products (e. g., barite, cedar bark) for weight addition and fluid loss control will always be on site. Mud program is subject to change due to hole conditions. A closed loop system will be used.

6. Cores, Tests, & Logs

- Electric Logging Program: No open-hole logs are planned at this time for the pilot hole.
- GR will be collected while drilling through the MWD tools from 9.625" casing shoe to TD.
- A 2-person mud logging program will be used from 9.625" casing shoe to TD.
- No DSTs or cores are planned at this time.
- CBL w/ CCL from as far as gravity will let it fall to TOC.



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7. Down Hole Conditions

No abnormal pressure or temperature is expected. Maximum expected bottom hole pressure is $\approx 7,160$ psi. Expected bottom hole temperature is $\approx 170^{\circ}$ F.

Tap Rock does not anticipate that there will be enough H₂S from the surface to the Wolfcamp formations to meet the BLM's Onshore Order 6 requirements for the submission of an "H₂S Drilling Operation Plan" or "Public Protection Plan" for drilling and completing this well. Tap Rock has an H₂S safety package on all wells and an "H₂S Drilling Operations Plan" is attached. Adequate flare lines will be installed off the mud/gas separator where gas may be safely flared. All personnel will be familiar with all aspects of safe operation of equipment being used.

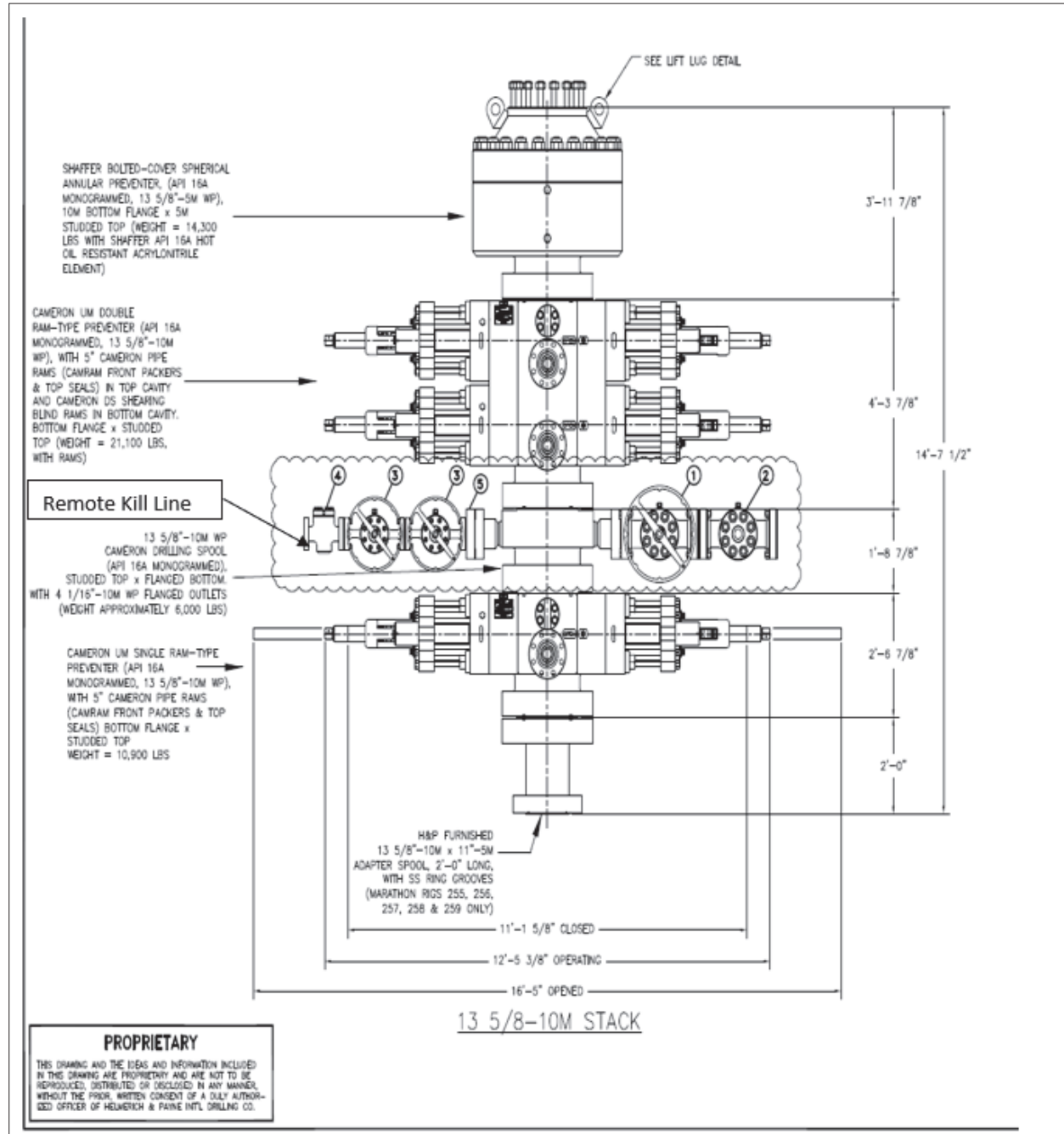
8. Other Information

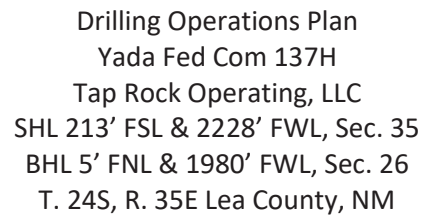
Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 30 days. If production casing is run an additional 60 days will be required to complete and construct surface facilities.



Drilling Operations Plan
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Tap Rock Operating, LLC
SHL 213' FSL & 2228' FWL, Sec. 35
BHL 5' FNL & 1980' FWL, Sec. 26
T. 24S, R. 35E Lea County, NM

10,000 psi BOP Stack

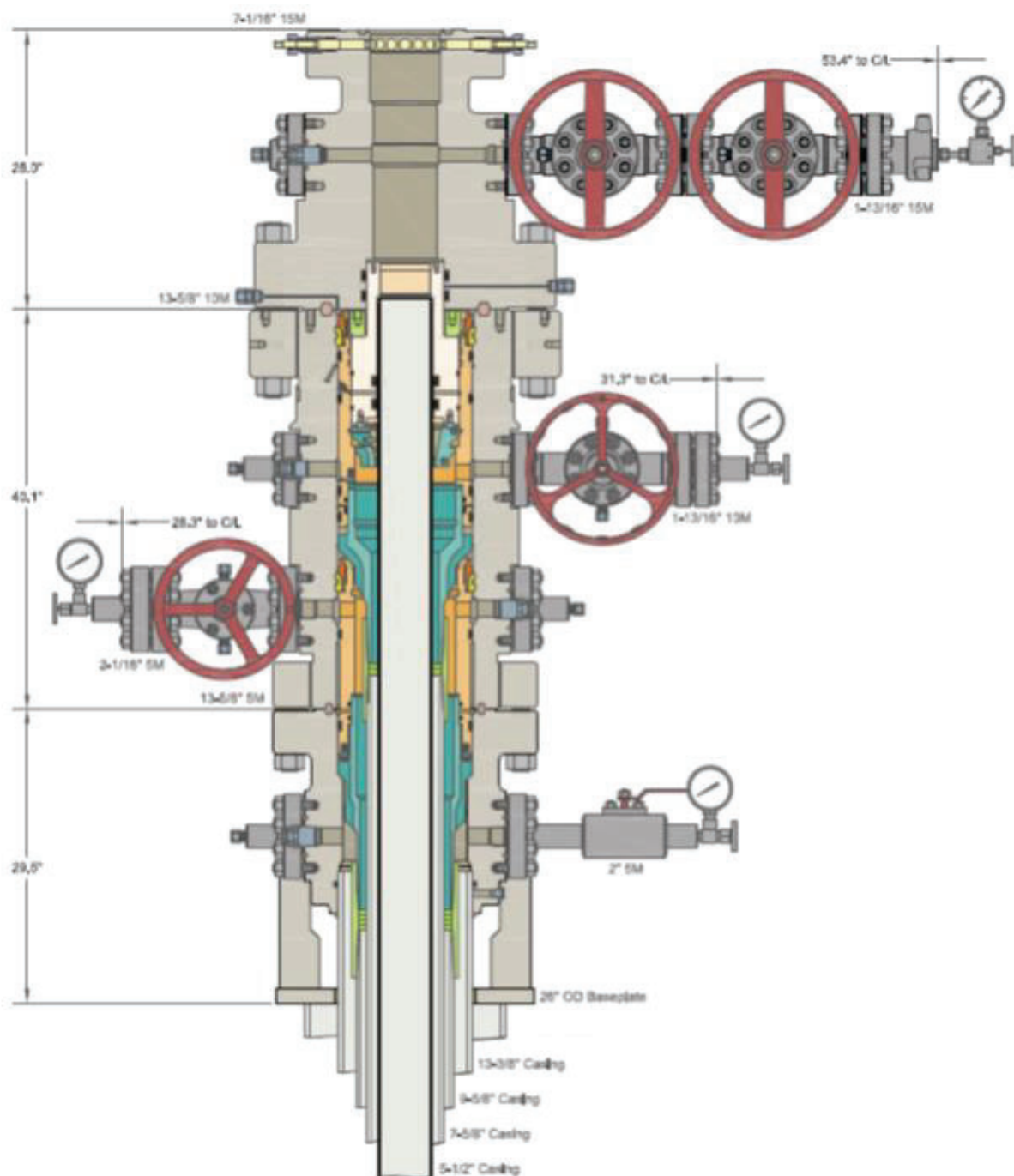






Drilling Operations Plan
Yada Fed Com 137H
Tap Rock Operating, LLC
SHL 213' FSL & 2228' FWL, Sec. 35
BHL 5' FNL & 1980' FWL, Sec. 26
T. 24S, R. 35E Lea County, NM

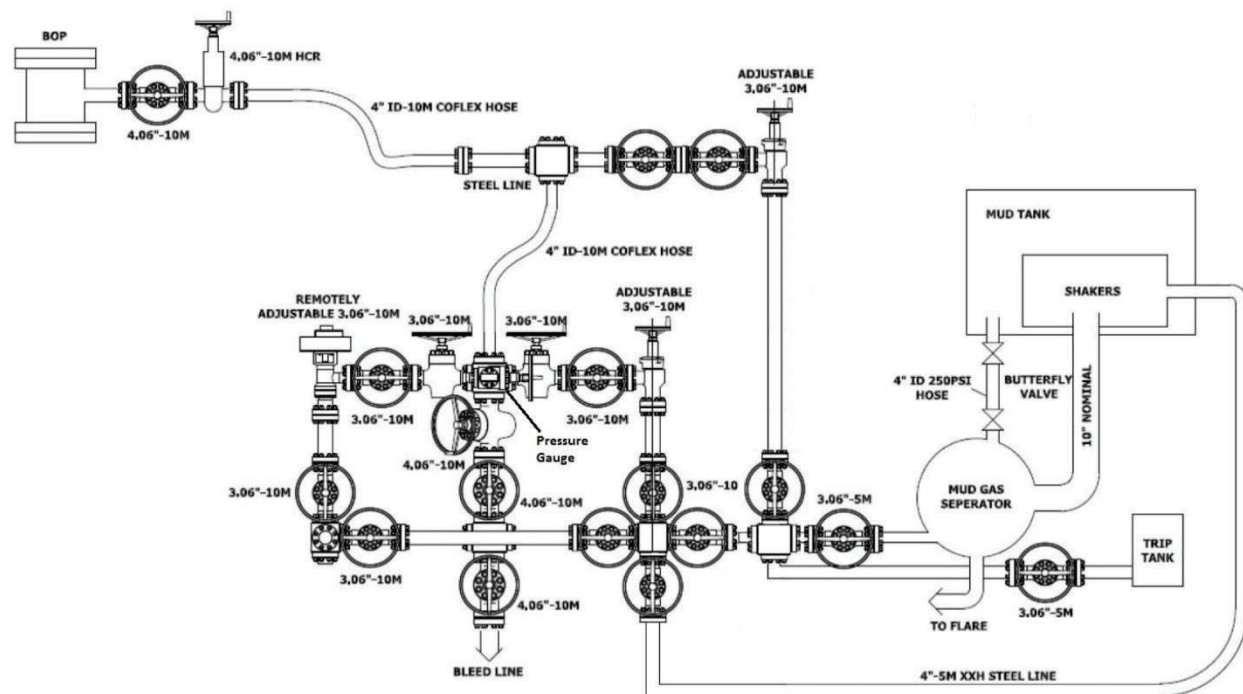
Multi-bowl Wellhead





Drilling Operations Plan
Yada Fed Com 137H
Tap Rock Operating, LLC
SHL 213' FSL & 2228' FWL, Sec. 35
BHL 5' FNL & 1980' FWL, Sec. 26
T. 24S, R. 35E Lea County, NM

10M Choke Layout



Tap Rock Operating, LLC.

Lea County, NM (NAD83)

Yada Fed Com

137H

OH

Plan: Plan #1

Standard Planning Report

22 March, 2020

Project	Lea County, NM (NAD83)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site	Yada Fed Com				
Site Position:		Northing:	426,095.63 usft	Latitude:	32° 10' 2.897 N
From:	Lat/Long	Easting:	850,422.35 usft	Longitude:	103° 20' 4.017 W
Position Uncertainty:	2.0 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.53

Well	137H					
Well Position	+N/-S	-74.6 usft	Northing:	426,021.00 usft	Latitude:	32° 10' 2.306 N
	+E/-W	-1,607.5 usft	Easting:	848,814.82 usft	Longitude:	103° 20' 22.725 W
Position Uncertainty	2.0 usft		Wellhead Elevation:		Ground Level:	3,251.0 usft

Wellbore	OH				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2015	3/19/2020	6.54	60.01	47,646.29145765

Design	Plan #1			
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.0
Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	359.46

Plan Survey Tool Program	Date	3/22/2020		
Depth From (usft)	Depth To (usft)	Survey (Wellbore)	Tool Name	Remarks
1	0.0	22,275.3 Plan #1 (OH)	MWD	
			MWD - Standard	

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
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.00	0.00	0.00	0.00	
1,133.3	2.00	224.00	1,133.3	-1.7	-1.6	1.50	1.50	0.00	224.00	
8,733.3	2.00	224.00	8,728.7	-192.5	-185.9	0.00	0.00	0.00	0.00	
8,866.7	0.00	0.00	8,862.0	-194.1	-187.5	1.50	-1.50	0.00	180.00	
11,406.7	0.00	0.00	11,402.0	-194.1	-187.5	0.00	0.00	0.00	0.00	
12,317.2	91.03	354.60	11,975.0	386.7	-242.4	10.00	10.00	0.00	354.60	
12,560.2	91.03	359.46	11,970.6	629.2	-255.0	2.00	0.00	2.00	89.91	
22,180.7	91.03	359.46	11,797.0	10,247.8	-345.6	0.00	0.00	0.00	0.00	LTP_Y.137H
22,275.8	91.03	359.46	11,795.3	10,342.8	-346.5	0.00	0.00	0.00	0.00	PBHL_Y.137H

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)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
545.0	0.00	0.00	545.0	0.0	0.0	0.0	0.00	0.00	0.00
Rustler Anhydrite									
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
965.0	0.00	0.00	965.0	0.0	0.0	0.0	0.00	0.00	0.00
Top Salt									
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
Start Build 1.50									
1,100.0	1.50	224.00	1,100.0	-0.9	-0.9	-0.9	1.50	1.50	0.00
1,133.3	2.00	224.00	1,133.3	-1.7	-1.6	-1.7	1.50	1.50	0.00
Start 7600.0 hold at 1133.3 MD									
1,200.0	2.00	224.00	1,199.9	-3.3	-3.2	-3.3	0.00	0.00	0.00
1,300.0	2.00	224.00	1,299.9	-5.9	-5.7	-5.8	0.00	0.00	0.00
1,400.0	2.00	224.00	1,399.8	-8.4	-8.1	-8.3	0.00	0.00	0.00
1,500.0	2.00	224.00	1,499.7	-10.9	-10.5	-10.8	0.00	0.00	0.00
1,600.0	2.00	224.00	1,599.7	-13.4	-12.9	-13.3	0.00	0.00	0.00
1,700.0	2.00	224.00	1,699.6	-15.9	-15.4	-15.8	0.00	0.00	0.00
1,800.0	2.00	224.00	1,799.6	-18.4	-17.8	-18.2	0.00	0.00	0.00
1,900.0	2.00	224.00	1,899.5	-20.9	-20.2	-20.7	0.00	0.00	0.00
2,000.0	2.00	224.00	1,999.4	-23.4	-22.6	-23.2	0.00	0.00	0.00
2,100.0	2.00	224.00	2,099.4	-25.9	-25.1	-25.7	0.00	0.00	0.00
2,200.0	2.00	224.00	2,199.3	-28.5	-27.5	-28.2	0.00	0.00	0.00
2,300.0	2.00	224.00	2,299.3	-31.0	-29.9	-30.7	0.00	0.00	0.00
2,400.0	2.00	224.00	2,399.2	-33.5	-32.3	-33.2	0.00	0.00	0.00
2,500.0	2.00	224.00	2,499.1	-36.0	-34.7	-35.7	0.00	0.00	0.00
2,600.0	2.00	224.00	2,599.1	-38.5	-37.2	-38.1	0.00	0.00	0.00
2,700.0	2.00	224.00	2,699.0	-41.0	-39.6	-40.6	0.00	0.00	0.00
2,800.0	2.00	224.00	2,799.0	-43.5	-42.0	-43.1	0.00	0.00	0.00
2,900.0	2.00	224.00	2,898.9	-46.0	-44.4	-45.6	0.00	0.00	0.00
3,000.0	2.00	224.00	2,998.8	-48.5	-46.9	-48.1	0.00	0.00	0.00
3,100.0	2.00	224.00	3,098.8	-51.0	-49.3	-50.6	0.00	0.00	0.00
3,200.0	2.00	224.00	3,198.7	-53.6	-51.7	-53.1	0.00	0.00	0.00
3,300.0	2.00	224.00	3,298.7	-56.1	-54.1	-55.6	0.00	0.00	0.00
3,400.0	2.00	224.00	3,398.6	-58.6	-56.6	-58.0	0.00	0.00	0.00
3,500.0	2.00	224.00	3,498.5	-61.1	-59.0	-60.5	0.00	0.00	0.00
3,600.0	2.00	224.00	3,598.5	-63.6	-61.4	-63.0	0.00	0.00	0.00
3,700.0	2.00	224.00	3,698.4	-66.1	-63.8	-65.5	0.00	0.00	0.00
3,800.0	2.00	224.00	3,798.3	-68.6	-66.3	-68.0	0.00	0.00	0.00
3,900.0	2.00	224.00	3,898.3	-71.1	-68.7	-70.5	0.00	0.00	0.00
4,000.0	2.00	224.00	3,998.2	-73.6	-71.1	-73.0	0.00	0.00	0.00
4,100.0	2.00	224.00	4,098.2	-76.2	-73.5	-75.5	0.00	0.00	0.00
4,200.0	2.00	224.00	4,198.1	-78.7	-76.0	-77.9	0.00	0.00	0.00
4,300.0	2.00	224.00	4,298.0	-81.2	-78.4	-80.4	0.00	0.00	0.00
4,400.0	2.00	224.00	4,398.0	-83.7	-80.8	-82.9	0.00	0.00	0.00
4,500.0	2.00	224.00	4,497.9	-86.2	-83.2	-85.4	0.00	0.00	0.00
4,600.0	2.00	224.00	4,597.9	-88.7	-85.7	-87.9	0.00	0.00	0.00
4,700.0	2.00	224.00	4,697.8	-91.2	-88.1	-90.4	0.00	0.00	0.00
4,800.0	2.00	224.00	4,797.7	-93.7	-90.5	-92.9	0.00	0.00	0.00
4,887.3	2.00	224.00	4,885.0	-95.9	-92.6	-95.0	0.00	0.00	0.00
Base Salt									
4,900.0	2.00	224.00	4,897.7	-96.2	-92.9	-95.4	0.00	0.00	0.00
5,000.0	2.00	224.00	4,997.6	-98.7	-95.4	-97.8	0.00	0.00	0.00
5,100.0	2.00	224.00	5,097.6	-101.3	-97.8	-100.3	0.00	0.00	0.00
5,147.5	2.00	224.00	5,145.0	-102.4	-98.9	-101.5	0.00	0.00	0.00
Bell Canyon									
5,187.5	2.00	224.00	5,185.0	-103.5	-99.9	-102.5	0.00	0.00	0.00
Delaware Mountain Gp									
5,200.0	2.00	224.00	5,197.5	-103.8	-100.2	-102.8	0.00	0.00	0.00

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)	
5,207.5	2.00	224.00	5,205.0	-104.0	-100.4	-103.0	0.00	0.00	0.00	
Lamar										
5,252.5	2.00	224.00	5,250.0	-105.1	-101.5	-104.1	0.00	0.00	0.00	
Ramsey Sand										
5,300.0	2.00	224.00	5,297.4	-106.3	-102.6	-105.3	0.00	0.00	0.00	
5,400.0	2.00	224.00	5,397.4	-108.8	-105.1	-107.8	0.00	0.00	0.00	
5,500.0	2.00	224.00	5,497.3	-111.3	-107.5	-110.3	0.00	0.00	0.00	
5,600.0	2.00	224.00	5,597.3	-113.8	-109.9	-112.8	0.00	0.00	0.00	
5,700.0	2.00	224.00	5,697.2	-116.3	-112.3	-115.3	0.00	0.00	0.00	
5,800.0	2.00	224.00	5,797.1	-118.8	-114.8	-117.7	0.00	0.00	0.00	
5,900.0	2.00	224.00	5,897.1	-121.3	-117.2	-120.2	0.00	0.00	0.00	
6,000.0	2.00	224.00	5,997.0	-123.8	-119.6	-122.7	0.00	0.00	0.00	
6,100.0	2.00	224.00	6,096.9	-126.4	-122.0	-125.2	0.00	0.00	0.00	
6,158.1	2.00	224.00	6,155.0	-127.8	-123.4	-126.6	0.00	0.00	0.00	
Cherry Canyon										
6,200.0	2.00	224.00	6,196.9	-128.9	-124.4	-127.7	0.00	0.00	0.00	
6,300.0	2.00	224.00	6,296.8	-131.4	-126.9	-130.2	0.00	0.00	0.00	
6,400.0	2.00	224.00	6,396.8	-133.9	-129.3	-132.7	0.00	0.00	0.00	
6,500.0	2.00	224.00	6,496.7	-136.4	-131.7	-135.2	0.00	0.00	0.00	
6,600.0	2.00	224.00	6,596.6	-138.9	-134.1	-137.6	0.00	0.00	0.00	
6,700.0	2.00	224.00	6,696.6	-141.4	-136.6	-140.1	0.00	0.00	0.00	
6,800.0	2.00	224.00	6,796.5	-143.9	-139.0	-142.6	0.00	0.00	0.00	
6,900.0	2.00	224.00	6,896.5	-146.4	-141.4	-145.1	0.00	0.00	0.00	
7,000.0	2.00	224.00	6,996.4	-149.0	-143.8	-147.6	0.00	0.00	0.00	
7,100.0	2.00	224.00	7,096.3	-151.5	-146.3	-150.1	0.00	0.00	0.00	
7,200.0	2.00	224.00	7,196.3	-154.0	-148.7	-152.6	0.00	0.00	0.00	
7,300.0	2.00	224.00	7,296.2	-156.5	-151.1	-155.1	0.00	0.00	0.00	
7,400.0	2.00	224.00	7,396.2	-159.0	-153.5	-157.5	0.00	0.00	0.00	
7,500.0	2.00	224.00	7,496.1	-161.5	-156.0	-160.0	0.00	0.00	0.00	
7,599.0	2.00	224.00	7,595.0	-164.0	-158.4	-162.5	0.00	0.00	0.00	
Brushy Canyon										
7,600.0	2.00	224.00	7,596.0	-164.0	-158.4	-162.5	0.00	0.00	0.00	
7,700.0	2.00	224.00	7,696.0	-166.5	-160.8	-165.0	0.00	0.00	0.00	
7,800.0	2.00	224.00	7,795.9	-169.0	-163.2	-167.5	0.00	0.00	0.00	
7,900.0	2.00	224.00	7,895.9	-171.5	-165.7	-170.0	0.00	0.00	0.00	
8,000.0	2.00	224.00	7,995.8	-174.1	-168.1	-172.5	0.00	0.00	0.00	
8,100.0	2.00	224.00	8,095.7	-176.6	-170.5	-175.0	0.00	0.00	0.00	
8,200.0	2.00	224.00	8,195.7	-179.1	-172.9	-177.4	0.00	0.00	0.00	
8,300.0	2.00	224.00	8,295.6	-181.6	-175.4	-179.9	0.00	0.00	0.00	
8,400.0	2.00	224.00	8,395.5	-184.1	-177.8	-182.4	0.00	0.00	0.00	
8,500.0	2.00	224.00	8,495.5	-186.6	-180.2	-184.9	0.00	0.00	0.00	
8,600.0	2.00	224.00	8,595.4	-189.1	-182.6	-187.4	0.00	0.00	0.00	
8,700.0	2.00	224.00	8,695.4	-191.6	-185.1	-189.9	0.00	0.00	0.00	
8,733.3	2.00	224.00	8,728.7	-192.5	-185.9	-190.7	0.00	0.00	0.00	
Start Drop -1.50										
8,800.0	1.00	224.00	8,795.3	-193.7	-187.1	-192.0	1.50	-1.50	0.00	
8,866.7	0.00	0.00	8,862.0	-194.1	-187.5	-192.4	1.50	-1.50	0.00	
Start 2540.0 hold at 8866.7 MD										
8,894.7	0.00	0.00	8,890.0	-194.1	-187.5	-192.4	0.00	0.00	0.00	
Bone Spring Lime										
8,900.0	0.00	0.00	8,895.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
8,924.7	0.00	0.00	8,920.0	-194.1	-187.5	-192.4	0.00	0.00	0.00	
Upper Avalon										
9,000.0	0.00	0.00	8,995.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,100.0	0.00	0.00	9,095.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,144.7	0.00	0.00	9,140.0	-194.1	-187.5	-192.4	0.00	0.00	0.00	
Middle Avalon										
9,200.0	0.00	0.00	9,195.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,300.0	0.00	0.00	9,295.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,400.0	0.00	0.00	9,395.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,500.0	0.00	0.00	9,495.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,600.0	0.00	0.00	9,595.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	
9,674.7	0.00	0.00	9,670.0	-194.1	-187.5	-192.4	0.00	0.00	0.00	
Lower Avalon										
9,700.0	0.00	0.00	9,695.3	-194.1	-187.5	-192.4	0.00	0.00	0.00	

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)
9,800.0	0.00	0.00	9,795.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
9,900.0	0.00	0.00	9,895.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,000.0	0.00	0.00	9,995.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,100.0	0.00	0.00	10,095.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,104.7	0.00	0.00	10,100.0	-194.1	-187.5	-192.4	0.00	0.00	0.00
1st Bone Spring Sand									
10,200.0	0.00	0.00	10,195.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,300.0	0.00	0.00	10,295.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,339.7	0.00	0.00	10,335.0	-194.1	-187.5	-192.4	0.00	0.00	0.00
2nd Bone Spring Carb									
10,400.0	0.00	0.00	10,395.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,500.0	0.00	0.00	10,495.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,600.0	0.00	0.00	10,595.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,659.7	0.00	0.00	10,655.0	-194.1	-187.5	-192.4	0.00	0.00	0.00
2nd Bone Spring Sand									
10,700.0	0.00	0.00	10,695.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,800.0	0.00	0.00	10,795.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
10,900.0	0.00	0.00	10,895.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
11,000.0	0.00	0.00	10,995.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
11,069.7	0.00	0.00	11,065.0	-194.1	-187.5	-192.4	0.00	0.00	0.00
3rd Bone Spring Carb									
11,100.0	0.00	0.00	11,095.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
11,200.0	0.00	0.00	11,195.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
11,300.0	0.00	0.00	11,295.3	-194.1	-187.5	-192.4	0.00	0.00	0.00
11,406.7	0.00	0.00	11,402.0	-194.1	-187.5	-192.4	0.00	0.00	0.00
Start Build 10.00									
11,450.0	4.33	354.60	11,445.3	-192.5	-187.6	-190.7	10.00	10.00	0.00
11,500.0	9.33	354.60	11,494.9	-186.6	-188.2	-184.8	10.00	10.00	0.00
11,550.0	14.33	354.60	11,543.8	-176.4	-189.2	-174.6	10.00	10.00	0.00
11,600.0	19.33	354.60	11,591.7	-162.0	-190.5	-160.2	10.00	10.00	0.00
11,650.0	24.33	354.60	11,638.1	-143.5	-192.3	-141.7	10.00	10.00	0.00
11,700.0	29.32	354.60	11,682.7	-121.0	-194.4	-119.2	10.00	10.00	0.00
11,750.0	34.32	354.60	11,725.1	-94.8	-196.9	-92.9	10.00	10.00	0.00
11,800.0	39.32	354.60	11,765.2	-65.0	-199.7	-63.1	10.00	10.00	0.00
11,850.0	44.32	354.60	11,802.4	-31.8	-202.8	-29.9	10.00	10.00	0.00
11,900.0	49.32	354.60	11,836.6	4.5	-206.3	6.4	10.00	10.00	0.00
11,902.1	49.53	354.60	11,838.0	6.1	-206.4	8.0	10.00	10.00	0.00
FTP_Y.137H									
11,905.2	49.84	354.60	11,840.0	8.5	-206.6	10.4	10.00	10.00	0.00
3rd Bone Spring Sand									
11,950.0	54.32	354.60	11,867.5	43.6	-210.0	45.6	10.00	10.00	0.00
12,000.0	59.32	354.60	11,894.9	85.3	-213.9	87.3	10.00	10.00	0.00
12,050.0	64.32	354.60	11,918.5	129.1	-218.0	131.2	10.00	10.00	0.00
12,100.0	69.32	354.60	11,938.1	174.9	-222.4	177.0	10.00	10.00	0.00
12,120.4	71.35	354.60	11,945.0	194.0	-224.2	196.1	10.00	10.00	0.00
3rd BS W Sand									
12,150.0	74.31	354.60	11,953.7	222.2	-226.8	224.3	10.00	10.00	0.00
12,200.0	79.31	354.60	11,965.2	270.6	-231.4	272.8	10.00	10.00	0.00
12,250.0	84.31	354.60	11,972.3	319.9	-236.1	322.1	10.00	10.00	0.00
12,300.0	89.31	354.60	11,975.1	369.5	-240.8	371.8	10.00	10.00	0.00
12,317.2	91.03	354.60	11,975.0	386.7	-242.4	388.9	10.00	10.00	0.00
EOC 12317.2 MD, 11975 TVD; Start 2°/100'									
12,400.0	91.03	356.26	11,973.5	469.2	-249.0	471.5	2.00	0.00	2.00
12,500.0	91.03	358.26	11,971.7	569.0	-253.8	571.4	2.00	0.00	2.00
12,560.2	91.03	359.46	11,970.6	629.2	-255.0	631.6	2.00	0.00	2.00
Start 9620.6 hold at 12560.2 MD									
12,600.0	91.03	359.46	11,969.9	669.0	-255.3	671.4	0.00	0.00	0.00
12,700.0	91.03	359.46	11,968.1	769.0	-256.3	771.4	0.00	0.00	0.00
12,800.0	91.03	359.46	11,966.3	869.0	-257.2	871.4	0.00	0.00	0.00
12,900.0	91.03	359.46	11,964.5	969.0	-258.2	971.3	0.00	0.00	0.00
13,000.0	91.03	359.46	11,962.7	1,068.9	-259.1	1,071.3	0.00	0.00	0.00
13,100.0	91.03	359.46	11,960.9	1,168.9	-260.1	1,171.3	0.00	0.00	0.00
13,200.0	91.03	359.46	11,959.1	1,268.9	-261.0	1,271.3	0.00	0.00	0.00
13,300.0	91.03	359.46	11,957.3	1,368.9	-261.9	1,371.3	0.00	0.00	0.00
13,400.0	91.03	359.46	11,955.5	1,468.9	-262.9	1,471.3	0.00	0.00	0.00

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)
13,500.0	91.03	359.46	11,953.7	1,568.8	-263.8	1,571.2	0.00	0.00	0.00
13,600.0	91.03	359.46	11,951.9	1,668.8	-264.8	1,671.2	0.00	0.00	0.00
13,700.0	91.03	359.46	11,950.1	1,768.8	-265.7	1,771.2	0.00	0.00	0.00
13,800.0	91.03	359.46	11,948.2	1,868.8	-266.7	1,871.2	0.00	0.00	0.00
13,900.0	91.03	359.46	11,946.4	1,968.7	-267.6	1,971.2	0.00	0.00	0.00
14,000.0	91.03	359.46	11,944.6	2,068.7	-268.5	2,071.2	0.00	0.00	0.00
14,100.0	91.03	359.46	11,942.8	2,168.7	-269.5	2,171.2	0.00	0.00	0.00
14,200.0	91.03	359.46	11,941.0	2,268.7	-270.4	2,271.1	0.00	0.00	0.00
14,300.0	91.03	359.46	11,939.2	2,368.7	-271.4	2,371.1	0.00	0.00	0.00
14,400.0	91.03	359.46	11,937.4	2,468.6	-272.3	2,471.1	0.00	0.00	0.00
14,500.0	91.03	359.46	11,935.6	2,568.6	-273.2	2,571.1	0.00	0.00	0.00
14,600.0	91.03	359.46	11,933.8	2,668.6	-274.2	2,671.1	0.00	0.00	0.00
14,700.0	91.03	359.46	11,932.0	2,768.6	-275.1	2,771.1	0.00	0.00	0.00
14,800.0	91.03	359.46	11,930.2	2,868.6	-276.1	2,871.0	0.00	0.00	0.00
14,900.0	91.03	359.46	11,928.4	2,968.5	-277.0	2,971.0	0.00	0.00	0.00
15,000.0	91.03	359.46	11,926.6	3,068.5	-278.0	3,071.0	0.00	0.00	0.00
15,100.0	91.03	359.46	11,924.8	3,168.5	-278.9	3,171.0	0.00	0.00	0.00
15,200.0	91.03	359.46	11,923.0	3,268.5	-279.8	3,271.0	0.00	0.00	0.00
15,300.0	91.03	359.46	11,921.2	3,368.5	-280.8	3,371.0	0.00	0.00	0.00
15,400.0	91.03	359.46	11,919.4	3,468.4	-281.7	3,470.9	0.00	0.00	0.00
15,500.0	91.03	359.46	11,917.6	3,568.4	-282.7	3,570.9	0.00	0.00	0.00
15,600.0	91.03	359.46	11,915.8	3,668.4	-283.6	3,670.9	0.00	0.00	0.00
15,700.0	91.03	359.46	11,914.0	3,768.4	-284.6	3,770.9	0.00	0.00	0.00
15,800.0	91.03	359.46	11,912.2	3,868.4	-285.5	3,870.9	0.00	0.00	0.00
15,900.0	91.03	359.46	11,910.3	3,968.3	-286.4	3,970.9	0.00	0.00	0.00
16,000.0	91.03	359.46	11,908.5	4,068.3	-287.4	4,070.8	0.00	0.00	0.00
16,100.0	91.03	359.46	11,906.7	4,168.3	-288.3	4,170.8	0.00	0.00	0.00
16,200.0	91.03	359.46	11,904.9	4,268.3	-289.3	4,270.8	0.00	0.00	0.00
16,300.0	91.03	359.46	11,903.1	4,368.3	-290.2	4,370.8	0.00	0.00	0.00
16,400.0	91.03	359.46	11,901.3	4,468.2	-291.2	4,470.8	0.00	0.00	0.00
16,500.0	91.03	359.46	11,899.5	4,568.2	-292.1	4,570.8	0.00	0.00	0.00
16,600.0	91.03	359.46	11,897.7	4,668.2	-293.0	4,670.7	0.00	0.00	0.00
16,700.0	91.03	359.46	11,895.9	4,768.2	-294.0	4,770.7	0.00	0.00	0.00
16,800.0	91.03	359.46	11,894.1	4,868.1	-294.9	4,870.7	0.00	0.00	0.00
16,900.0	91.03	359.46	11,892.3	4,968.1	-295.9	4,970.7	0.00	0.00	0.00
17,000.0	91.03	359.46	11,890.5	5,068.1	-296.8	5,070.7	0.00	0.00	0.00
17,100.0	91.03	359.46	11,888.7	5,168.1	-297.8	5,170.7	0.00	0.00	0.00
17,200.0	91.03	359.46	11,886.9	5,268.1	-298.7	5,270.6	0.00	0.00	0.00
17,300.0	91.03	359.46	11,885.1	5,368.0	-299.6	5,370.6	0.00	0.00	0.00
17,400.0	91.03	359.46	11,883.3	5,468.0	-300.6	5,470.6	0.00	0.00	0.00
17,500.0	91.03	359.46	11,881.5	5,568.0	-301.5	5,570.6	0.00	0.00	0.00
17,600.0	91.03	359.46	11,879.7	5,668.0	-302.5	5,670.6	0.00	0.00	0.00
17,700.0	91.03	359.46	11,877.9	5,768.0	-303.4	5,770.6	0.00	0.00	0.00
17,800.0	91.03	359.46	11,876.1	5,867.9	-304.3	5,870.5	0.00	0.00	0.00
17,900.0	91.03	359.46	11,874.3	5,967.9	-305.3	5,970.5	0.00	0.00	0.00
18,000.0	91.03	359.46	11,872.4	6,067.9	-306.2	6,070.5	0.00	0.00	0.00
18,100.0	91.03	359.46	11,870.6	6,167.9	-307.2	6,170.5	0.00	0.00	0.00
18,200.0	91.03	359.46	11,868.8	6,267.9	-308.1	6,270.5	0.00	0.00	0.00
18,300.0	91.03	359.46	11,867.0	6,367.8	-309.1	6,370.5	0.00	0.00	0.00
18,400.0	91.03	359.46	11,865.2	6,467.8	-310.0	6,470.5	0.00	0.00	0.00
18,500.0	91.03	359.46	11,863.4	6,567.8	-310.9	6,570.4	0.00	0.00	0.00
18,600.0	91.03	359.46	11,861.6	6,667.8	-311.9	6,670.4	0.00	0.00	0.00
18,700.0	91.03	359.46	11,859.8	6,767.8	-312.8	6,770.4	0.00	0.00	0.00
18,800.0	91.03	359.46	11,858.0	6,867.7	-313.8	6,870.4	0.00	0.00	0.00
18,900.0	91.03	359.46	11,856.2	6,967.7	-314.7	6,970.4	0.00	0.00	0.00
19,000.0	91.03	359.46	11,854.4	7,067.7	-315.7	7,070.4	0.00	0.00	0.00
19,100.0	91.03	359.46	11,852.6	7,167.7	-316.6	7,170.3	0.00	0.00	0.00
19,200.0	91.03	359.46	11,850.8	7,267.6	-317.5	7,270.3	0.00	0.00	0.00
19,300.0	91.03	359.46	11,849.0	7,367.6	-318.5	7,370.3	0.00	0.00	0.00
19,400.0	91.03	359.46	11,847.2	7,467.6	-319.4	7,470.3	0.00	0.00	0.00
19,500.0	91.03	359.46	11,845.4	7,567.6	-320.4	7,570.3	0.00	0.00	0.00
19,600.0	91.03	359.46	11,843.6	7,667.6	-321.3	7,670.3	0.00	0.00	0.00
19,700.0	91.03	359.46	11,841.8	7,767.5	-322.3	7,770.2	0.00	0.00	0.00
19,800.0	91.03	359.46	11,840.0	7,867.5	-323.2	7,870.2	0.00	0.00	0.00
19,900.0	91.03	359.46	11,838.2	7,967.5	-324.1	7,970.2	0.00	0.00	0.00
20,000.0	91.03	359.46	11,836.4	8,067.5	-325.1	8,070.2	0.00	0.00	0.00

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)
20,100.0	91.03	359.46	11,834.6	8,167.5	-326.0	8,170.2	0.00	0.00	0.00
20,200.0	91.03	359.46	11,832.7	8,267.4	-327.0	8,270.2	0.00	0.00	0.00
20,300.0	91.03	359.46	11,830.9	8,367.4	-327.9	8,370.1	0.00	0.00	0.00
20,400.0	91.03	359.46	11,829.1	8,467.4	-328.9	8,470.1	0.00	0.00	0.00
20,500.0	91.03	359.46	11,827.3	8,567.4	-329.8	8,570.1	0.00	0.00	0.00
20,600.0	91.03	359.46	11,825.5	8,667.4	-330.7	8,670.1	0.00	0.00	0.00
20,700.0	91.03	359.46	11,823.7	8,767.3	-331.7	8,770.1	0.00	0.00	0.00
20,800.0	91.03	359.46	11,821.9	8,867.3	-332.6	8,870.1	0.00	0.00	0.00
20,900.0	91.03	359.46	11,820.1	8,967.3	-333.6	8,970.0	0.00	0.00	0.00
21,000.0	91.03	359.46	11,818.3	9,067.3	-334.5	9,070.0	0.00	0.00	0.00
21,100.0	91.03	359.46	11,816.5	9,167.3	-335.4	9,170.0	0.00	0.00	0.00
21,200.0	91.03	359.46	11,814.7	9,267.2	-336.4	9,270.0	0.00	0.00	0.00
21,300.0	91.03	359.46	11,812.9	9,367.2	-337.3	9,370.0	0.00	0.00	0.00
21,400.0	91.03	359.46	11,811.1	9,467.2	-338.3	9,470.0	0.00	0.00	0.00
21,500.0	91.03	359.46	11,809.3	9,567.2	-339.2	9,569.9	0.00	0.00	0.00
21,600.0	91.03	359.46	11,807.5	9,667.2	-340.2	9,669.9	0.00	0.00	0.00
21,700.0	91.03	359.46	11,805.7	9,767.1	-341.1	9,769.9	0.00	0.00	0.00
21,800.0	91.03	359.46	11,803.9	9,867.1	-342.0	9,869.9	0.00	0.00	0.00
21,900.0	91.03	359.46	11,802.1	9,967.1	-343.0	9,969.9	0.00	0.00	0.00
22,000.0	91.03	359.46	11,800.3	10,067.1	-343.9	10,069.9	0.00	0.00	0.00
22,100.0	91.03	359.46	11,798.5	10,167.0	-344.9	10,169.8	0.00	0.00	0.00
22,180.7	91.03	359.46	11,797.0	10,247.8	-345.6	10,250.6	0.00	0.00	0.00
Start 95.0 hold at 22180.7 MD - LTP_Y.137H									
22,200.0	91.03	359.46	11,796.7	10,267.0	-345.8	10,269.8	0.00	0.00	0.00
22,275.8	91.03	359.46	11,795.3	10,342.8	-346.5	10,345.6	0.00	0.00	0.00
TD at 22275.8 - PBHL_Y.137H									

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
PBHL_Y.137H - plan hits target center - Point	0.00	0.00	11,795.3	10,342.8	-346.5	436,363.77	848,468.28	32° 11' 44.676 N	103° 20' 25.646 W
LTP_Y.137H - plan hits target center - Point	0.00	0.00	11,797.0	10,247.8	-345.6	436,268.78	848,469.19	32° 11' 43.736 N	103° 20' 25.646 W
FTP_Y.137H - plan misses target center by 187.3usft at 11902.1usft MD (11838.0 TVD, 6.1 N, -206.4 E) - Point	0.00	0.00	11,975.0	-115.0	-247.3	425,906.04	848,567.56	32° 10' 1.191 N	103° 20' 25.614 W

Formations						
Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)	
545.0	545.0	Rustler Anhydrite				
965.0	965.0	Top Salt				
4,887.3	4,885.0	Base Salt				
5,147.5	5,145.0	Bell Canyon				
5,187.5	5,185.0	Delaware Mountain Gp				
5,207.5	5,205.0	Lamar				
5,252.5	5,250.0	Ramsey Sand				
6,158.1	6,155.0	Cherry Canyon				
7,599.0	7,595.0	Brushy Canyon				
8,894.7	8,890.0	Bone Spring Lime				
8,924.7	8,920.0	Upper Avalon				
9,144.7	9,140.0	Middle Avalon				
9,674.7	9,670.0	Lower Avalon				
10,104.7	10,100.0	1st Bone Spring Sand				
10,339.7	10,335.0	2nd Bone Spring Carb				
10,659.7	10,655.0	2nd Bone Spring Sand				
11,069.7	11,065.0	3rd Bone Spring Carb				
11,905.2	11,840.0	3rd Bone Spring Sand				
12,120.4	11,945.0	3rd BS W Sand				

Plan Annotations					
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates			
		+N/-S (usft)	+E/-W (usft)	Comment	
1,000.0	1,000.0	0.0	0.0	Start Build 1.50	
1,133.3	1,133.3	-1.7	-1.6	Start 7600.0 hold at 1133.3 MD	
8,733.3	8,728.7	-192.5	-185.9	Start Drop -1.50	
8,866.7	8,862.0	-194.1	-187.5	Start 2540.0 hold at 8866.7 MD	
11,406.7	11,402.0	-194.1	-187.5	Start Build 10.00	
12,317.2	11,975.0	386.7	-242.4	EOC 12317.2 MD, 11975 TVD; Start 2°/100'	
12,560.2	11,970.6	629.2	-255.0	Start 9620.6 hold at 12560.2 MD	
22,180.7	11,797.0	10,247.8	-345.6	Start 95.0 hold at 22180.7 MD	
22,275.8	11,795.3	10,342.8	-346.5	TD at 22275.8	

EXHIBIT NO. 1

Date of Issue:

10/26/2020



Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Cultural and Archaeological Resources

BLM Report No.
NM-523-20-0054

NOTICE OF STIPULATIONS

Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project Name:	Yada Block for Tap Rock Resources, LLC
	<u>1). A 3-day preconstruction call-in notification.</u> Contact BLM Inspection and Enforcement at
Required	<u>2. Professional archaeological monitoring.</u> Contact your BLM project archaeologist at (575) 234-6231 for assistance.
A. <input checked="" type="checkbox"/>	These stipulations must be given to your monitor at least <u>5 days</u> prior to the start of construction.
B. <input checked="" type="checkbox"/>	No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
	<u>3. Project Mitigation Design Features to be Enforced and Monitored by Archaeological Monitor (If anything occurs that is not listed on this mitigation section that could impact a cultural resource, stop work and call a BLM archaeologist. Work cannot resume until given the Notice to Proceed from a BLM archaeologist).</u>
	LA 194825 falls within the northeastern area of the block surveyed for this project. All construction/ground disturbing activities must be designed to avoid the site by 100ft. A monitor is required for any ground disturbing activities within 100ft of this site to ensure this measure is met.
	<u>4. Cultural site barrier fencing.</u> (Your monitor will assist you).
B. <input type="checkbox"/>	<u>A temporary site protection barrier(s)</u> shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time.
B. <input type="checkbox"/>	<u>A permanent, 4-strand barbed wire fence</u> strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
Required	<u>5. The archaeological monitor shall:</u>
A. <input checked="" type="checkbox"/>	No construction/ground disturbing activities permitted within 100ft of LA 194825. Project must be designed to avoid site by 100ft.

B. <input checked="" type="checkbox"/>	Monitor required for all construction/ground disturbing activities within 100ft of LA 194825.
C. <input type="checkbox"/>	
D. <input type="checkbox"/>	.
E. <input checked="" type="checkbox"/>	Submit a brief monitoring report within 30 days of completion of monitoring.
Other:	<p>If any human skeletal remains or funerary objects, or other significant subsurface cultural resources are encountered during the monitoring, all activities shall cease and a BLM-CFO archaeologist shall be notified immediately.</p> <p>IF THE CONTRACT ARCHAEOLOGIST DOES NOT KNOW WHERE THE SITE(S) ARE LOCATED, PLEASE COME BY THE CARLSBAD BLM AND MAPS AND OTHER DATA WILL BE PROVIDED, UPON REQUEST, TO THE CONTRACT ARCHAEOLOGIST.</p>

Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance contact: Elia Perez (575) 234-6231
 Trish Byers (575) 234-2239
 Jose Robledo (575)-234-5917

Aaron Whaley (575) 234-5986
 Brandon Gonia (575) 234-5945

**PECOS DISTRICT
SURFACE USE
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	Tap Rock Operating LLC
LEASE NO.:	NMNM138896
COUNTY:	Lea

Wells:**YADA W/2 W/2 PAD**

Yada Fed Com 211H

Surface Hole Location: 215' FSL & 926' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 330' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 131H

Surface Hole Location: 240' FSL & 926' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 50' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 111H

Surface Hole Location: 215' FSL & 1031' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 660' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 112H

Surface Hole Location: 240' FSL & 1031' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1980' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 215H

Surface Hole Location: 240' FSL & 951' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 990' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 135H

Surface Hole Location: 215' FSL & 951' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 660' FWL, Section 26, T.24 S., R. 35 E.

YADA E/2 W/2 PAD

Yada Fed Com 212H

Surface Hole Location: 213' FSL & 2203' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1652' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 132H

Surface Hole Location: 238' FSL & 2203' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1322' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 217H

Surface Hole Location: 238' FSL & 2228' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 2308' FWL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 137H

Surface Hole Location: 213' FSL & 2228' FWL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1980' FWL, Section 26, T.24 S., R. 35 E.

YADA W/2 E/2 PAD

Yada Fed Com 213H

Surface Hole Location: 251' FSL & 1548' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 2304' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 133H

Surface Hole Location: 276' FSL & 1548' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 2636' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 216H

Surface Hole Location: 275' FSL & 1523' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1652' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 113H

Surface Hole Location: 273' FSL & 1443' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1980' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 114H

Surface Hole Location: 248' FSL & 1443' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 660' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 136H

Surface Hole Location: 250' FSL & 1523' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1980' FEL, Section 26, T.24 S., R. 35 E.

YADA E/2 E/2 PAD

Yada Fed Com 214H

Surface Hole Location: 242' FSL & 768' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 986' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 134H

Surface Hole Location: 267' FSL & 767' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 1316' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 138H

Surface Hole Location: 242' FSL & 743' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 660' FEL, Section 26, T.24 S., R. 35 E.

Yada Fed Com 218H

Surface Hole Location: 267' FSL & 742' FEL, Section 35, T.24 S., R. 35 E.

Bottom Hole Location: 5' FNL & 335' FEL, Section 26, T.24 S., R. 35 E.

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Watershed
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 - Notification
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- ☐ **Road Section Diagram**
- ☒ **Production (Post Drilling)**
 - Well Structures & Facilities
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- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

OR

If the entire project is covered under the Permian Basin Programmatic Agreement (cultural resources only):

The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the PA serves as mitigation for the effects of this project on cultural resources. If any human skeletal remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered at any time during construction, all construction activities shall halt and the BLM will be notified as soon as possible within 24 hours. Work shall not resume until a Notice to Proceed is issued by the BLM. See information below discussing NAGPRA.

If the proposed project is split between a Class III inventory and a Permian Basin Programmatic Agreement contribution, the portion of the project covered under Class III inventory should default to the first paragraph stipulations.

The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

Any paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

SPECIAL REQUIREMENT(S)

Watershed:

The entire well pad(s) will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. The compacted berm shall be constructed at a minimum of 12 inches with impermeable mineral material (e.g. caliche). Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed. Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion. Stockpiling of topsoil is required. The topsoil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control. If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.

TANK BATTERY:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank or 24 hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

BURIED/SURFACE LINE(S):

When crossing ephemeral drainages the pipeline(s) will be buried to a minimum depth of 48 inches from the top of pipe to ground level. Erosion control methods such as gabions and/or rock aprons should be placed on both up and downstream sides of the pipeline crossing. In addition, curled (weed free) wood/straw fiber wattles/logs and/or silt fences should be placed on the downstream side for sediment control during construction and maintained until soils and vegetation have stabilized. Water bars should be placed within the ROW to divert and dissipate surface runoff. A pipeline access road is not permitted to cross these ephemeral drainages. Traffic should be diverted to a preexisting route. Additional seeding may be required in floodplains and drainages to restore energy dissipating vegetation.

Prior to pipeline installation/construction a leak detection plan will be developed. The method(s) could incorporate gauges to detect pressure drops, situating valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present.

The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

Lesser Prairie Chicken:

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leaks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Timing Limitation Exceptions:

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

Ground-level Abandoned Well Marker to avoid raptor perching:

Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

VRM IV:

Above-ground structures including meter housing that are not subject to safety requirements are painted a flat non-reflective paint color, Shale Green from the BLM Standard Environmental Color Chart (CC-001: June 2008).

V. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim

reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

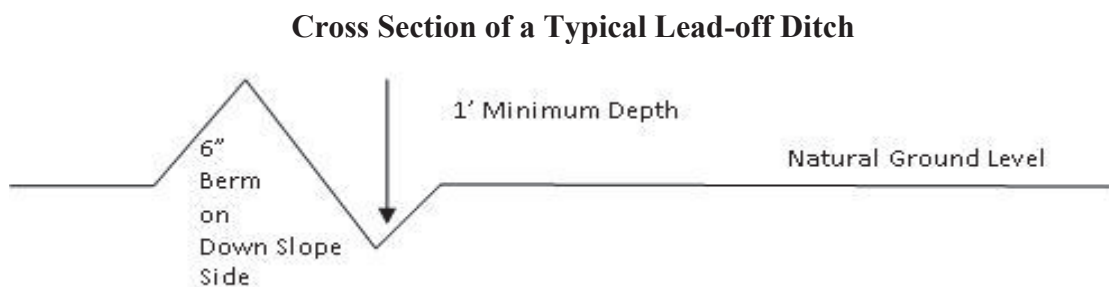
Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill out sloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

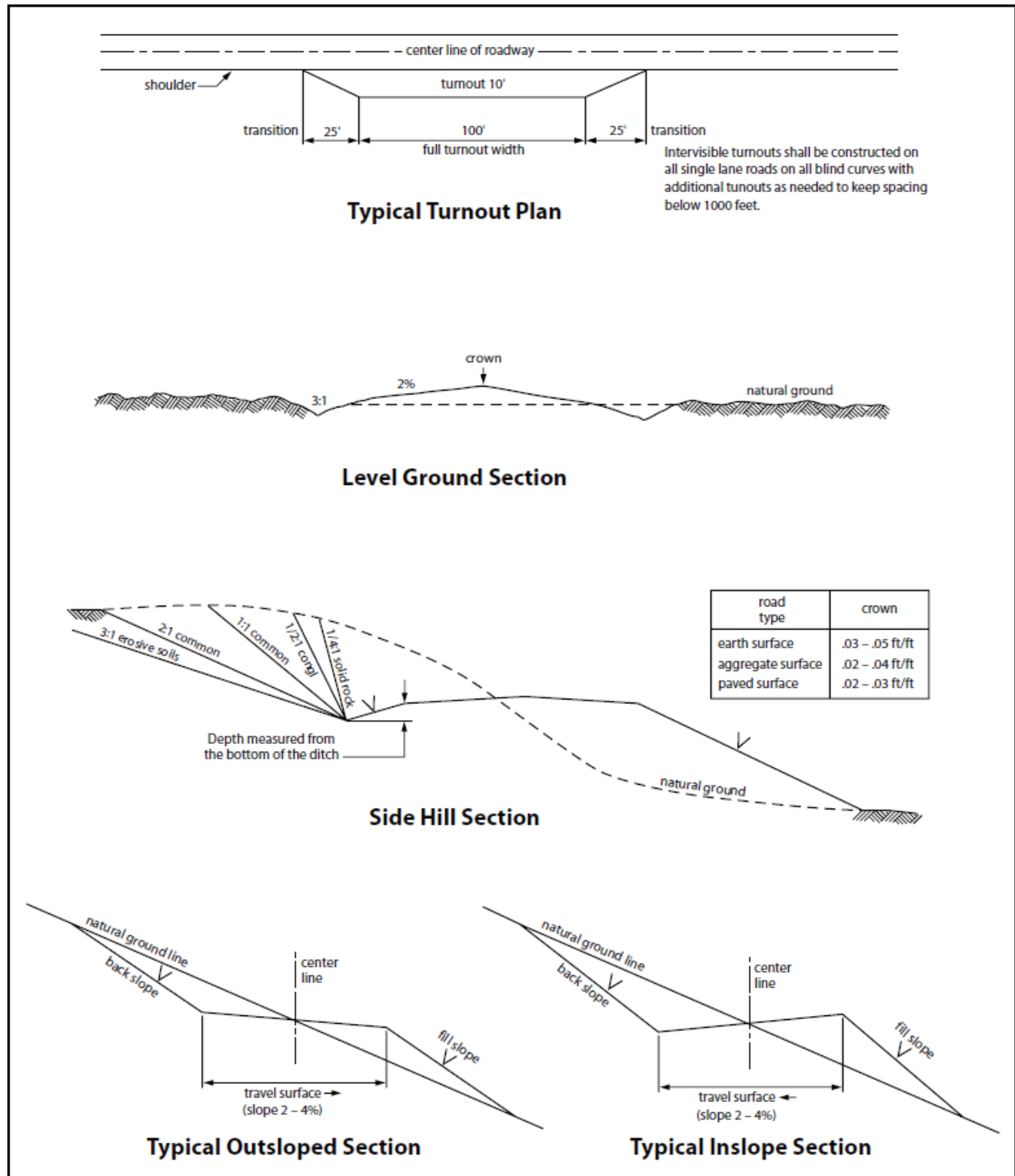


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VI. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

- The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, passages, or voids are intersected by trenching, and no pipe will be laid in the trench at that point until clearance has been issued by the Authorized Officer.
- If a void is encountered alignments may be rerouted to avoid the karst feature and lessen; the potential of subsidence or collapse of karst features, buildup of toxic or combustible gas, or other possible impacts to cave and karst resources from the buried pipeline.
- Special restoration stipulations or realignment may be required at such intersections, if any.
- A leak detection plan **will be submitted to the BLM Carlsbad Field Office for approval** prior to pipeline installation. The method could incorporate gauges to detect pressure drops, siting valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.
- Regular monitoring is required to quickly identify leaks for their immediate and proper treatment.
- All spills or leaks will be reported to the BLM immediately for their immediate and proper treatment.

BURIED PIPELINE STIPULATIONS

A copy of the application (Grant, APD, or Sundry Notice) and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the

Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be 30 feet:

- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed 20 feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)
- Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed 30 feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)
- The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

<input type="checkbox"/> seed mixture 1	<input checked="" type="checkbox"/> seed mixture 3
<input checked="" type="checkbox"/> seed mixture 2	<input type="checkbox"/> seed mixture 4
<input type="checkbox"/> seed mixture 2/LPC	<input type="checkbox"/> Aplomado Falcon Mixture

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

OR

If the entire project is covered under the Permian Basin Programmatic Agreement (cultural resources only):

The proponent has contributed funds commensurate to the undertaking into an account for offsite mitigation. Participation in the PA serves as mitigation for the effects of this project on cultural resources. If any human skeletal remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered at any time during construction, all construction activities shall halt and the BLM will be notified as soon as possible within 24 hours. Work shall not resume until a Notice to Proceed is issued by the BLM. See Stipulation 17 for more information.

If the proposed project is split between a Class III inventory and a Permian Basin Programmatic Agreement contribution, the portion of the project covered under Class III inventory should default to the first paragraph stipulations.

17. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."

18. Any paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

19. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes associated roads, pipeline corridor and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

20. Escape Ramps - The operator will construct and maintain pipeline/utility trenches [that are not otherwise fenced, screened, or netted] to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

- a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.

- b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

VII. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

VIII. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species

	<u>lb/acre</u>
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sand love grass (<i>Eragrostis trichodes</i>)	1.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

Seed Mixture 3, for Shallow Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass (<i>Setaria macrostachya</i>)	1.0
Green Sprangletop (<i>Leptochloa dubia</i>)	2.0
Sideoats Grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Tap Rock Operating LLC
WELL NAME & NO.:	Yada Fed Com 137H
LOCATION:	Sec 35 / 24S / 35E /NMP
COUNTY:	Lea County, New Mexico

COA

H2S	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Potash	<input checked="" type="radio"/> None	<input type="radio"/> Secretary	<input type="radio"/> R-111-P
Cave/Karst Potential	<input checked="" type="radio"/> Low	<input type="radio"/> Medium	<input type="radio"/> High
Cave/Karst Potential	<input type="radio"/> Critical		
Variance	<input type="radio"/> None	<input checked="" type="radio"/> Flex Hose	<input type="radio"/> Other
Wellhead	<input type="radio"/> Conventional	<input checked="" type="radio"/> Multibowl	<input type="radio"/> Both
Other	<input type="checkbox"/> 4 String Area	<input type="checkbox"/> Capitan Reef	<input type="checkbox"/> WIPP
Other	<input checked="" type="checkbox"/> Fluid Filled	<input type="checkbox"/> Cement Squeeze	<input type="checkbox"/> Pilot Hole
Special Requirements	<input type="checkbox"/> Water Disposal	<input checked="" type="checkbox"/> COM	<input type="checkbox"/> Unit

A. HYDROGEN SULFIDE

Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.

B. CASING

1. The **13-3/8** inch surface casing shall be set at approximately 665 feet (a minimum of 25 feet (Lea County) into the Rustler Anhydrite and above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum of **8 hours** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours

after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

- d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Intermediate casing must be kept fluid filled to meet BLM minimum collapse requirement.

2. The minimum required fill of cement behind the **7-5/8** inch intermediate casing is:
 - Cement to surface. If cement does not circulate see B.1.a, c-d above.
3. The minimum required fill of cement behind the **5-1/2** inch production casing is:
 - Cement should tie-back at least **200 feet** into previous casing string. Operator shall provide method of verification.

C. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).'
2. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **10,000 (10M) psi. Variance is approved to use a 5000 (5M) Annular which shall be tested to 5000 (5M) psi.**
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

D. SPECIAL REQUIREMENT (S)

Communitization Agreement

- The operator will submit a Communitization Agreement to the Santa Fe Office, 301 Dinosaur Trail Santa Fe, New Mexico 87508, at least 90 days before the anticipated

date of first production from a well subject to a spacing order issued by the New Mexico Oil Conservation Division. The Communitization Agreement will include the signatures of all working interest owners in all Federal and Indian leases subject to the Communitization Agreement (i.e., operating rights owners and lessees of record), or certification that the operator has obtained the written signatures of all such owners and will make those signatures available to the BLM immediately upon request.

- If the operator does not comply with this condition of approval, the BLM may take enforcement actions that include, but are not limited to, those specified in 43 CFR 3163.1.
- In addition, the well sign shall include the surface and bottom hole lease numbers. When the Communitization Agreement number is known, it shall also be on the sign.

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

☒ Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)
393-3612

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.

- BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
 3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.

- d. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
 - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
- 5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).
 - c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
 - e. The results of the test shall be reported to the appropriate BLM office.
 - f. All tests are required to be recorded on a calibrated test chart. A copy of the

BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

- g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.



Hydrogen Sulfide Drilling

Operations Plan

Tap Rock Resources

1 H2S safety instructions to the following:

- Characteristics of H2S
- Physical effects and hazards
- Principal and operation of H2S detectors, warning system and briefing areas
- Evacuation procedures, routes and first aid
- Proper use of safety equipment & life support systems
- Essential personnel meeting medical evaluation criteria will receive additional training on the proper use of 30min pressure demand air packs

2 H2S Detection and Alarm Systems:

- H2S sensor/detectors to be located on the drilling rig floor, in the base of the sub structure / cellar area, on the mud pits in the shale shaker area. Additional H2S detectors may be placed as deemed necessary
- An audio alarm system will be installed on the derrick floor and in the doghouse

3 Windssocks and / Wind Streamers:

- Windssocks at mud pit area should be high enough to be visible
- Windssock on the rig floor and / top of doghouse should be high enough to be visible

4 Condition Flags and Signs:

- Warning sign on access road to location
- Flags to be displayed on sign at entrance to location
 - Green Flag – Normal Safe Operation Condition
 - Yellow Flag – Potential Pressure and Danger
 - Red Flag – Danger (H2S present in dangerous concentrations) Only H2S trained personnel admitted on location

5 Well Control Equipment:

- See Drilling Operations Plan Schematics

6 Communication:

- While working under masks chalkboards will be used for communications
- Hand signals will be used where chalk board is inappropriate
- Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.



7 Drilling Stem Testing:

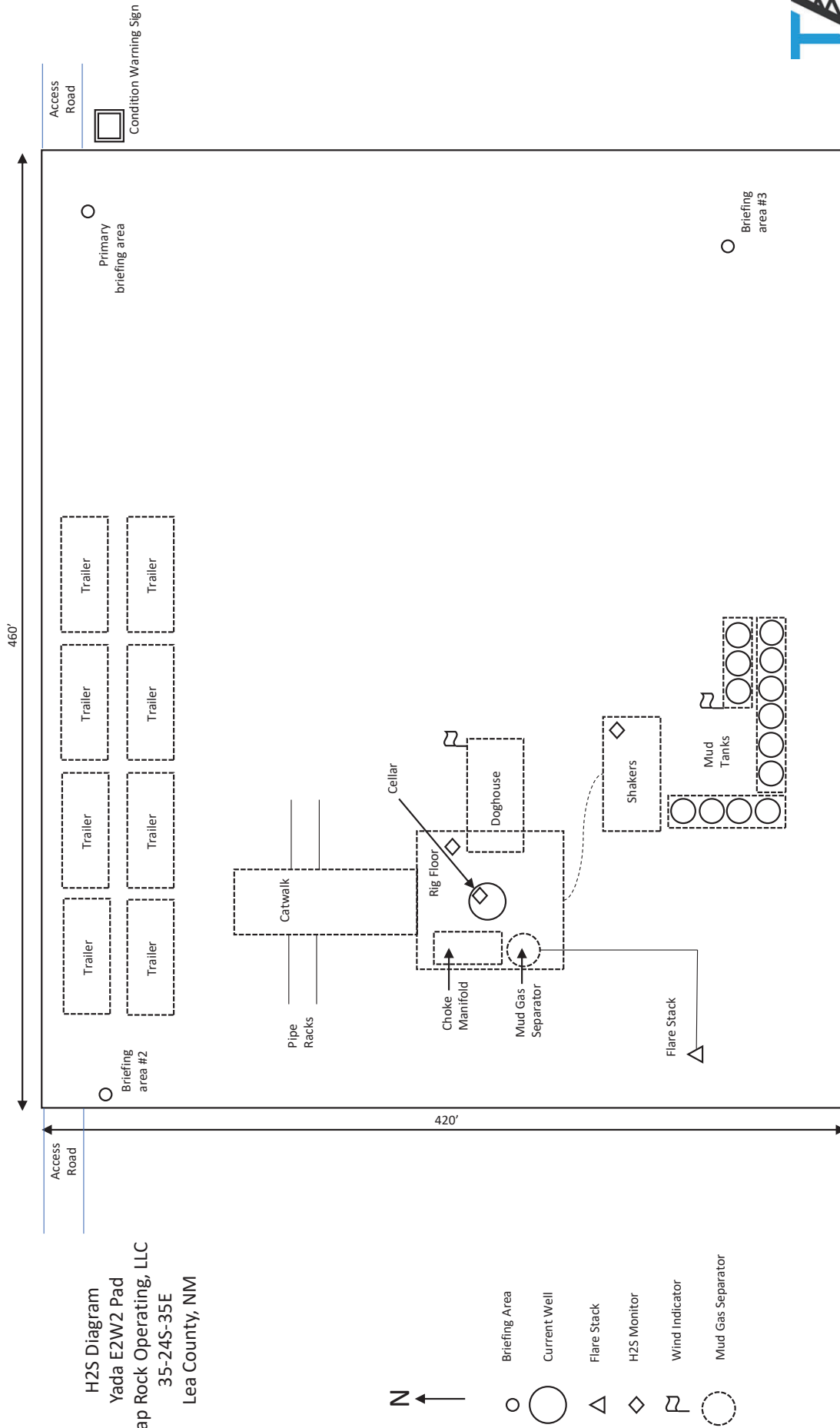
- No DST cores are planned at this time

8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubulars good and other mechanical equipment

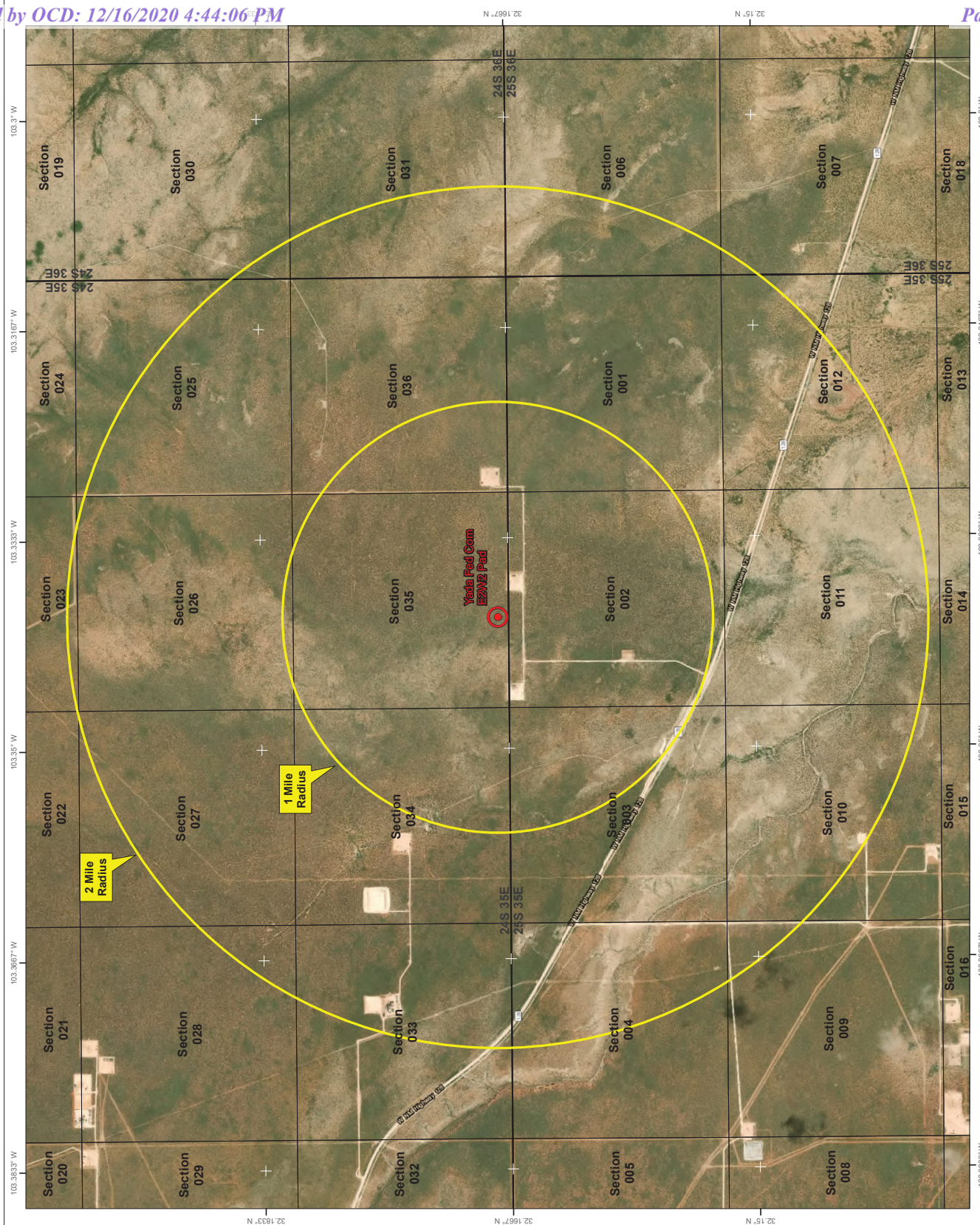
9 If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary

11 Emergency Contacts

Emergency Contacts		
Carlsbad Police Department	575.887.7551	911
Carlsbad Medical Center	575.887.4100	911
Eddy County Fire Service	575.628.5450	911
Eddy County Sherriff	575.887.7551	911
Lea County Fire Service	575.391.2983	911
Lea County Sherriff	575.396.3611	911
Jal Police Department	575.395.2121	911
Jal Fire Department	575.395.2221	911
Tap Rock Resources	720.772.5090	



H2S Diagram
Yada E2W2 Pad
Tap Rock Operating, LLC
35-245-35E
Lea County, NM



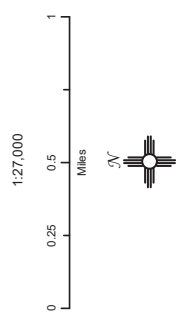
Tap Rock Operating LLC

Yada Fed Com E2W2 Pad
H2S Contingency Plan:
2 Mile Radius Map

Sec. 35, Township 24S, Range 35E
Lea County, New Mexico



Well Pad Location



NAD 1983 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc. April 17, 2020
for Tap Rock Operating, LLC



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 12344

CONDITIONS OF APPROVAL

Operator:		OGRID:	Action Number:	Action Type:
TAP ROCK OPERATING, LLC	523 Park Point Drive	372043	12344	FORM 3160-3
Suite 200	Golden, CO80401			

OCD Reviewer	Condition
pkautz	Notify OCD 24 hours prior to casing &cement
pkautz	Will require a File As Drilled C-102 and a Directional Survey with the C-104
pkautz	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