Phone: (575) 393-6161 Fax: (575) 393-0720 1625 N French Dr., Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 Phone: (\$75) 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 8

Date: 2/15/2017

E-mail Address: emcclusky@limerockresources com

Phone: 713-360-5714

State of New Mexico **EnergyMinerals and Natural Resources**

Oil Conservation Division

1220 South St. Francis Dr

Santa Fe, NM 87505

Form C-161 Revised July 18, 2013

ARTESIA DISTRICT

FEB 17 2017

RECEIVED

M 14 185 26E 915 S ⁸ Proposed Bottom Hole Location	eet From 990 cet From 990 Type actor ling, Inc		280 No #9 County Eddy Eddy 3250 and Level Elevation 3323 8 [™] Soud Date Ref 3/1/2017
Section 7 Surface Location UL - Lot Section Township Range Lot Idn Peet From N/S Line From M 14 18S 26E 915 S 8 Proposed Bottom Hole Location UL - Lot Section Township Range Lot Idn Feet From N/S Line From M 14 18S 26E 915 S From M 14 18S 26E 915 S Pool Information * Work Type " Well Type "Well Type " Coble/Rintary 12 Lossi N O R P "Multiple " Proposed Denth " Formation " Contra N 4300' MD / 4300' TVD Yeso United Drill Optimit to Ground Water 98 Ft Distance from nearest fresh water well 0.15	990 cet From 990 Type actor ling, Inc	* Well F	No #9 County Eddy County Eddy 3250 and Level Elevation 3323 8 Soud Date her 3/1/2017
7 Surface Location UL - Lot Section Township Range Lot Idn Feet From N/S Line Fe M 14 18S 26E 915 S S 8 Proposed Bottom Hole Location UL - Lot Section Township Range Lot Idn Feet From N/S Line Feet M 14 18S 26E 915 S Feet M 14 18S 26E 915 S M 14 18S 26E 915 S Pool Information OKa; Glorieta-Yeso Additional Well Information * Work Type ** Well Type ** Cable/Retary ** Lease* N O R P ** Work Type ** Proposed Denth ** Formation ** Cable/Retary N 4300' MD / 4300' TVD Yeso United Drill pth to Ground Water 98 Ft Distunce from nearest fresh water well 0 15	990 cet From 990 Type actor ling, Inc	W Is/W fane W	County Eddy Eddy 3250 and Level Elevation 3323 8 "Soud Date her 3/1/2017
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Additional Well Information * Work Type ¹⁰ Well Type ¹¹ Cable/Retary ¹⁷ Lease N O R P ¹⁴ Multiple ¹⁹ Pronosed Denth ¹⁹ Formation ¹⁹ Contra N 4300' MD / 4300' TVD Yeso United Drill 1 to Ground Water 98 Ft Distance from nearest fresh water well 0 15 Miles	actor ling, Inc	, Al	and Lovel Elevation 3323 8 ¹⁸ Soud Date Ref. 3/1/2017
* Work Type 10 Well Type 11 Cable/Rotary 12 Lease N O R P 14 Multiple 12 Proposed Denth 16 Formation 17 Contra N 4300' MD / 4300' TVD Yeso United Drill h to Ground Water 98 Ft Distance from nearest fresh water well 0 15 Miles	actor ling, Inc	, Al	3323 8 ¹⁸ Soud Date fter 3/1/2017
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N 4300' MD / 4300' TVD Yeso United Drill h to Ground Water 98 Ft Distance from nearest fresh water well 0.15 Miles	ling, Inc	Aſ	Ner 3/1/2017
h to Ground Water 98 Ft Distance from nearest fresh water well 015 Miles			
We will be using a closed-loop system in lieu of lined	<u></u>		
Type Hole Size Casing Size Casing Weight/ft Setting Depth onductor 26" 20" 91.5 80	Sacks of Cen 80	ment	Estimated TOC Surface
Surface 11" 8-5/8" 24 675	350		Surface
roduction 7-7/8" 5-1/2" 17 4300	900		
Casing/Cement Program: Additional Comm			
face Csg set 50' above first oil show. Cement will be circulated as require	ed.		
Proposed Blowout Prevention Program			
Type Working Pressure Test Pressure		Manufacturer	
XLT 11" 5000 2000	2000 National Varco		onal Varco
cby certify that the information given above is true and complete to the best y knowledge and belief. ther certify that I have complied with 19.15.14.9 (A) and/or	ERVATIO	ON DIVI	ISION
ature: Erif. Mullinly	d an	Fod	lang
led Name: Eric McClusky	st		
e: Operations Engineer Approved Date: 3_/	Expire	ation Date:	3-15-20

Approved Date: 3-/5-2017

Conditions of Approval Attached

Prior to Spud, Operator will review and adhere to NMOCD order R-14164 for current changes or any amendments which may pertain to the drilling and completion of this well.

NM OIL CONSERVATION

ARTESIA DISTRICT

FEB 17 2017

Districi I
Coloure 1
1625 N. French Dr., Hobbs: NM SN249
Phone: (575) 393-0101 Fax (575) 393-0720
Dates: JI
811 S. First St., Artesia, NM 88210
Phone. (\$75) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-0170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

+

 State of New Mexico
 Form C-102

 Energy, Minerals & Natural Resources Department
 Revised August 1, 2011

 OIL CONSERVATION DIVISION
 Revised August 1, 2011

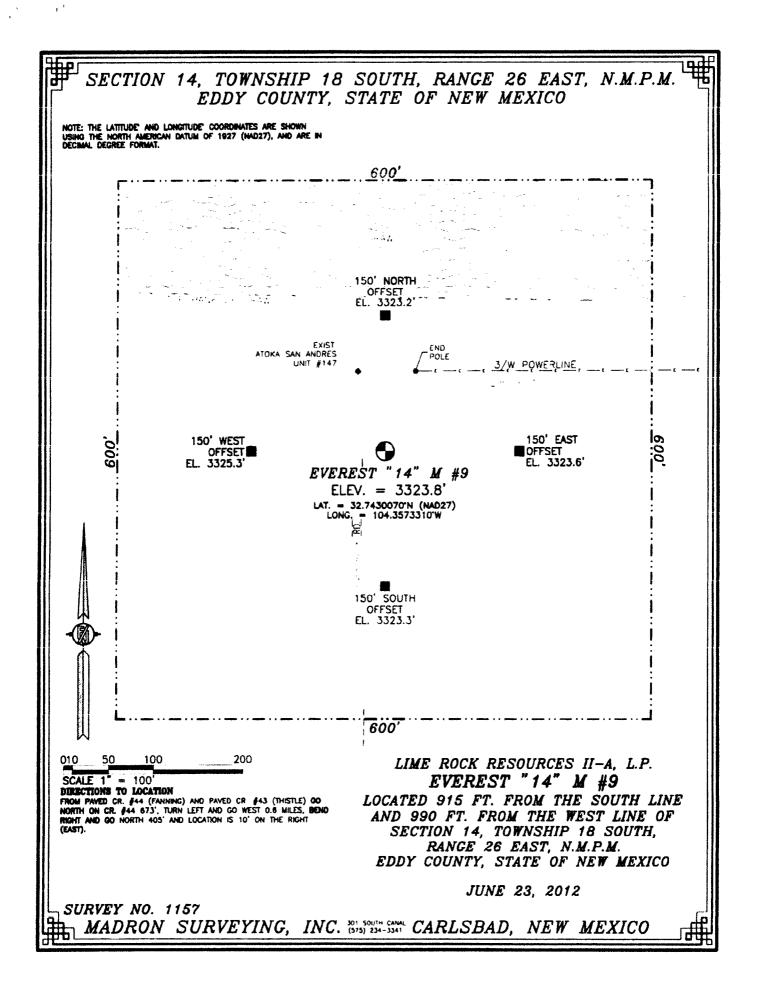
 1220 South St. Francis Dr.
 District Office

 Santa Fe, NM 87505
 AMENDED REPORT

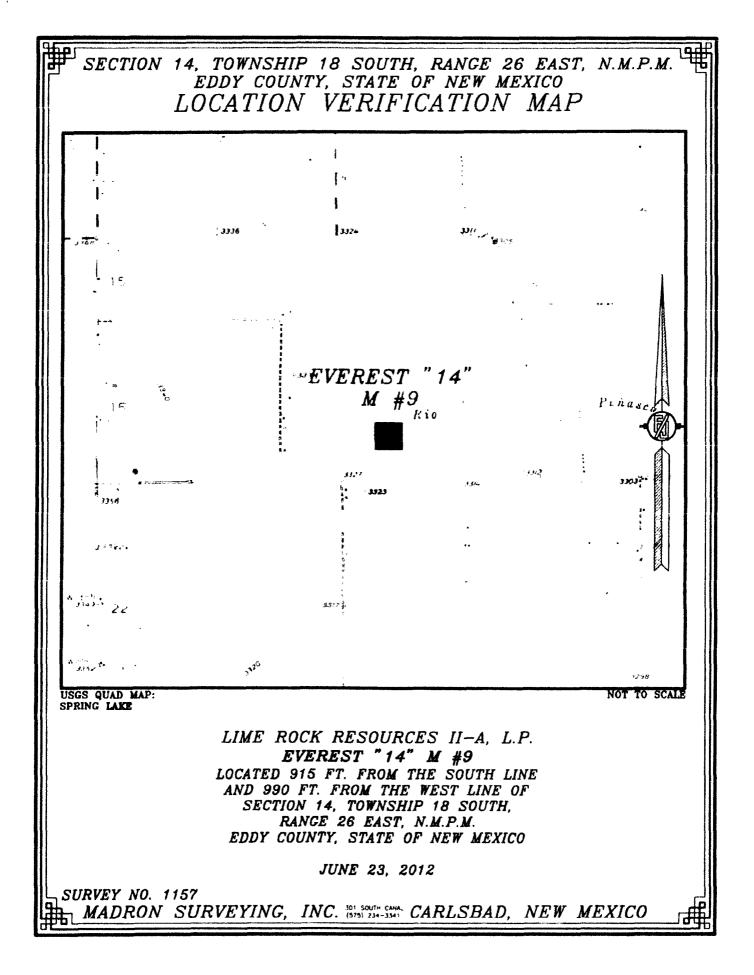
		WE	ELL LO	OCATIO	N AND ACF	REAGE DEDIC	CATION PLA	T	
30_	API Numbe 015 -	40980	3	Poul Cod	· A	toka; Glari	eta - Yeg	me Î	
Property 39638	Property Code Property Name EVEREST "14" M						* Well Number 9		
	OGRID No. Operator Name 277558 LIME ROCK RESOURCES II A, L.P.						* Flevation 3323.8		
					" Surface	Location			
UL or lot no. M	Section 14	Township 18 S	Range 26 E	Lot Idn	Feet from the 915	North/South line SOUTH	Fect from the 990	East/West line WEST	County EDDY
		•	•• E	Bottom H	ole Location	If Different Fre	om Surface		
UL or lot no.	Section	l'annship	Range	Lut Idn	Feet from the	North/South line	Fect from the	East/West line	County
¹² Dedicated Acre 46	s ¹³ Joint of	r Infill ¹⁴ Cor	solidation	Code Code	i rder No.	L	<u>i</u>	arandaran (1997) (1997) (1997) (1997) (1997) (1997) (1997)	

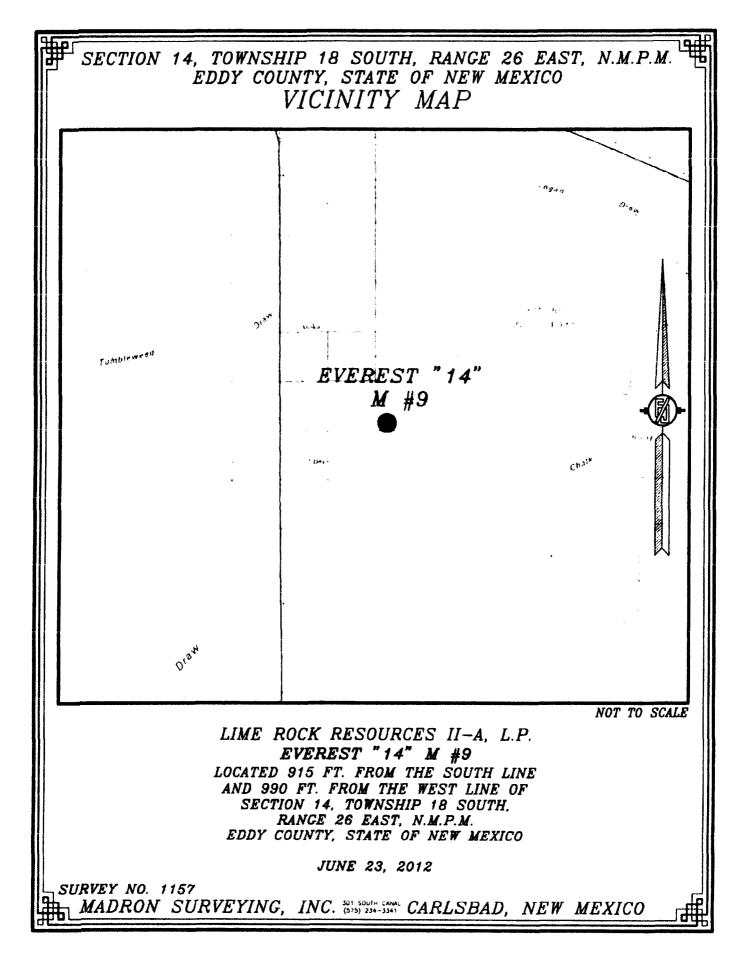
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

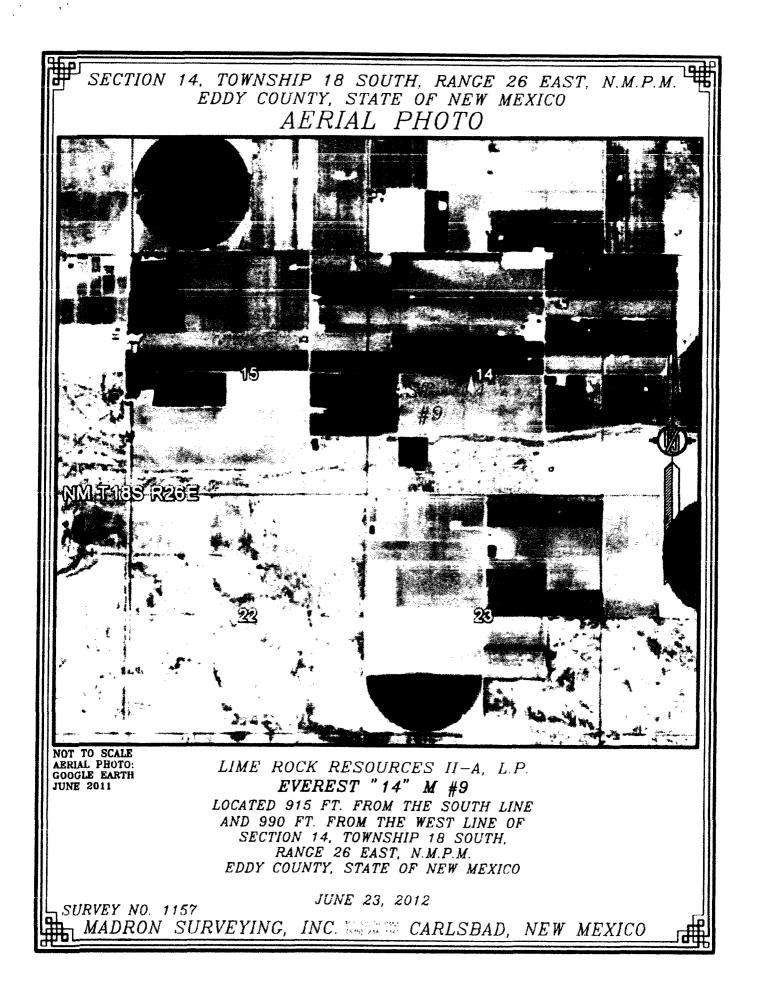
	1/891231511W 1717	1 /89 174/621 %	2636.03 11		"OPERATOR CERTIFICATION
	NW CORNER SEC 14 (AT. = 32.7551232'N	, NH 111.0	પ્રાત્મક્ષે છે. ત્વ		I here to centre that the information contained herein is true and complete –
	UAL # 317777222.N 19NG # 104.3606762%		UAT = 31,175,14,474 USP2, = 1,4,44(4724,44		to the best of my knowledge and belief and that this organization either
				ž	owns a working interest or indeased mirecial out rost in the land including
- 20				~	the pergensed postom hole location or has a right to drill this self at this
1.00				1.234°	location pairsum to a contract with an owner of such a mineral or working
· · ·					interest or so a voluntary pooling agric mention a computiony pooling
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5		CORDINATES ARE SHOWN		(1474) (1475)	Signature Date
		JE 43 THE 40RTH		56	Eric McClusky 2/15/17
-12		AMERICAN DATUM DE 1927. 1940/21, ANU ARE N		с. 	
-		CETHAL DECRET FORMAT		-	Prosted Spine
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	(M F 6676)		1999 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 - 1994 -		
				1	*SURVEYOR CERTIFICATION
				ĺ	Therein vertity that the well location shown on this
				_	plat was plotted from field notes of actual surveys
ČQ,				5	
N.					made by me or units in an approvement, and that the
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15	SW COPNER SEC. 14 EVERENT 14			*	HINKEL MAY IN THE REAL PROPERTY OF
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Everest 14 M #9 915' FSL 990' FWL (M) 14-18S-26E Eddy County, NM

· · · ·

- 1. The elevation of the unprepared ground is 3323.8 feet above sea leve
- 2. The geologic name of the surface formation is Quaternary Alluviu
- 3. A rotary rig will be utilized to drill the well to 4300' and run casing. This equipment will be rigge down and the well will be completed with a workover ric
- 4. Well will be drilled to a total proposed depth of 4300' MD.
- 5. Estimated tops of geologic markers:

	MD	TVD
Quaternary – Alluvium	Surface	Surface
Yates	NA	NA
7 Rivers	NA	NA
Queen	372	372
Grayburg	728	728
Premier	NA	NA
San Andres	961	961
Glorieta	2386	2386
Yeso	2532	2532
Tubb	3986	3986
TD	4300	4300

- 7. Proposed Casing and Cement program is as follows
 - Casing Depth Components Type Hole Wt Grade Thread Sx Density Yield Conductor 26" 20" 91.5 в Welded 80 80 Ready Mix ST&C 350 Surface 11" 8-5/8" 24 J-55 675 14.8 1.35 CI C Cmt + 0 25 lbs/sk Cello Flake + 2% CaCl2 ntermediate (35:65) Poz/CI C Cmi + 5% NeCi + 0 25 lbs/sk 7-7/8" 5-1/2" 17 Production J-55 LT&C 4300 300 12.8 1.903 Cello Flake + 5 lbs/sk LCM-1 +0 2% R-3 + 6% Gel 600 14.8 1.33 CI H w/ 0 6% R-3, 0 125% Cello Flake, 2% Gel

 Estimated depths at which anticipated oil, gas, or other mineral bearing formations are expected to be encountered:

	MD	TVD
Yates	NA	NA
7 Rivers	NA	NA
Queen	372	372
Grayburg	728	728
Premier	NA	NA
San Andres	961	961
Glorieta	2386	2386
Yeso	2532	2532
Tubb	3986	3986
TD	4300	4300

Depth	0-675	675-4150	4150-4300	
Mud Type	Fresh Water Mud	Brine, Salt Gel, & Starch	Brine, Salt Gel, & Starch	
Properties	*****	······································		
MW	8.4-9.2	9.8-10.1	9 9-10.1	
pН	9.0-10.5	10 0-12 0	10.0-12.0	
WL	NC	NC	20-30	
Vis	28-34	28-29	32-34	
MC	NC	NC	<2	
Solids	NC	<2%	<3%	
Pump Rate	300-500 gpm	375-425 gpm	400-425 gpm	
Special		Use Poymers sticks and MF- 55 Hi-Vis Sweeps as necessary	Hi Vis Sweeps, add acid and starch as req. Raise Vis to 35 for log.	

8. Proposed Mud Program is as follows

9. Pressure Control Equipment: See Attached Description and diagram of Pressure Control Equipment.

10. Testing, Logging and Coring Program

Testing Program No drill stem tests are anticipated **Electric Logging Program** SGR-DLL-CDL-CNL Quad Combo from 4300 to surf. Csg. SGR-CNL to Surf. **Coring Program:** No full or sidewall cores are anticipated.

11. Potential Hazards:

No abnormal temperatures or pressures are expected. There is no known presence of H2S in this H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. personnel will be familiar with all aspects of safe operation of equipment being used to drill this well Estimated BHP 1892 psi based on 0.44 x TD. The estimated BHT is 125 degrees F.

12. Duration of Operations:

Anticipated spud date will be soon after approval and as soon as a rig will be available. Move in operations and drilling is expected to take 10 days. An additional 14 days will be needed it complet well and to construct surface facilities.

Pressure Control

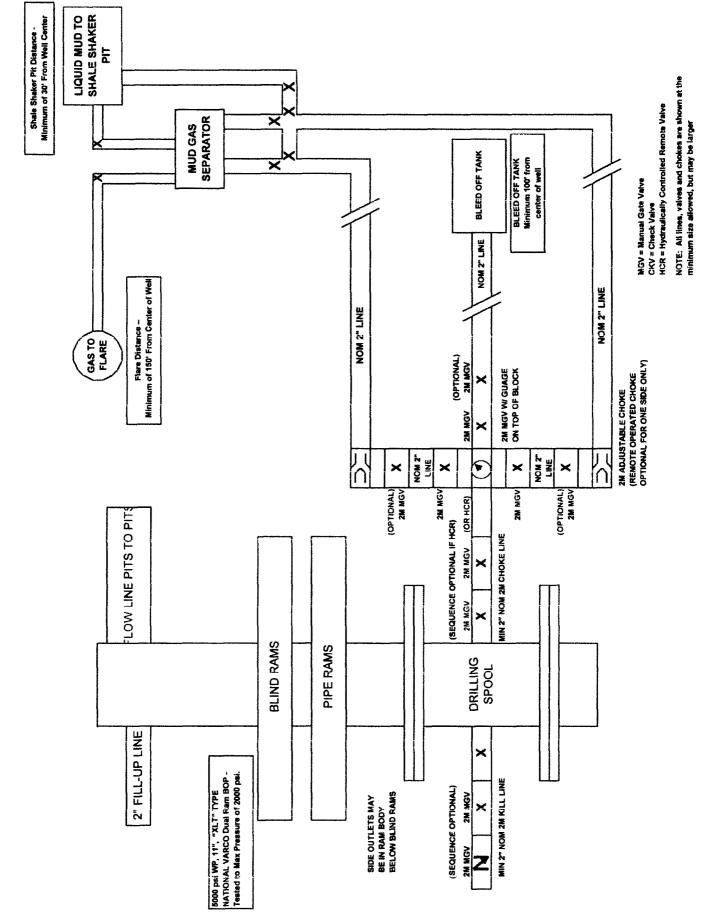
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The blowout preventer equipment (BOP) will consist of a 5000 psi rated, "XLT" type, National VARCO double ram preventer that will be tested to a maximum pressure of 2000 psi. The unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and drill pipe rams on bottom. The 2M BOP will be installed on the 8 5/8" surface casing and utilized continuously until total depth is reached. All casing strings will be tested as per Onshore Order #2. This also includes a thirty day (30) test, should the rig still be operating on the same well in thirty days

Pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily

The BOP equipment will consist of the following:

- Double ram with blind rams (top) and pipe rams (bottom),
- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 2" minimum diameter, kill side will be at least 2 inch diameter),
- Kill line (2 inch minimum),
- A minimum of 2 choke line valves (2 inch minimum),
- 2 inch diameter choke line,
- 2 kill valves, one of which will be a check valve (2 inch minimum),
- 2 chokes, one of which will be capable of remote operation,
- Pressure gauge on choke manifold,
- Upper Kelly cock valve with handle available,
- Safety valve and subs to fit all drill string connections in use,
- All BOPE connections subjected to well pressure will be flanged, welded, or clamped,
- A Fill-up line above the uppermost preventer.



2M BOP SCHEMATIC

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Hydrogen Sulfide Drilling Plan Summary

- A. All personnel shall receive proper H2S training in accordance with Onshore Order 6 III.C.3.a.
- B. Briefing Area: two perpendicular areas will be designated by signs and readily accessible.
- C. Required Emergency Equipment:

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- Well control equipment
 - a. Flare line 150' from wellhead to be ignited by flare gun.
 - b. Choke manifold with a remotely operated choke.
 - c. Mud/gas separator
- Protective equipment for essential personnel.

Breathing apparatus:

a. Rescue Packs (SCBA) — 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.

b. Work/Escape packs —4 packs shall be stored on the rig floor and contain sufficiently long air hoses as to not to restrict work activity.

c. Emergency Escape Packs -- 4 packs shall be stored in the doghouse for emergency evacuation.

Auxiliary Rescue Equipment:

- a. Stretcher
- b. Two OSHA full body harness
- c. 100 ft 5/8 inch OSHA approved rope
- d. 1-20# class ABC fire extinguisher
- H2S detection and monitoring equipment:

The stationary detector with three sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 14 ppm. Calibrate a minimum of every 30 days or as needed. The sensors will be placed in the following places: Rig floor / Bell nipple / End of flow line or where well bore fluid is being discharged.

(Gas sample tubes will be stored in the safety trailer)

Visual warning systems:

a. One color code condition sign will be placed at the entrance to the site reflecting the possible conditions at the site.

b. A colored condition flag will be on display, reflecting the current condition at the site at the time.

c. Two wind socks will be placed in strategic locations, visible from all angles.

Mud program:

The mud program has been designed to minimize the volume of H2S circulated to surface. The operator will have the necessary mud products to minimize hazards while drilling in H2S bearing zones.

Metallurgy:

a. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

b. All elastomers used for packing and seals shall be H2S trim.

Communication:

Communication will be via two way radio in emergency and company vehicles. Cell phones and land lines where available.

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Company Offices Lime Rock Houston Office

Answering Service (After Hours) Artesia, NM Office Roswell, NM 713-292-9510 713-292-9555 575-748-9724 575-623-8424

KEY PERSONNEL

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Name	Title	Location	Office #	Cell #	Home #
Steve Hunter	Production Manager	Houston	713-292-9516	832-330-7313	Same as Cell
Spencer Cox	Operations Engineer	Houston	713-292-9528	432-254-5140	Same as Cell
Eric McClusky	Operations Engineer	Houston	713-360-5714	832-491-3079	405-821-0534
Jerry Smith	Assistant Production Supervisor	Artesia	575-748-9724	505-918-0556	575-746-2478
Michael Barrett	Production Supervisor	Roswell	575-623-8424	505-353-2644	575-623-4707
Gary McCelland	Well Site Supervisor	Rotates on Site	NA	903-503-8997	NA
Dave Williamson	Well Site Supervisor	Rotates on Site	NA	575-308-9980	NA

	Agency Call List	
City	Agency or Office	Telephone #
Artesia	Ambulance	911
Artesia	State Police	575-746-2703
Artesia	Sherriff's Office	575-746-9888
Artesia	City Police	575-746-2703
Artesia	Fire Department	575-746-2701
Artesia	Local Emergency Planning Committee	575-746-2122
Artesia	New Mexico OCD District II	575-748-1283
Carlsbad	Ambulance	911
Carlsbad	State Police	575-885-3137
Carlsbad	Sherriff's Office	575-887-7551
Carlsbad	City Police	575-885-2111
Carlsbad	Fire Department	575-885-2111
Carlsbad	Local Emergency Planning Committee	575-887-3798
Carlsbad	US DOI Bureau of Land Management	575-887-6544
State Wide	New Mexico Emergency Response Commisssion ("NMERC")	505-476-9600
State Wide	NMERC 24 Hour Number	505-827-9126
State Wide	New Mexico State Emergency Operations Center	505-476-9635
National	National Emergency Response Center (Washington D.C.)	

	Emerge	ency Services	WEEK	
Name	Service	Location	Telephone Number	Alternate Number
Boots & Coots International Well Control	Well Control	Houston / Odessa	1-800-256-9688	281-931-8884
Cudd Pressure Control	Well Control/Pumping	Odessa	915-699-0139	915-563-3356
Baker Hughes Inc.	Pumping Services	Artesia, Hobbs & Odessa	575-746-2757	Same
Total Safety	Safety Equipment & Personnel	Artesia	575-746-2847	Same
Cutter Oilfirld Services	Drilling Systems Equipment	Midland	432-488-6707	Same
Safety Dog	Safety Equipment & Personnel	Artesia	575-748-5847	575-441-1370
Fighting for Life	Emergency Helicopter Evacuation	Lubbock	806-743-9911	Same
Aerocare	Emergency Helicopter Evacuation	Lubbock	806-747-8923	Same
Med Flight Air Ambulance	Emergency Helicopter Evacuation	Alburquerque	505-842-4433	Same
Artesia General Hospital	Emergency Medical Care	Artesia	575-748-3333	702 North 13th Street

Lime Rock Resources II-A, L.P.

Everest 14 M #9

Unit M, S14-T18S-R26E, Eddy County, NM

Design: Closed Loop System with roll-off steel bins (pits)

CRI/HOBBS will supply (2) bins (100 bbl) volume, rails and transportation relating to the Close Loop System. Specification of the Closed Loop System is attached.

Contacts: Gary Wallace (432) 638-4076 Cell (575) 393-1079 Office

Scomi Oil Tool: Supervisor - Armando Soto (432) 553-7979 Hobbs, NM

Monitoring 24 Hour service Equipment:

Centrifuges – Derrick Brand Rig Shakers – Brandt Brand D-watering Unit Air pumps on location for immediate remediation process Layout of Close Loop System with bins, centrifuges and shakers attache

Cuttings and associated liquids will be hauled to a State regulated third party disposal site (CRI or Controlled Recc Inc.). The disposal site permit is DFP = #R916

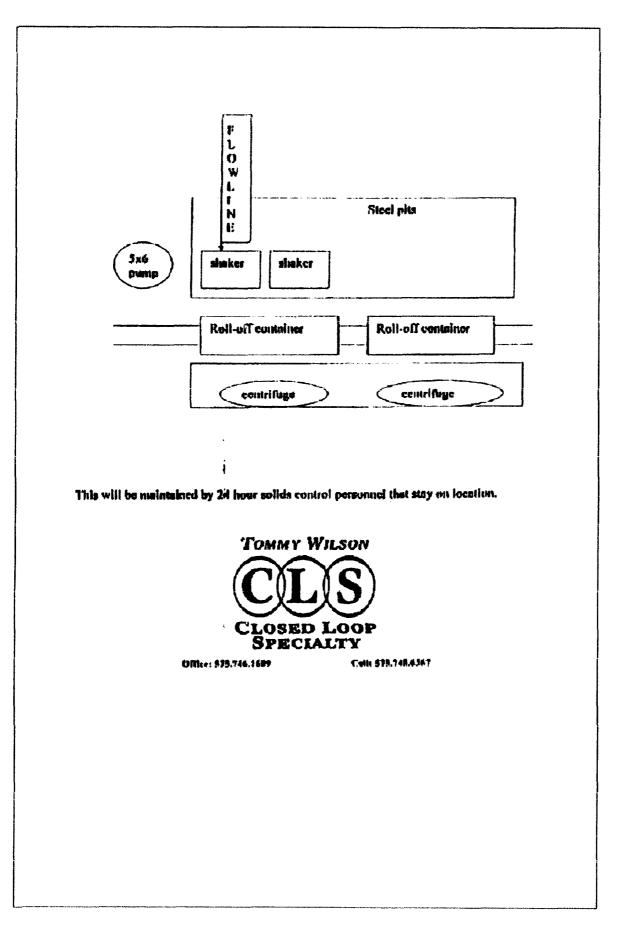
2- (250 bbl) tanks to hold fluid 2-CRI bins with track system 2-500 bbl frac tanks with fresh water 2-500 bbl frac tanks for brine water

Operations:

Closed Loop System equipment will be inspected daily by each tour and any necessary maintenance perfoleak in system will be repaired and/or contained immediately. OCD will be notified within 48 hours of ar Remediation process will start immediately.

Closure:

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI equipment to DFP #



STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES OIL CONVERVATION DIVISION

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PERMIT CONDITIONS OF APPROVAL

Operate	or Name Line Rock Resources
API Nur	mber <u>30-01.5-40980</u>
Well Na	ame and Number Whest 14M #9
	Will require a Directional Survey and "As Drilled" C-102 with the C-104
\square	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.
⊡	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement.
	NSL approval required prior to sale of product
	NSP approval required for requested acreage dedication
	Initial injection cannot commence until all regulatory requirements have been met and drilling and completion data conforms to approved SWD order
/	
NMOCD or amendmer	ud, Operator will review and adhere to der R-14164 for current changes or any ats which may pertain to the drilling ation of this well.