State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin Cabinet Secretary David R. Catanach Division Director Oil Conservation Division



Brett F. Woods, Ph.D. Deputy Cabinet Secretary

New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-3 APD form.

Operator Signature Date: 5-24-13
Well information;

Operator Vision Energy, Well Name and Number Hogback Deep 7 #23

API# 30-045- 26419, Section 7, Township 29 NS, Range 16 E/W

Conditions of Approval:

(See the below checked and handwritten conditions)

- Notify Aztec OCD 24hrs prior to casing & cement.
- o Hold C-104 for directional survey & "As Drilled" Plat
- o Hold C-104 for NSL, NSP, DHC
- Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:
 - A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A
 - A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A
 - A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C
- 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

Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84

Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.

Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.

NMOCD Approved by Signature

7-6.2015

BCH1327-503

OIL CONS. DIV DIST. 3

JUN 0 1 2015

Form 3160-3 (August 2007) formerly known as USG Section 18 #47.



FORM APPROVED OMB No. 1004-0137 Expires July 31, 2010

UNITED STATES DEPARTMENT OF THE INTERIOR

Lease Serial No. 4-89-IND-58

BUREAU OF LAND MANAGEMENT 6. If Indian, Allotee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR REENTER on Field NAVAJO NATION Bureau of Land his If Unit or CA Agreement, Name and No. la. Type of work: DRILL ✓ REENTER 8. Lease Name and Well No. ✓ Oil Well Gas Well Other Single Zone | Multiple Zone lb. Type of Well: HOGBACK DEEP 7 #23 Name of Operator VISION ENERGY GROUP LLC 9. API Well No. 30-045-26419 3a. Address 3b. Phone No. (include area code) 10. Field and Pool, or Exploratory 39 OLD RIDGEBURY ROAD 203 837 2538 DANBURY CT 06810 HOGBACK PENN & WC MISSISSIPP'N Location of Well (Report location clearly and in accordance with any State requirements.*) 11. Sec., T. R. M. or Blk. and Survey or Area NESW 17-29N-16W NMPM At surface 1474' FSL & 1622' FWL At proposed prod. zone SAME 12. County or Parish 13. State 14. Distance in miles and direction from nearest town or post office* SAN JUAN NM 4 AIR MILES WSW OF WATERFLOW, NM Distance from proposed* 16. No. of acres in lease 17. Spacing Unit dedicated to this well location to nearest SW4: PENN & NESW: MISSISSIPPIAN property or lease line, ft (Also to nearest drig, unit line, if any) 20. BLM/BIA Bond No. on file 19. Proposed Depth 18. Distance from proposed location* to nearest well, drilling, completed, 015037275 7,000 applied for, on this lease, ft. 22. Approximate date work will start* 23. Estimated duration Elevations (Show whether DF, KDB, RT, GL, etc.) 3 WEEKS 5,042' UNGRADED 10/01/2013 24. Attachments The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form: Bond to cover the operations unless covered by an existing bond on file (see 1. Well plat certified by a registered surveyor. Item 20 above). 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the 5. Operator certification SUPO must be filed with the appropriate Forest Service Office). Such other site specific information and/or plans as may be required by the Name (Printed/Typed) 25. Signature **BRIAN WOOD** 05/24/2013 (505 466-8120) Title CONSULTANT (FAX 505 466-9682) Approved by (Signature) Name (Printed/Typed) Office Title

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. OF TH

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

CONTINUES OPERATIONS **COMPLIANCE WITH ATTACHED** "GENERAL REQUIREMENTS"

Conditions of approval, if any, are attached

conduct operations thereon.

ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

*(Instructions on page 2) This action is subject to tech and procedural review pursuant to 13 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4



DISTRICT I 1625 N. French Dr., Hobbs, N.M. 88240 DISTRICT II 1301 W. Grand Avenue, Artesia, N.M. 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, N.M. 87410

2642.19

00°29'29

Z

1913 G.L.O.

1622"

BRASS CAP S 89°36'16" E

474

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised July 16, 2010

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION JUL 02 2014 1220 South St. Francis Dr. Santa Fe, N.M. 87505

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, N.M. 87505						Bureau of Land Managemen AMENDED REPORT			
		1	WELL L	OCATIO	N AND AC	REAGE DED			
30-045- 2	Number 6419			32770		HOGBACK F	PENN Pool 1	Name	
Property 0					HOGBACK	DEEP 7			Well Number
70GRID N 28096	1200			VISIO	*Operator N ENERGY	Name GROUP LLC			Elevation 5042
					10 Surface	Location			
UL or lot no.	Section 7	Township 29 N	Range 16 W	Lot Idn	Feet from the	North/South line	Feet from the	East/West line WEST	SAN JUAN
			11 Botto	m Hole	Location I	f Different Fro	om Surface	S. C. W.	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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16	FV.						I hereby certify frue and comple and that this or or unleased min proposed bottom well at this loc owner of such a voluntary poolin	that the information ete to the best of my rganization either ou neral interest in the hole location or has ation pursuant to a a mineral or working	a right to drill this contract with an
2005 B.L.M. BRASS CAP			SECT	10N 7				BRIAN WOO permitswest	
								VEYOR CER	
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LAT: 36.7382360° N LONG: 108.5691066° W NAD 83-LAT: 36°44.29413' N

SURFACE LOCATION

LONG: 108°34.10800' W NAD 27

2641.04"

2005 B.L.M. BRASS CAP

vas plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

米06/02/11 Date of Survey Signature and 17078

DIBJUAN WOOD JECATOING DI ditterence is the correct location

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, N.M. 87505

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, N.M. 87505 Form C-102
Revised July 16, 2010
Submit one copy to appropriate
District Office
dedication changed
as requested by OCD
IX AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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Property Code			HOGBACK DEEP 7				Well Number			
OGRID No.				*Operator Name					[®] Elevation	
28096	3			VISIO	N ENERGY	GROUP LLC				5042
					10 Surface	Location				# 10 A S T T
UL or lot no.	Section	Townshi	p Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	line	County
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			11 Bott	om Hole	Location	If Different Fr	om Surface			
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2005 B.L.M. BRASS CAP			SEC		NS. DIV DIS	ST. 3	I hereby certify true and completed and that this of or unleased mis proposed bottom well at this loc numer of such voluntary poolisherstofore enter Signature Brian@ E-mail Addr	that the info lete to the bes rganization et real interest hate location pursuan a mineral or ng agreement red by the div	ormation it of my ither ow in the a or has it to a working or a co riston.	t.com
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PAGE 1

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Drilling Program

1. ESTIMATED FORMATION TOPS (ungraded GL = 5,042')

Formation Name	GL Depth	KB Depth	Elevation
Mancos shale	0'	5'	+5,042'
Dakota sandstone	685'	690'	+4,357'
Entrada sandstone	1,990'	1,995'	+3,052'
Cutler formation	3,904'	3,909'	+1,138'
Ismay carbonate	6,100'	6,105'	-1,058'
Desert Creek	6,240'	6,245'	-1,198'
Akah	6,311'	6,316'	-1,269'
Barker Creek	6,625'	6,630'	-1,503'
Proposed Total Depth (TD)	7,000'	7,005'	-1,958'

2. NOTABLE ZONES

Gas & Oil Zones	Water Zones	Other Mineral Zone
Dakota	Morrison	Morrison
Akah	Entrada	Chinle
Barker Creek		

3. PRESSURE CONTROL

Maximum expected bottom hole pressure will be ≈4,130 psi. A diagram of a typical 5,000 psi BOP system is on Page 2. Specifications are:

Type: $13-5/8" \times 5,000$ psi WP double-gate BOP and $13-5/8" \times 5,000$ psi WP annular BOP with hydraulic closing unit. $13-3/8" \times 13-5/8" \times 5,000$ psi WP slipon welded casing head and $13-5/8" \times 11" \times 5000$ psi WP casing spool.



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The blowout preventer will be equipped as follows:

- 1) one set of blind rams
- 2) one set of pipe rams
- 3) drilling spool with 2 side outlets (choke side: ≥3" minimum kill side: ≥2")
- 4) kill line: 2" minimum
- 5) two kill line valves, one of which will be a check valve (≥2")
- 6) choke line: ≥3"
- 7) two choke line valves: ≥3"
- 8) one manually operated choke: ≥3"
- 9) pressure gauge on choke manifold
- 10) upper kelly cock with handle readily available
- 11) full opening internal blowout preventer or drill pipe safety valve able to fit all connections
- 12) fill up line to be located above uppermost preventer

Test Procedures:

At a minimum, the BOP, choke manifold, and all related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by means of a test plug) or to 70% of the internal yield strength of the surface casing (if not isolated from the surface casing by means of a test plug). Pressure will be maintained for a period of at least 10 minutes or until requirements of the test are met, whichever is longer. At a minimum, this pressure test will be performed:

- 1) when the BOP is initially installed
- 2) whenever any seal subject to test pressure is broken
- 3) following related repairs
- 4) at minimum 30 day intervals

In addition to the above, the pipe rams will be activated daily, and the blind rams will be activated each trip (but not more frequently than once each day). All BOP tests and drills will be recorded in the IADC Driller's Log (tour sheets).



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All choke lines will be straight lines, unless turns use tee-blocks, or are targeted with running tees. These lines will be anchored to prevent whip and vibration.

The accumulator will have sufficient capacity to close all rams (plus the annular preventer, if applicable) and retain a minimum of 200 psi above the pre-charge pressure, without the use of the closing-unit pumps. The fluid reservoir capacity will be double the accumulator capacity. The fluid level will be maintained at the manufacturer's recommendations. The BOP system will have two independent power sources to close the preventers. Nitrogen bottles (three minimum) will be considered one of these sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator pre-charge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter. The accumulator pressure will be corrected if the measured pre-charge pressure is found to be above or below the maximum or minimum limits as specified on Onshore Oil and Gas Order 2.

The blowout preventer and related pressure-control equipment will be installed, tested, and maintained in compliance with Onshore Order 2. The choke manifold and BOP extension rods will be located outside the rig substructure. The hydraulic BOP closing unit will be located ≥25 feet from the well head, but will be readily accessible to the driller. Exact locations and configurations of the hydraulic BOP closing unit will depend upon the particular drilling rig contracted to drill this well. A 20" diverter will be used on the surface hole.

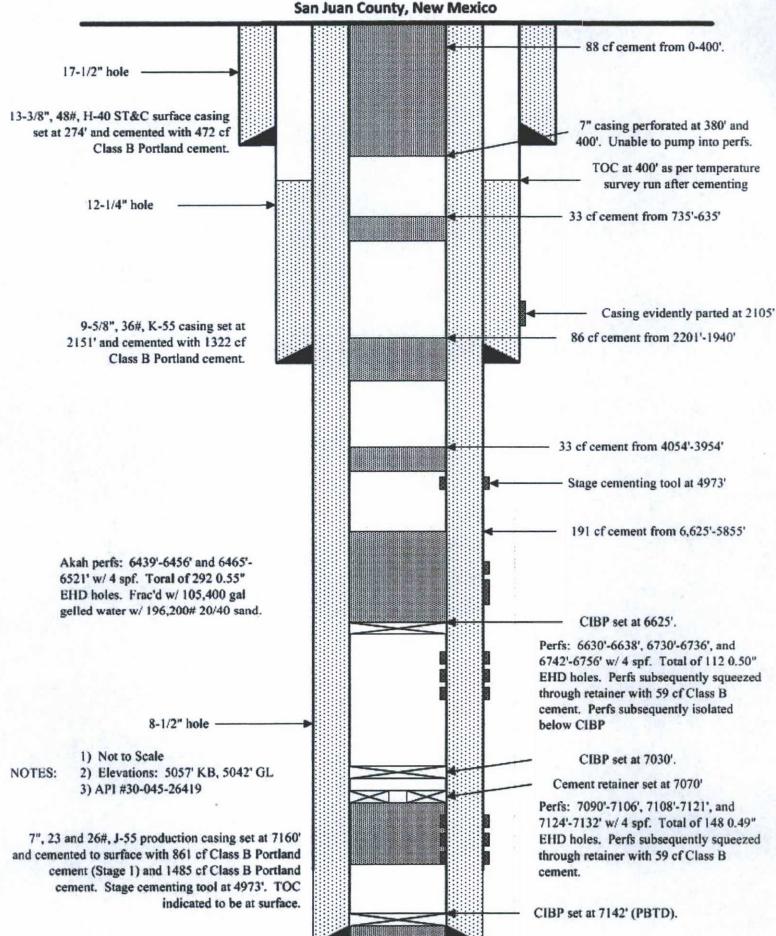
4. CASING & CEMENT

See PAGE 5 for existing casing and cement. Vision will drill out 5 plugs. There will be no activity below 7,000' (current TD is 7,160' and CIBP is at 7,030').



Amoco Production Company USG Section 18-47

1505' FSL & 1690' FWL (NESW) Sec 7-T29N-R16W



T.D. 7160'

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MUD PROGRAM

Use 9 pound 50 viscosity mud or greater.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Cased hole neutron and CBL/GR/CCL logs will be run from the base of the surface casing to TD. CBL will be run on any casing string where cement is not circulated to the surface.

7. DOWN HOLE CONDITIONS

No abnormal temperatures are expected. Maximum bottom hole pressure gradient will be 0.59 psi/foot.

8. MISCELLANEOUS

Anticipated spud date is upon approval. It is expected it will take ≈3 weeks to test and complete the well.

Footages from section lines are shown as 1505 FSL & 1690 FWL on C-102 dated March 22, 1985. Well was drilled in 1985 and plugged and abandoned in 1993.

Re-entry procedures are:

Dig out wellhead, cut off P&A marker, weld on 7" x 7-1/16" x 5000 psi WP casing head to 7" casing, and pressure test.

Set anchors for rig and move in rig.



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Pick up 6-1/8" bladed bit, drill collar, and mud motor. Drill out first plug (GL - 400'), tag second plug at 635', and pressure test casing.

Drill out three plugs (635'-735', 1940'-2201', and 3954'-4054') and pressure test casing.

Drill out plug (5855'-6625') and pressure test casing.

Test Akah. There is no record that the Akah perforations were ever squeezed. Run casing scraper to 6625', run cased hole logs, set packer at 6350', swab, flow test well, and acidize as needed.

Release packer and kill well. Drill out CIBP at 6625', tag CIBP at 7030', reset packer at 6550', swab test un-squeezed Barker Creek perforations, and acidize as needed.



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Surface Use Plan

1. DIRECTIONS & ROADS (See PAGES 13 - 16)

From the NM 371 San Juan River bridge in southwest Farmington...
Go South for 0.7 miles on NM 371
Then turn right and go West ≈20 miles on paved N-36 to milepost ≈8.6
Then turn right at a cattle guard and go NW 100 yards on a dirt road
Then bear right and go North ½ mile on a dirt road (passing the tank battery)
Then turn right after crossing a canal and go East 100 yards
Then turn left and go North 1/5 mile on a dirt road
Then turn left and go West 100 yards on a dirt road to the pad

Roads will be maintained to at least equal their present condition.

2. ROAD TO BE BUILT OR UPGRADED (See PAGES 15 & 16)

No new road is needed. The pad overlaps Vision's producing 18 #52 oil well pad. Upgrade of the existing road will consist of rocking where needed and watering when needed.

3. EXISTING WELLS (See PAGE 14)

Fourteen oil wells, one saltwater disposal well, and thirty-eight plugged wells are within a mile radius. There are no gas, water, or injection wells within a mile according to state records.



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4. PROPOSED PRODUCTION FACILITIES (See PAGES 15 & 16)

Two ≈400 barrel steel oil tanks, one ≈400 barrel water tank, and a separator may be installed on the pad. All surface equipment will be painted a flat juniper green color. Pump, if needed, will be powered by propane or the well's own gas. Pump muffler will comply with BLM standards. A 3,886.76' long pipeline route will run south along roads to Vision's existing tank battery and Vision's existing 18 #43 saltwater disposal well. Pipelines will be trenched except where the 8' wide concrete irrigation ditch is crossed. The ditch crossing will be bored. Pipelines will include a water line, fuel gas line, and flow line.

5. WATER SUPPLY

Water will be trucked from Farmington, Kirkland, or Waterflow.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) will be called \geq 72 hours before construction starts. Top 6" of soil and brush will be piled north of the pad. Slopes will be no steeper than 3 to 1.

7. WASTE DISPOSAL

No reserve pit will be used. Instead, a closed loop system with steel tanks will be used. Cuttings and mud will be hauled to a state approved disposal site off the reservation.

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, contents of the reserve pit will



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be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

8. ANCILLARY FACILITIES

There will be no airstrip or camp. Camper trailers will be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT

See Pages 17 and 18 for drawings of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation will start once each phase of construction or use is completed. Cut and fill slopes around the pad will be immediately reclaimed. All but a teardrop portion of the pad will be reclaimed after the well is completed. Once the well is plugged, the remainder of the pad and road will be reclaimed.

All reclamation will leave the terrain with a natural shape, slopes will be no steeper than 3 to 1, all compacted areas will be ripped ≥12" deep with the contour, seeded, and mulched with straw. A seed mix will be drilled as prescribed by the BIA or Navajo Nation. Weeds will be controlled in accordance with Navajo Nation EPA requirements. Call Glenna Lee @ 928 871-7815 for a list of approved herbicides and applicators.



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11. SURFACE OWNER

All construction will be on lease and on Navajo Nation surface. Tribal Project Review Office phone number is (928) 871-6447. Their address is P. O. Box 2249, Window Rock, Arizona, 86515.

Land use will be:

well site: 100' x 100' = 0.23 acre + pipeline: 40' x 3,886.76' = 3.56 acres Total = 3.79 acres (7 & 18-29n-16w)

12. OTHER INFORMATION

The nearest hospital is a \geq 20 minute drive to the north side of Shiprock.

Bertha Spencer (BIA), Esther Kee (Project Review), Pam Kyselka (Navajo Natural Heritage Program), and Charles Black (Permits West) attended the June 7, 2011 on site inspection.

13. REPRESENTATION & CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U. S. C. 1001 for the filing of false statements. Executed this <u>24th</u> day of <u>May</u>, 2013.



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Brian Wood, Consultant Permits West, Inc.

37 Verano Loop, Santa Fe, NM 87508

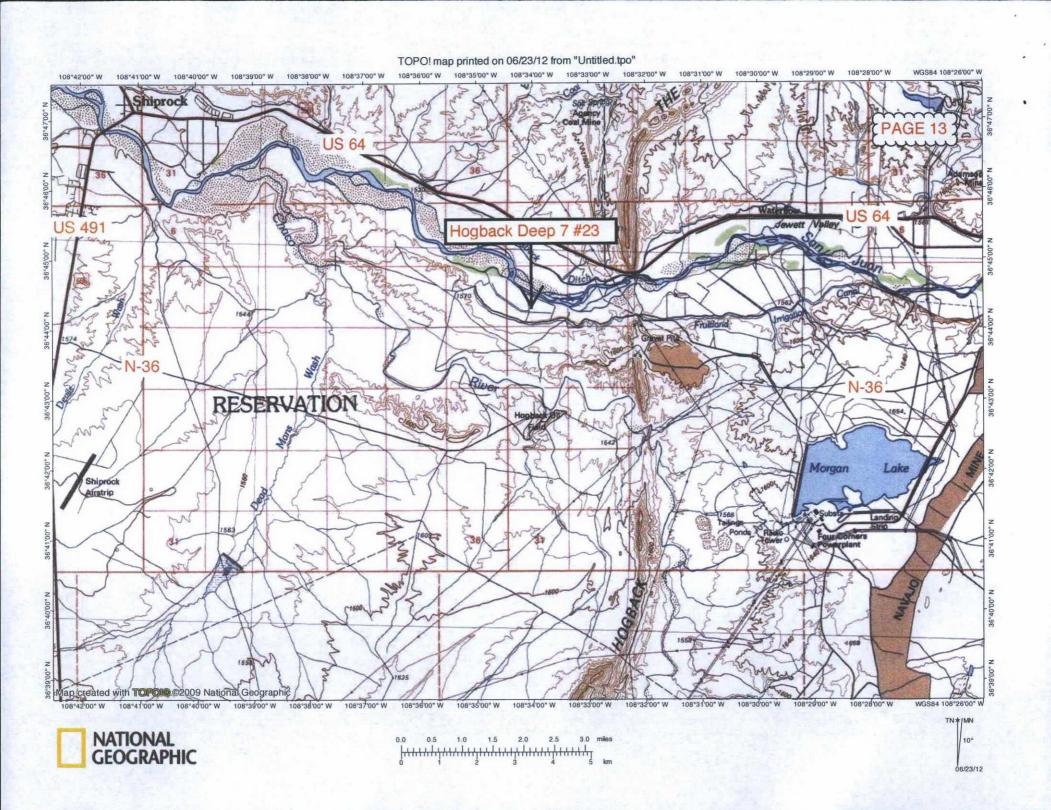
(505) 466-8120 FAX: (505) 466-9682

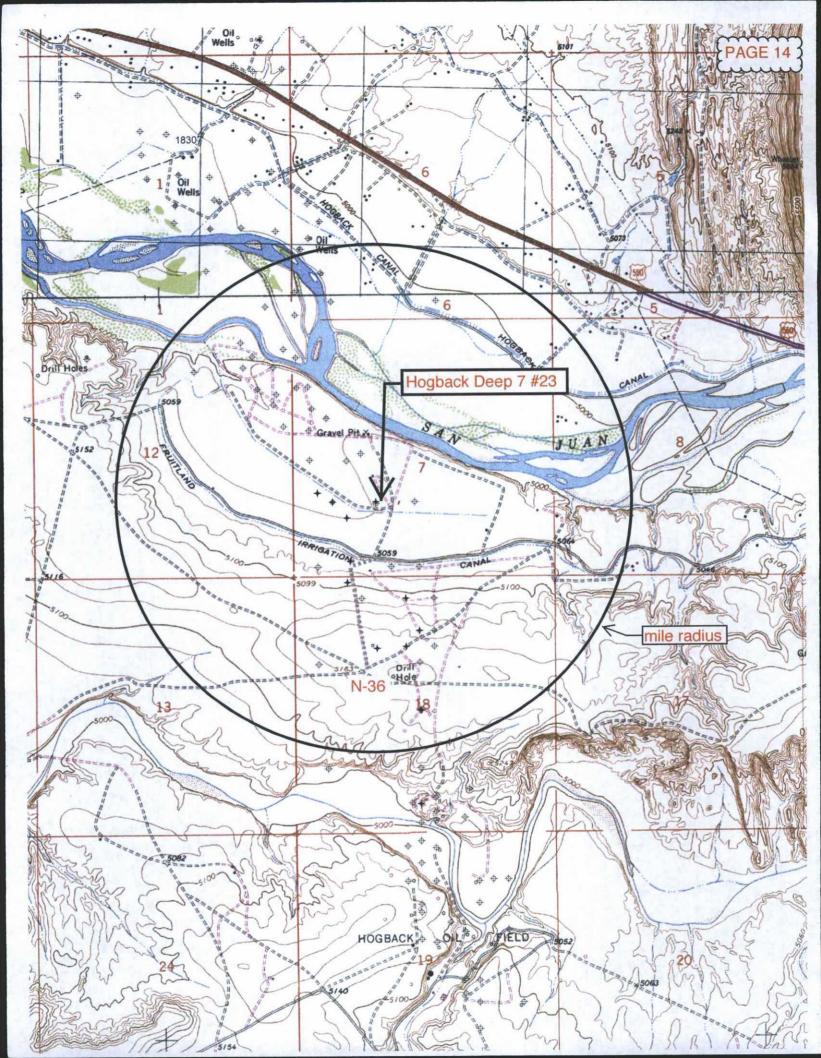
Cellular: (505) 699-2276

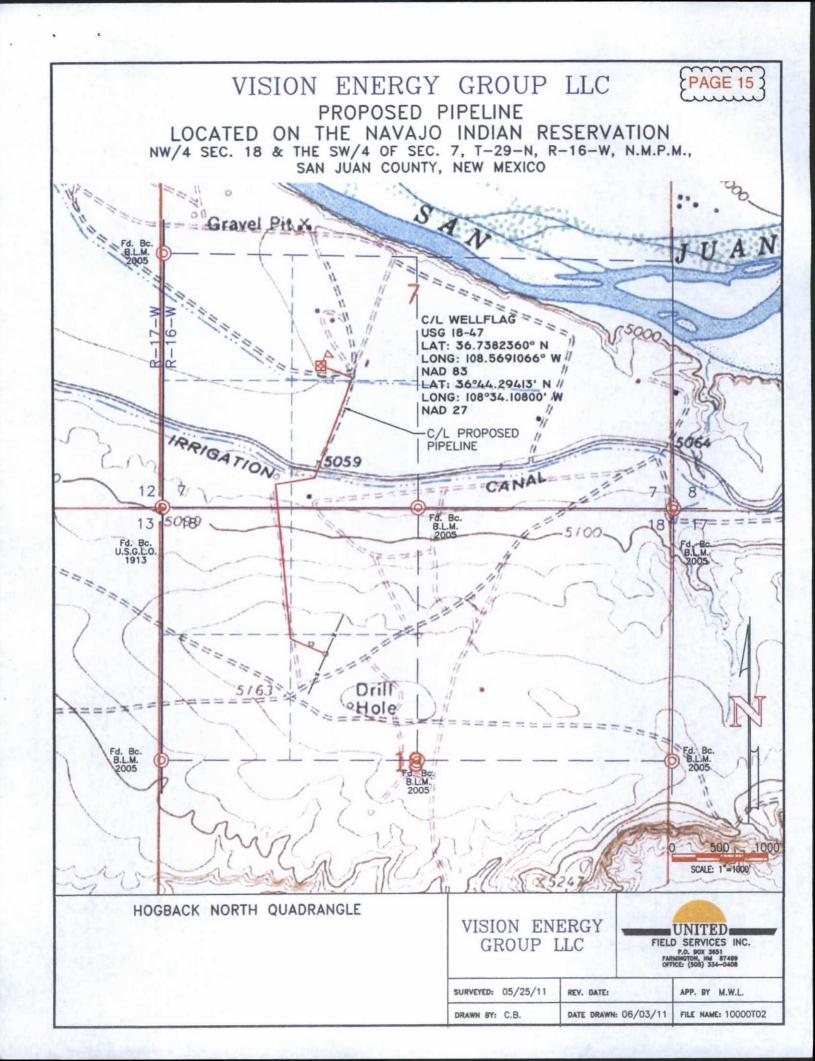
The field representative will be:

Dan Dalton Praxair Inc. 483 Turner Dr. Rock springs, WY 82901 (307) 871-2007







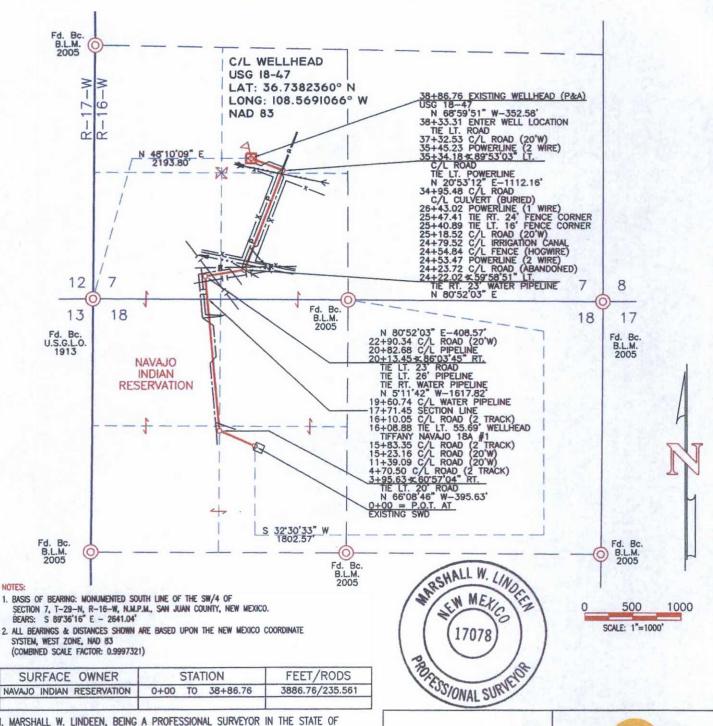


VISION ENERGY GROUP LLC

PAGE 16

PROPOSED PIPELINE

LOCATED ON THE NAVAJO INDIAN RESERVATION NW/4 OF SEC. 18 & THE SW/4 OF SEC. 7, T-29-N, R-16-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO



SURFACE OWNER NAVAJO INDIAN RESERVATION

NOTES:

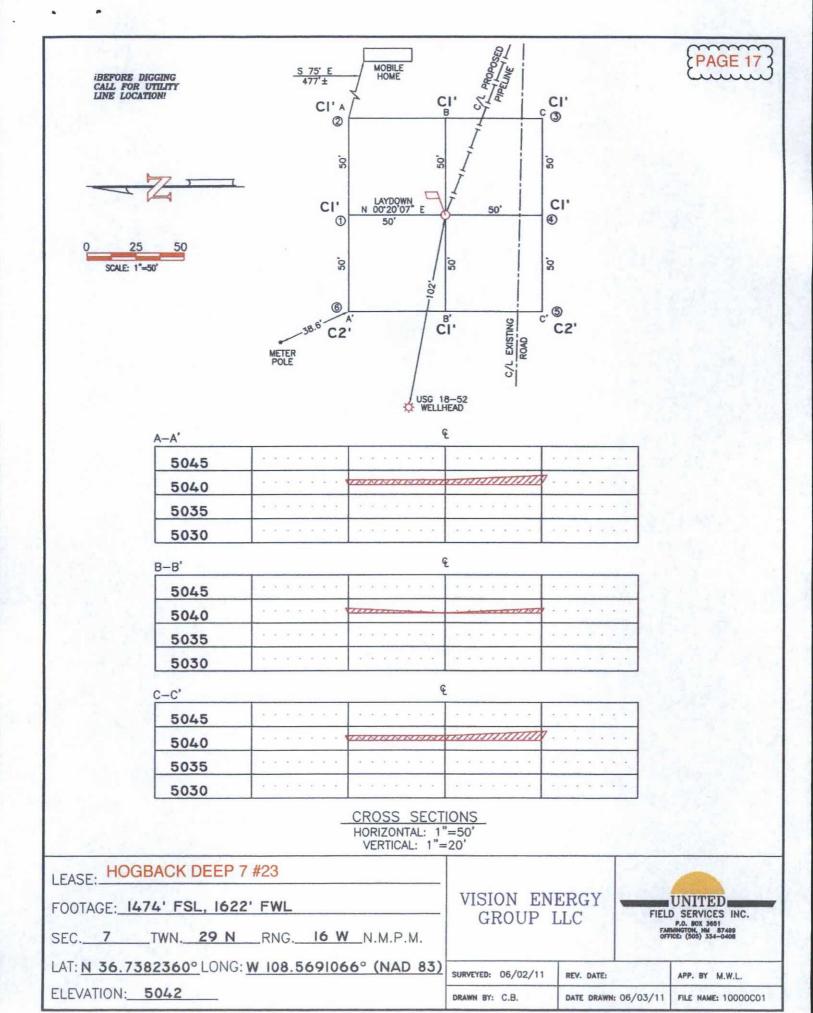
I, MARSHALL W. LINDEEN, BEING A PROFESSIONAL SURVEYOR IN THE STATE OF NEW MEXICO, DO HEREBY CERTIFY THAT THE SURVEY REPRESENTED BY THIS PLAT WAS MADE UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT ACCURATELY REPRESENTS THIS SURVEY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

6-4-11 DATE MARSHALL W. LINDEEN P.S #17078

VISION ENERGY GROUP LLC

UNITED. FIELD SERVICES INC. P.O. BOX 3651 FARMINGTON, NM 87499 OFFICE: (505) 334-0408

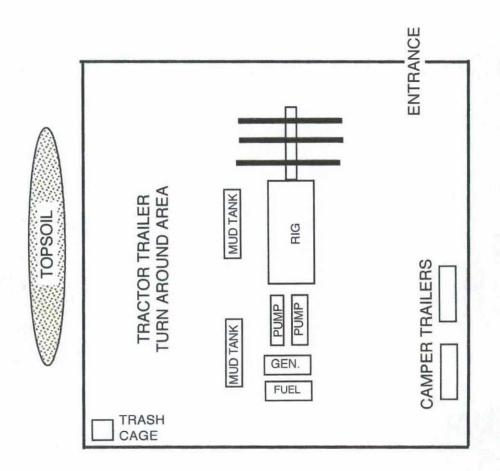
SURVEYED: 05/25/11	REV. DATE:	APP. BY M.W.L.
DRAWN BY: C.B.	DATE DRAWN: 06/03/11	FILE NAME: 10000P01

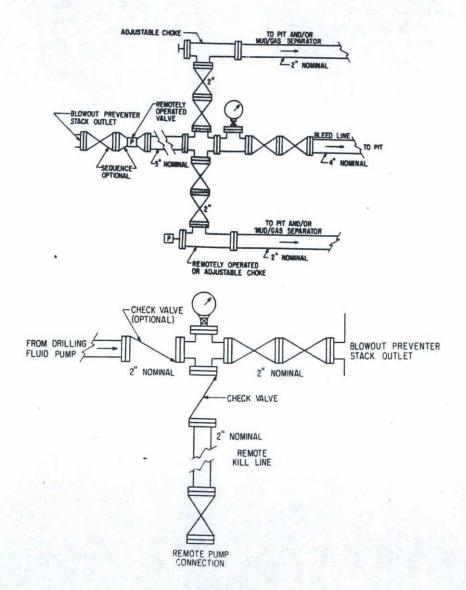


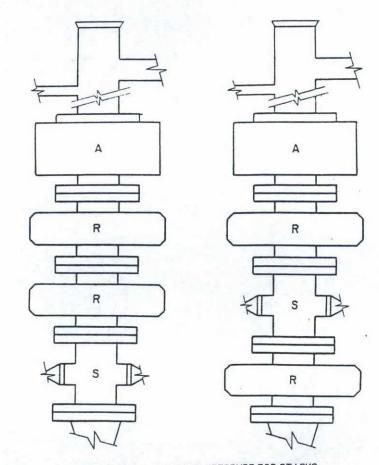
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TYPICAL 5,000 psi WORKING PRESSURE BOP STACKS

- A = Annular type blowout preventer
- R = Ran
- S = Drilling spool with side outlet connections for choke & kill lines

