

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

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

1. Operator Name and Address KEYSTONE PETROLEUM NM LLC 222 W. Las Colinas Blvd Irving, TX 75039		2. OGRID Number 269168
		3. API Number 30-05-64144
4. Property Code 38524	5. Property Name WEST NEWMILL 15 STATE COM	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	15	04S	26E	N	760	S	1980	W	CHAVES

8. Pool Information

WILDCAT;MONTTOYA (GAS)	97843
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3824
14. Multiple N	15. Proposed Depth 7500	16. Formation Montoya	17. Contractor	18. Spud Date 4/1/2011
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	350	390	0
Int1	12.25	9.625	40	3500	790	0
Prod	8.75	5.5	17	7500	1460	

Casing/Cement Program: Additional Comments

The hydrocarbon productive Strawn, Fusselman-Monatoya and Weathered Basement intervals will be protected by setting an open hole cement sidetrack plug from 3500'-4100' prior to drilling the horizontal lateral w/ a 3750' kickoff point. The hydrocarbon productive Abo interval will be isolated by setting 5 1/2" casing to total depth and circ cement to 500' above 9 5/8" intermediate. The sidetrack cement plug will cement w/ 250 sx "C" + 1% salt. Mud system: 0-350'=fw/native, wt./8.4-9.4, vis./32-34, fl./NC: 350'-1500'= brine/gel, wt./9.4-10.0, vis./32-34, fl./NC: 1500'-3500'= brine/gel/starch, wt./10.0-10.4, vis./32-38, fl./30-15: 3500'-3900'= cb/native, wt./8.9-9.0, vis./29-30, fl./NC: 3900'-4650'= abo, wt./8.9-9.2, vis./36-38, fl./30: 4650'-6500'= abo, wt./9.0-9.4, vis./38-40, fl./8-6: 3750'-7500'= abo, wt./ 9.0-9.5, vis./ 36-40, fl./ 6-8

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	Cameron

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Betty Epie	Approved By: Randy Dade
Title:	Title: District Supervisor
Email Address: bep@keystonepet.com	Approved Date: 3/8/2011 Expiration Date: 3/8/2013
Date: 3/8/2011 Phone: 972-444-9549	Conditions of Approval Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name Wildcat
Property Code	Property Name WEST NEWMILL "15" STATE COM	Well Number 1H
OGRID No. 269168	Operator Name KEYSTONE PETROLEUM NM LLC	Elevation 3824'

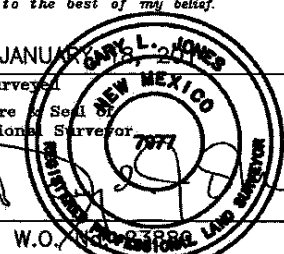
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	15	04 S	26 E		760	SOUTH	1980	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	15	04 S	26 E		760	SOUTH	660	EAST	CHAVES
Dedicated Acres 340	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 33°57'13.09" Long - W 104°12'09.05" NMSPCE- N 1074543.982 E 581010.763 (NAD-83)</p>	<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 33°57'13.06" Long - W 104°11'37.30" NMSPCE- N 1074546.93 E 583681.49 (NAD-83)</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Angela Lightner 03/08/11 Signature Date Angela Lightner Printed Name angela@rkford.com Email Address</p>
<p>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. JANUARY 2011 Date Surveyed Signature Professional Surveyor W.O. JONES Certificate No. Gary L. Jones 7977 BASIN SURVEYS 23889</p>		

Permit Comments

Operator: KEYSTONE PETROLEUM NM LLC , 269168

Well: WEST NEWMILL 15 STATE COM #001H

API: 30-05-64144

Created By	Comment	Comment Date
Artesia	Land dedicated to well State and fee minerals	3/8/2011

Permit Conditions of Approval

Operator: KEYSTONE PETROLEUM NM LLC , 269168

Well: WEST NEWMILL 15 STATE COM #001H

API: 30-05-64144

OCD Reviewer	Condition
Artesia	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