

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

Form C-101
August 1, 2011
Permit 162634

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

| | | |
|---|--|--|
| 1. Operator Name and Address MANZANO LLC PO BOX 2107 ROSWELL, NM 882022107 | | 2. OGRID Number 231429 3. API Number 30-025-41004 |
| 4. Property Code 39732 | 5. Property Name BROKEN SPOKE 2 STATE | 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 |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| O | 2 | 14S | 38E | 6 | 220 | S | 330 | E | LEA |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 2 | 14S | 38E | 1 | 330 | N | 330 | E | Lea |

9. Pool Information

| | |
|--------------------------|------|
| BRONCO;SAN ANDRES, SOUTH | 7500 |
|--------------------------|------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3787 |
| 16. Multiple N | 17. Proposed Depth 10000 | 18. Formation San Andres Formation | 19. Contractor | 20. Spud Date 3/15/2013 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

21. 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 | 400 | 400 | 0 |
| Int1 | 11 | 8.625 | 32 | 4250 | 1200 | 0 |
| Prod | 7.875 | 5.5 | 17 | 10000 | 1100 | 0 |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|--------------|
| Annular | 3000 | 3000 | |
| Blind | 3000 | 3000 | |
| Pipe | 3000 | 3000 | |

| | | | | | | | | | | | |
|--|--|----------------------------------|--|-------------------------|--|------------------|--|--------------------------|----------------------------|---------------------------------|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: _____ Printed Name: Electronically filed by Michael Hanagan Title: Manager Email Address: l_pack@qwest.net Date: 2/18/2013 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">OIL CONSERVATION DIVISION</td> </tr> <tr> <td colspan="2">Approved By: Paul Kautz</td> </tr> <tr> <td colspan="2">Title: Geologist</td> </tr> <tr> <td>Approved Date: 2/21/2013</td> <td>Expiration Date: 2/21/2015</td> </tr> <tr> <td colspan="2">Conditions of Approval Attached</td> </tr> </table> | OIL CONSERVATION DIVISION | | Approved By: Paul Kautz | | Title: Geologist | | Approved Date: 2/21/2013 | Expiration Date: 2/21/2015 | Conditions of Approval Attached | |
| OIL CONSERVATION DIVISION | | | | | | | | | | | |
| Approved By: Paul Kautz | | | | | | | | | | | |
| Title: Geologist | | | | | | | | | | | |
| Approved Date: 2/21/2013 | Expiration Date: 2/21/2015 | | | | | | | | | | |
| Conditions of Approval Attached | | | | | | | | | | | |

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State of New Mexico
Energy, Minerals and Natural Resources
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Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 162634

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-025-41004 | 2. Pool Code 7500 | 3. Pool Name BRONCO;SAN ANDRES, SOUTH |
| 4. Property Code 39732 | 5. Property Name BROKEN SPOKE 2 STATE | 6. Well No. 001H |
| 7. OGRID No. 231429 | 8. Operator Name MANZANO LLC | 9. Elevation 3787 |

10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot O | Section 2 | Township 14S | Range 38E | Lot Idn 6 | Feet From 220 | N/S Line S | Feet From 330 | E/W Line E | County LEA |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|--------------|---------------------|--------------|------------------------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot B | Section 2 | Township 14S | Range 38E | Lot Idn 1 | Feet From 330 | N/S Line N | Feet From 330 | E/W Line E | County LEA |
| 12. Dedicated Acres 210.50 | | 13. Joint or Infill | | 14. Consolidation Code | | | 15. 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 style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Michael Hanagan Title: Manager Date: 2/18/2013</p> | <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: GARY JONES Date of Survey: 1/23/2013 Certificate Number: 7977</p> |
|--|--|

Permit Comments

Operator: MANZANO LLC , 231429

Well: BROKEN SPOKE 2 STATE #001H

API: 30-025-41004

| Created By | Comment | Comment Date |
|------------|--|--------------|
| pkautz | Land p/S | 2/20/2013 |
| CHERRERA | OCD RECEIVED FORM C144 CLEZ. OCD PERMIT # P1-05783 | 2/20/2013 |

Permit Conditions of Approval

Operator: MANZANO LLC , 231429

Well: BROKEN SPOKE 2 STATE #001H

API: 30-025-41004

| OCD Reviewer | Condition |
|-----------------|--|
| 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 |