UL - Lot

<u>District I</u> 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

Section

25

District IV

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

| 1. Operate | | e and Addres | | ERATING | LC | | | | | | | 2. OG | RID Number 371127 | | |
|----------------------------|---|-------------------------|---------|--|-----|-------|-----|---------|---------------------|------------------|---------------|------------------|------------------------|--------|-----|
| | | Main Stree Worth, TX | | | | | | | | | | 3. API | Number 30-025-43625 | | |
| 4. Property Code 317441 | | | 5. Prop | 5. Property Name GRAMA RIDGE STATE COM | | | | 6. We | 6. Well No. 012H | | | | | | |
| | | | | | | | | 7 | . Surfa | ce Location | | | | | |
| UL - Lot | Р | Section | 36 | Township | 218 | Range | 34E | Lot Idn | Р | Feet From 383 | N/S Line S | Feet From 356 | E/W Line | County | Lea |

9. Pool Information

Feet From

2309

N/S Line

S

Feet From

612

E/W Line

County

Lea

Lot Idn

| or continuation | | | | | |
|-----------------------------|---------------------------|-------|--|--|--|
| GRAMA RIDGE:BONE SPRING, NE | to topics with this or in | 28435 | | | |

Additional Well Information

| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3662 |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 16. Multiple N | 17. Proposed Depth 17800 | 18. Formation 2nd Bone Spring Sand | 19. Contractor | 20. Spud Date 5/1/2017 |
| Depth to Ground water | | Distance from nearest fresh water well | 1.9 | Distance to nearest surface water |

■ We will be using a closed-loop system in lieu of lined pits

Township

218

Range

34E

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 54.5 | 1750 | 1850 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 5820 | 1200 | 0 |
| Int2 | 8.75 | 7 | 29 | 9100 | 860 | 0 |
| Prod | 6 | 4.5 | 13.5 | 17800 | 1230 | 8850 |

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

| 22. Froposed Blowout Frevention Frogram | | | | | |
|---|------------------|---------------|--------------|--|--|
| Type | Working Pressure | Test Pressure | Manufacturer | | |
| Double Ram | 5000 | 5000 | | | |
| Annular | 3500 | 3500 | | | |

| 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 ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable. | | | | OIL CONSERVATION | ON DIVISION |
|---|--------------------------------|---------------------|--------------------|------------------|----------------------------|
| Signature: | | UK3K | | | |
| Printed Name: Electronically filed by Michael McCracken | | | Approved By: | Paul Kautz | |
| Title: | COO | | Title: | Geologist | an landers all hand |
| Email Address: | michael.mccracken@blackmtn.cor | n | Approved Date: | 2/24/2017 | Expiration Date: 2/24/2019 |
| Date: | 2/22/2017 | Phone: 817-698-9901 | Conditions of Appr | roval Attached | |

| ************************************** | | | OPERATOR CERTIFICATION |
|---|--|------|--|
| COL COMES COLORS | | 295, | Indigental to control and produces of the prod |
| Line Green | Proposed Productny Internal | 11 | Name to the State of the State |
| 4 10 0 10 0 1 10 0 10 | | 1 | No. 10 Miles No. 10 Miles Artis all adjustments Tell 1881 |
| AND SOUTH | | 200 | "SURVEYOR CERTIFICATION [Annal and Annal and |
| CORRES COORDINATES THREE PARK 20 A. VIGNOSCO, XITTERDON B. PHONOLINE, XITTERDON | A PROPERTY. | | (30.201) |
| 0-9-0001165 3-16661150 | Popular Pendidu Par Se PS, 100 PS, | 1 | - Zonas |

Form APD Comments

Permit 232239

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

PERMIT COMMENTS

| Operator Name and Address: | API Number: |
|---------------------------------------|-----------------------------|
| BLACK MOUNTAIN OPERATING LLC [371127] | 30-025-43625 |
| 500 Main Street | Well: |
| Fort Worth, TX 76102 | GRAMA RIDGE STATE COM #012H |

Created By Comment Comment Date

Form APD Conditions

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Permit 232239

PERMIT CONDITIONS OF APPROVAL

| Operator Name and Address: | API Number: | | |
|---------------------------------------|-----------------------------|--|--|
| BLACK MOUNTAIN OPERATING LLC [371127] | 30-025-43625 | | |
| 500 Main Street | Well: | | |
| Fort Worth, TX 76102 | GRAMA RIDGE STATE COM #012H | | |

| | _ = 1111 |
|-----------------|---|
| OCD Reviewer | Condition |
| pkautz | Will require 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 |
| pkautz | SURFACE & INTERMEDIATE1 CASING - Cement must circulate to surface 2) INTERMEDIATE2 CASING - Cement must tie back into intermediate1 casing 3) PRODUCTION CASING - Cement must tie back into intermediate2 casing |
| pkautz | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |
| pkautz | Only Fresh Water and Air are Valid Drilling Fluids for Surface Casing |
| pkautz | Operator shall notify appropriate District office when setting conductor pipe. |
| pkautz | The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of spudding a well. |
| pkautz | It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. |
| pkautz | Must notify OCD Hobbs Office of any water flows in the Salado Formation at 575-370-3186. Report depth and flow rate |
| pkautz | Stage Tool 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
| pkautz | Gas Capture Plan Submit Gas Capture Plan form prior to spudding or initiating recompletion operations |