

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 258365

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

1. Operator Name and Address ADVANCE ENERGY PARTNERS HAT MESA, LLC 11490 Westheimer Rd., Ste 950 Houston, TX 77077		2. OGRID Number 372417
4. Property Code 319603		3. API Number 30-025-45267
5. Property Name MERCHANT STATE UNIT		6. Well No. 504H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	35	21S	33E	B	150	N	1335	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
O	2	22S	33E	O	100	S	1650	E	Lea

9. Pool Information

WC-025 G-06 S213326D;BONE SPRING	97929
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3664
16. Multiple N	17. Proposed Depth 21063	18. Formation Bone Spring	19. Contractor	20. Spud Date 10/28/2018
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

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

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	1100	0
Int1	12.25	9.625	40	5200	1780	0
Prod	8.5	5.5	20	21063	2640	0

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

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 checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by David C Harwell	Approved By: Paul F Kautz
Title: VP Engineering	Title: Geologist
Email Address: dharwell@advanceenergypartners.com	Approved Date: 10/18/2018 Expiration Date: 10/18/2020
Date: 10/10/2018 Phone: 832-672-4604	Conditions of Approval Attached

DISTRICT I
1885 N. French Dr., Hobbs, NM 88240
Phone (505) 398-8161 Fax: (505) 398-0780

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1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3450 Fax: (505) 478-3458

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 4, 2011

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
Property Code	Property Name MERCHANT STATE UNIT	Well Number 504H
OGRID No.	Operator Name ADVANCE ENERGY PARTNERS HAT MESA	Elevation 3664'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
B	35	21 S	33 E		150	NORTH	1335	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
O	2	22 S	33 E		100	SOUTH	1650	EAST	LEA

Dedicated Acres	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>N: 525615.1 E: 782444.8 (NAD 83)</p> <p>N: 525628.8 E: 785084.9 (NAD 83)</p> <p>N: 523003.9 E: 787744.2 (NAD 83)</p> <p>N: 520349.7 E: 785127.9 (NAD 83)</p> <p>N: 520384.7 E: 787766.4 (NAD 83)</p> <p>N: 517723.8 E: 787788.4 (NAD 83)</p> <p>N: 515070.8 E: 785166.9 (NAD 83)</p> <p>N: 515077.8 E: 787806.5 (NAD 83)</p>	<p>SURFACE LOCATION Lat - N 32.442119° Long - W 103.538983° NMSPCE- N 525485.2 E 786391.2 (NAD-83)</p> <p>FIRST TAKE POINT 100' FNL & 1650 FEL Lat - N 32.442259° Long - W 103.540004° NMSPCE- N 525533.9 E 786075.8 (NAD-83)</p> <p>LAST TAKE POINT BOTTOM HOLE LOCATION Lat - N 32.413781° Long - W 103.539993° NMSPCE- N 515173.3 E 786156.0 (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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>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.</p> <p>OCTOBER 08, 2018</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. Gary L. Jones 7977</p> <p>Basin Surveyors</p> <p>0' 1000' 2000' 3000' 4000'</p> <p>SCALE: 1" = 2000'</p> <p>WO Num.: 34118</p>
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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

Form APD Comments

Permit 258365

PERMIT COMMENTS

Operator Name and Address: ADVANCE ENERGY PARTNERS HAT MESA, LLC [372417] 11490 Westheimer Rd., Ste 950 Houston, TX 77077	API Number: 30-025-45267
	Well: MERCHANT STATE UNIT #504H

Created By	Comment	Comment Date
pkautz	letter sent to BLM and SLO	10/12/2018
pkautz	Received Potash form reply from BLM on 10/12/2018	10/18/2018
pkautz	Received Potash form reply from BLM on 10/12/2018	10/18/2018
pkautz	Received Potash form reply from SLO on 10/18/2018	10/18/2018

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Form APD Conditions

Permit 258365

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: ADVANCE ENERGY PARTNERS HAT MESA, LLC [372417] 11490 Westheimer Rd., Ste 950 Houston, TX 77077	API Number: 30-025-45267
	Well: MERCHANT STATE UNIT #504H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate 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	1)- The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 45 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104
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	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	Potash Area - Three String Casing Program - In accordance with R-111-P all strings shall be cemented to surface.
pkautz	Potash Area - Salt Protection String - If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or other survey and additional cementing shall be done until the cement is brought to the surface.