

District I1625 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

Form C-101

August 1, 2011

Permit 284899

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 STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034		2. OGRID Number 371682
		3. API Number 30-025-47475
4. Property Code 328920	5. Property Name COMBO FEE	6. Well No. 001

7. Surface Location

UL - Lot P	Section 15	Township 13S	Range 38E	Lot Idn P	Feet From 667	N/S Line S	Feet From 359	E/W Line E	County Lea
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8. Proposed Bottom Hole Location

UL - Lot P	Section 15	Township 13S	Range 38E	Lot Idn P	Feet From 667	N/S Line S	Feet From 359	E/W Line E	County Lea
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9. Pool Information

BRONCO;SAN ANDRES, SOUTH	7500
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3803
16. Multiple N	17. Proposed Depth 5800	18. Formation San Andres Formation	19. Contractor	20. Spud Date 8/25/2020
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	12.25	9.625	36	2450	1100	0
Prod	8.75	5.5	20	5800	1000	0

Casing/Cement Program: Additional Comments

Combo Fee 1H Pilot Hole Drilling Program 1. Drill and set 40' of 16", 65 #/ft, H40 Conductor and cement to surface. Drill and set mouse hole. 2. Move in and rig up Norton Drilling Rig #6 and closed loop mud system. Pick up motor and 12.25" bit and spud well and drill with fresh water to a depth of +/- 2,450'. Circulate hole and trip out with drill pipe and 12.25" bit. 3. Rig up casing crew and run float shoe, one joint of 9 5/8", 36 #/ft, J55, LTC, ERW casing, float collar and remaining 9 5/8" casing to surface. Circulate casing and rig down casing crew. 4. Rig up cementing company and pump 30 bbl fresh water spacer, 830 sx (volume is 100% excess) of 12.8 ppg lead followed by 275 sx (volume is 120% excess) of 14.8 ppg tail, bump plug and circulate excess cement back to surface. Rig down cementing company. 5. Cut off conductor and 9 5/8" casing and weld on 9 5/8" x 11", 5000 psi Casing Head ("A" section) wellhead. 6. Wait 24 hour on cement. 7. Pick up 8 3/4" bit, motor, drill collars an

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	schafer
Double Ram	3000	1500	schafer

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.

Signature:

Printed Name: Electronically filed by William McMann

Title:

Email Address: bill.mcmann@stewardenergy.net

Date: 7/30/2020

Phone: 214-297-0516

OIL CONSERVATION DIVISION

Approved By: Paul F Kautz

Title: Geologist

Approved Date: 7/31/2020

Expiration Date: 7/31/2022

Conditions of Approval Attached

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 7500	³ Pool Name BRONCO; SAN ANDRES, SOUTH
⁴ Property Code	⁵ Property Name COMBO FEE	⁶ Well Number 1PH
⁷ OGRID No. 371682	⁸ Operator Name STEWARD ENERGY II, LLC	⁹ Elevation 3803'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	15	13S	38E		667	SOUTH	359	EAST	LEA

¹¹ 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
¹² Dedicated Acres	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.

PILOT HOLE SEC. 15 SECTION 14 SECTION 23 SHEET 1 OF 3 JOB No. R4076_001 REV 1 JCS 7/27/2020	¹⁷ 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. <i>Signature</i> <i>7-27-20</i> <i>Date</i> <i>Scott Stedman</i> <i>Printed Name</i> <i>scott@stewardenergy.com</i> <i>E-mail Address</i>
	¹⁸ 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. <i>July 27, 2020</i> <i>Date of Survey</i> <i>Signature and Seal of Professional Surveyor</i> <i>Certificate Number</i>
	SURFACE HOLE LOCATION 667' FSL 359' FEL, SECTION 15 NAD 83, SPCS NM EAST X: 925564.59' / Y: 797631.12' LAT: 33.18632111N / LON: 103.07744484W NAD 27, SPCS NM EAST X: 884388.70' / Y: 797568.24' LAT: 33.18621392N / LON: 103.07694582W
	DAVID W. MYERS NEW MEXICO PROFESSIONAL SURVEYOR 11403

Distances/areas relative to NAD 83 Combined Scale Factor: 0.99990013 Convergence Angle: 00°41'16.54001"

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Energy, Minerals and Natural Resources
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GAS CAPTURE PLAN

Date: 7/31/2020

☒ Original

Operator & OGRID No.: [371682] STEWARD ENERGY II, LLC

☐ Amended - Reason for
Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
COMBO FEE #001	30-025-47475	P-15-13S-38E	0667S 0359E	40	None	NA-this is an exploratory well-Pilot Hole

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to STAKEHOLDER GAS UTILITY, LLC and will be connected to STAKEHOLDER GAS UTILITY, LLC Low Pressure gathering system located in Lea County, New Mexico. It will require 1000' of pipeline to connect the facility to Low Pressure gathering system. STEWART ENERGY II, LLC provides (periodically) to STAKEHOLDER GAS UTILITY, LLC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, STEWART ENERGY II, LLC and STAKEHOLDER GAS UTILITY, LLC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at STAKEHOLDER GAS UTILITY, LLC Processing Plant located in Sec. 24, Twn. 13S, Rng. 28E, Lea County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on STAKEHOLDER GAS UTILITY, LLC system at that time. Based on current information, it is STEWART ENERGY II, LLC's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

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Form APD Comments

Permit 284899

PERMIT COMMENTS

Operator Name and Address: STEWARD ENERGY II, LLC [371682] 2600 Dallas Parkway Frisco, TX 75034		API Number: 30-025-47475
		Well: COMBO FEE #001

Created By	Comment	Comment Date
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Form APD Conditions

Permit 284899

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:		API Number:
STEWARD ENERGY II, LLC [371682]		30-025-47475
2600 Dallas Parkway		Well:
Frisco, TX 75034		COMBO FEE #001

OCD Reviewer	Condition
pkautz	Cement is required to circulate on both surface and production strings of casing
pkautz	If completed as a vertical hole must submit deviation survey. If completed as horizontal must submit a C-103 for change of plans and a directional drill survey with C-104.