Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO. 33-015-47672

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: SCHLITZ FEDERAL COM

1. Type of Well: Oil Well ☐ Gas Well ☑ Other

8. Well Number 231H

2. Name of Operator: TAP ROCK OPERATING, LLC

9. OGRID Number 372043

3. Address of Operator: 523 PARK POINT DR, SUITE 200, GOLDEN, CO 80401

10. Pool name or Wildcat: [98220] PURPLE SAGE; WOLFCAMP (GAS)

4. Well Location
Unit Letter M : 617' feet from the SOUTH line and 1001' feet from the WEST line
Section 16 Township 25-S Range 26-E NMPM County EDDY

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3428'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | | | | SUBSEQUENT REPORT OF: | | | |
|---|---|---|---|---|---|---|---|
| PERFORM REMEDIAL WORK | ☐ | PLUG AND ABANDON | ☐ | REMEDIAL WORK | ☐ | ALTERING CASING | ☐ |
| TEMPORARILY ABANDON | ☐ | CHANGE PLANS | ☒ | COMMENCE DRILLING OPNS. | ☐ | P AND A | ☐ |
| PULL OR ALTER CASING | ☐ | MULTIPLE COMPL | ☐ | CASING/CEMENT JOB | ☐ | | |
| DOWNHOLE COMMINGLE | ☐ | | | | | | |
| CLOSED-LOOP SYSTEM | ☐ | | | | | | |
| OTHER: | ☐ | | | OTHER: | | | ☐ |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Tap Rock requests the option to run a 3 string casing design that sets 13-3/8 inch surface casing, 7-5/8 inch intermediate casing, and 5-1/2 inch production casing. The 4 string design was updated to include 7-5/8 inch W-441 instead of originally permitted W-513. See attached updated drill plans with updated casing and mud tables.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____ TITLE Regulatory Analyst DATE 2/4/2022

Type or print name Jeff Trlica E-mail address: jtrlica@taprock.com PHONE: 720-772-5910

**For State Use Only**

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any):

Drilling Operations Plan
Schlitz Fed Com #231H
Tap Rock Operating, LLC
SHL 617' FSL & 1081' FWL, Sec. 16
BHL 200' FNL & 660' FWL, Sec. 9
T. 25S., R. 26E., Eddy County, NM

Elevation above Sea Level: 3428'

**DRILLING PROGRAM**

**1. Estimated Tops**

| Formation | TVD | MD | Lithologies | Bearing |
|---|---|---|---|---|
| Quaternary Deposits | 0 | 0 | Surface | None |
| Rustler Anhydrite | 495 | 495 | | Salt |
| Salado | 940 | 940 | Salt | Salt |
| Base Salt | 1675 | 1677 | | Salt |
| Lamar | 1880 | 1883 | Limestone | None |
| Bell Canyon | 1930 | 1933 | Sandstone | Hydrocarbons |
| Cherry Canyon | 2890 | 2897 | Sandstone | Hydrocarbons |
| Brushy Canyon | 3800 | 3811 | Sandstone | Hydrocarbons |
| Bone Spring | 5445 | 5463 | Limestone | Hydrocarbons |
| 1st Bone Spring | 6375 | 6397 | Sandstone | Hydrocarbons |
| 2nd Bone Spring | 6665 | 6689 | Sandstone | Hydrocarbons |
| 3rd Bone Spring | 7220 | 7246 | Sandstone | Hydrocarbons |
| KOP | 8792 | 8,823 | Sandstone | Hydrocarbons |
| Wolfcamp | 8535 | 8,566 | Shale | Hydrocarbons |
| TD | 9365 | 19517 | Shale | Hydrocarbons |

**2. Notable Zones**

Wolfcamp C is the target formation.

**3. Pressure Control**

Pressure Control Equipment (See Schematics):
A 15,000', 5,000 psi BOP stack consisting of 3 rams with 2 pipe rams, 1 blind ram, and 1 annular preventer will be used below surface casing to TD. See attachments for BOP and choke manifold diagrams. Also present will be an accumulator that meets the requirements of Onshore Order #2 for the pressure rating of the BOP stack. A rotating head will also be installed as needed. BOP will be inspected and operated as recommended in Onshore Order #2. A top drive check valve and sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position. The wellhead will be a multi-bowl speed head.

BOP Test procedure will be as follows:

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After surface casing is set and the BOP is nippled up, the BOP pressure tests will be made with a third party tester to 250 psi low, 5000 psi high, and the annular preventer will be tested to 2,500 psi. The BOP will be tested in this manner after nipple-up if any break of the stack occurs.

Variance Requests:
Tap Rock requests a variance to run a multi-bowl speed head for setting the Intermediate 1, Intermediate 2, and Production Strings. Tap Rock requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached. The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used. Tap Rock requests a variance to have the option of batch drilling this well with other wells on the same pad. In the event that this well is batch drilled, after drilling surface, 1st intermediate, and 2nd intermediate hole sections and cementing 2nd intermediate casing, a 10M dry hole cap with bleed off valve will be installed. The rig will then walk to another well on the pad. When the rig returns to this well and BOPs are installed, the operator will perform a full BOP test. Tap Rock requests a variance to run 7-5/8" BTC casing inside 9-5/8" BTC casing will be less than the 0.422" stand off regulation. Through conversations with BLM representatives, Tap Rock has received approval for this design as long as the 7-5/8" flush casing was run throughout the entire 300' cement tie back section between 9-5/8" and 7-5/8" casing.

Tap Rock requests approval to possibly utilize a spudder rig to drill and set casing for the surface interval on this well. The spudder rig will be possibly utilized in order to reduce cost and save time. The wellhead will be installed and tested as soon as the surface casing is cut off per the existing COAs. A blind flange with the same pressure rating as the wellhead will be installed on the well. Once the spudder rig is removed, Tap Rock will secure the wellhead area by placing a guard rail around the cellar. Pressure will be monitored and a means for intervention will be maintained while the drilling rig is not over the well. Spudder rig operations are expected to take 2-3 days per well. Three wells on the pad will have surface casing set by the spudder rig as a part of this operation. The BLM will be notified 24 hours prior to commencing spudder rig operations. Within 90 days of the departure of the spudder rig, drilling operations will recommence on these wells. This rig will have a BOP stack equal or greater to the pressure rating required in the COAs. The BLM will be notified 24 hours before the larger rig moves on the pre-set wells. Tap Rock will have supervision on the spudder rig to ensure compliance with all BLM and NMOCD regulations.

If a DV tool is ran, the depth will be adjusted depending on current hole conditions. Cement volumes will be adjusted proportionally. The DV tool will be set a minimum of 50' below the previous casing shoe and a maximum of 200' above the current casing shoe. If cement is not circulated to surface on the 1st cement job, the 2nd stage will be pumped as planned. If cement does not return to surface on the 2nd stage the BLM will be notified immediately.

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## 4. Casing & Cement

All Casing will be new.

| Section | Hole Size | Casing Size | Standard | Tapered | Top MD | Bottom MD | Top TVD | BTM TVD | Grade | Weight | Thread | Collapse | Burst | Tension |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Surface | 17.5 | 13.375 | API | No | 0 | 570 | 0 | 570 | J-55 | 54.5 | BUTT | 1.13 | 1.15 | 1.6 |
| 1st Intermediate | 12.25 | 9.625 | API | No | 0 | 1933 | 0 | 1930 | J-55 | 40 | BUTT | 1.13 | 1.15 | 1.6 |
| 2nd Intermediate | 8.75 | 7.625 | API | No | 0 | 1633 | 0 | 1630 | P-110 | 29.7 | BUTT | 1.13 | 1.15 | 1.6 |
| 2nd Intermediate | 8.75 | 7.625 | NON API | Yes | 1633 | 8723 | 1630 | 8692 | P-110 | 29.7 | W441 | 1.13 | 1.15 | 1.6 |
| Production | 6.75 | 5.5 | NON API | No | 0 | 8523 | 0 | 8492 | P-110 | 20 | TXP | 1.13 | 1.15 | 1.6 |
| Production | 6.75 | 5.5 | NON API | No | 8523 | 19517 | 8492 | 9365 | P-110 | 20 | W441 | 1.13 | 1.15 | 1.6 |

| Section | Drilled Interval | | | Casing Size | Standard | Tapered | Casing Set Depths | | | | Casing Details | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hole Size | Top | Btm | | | | Top MD | Bottom MD | Top TVD | BTM TVD | Grade | Weight | Thread | Collapse | Burst | Tension |
| Surface | 17.5 | 0 | 580 | 13.375 | API | No | 0 | 570 | 0 | 570 | J-55 | 54.5 | BUTT | 1.13 | 1.15 | 1.6 |
| Intermediate | 9.875 | 580 | 7500 | 7.625 | API | No | 0 | 7200 | 0 | 7189 | P-110 | 29.7 | BUTT | 1.13 | 1.15 | 1.6 |
| | 8.75 | 7500 | 8733 | 7.625 | NON API | Yes | 7200 | 8723 | 7189 | 8692 | P-110 | 29.7 | W441 | 1.13 | 1.15 | 1.6 |
| Production | 6.75 | 8733 | 19517 | 5.5 | NON API | No | 0 | 8523 | 0 | 8492 | P-110 | 20 | TXP | 1.13 | 1.15 | 1.6 |
| Production | 6.75 | | | 5.5 | NON API | No | 8523 | 19517 | 8492 | 9365 | P-110 | 20 | W441 | 1.13 | 1.15 | 1.6 |

*OPTION TO RUN 3 STRING OR 4 STRING DESIGN

| Name | Type | Top MD | Sacks | Yield | Cu. Ft | Weight | Excess | Cement | Additives |
|---|---|---|---|---|---|---|---|---|---|
| Surface | Lead | 0 | 543 | 1.65 | 896 | 13.5 | 100% | C | 5% NCl + LCM |
| | Tail | 641 | 361 | 1.35 | 487 | 14.8 | 100% | C | 5% NCl + LCM |
| 1st Intermediate | Lead | 0 | 367 | 2.18 | 799 | 12.7 | 65% | C | Bentonite + 1% CaCL2 + 8% NaCl + LCM |
| | Tail | 1546 | 150 | 1.33 | 200 | 14.8 | 65% | C | 5% NaCl + LCM |
| 2nd Intermediate | Lead | 1633 | 288 | 2.87 | 826 | 11.5 | 35% | TXI | Fluid Loss + Dispersant + Retarder + LCM |
| | Tail | 7723 | 87 | 1.56 | 136 | 13.2 | 35% | H | Fluid Loss + Dispersant + Retarder + LCM |
| Production | Tail | 8223 | 689 | 1.71 | 1179 | 14.2 | 25% | H | Fluid Loss + Dispersant + Retarder + LCM |

| Name | | Type | Top MD | Sacks | Yield | Cu. Ft | Weight | Excess | Cement | Additives |
|---|---|---|---|---|---|---|---|---|---|---|
| Surface | | Lead | 0 | 543 | 1.65 | 896 | 13.5 | 100% | C | 5% NCl + LCM |
| | | Tail | 641 | 361 | 1.35 | 487 | 14.8 | 100% | C | 5% NCl + LCM |
| Intermediate | Stage 1 | Lead | 0 | 1123 | 2.4 | 2695 | 11.5 | 65% | C | Fluid Loss + Dispersant + Retarder + LCM |
| | | Tail | 7723 | 106 | 1.56 | 166 | 13.2 | 65% | C | Fluid Loss + Dispersant + Retarder + LCM |
| | Stage 2 | Primary | 0 | 560 | 2.4 | 1344 | 11.5 | 65% | C | Bentonite + 1% CaCL2 + 8% NaCl + LCM |
| | DVT | 3800 | | | | | | | | |
| Production | | Primary | 8223 | 689 | 1.71 | 1179 | 14.2 | 25% | H | Fluid Loss + Dispersant + Retarder + LCM |

*OPTION TO RUN DV TOOL IF NECESSARY

## 5. Mud Program

| Name | Top | Bottom | Type | Mud Weight | Visc | Fluid Loss |
|---|---|---|---|---|---|---|
| Surface | 0 | 570 | FW Spud Mud | 8.30 | 28 | NC |
| Intermediate | 570 | 1933 | Brine Water | 10.00 | 30-32 | NC |
| Intermediate 2 | 1933 | 8723 | FW/Cut Brine | 9.00 | 30-32 | NC |
| Production | 8723 | 19517 | Oil Base Mud | 11.50 | 50-70 | <10 |

| Name | Top | Bottom | Type | Mud Weight | Visc | Fluid Loss |
|---|---|---|---|---|---|---|
| Surface | 0 | 570 | FW Gel | 8.30 | 28 | NC |
| Intermediate | 570 | 8733 | DBE/Cut Brine | 9.00 | 30-32 | NC |
| Production | 8733 | 19517 | Oil Base Mud | 11.50 | 55-75 | <10 |

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Electronic Pason mud monitor system complying with Onshore Order 1 will be used. All necessary mud products (e. g., barite, cedar bark) for weight addition and fluid loss control will always be on site. Mud program is subject to change due to hole conditions. A closed loop system will be used.

**6. Cores, Tests, & Logs**

- Electric Logging Program: No open-hole logs are planned at this time for the pilot hole.
- GR will be collected while drilling through the MWD tools from 9.625" casing shoe to TD.
- A 2-person mud logging program will be used from 9.625" casing shoe to TD.
- No DSTs or cores are planned at this time.
- CBL w/ CCL from as far as gravity will let it fall to TOC.

**7. Down Hole Conditions**

No abnormal pressure or temperature is expected. Maximum expected bottom hole pressure is ≈5,600 psi. Expected bottom hole temperature is ≈160° F.

Tap Rock does not anticipate that there will be enough H2S from the surface to the Wolfcamp formations to meet the BLM's Onshore Order 6 requirements for the submission of an "H2S Drilling Operation Plan" or "Public Protection Plan" for drilling and completing this well. Tap Rock has an H2S safety package on all wells and an "H2S Drilling Operations Plan" is attached. Adequate flare lines will be installed off the mud/gas separator where gas may be safely flared. All personnel will be familiar with all aspects of safe operation of equipment being used.

**8. Other Information**

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 30 days. If production casing is run an additional 60 days will be required to complete and construct surface facilities.

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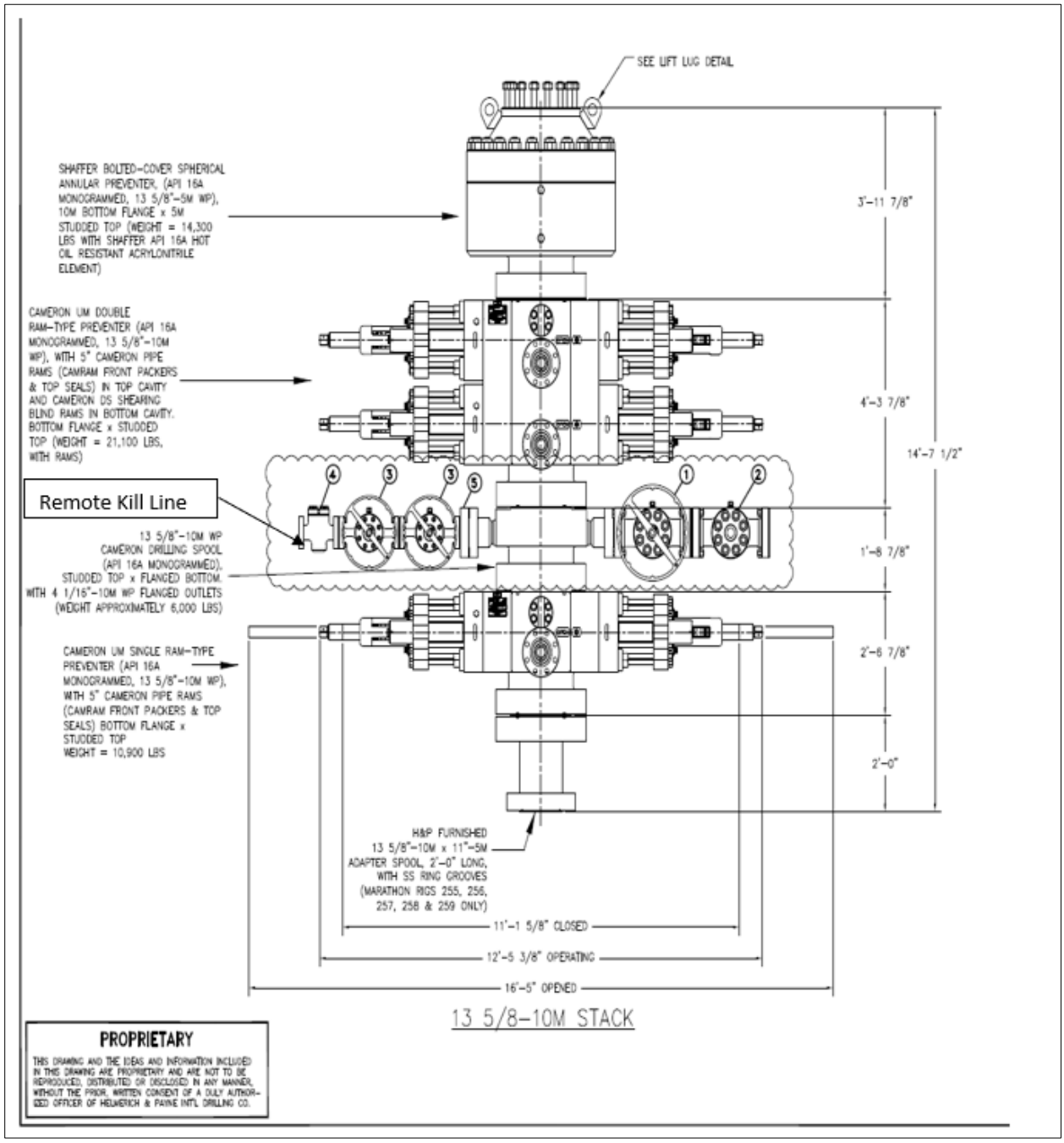
5,000 psi BOP Stack



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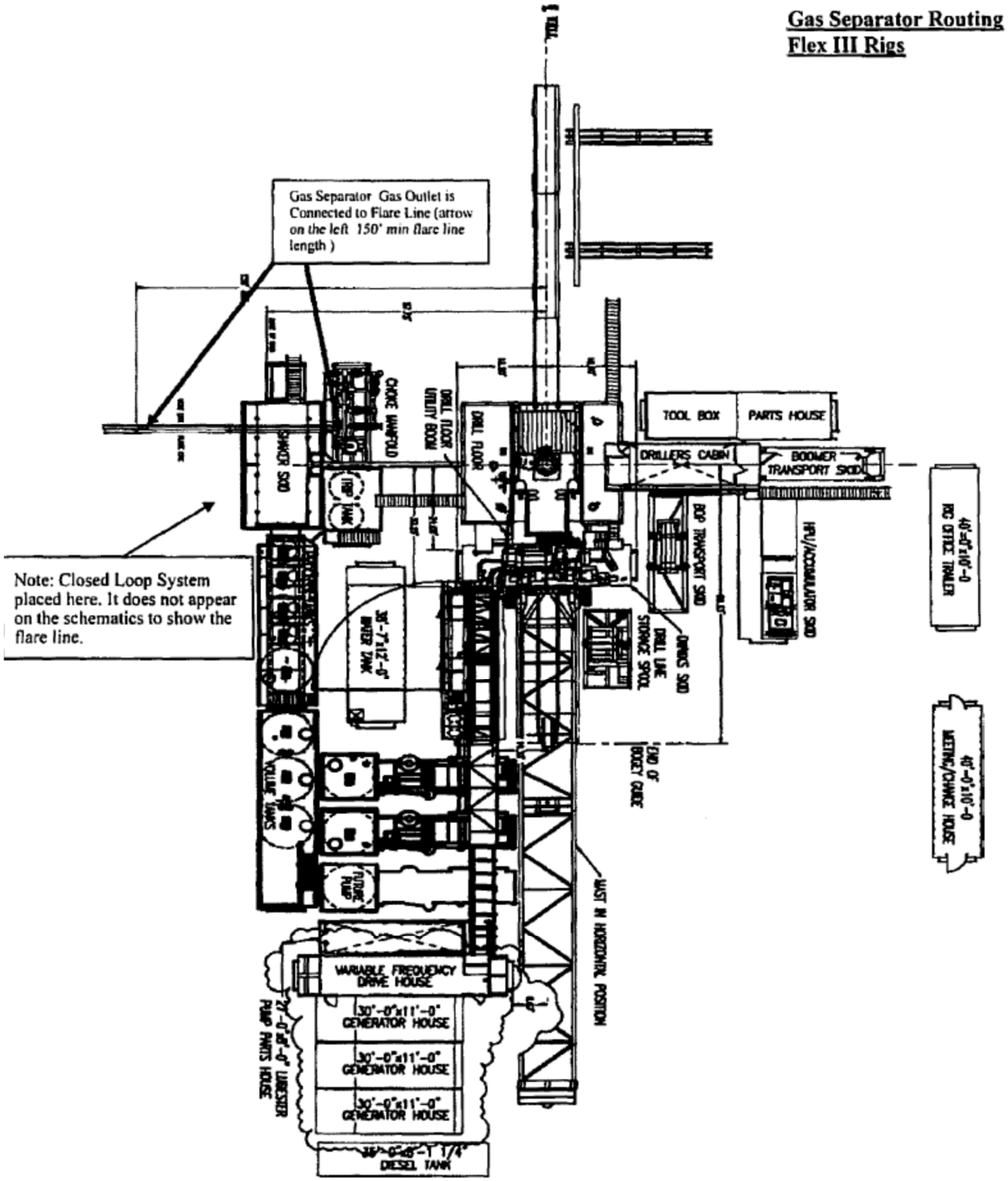
**Gas Separator Routing**
**Flex III Rigs**



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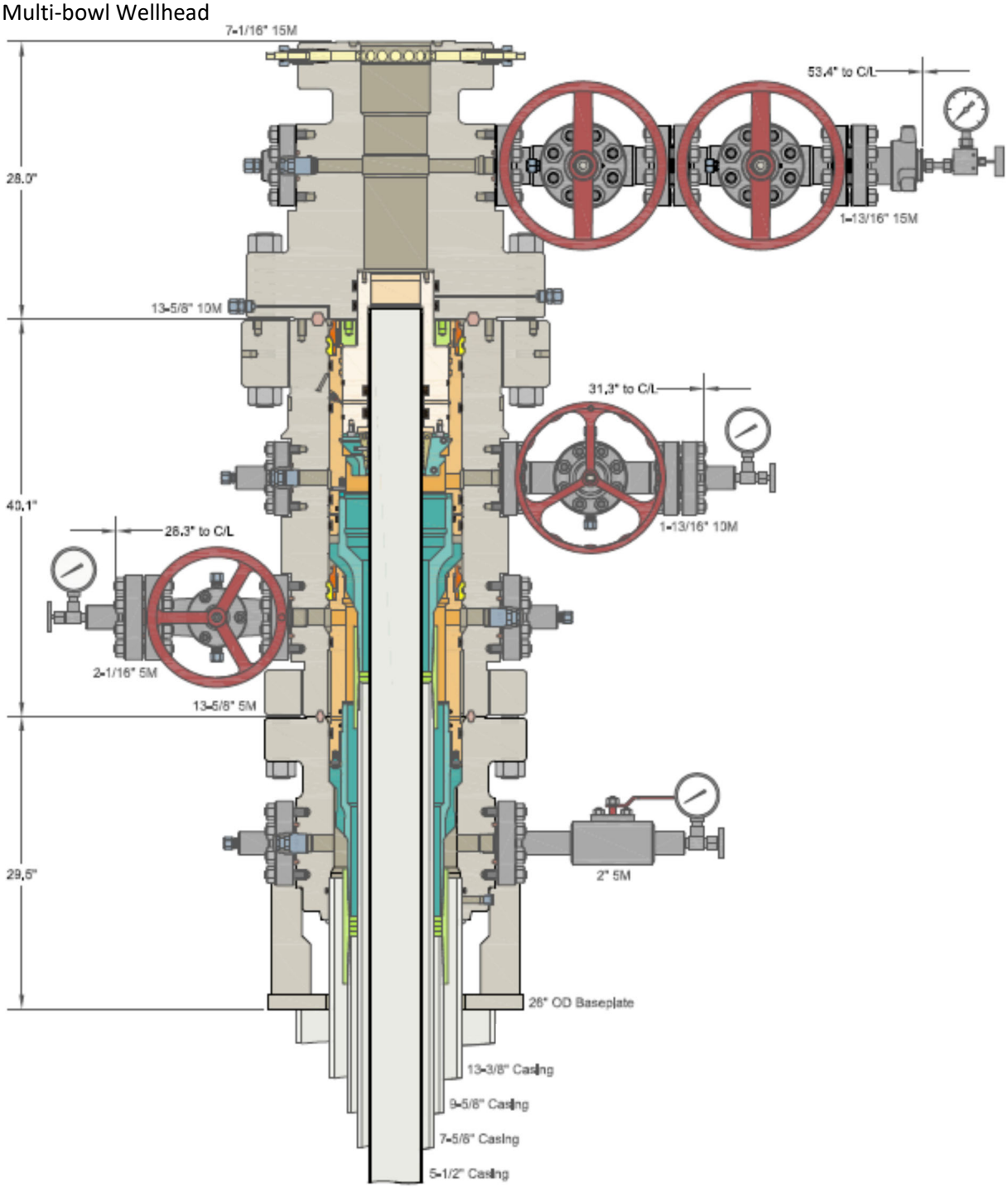
Multi-bowl Wellhead



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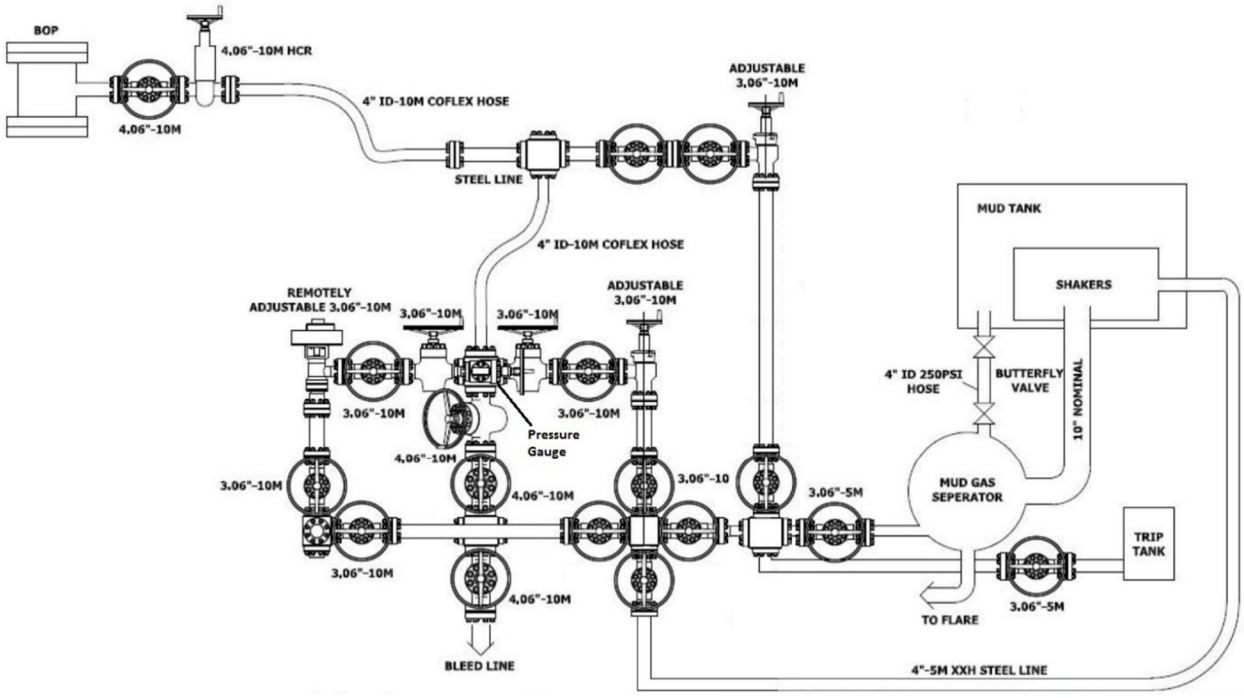
10M Choke Layout



**District I**
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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

CONDITIONS

Action 78558

## CONDITIONS

| | |
|---|---|
| Operator:<br>TAP ROCK OPERATING, LLC<br>523 Park Point Drive<br>Golden, CO 80401 | OGRID:<br>372043 |
| | Action Number:<br>78558 |
| | Action Type:<br>[C-103] NOI Change of Plans (C-103A) |

**CONDITIONS**

| Created By | Condition | Condition Date |
|---|---|---|
| kpickford | Adhere to previous NMOCD conditions of approval. | 3/15/2022 |