District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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District III
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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 354938

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

1. Operator Name and Address	2. OGRID Number
Scorpion Oil & Gas, LLC 4779 South Main Street Stafford, TX 77477	332127
	3. API Number 30-025-52367

4. Property Code	5. Property Name	6. Well No.
335046	BRONCO 9 STATE	001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	9	12S	38E	I	1981	S	660	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
I	9	12S	38E	I	1981	S	660	E	Lea

9. Pool Information

GLADIOLA;SAN ANDRES	27810

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
New Well	OIL		State	3851
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
N	7500	Tubb		11/30/2023
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	32	2305	600	0
Prod	8.5	5.5	20	7500	1615	0

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	3000	Schafer
Double Ram	5000	3000	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:		**OIL CONSERVATION DIVISION**		
Printed Name:	Electronically filed by Nathaniel J Raggette	Approved By:	Paul F Kautz	
Title:	CEO	Title:	Geologist	
Email Address:	nat@scorpionog.com	Approved Date:	12/28/2023	Expiration Date: 12/28/2025
Date:	11/30/2023 Phone: 281-306-6820	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, New Mexico 87505

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

☐AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	27810	GLADIOLA;SAN ANDRES

Property Code	Property Name	Well Number
335046	BRONCO 9 STATE	1

OGRID No.	Operator Name	Elevation
332127	SCORPION OIL & GAS	3851'

Surface Location

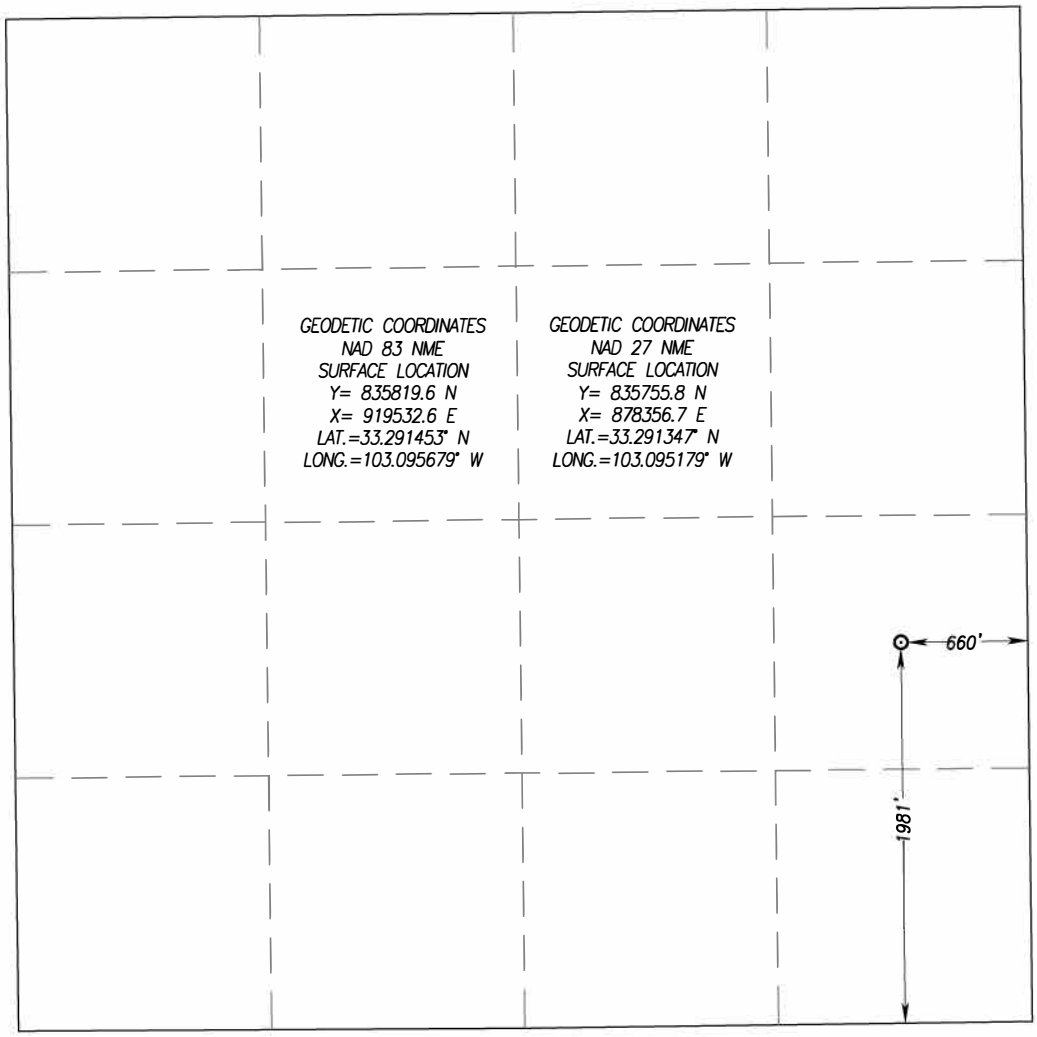
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	9	12-S	38-E		1981	SOUTH	660	EAST	LEA

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

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



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Mike Loudermilk 11/29/2023
Signature Date

Mike Loudermilk
Printed Name

mike@scorpionog.com
E-mail Address

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.

NOVEMBER 21, 2023
Date of Survey
Signature & Seal of Professional Surveyor:

GARY G. EIDSON
NEW MEXICO
12641
REGISTERED PROFESSIONAL SURVEYOR

Gary G. Eidson 11/29/2023
Certificate Number Gary G. Eidson 12641

ACK JWSC W.O.: 23.11.0363

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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 354938

PERMIT COMMENTS

Operator Name and Address:	API Number:
Scorpion Oil & Gas, LLC [332127] 4779 South Main Street Stafford, TX 77477	30-025-52367
	Well: BRONCO 9 STATE #001

Created By	Comment	Comment Date
abustamante	Fee Cancellation - Canceled pending payment; never received within 24 hours.	11/30/2023

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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 Conditions

Permit 354938

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:	API Number:
Scorpion Oil & Gas, LLC [332127] 4779 South Main Street Stafford, TX 77477	30-025-52367
	Well: BRONCO 9 STATE #001

OCD Reviewer	Condition
pkautz	Notify OCD 24 hours prior to casing & cement
pkautz	MUST FILE DEVIATION SURVEY WITH 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	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system
pkautz	Cement is required to circulate on both surface and production strings of casing
pkautz	If cement does not circulate on any string, a CBL is required for that string of casing
pkautz	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud

November 29, 2023

Bronco 9 01

1. **Geologic Name of surface location: Delaware Basin**
2. **Estimate tops of major geological markers.**

Formation	Prog TVD	Prog SS	Lithology
Cenozoic Alluvium(surface)			
Rustler	2,300	1,567	Anhydrite
Yates	3,072	795	Sand
Seven Rivers	3,309	558	Dolomite & Sand
Queen	3,838	29	Dolomite & Sand
San Andres	4,438	-571	Dolomite- Oil/Gas/Water
Glorieta	5,942	-2,075	Dolomite & Sand
Tubb	7,175	-3,308	Dolomite & Sand

3. Estimated depth of anticipated fresh water, oil or gas:

Upper Permian Sands	0-400'	Fresh Water
San Andres	4438'	Oil
Glorieta	5942'	Oil
Tubb	7175'	Oil

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Surface freshwater sands will be protected by setting 9 5/8" casing at 2505'and circulating cement back to surface.

Minimum Specifications for Pressure Control:

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (5000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated, and the ram-type will be equipped with blind rams on bottom and 4 ½" x 7" variable pipe rams on top.

All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2. Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 4000/250 psig and the annular preventer to 4000/250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 4000/250 psig and the annular preventer to 4000/250 psig.

Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

6. Types and characteristics of the proposed mud system:
During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal. The applicable depths and properties of the drilling fluid systems are as follows.

The highest mud weight needed to balance formation is expected to be 9-10 ppg. In order to maintain hole stability, mud weights up to 10 ppg may be utilized.

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate. Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary well control and monitoring equipment:
(A) A kelly cock will be kept in the drill string at all times.
(B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be kept on the rig floor at all times.
(C) H2S monitoring and detection equipment will be utilized from surface casing point to TD.
(D) A wear bushing will be installed in the wellhead prior to drilling out of the surface casing.

8. Logging, testing and coring program:
GR–CCL-CNL Will be run in cased hole during completions phase of operations.
Open-hole logs are not planned for this well.

9. Abnormal conditions, pressures, temperatures and potential hazards:
The estimated bottom-hole temperature at 7500’ TVD (deepest point of the well) is 170F with an estimated maximum bottom-hole pressure (BHP) at the same point of 3600 psig (based on 10 ppg MW).
.

10. Anticipated starting date and duration of operations:
The drilling operations on the well should be finished in approximately 2 weeks. Then completions operations and flow back will commence with first production expected 6 weeks from spud.

12. Disposal/environmental concerns:
(A) Drilled cuttings will be hauled to and disposed of in a state-certified disposal site.
(B) Non-hazardous waste mud/cement from the drilling process will also be hauled to and disposed of in a state-certified disposal site.
(C) Garbage will be hauled to the Lea County Landfill.
(D) Sewage (grey water) will be hauled to the closest disposal facility.

13. Wellhead:

A multi-bowl wellhead system will be utilized.
After running the 9/58" surface casing, a 9-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 4000 psi pressure test. This pressure test will be repeated at least every 21 days.
The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 4000 psi.
The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.
All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.
Both the surface and production casing strings will be tested as per NMOCD Rules to the one-third of manufacture's rated yield pressure, no less than 600 psi, but not greater than 1,500 psi.

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Scorpion Oil & Gas LLC **OGRID:** 332127 **Date:** 11 / 29 / 2023

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Bronco 9 01	TBD	I-9-12S-38E	1981 FSL/660 FEL	125 BBL/D	50 MCF/D	500 BBL/D

IV. Central Delivery Point Name: _____ [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Bronco 9 01	TBD	12/29/2023	1/5/2024	1/20/2024	1/22/2024	2/1/2024

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	Mike Loundermilk
Printed Name:	Mike Loundermilk
Title:	VP Operations
E-mail Address:	Mike@scorpionog.com
Date:	11/29/2023
Phone:	(281) 694-4571

OIL CONSERVATION DIVISION

(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

Natural Gas Management Plan

Items VI-VIII

VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture.

- Data from surrounding wells is used to generate type curves which provides the basis for expected gas rates during initial production, peak production and then the natural decline.
- Separation equipment will be sized to provide adequate separation for peak production.
- Facility design includes multiple stages of separation to minimize gas waste. Wells flow through a a 3-phase separator to remove gas. Gas from the 3 Phase separators are then sent through a gas scrubber before being route to treatment and/or sales.
- Industry standard sizing calculations are used for gas-liquid separation and liquid-liquid separation.

VII. Operational Practices: Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F 19.15.27.8 NMAC.

- Drilling, completion and production setup is designed to minimize the waste of natural gas and to flare instead of vent.
- *Drilling Operations:*
  - Natural gas encountered will be flared instead of vented unless there is an equipment malfunction and/or to avoid risking safety or the environment.
  - Flares will be properly sized and placed at least 100' from the nearest surface hole on the pad.
- *Completions/Recompletions Operations:*
  - Flowback operations will not commence until connected to a properly sized gas gathering system.
  - During initial flowback wells are routed to the separation equipment as soon as technically feasible to minimize gas waste.
  - During separation flowback wells are routed to the separation equipment to minimize gas waste.
  - Gas sales is maximized. Gas will be flared instead of vented during an emergency or malfunction to avoid posing a risk to operations or personnel safety.
  - Flares are properly sized with a continuous pilot.
- *Production Operations:*
  - Gas sales will be maximized. Gas will be flared instead of vented during an emergency or malfunction to avoid posing a risk to operations or personnel safety.

○ After a well is stabilized from liquid unloading, the well will be turned back into the collection system.

- ***Performance***

Standards:

○ The facility will be designed to handle peak production rates and pressures.
○ All tanks will have automatic gauging equipment.
○ Flares will be designed to ensure proper combustion and will have continuous pilots. Flares will be located 100' from nearest surface hole on the pad and storage tanks.
○ Weekly AVOs will be performed, and any leaking thief hatches will be cleaned and properly re-sealed.

- ***Measurement and Calibration:***

○ All volume that is flared and vented that is not measured will be estimated.
○ When metering is not practical due to low pressure/rate, all vented or flared volumes will be estimated.
○ Measurement will conform to industry standards. Measurement will not be bypassed except for purposes of inspection or calibration.

VIII. Best Management Practices: Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

- Venting will be minimized during active and planned maintenance.
- Systems and equipment requiring maintenance will be isolated and blown down to sales and then flare before any remaining gas is vented in an effort to minimize waste and venting.
- Downhole maintenance will use best management practices to minimize vent.