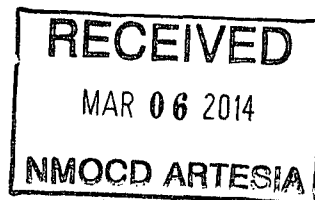


District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
EnergyMinerals and Natural Resources

Form C-101
Revised December 16, 2011

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



Permit

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

| | | |
|--|---|---|
| ¹ Operator Name and Address LRE Operating, LLC 1111 Bagby Street, Suite 4600 Houston, Texas 77002 | | ² OGRID Number 281994 |
| | | ³ API Number 30-015-42156 |
| ⁴ Property Code 309885 | ⁵ Property Name Enron State | ⁶ Well No. #21 |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 32 | 17S | 28E | | 385 | N | 900 | W | Eddy |

⁸ Pool Information

| | |
|----------------------------|-------|
| Red Lake; Glorieta-Yeso NE | 96836 |
|----------------------------|-------|

Additional Well Information

| | | | | |
|----------------------------------|--|--|---|--|
| ⁹ Work Type N | ¹⁰ Well Type O | ¹¹ Cable/Rotary R | ¹² Lease Type S | ¹³ Ground Level Elevation 3675.8 |
| ¹⁴ Multiline N | ¹⁵ Proposed Depth 4250' MD / 4250' TVD | ¹⁶ Formation Yeso | ¹⁷ Contractor United Drilling, Inc. | ¹⁸ Spud Date After 6/1/2014 |
| Depth to Ground Water: 40 Ft. | | Distance from nearest fresh water well: 2.4 Miles | | Distance from nearest surface water: 20 Miles |

¹⁹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Conductor | 20" | 14" | 68.7 | 40 | 40 | Surface |
| Surface | 11" | 8-5/8" | 24 | 425 | 250 | Surface |
| Production | 7-7/8" | 5-1/2" | 17 | 4250 | 875 | Surface |
| | | | | | | |
| | | | | | | |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|----------------|
| XLT 11" | 5000 | 2000 | National Varco |

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

I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☒.

Signature: *Eric McClusky*
Printed Name: Eric McClusky

Title: Production Engineer

E-mail Address: emcclusky@limerockresources.com

Date: 3/4/2014

Phone: 713-360-5714

OIL CONSERVATION DIVISION

Approved By:

T.C. Shepard
"Geologist"

Approved Date: 3-12-2014

Expiration Date: 3-12-2016

www.emnrd.state.nm.us

Conditions of Approval Attached

Current forms are available on our website and should be used when filing regulatory documents.

District I
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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 30-015-42156 | ² Pool Code 96836 | ³ Pool Name Red lake ; Gbrieta - yeso NE |
| ⁴ Property Code 709885 | ⁵ Property Name ENRON STATE | ⁶ Well Number 21 |
| ⁷ OGRID No. 281994 | ⁸ Operator Name LRE OPERATING, LLC | ⁹ Elevation 3675.8 |

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 |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-------------|
| D | 32 | 17 S | 28 E | | 385 | NORTH | 900 | WEST | EDDY |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

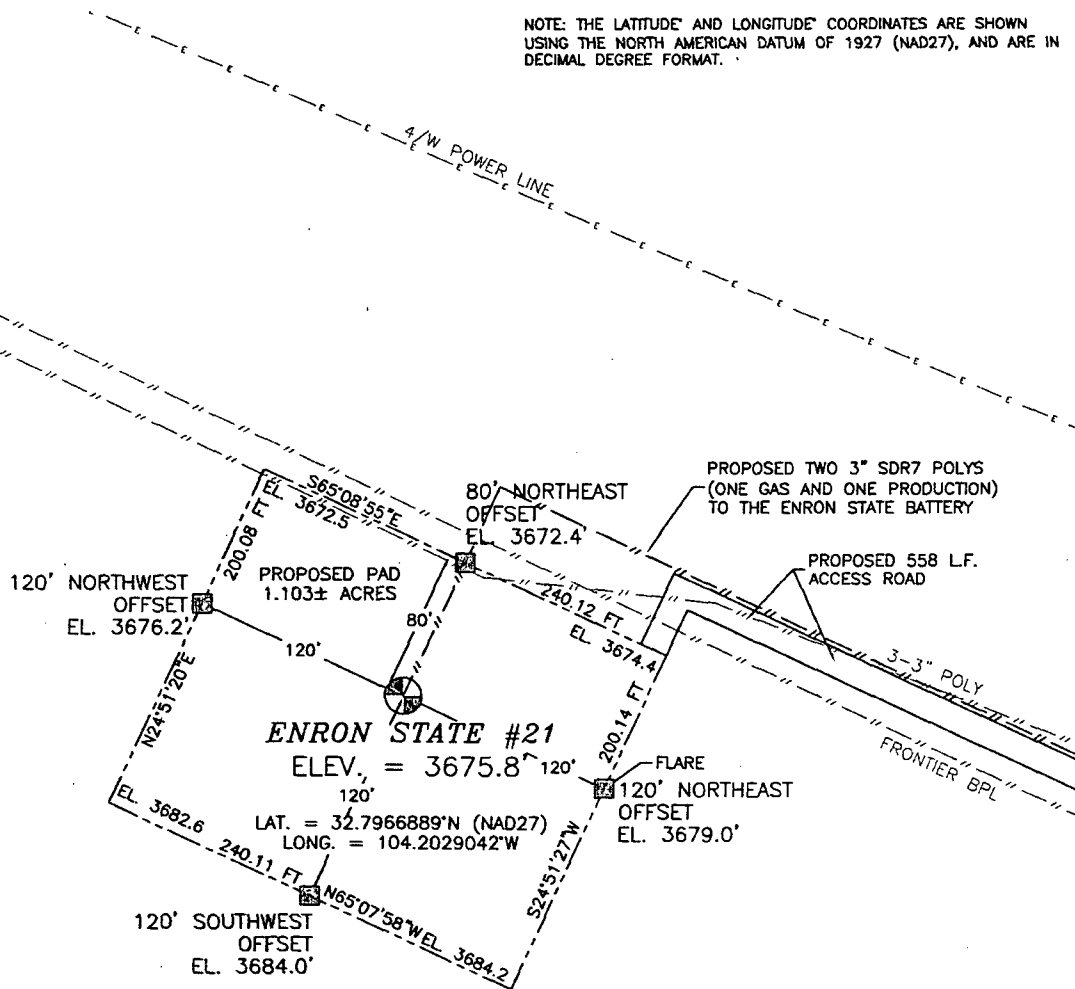
| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 10.40 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

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.

| | | |
|---|--|--|
| <p>N89°02'26"E 2611.04 FT</p> <p>N89°03'13"E 2606.49 FT</p> <p>900'</p> <p>385'</p> <p>SURFACE LOCATION</p> <p>NW CORNER SEC. 32 LAT. = 32.7977087°N LONG. = 104.2058501°W</p> <p>ENRON STATE #21 ELEV. = 3675.8' LAT. = 32.7966889°N (NAD27) LONG. = 104.2029042°W</p> <p>W/4 CORNER SEC. 32 LAT. = 32.7905470°N LONG. = 104.2057285°W</p> <p>E/4 CORNER SEC. 32 LAT. = 32.7907912°N LONG. = 104.1887891°W</p> <p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.</p> <p>SW CORNER SEC. 32 LAT. = 32.7833834°N LONG. = 104.2056063°W</p> <p>S/4 CORNER SEC. 32 LAT. = 32.7835172°N LONG. = 104.1971440°W</p> <p>SE CORNER SEC. 32 LAT. = 32.7836527°N LONG. = 104.1886845°W</p> <p>S88°51'21"W 2601.85 FT</p> <p>S88°50'13"W 2601.00 FT</p> | | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>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 released 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><i>Eric McClusky</i> 3/4/14 Signature Date Eric McClusky Printed Name emcclusky@linerockresources.com E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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>JANUARY 20, 2014 (12797) Date of Survey <i>[Signature]</i> Signature and Seal of Professional Surveyor Certificate Number: FILMON E. JARAMILLO, PLS 12797 SURVEY NO. 2278</p> |
|---|--|--|

SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

NOTE: THE LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.



010 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM STATE HWY. 82 AND CR. #206 (ILLINOIS CAMP) GO SOUTH ON CR. #206 250', TURN RIGHT ON CALICHE ROAD AND GO WEST-NORTHWEST 0.22 MILES, TURN RIGHT AND GO NORTHWEST 375' TO ENRON STATE #1 PAD AND FROM SOUTHWEST PAD CORNER FOLLOW PROPOSED ROAD SURVEY STAKES NORTHWEST 522', THEN SOUTHWEST 35' TO THE PROPOSED NE. PAD CORNER FOR THIS LOCATION.

LRE OPERATING, LLC
ENRON STATE #21
LOCATED 385 FT. FROM THE NORTH LINE
AND 900 FT. FROM THE WEST LINE OF
SECTION 32, TOWNSHIP 17 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

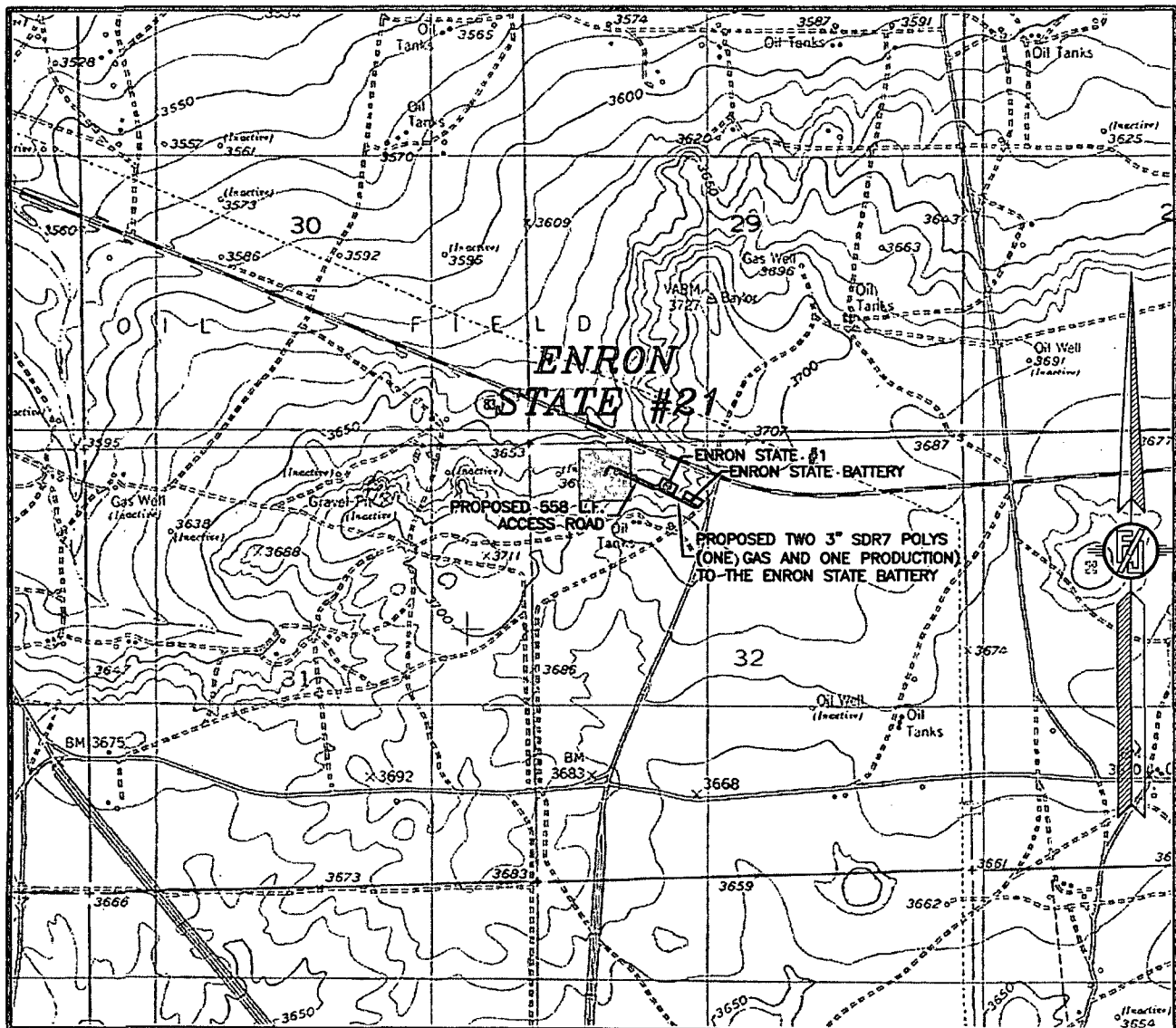
JANUARY 20, 2014

SURVEY NO. 2278

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341

CARLSBAD, NEW MEXICO

SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 LOCATION VERIFICATION MAP



USGS QUAD MAP:
 RED LAKE

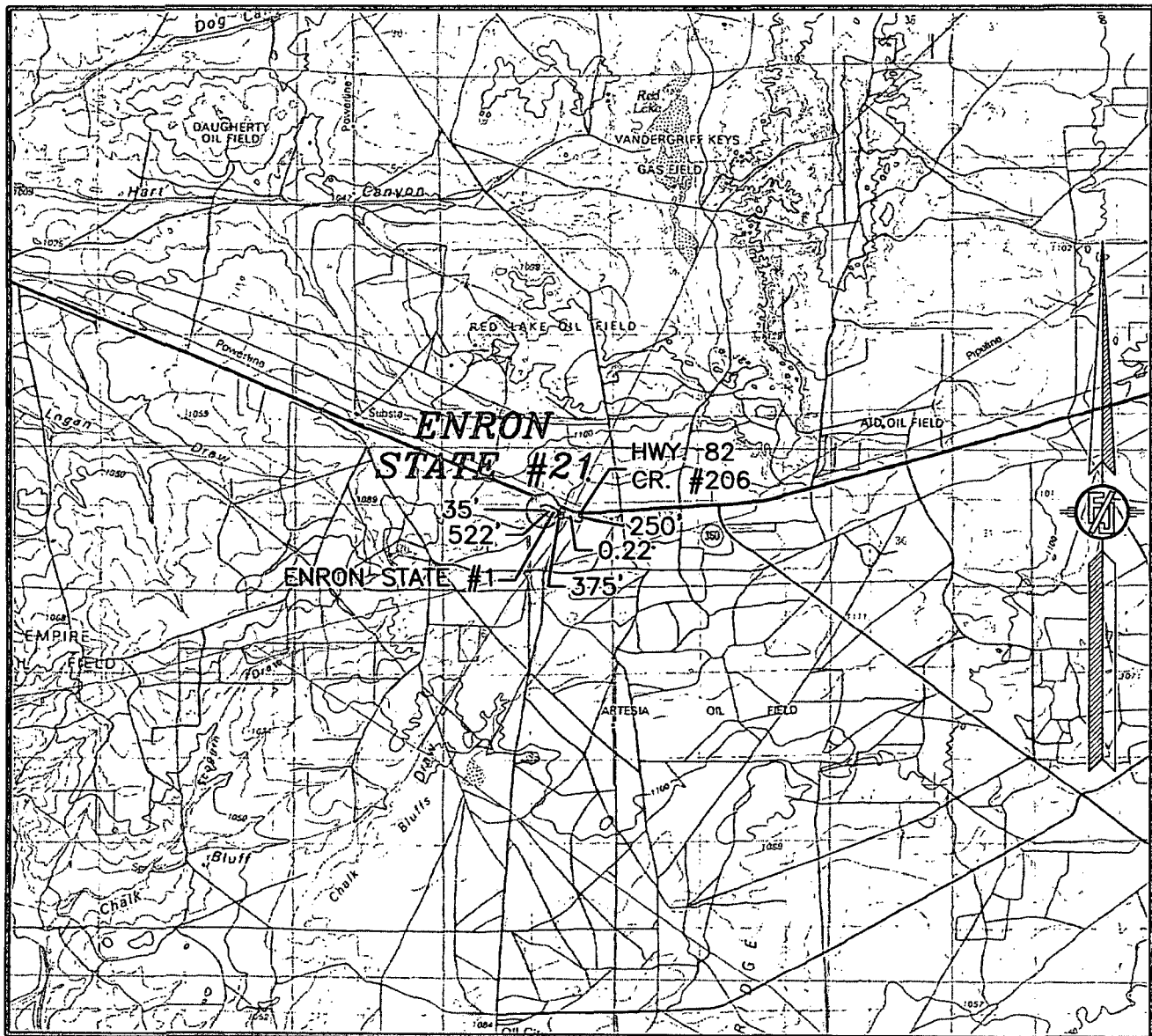
NOT TO SCALE

LRE OPERATING, LLC
 ENRON STATE #21
 LOCATED 385 FT. FROM THE NORTH LINE
 AND 900 FT. FROM THE WEST LINE OF
 SECTION 32, TOWNSHIP 17 SOUTH,
 RANGE 28 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 20, 2014

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO SURVEY NO. 2278

SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



DISTANCES IN MILES

NOT TO SCALE

DIRECTIONS TO LOCATION

FROM STATE HWY. 82 AND CR. #206 (ILLINOIS CAMP) GO SOUTH ON CR. #206 250'. TURN RIGHT ON CALICHE ROAD AND GO WEST-NORTHWEST 0.22 MILES. TURN RIGHT AND GO NORTHWEST 375' TO ENRON STATE #1 PAD AND FROM SOUTHWEST PAD CORNER FOLLOW PROPOSED ROAD SURVEY STAKES NORTHWEST 522', THEN SOUTHWEST 35' TO THE PROPOSED NE. PAD CORNER FOR THIS LOCATION.

**LRE OPERATING, LLC
ENRON STATE #21**

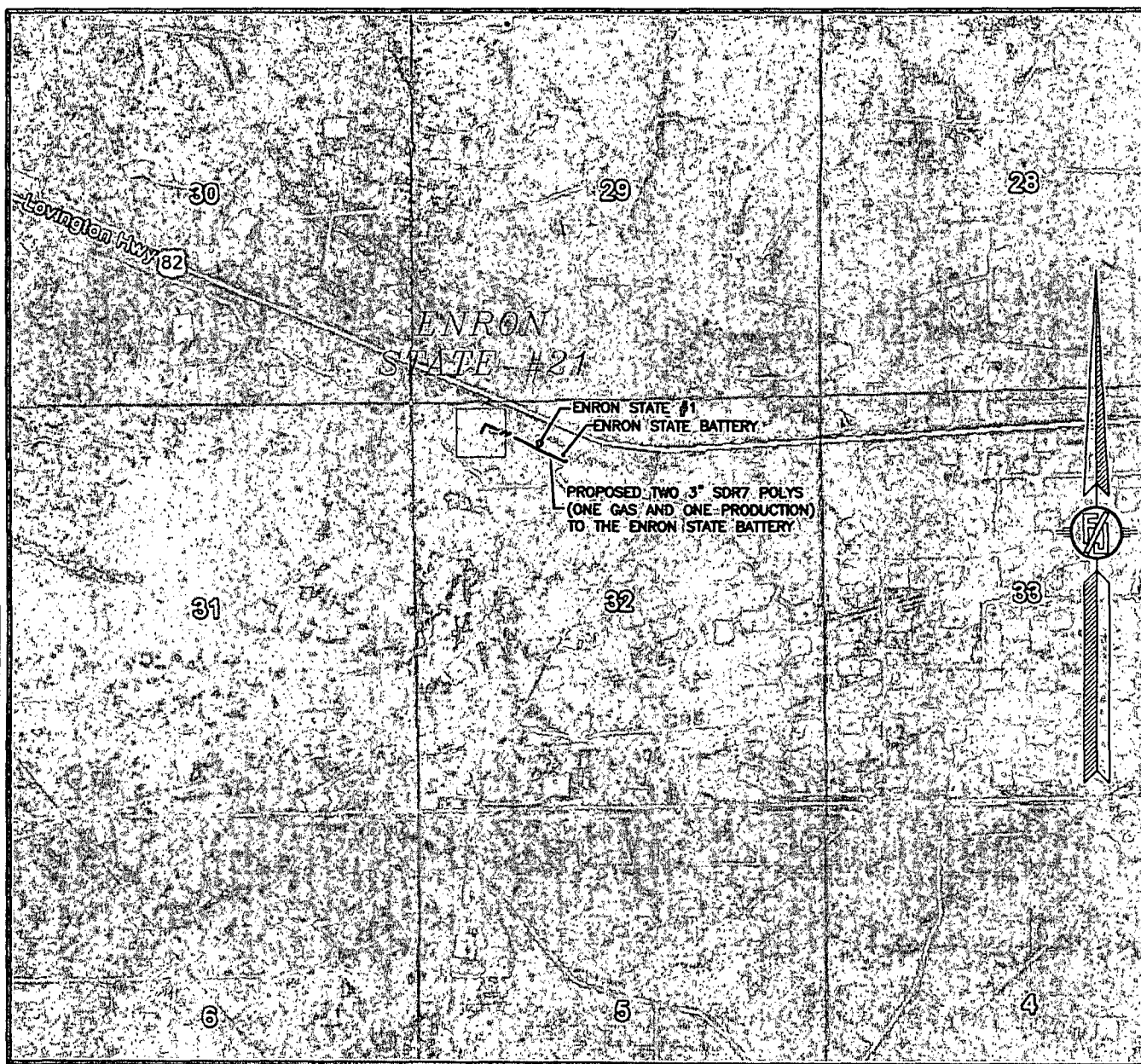
LOCATED 385 FT. FROM THE NORTH LINE
AND 900 FT. FROM THE WEST LINE OF
SECTION 32, TOWNSHIP 17 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 20, 2014

SURVEY NO. 2278

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
APRIL 2013

LRE OPERATING, LLC
ENRON STATE #21
LOCATED 385 FT. FROM THE NORTH LINE
AND 900 FT. FROM THE WEST LINE OF
SECTION 32, TOWNSHIP 17 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

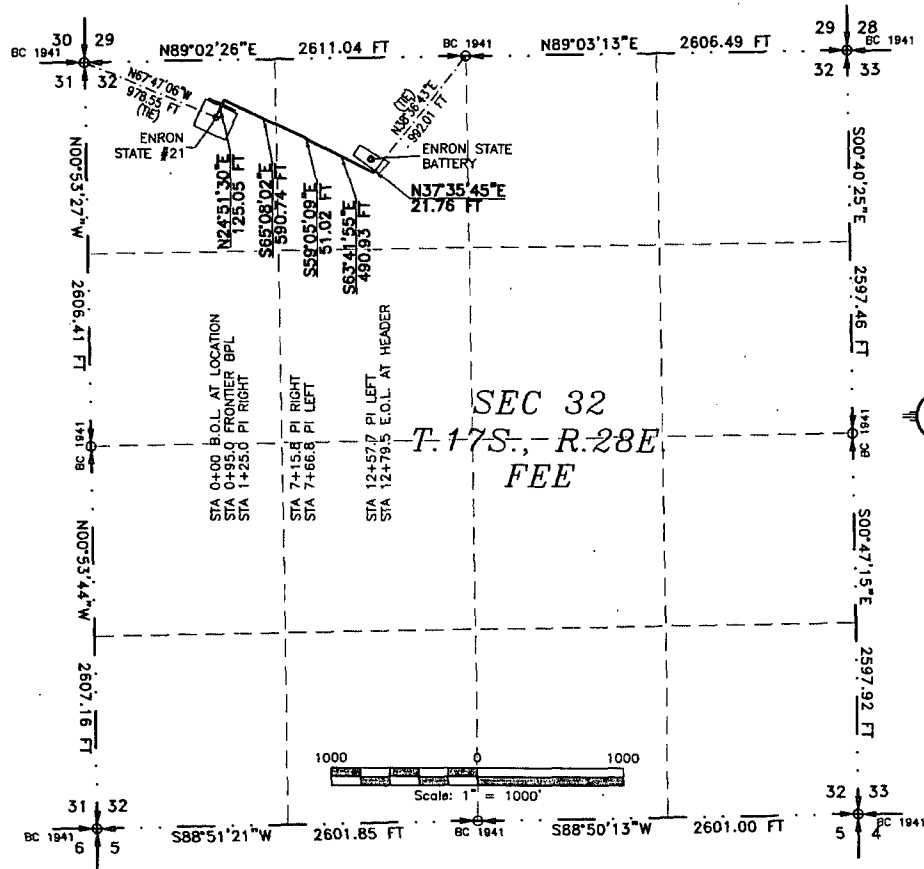
JANUARY 20, 2014

SURVEY NO. 2278

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

R-0-W FOR TWO 3" SDR 7 SURFACE LINES (ONE GAS AND ONE PRODUCTION)
FROM ENRON STATE #21 TO ENRON STATE BATTERY

LRE OPERATING, LLC
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JANUARY 20, 2014



DESCRIPTION

A STRIP OF LAND 30 FEET WIDE CROSSING FEE LAND IN SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, STATE OF NEW MEXICO AND BEING 15 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT WITHIN THE NW/4 NW/4 OF SAID SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M., WHENCE THE NORTHWEST CORNER OF SAID SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M. BEARS N67°47'06\"/>

SAID STRIP OF LAND BEING 1279.50 FEET OR 77.55 RODS IN LENGTH, CONTAINING 0.881 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

| | | | |
|-----------|-------------|------------|-------------|
| NW/4 NW/4 | 514.51 L.F. | 31.18 RODS | 0.354 ACRES |
| NE/4 NW/4 | 764.99 L.F. | 46.36 RODS | 0.527 ACRES |

GENERAL NOTES

- 1.) THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT.
- 2.) BASIS OF BEARING IS NMSP EAST MODIFIED TO SURFACE COORDINATES.

SURVEYOR CERTIFICATE

I, FILMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD,

NEW MEXICO, THIS 31 DAY OF JANUARY 2014

MADRON SURVEYING, INC.
301 SOUTH CANAL
CARLSBAD, NEW MEXICO 88220
Phone (575) 234-3341

FILMON F. JARAMILLO, PLS. 12797

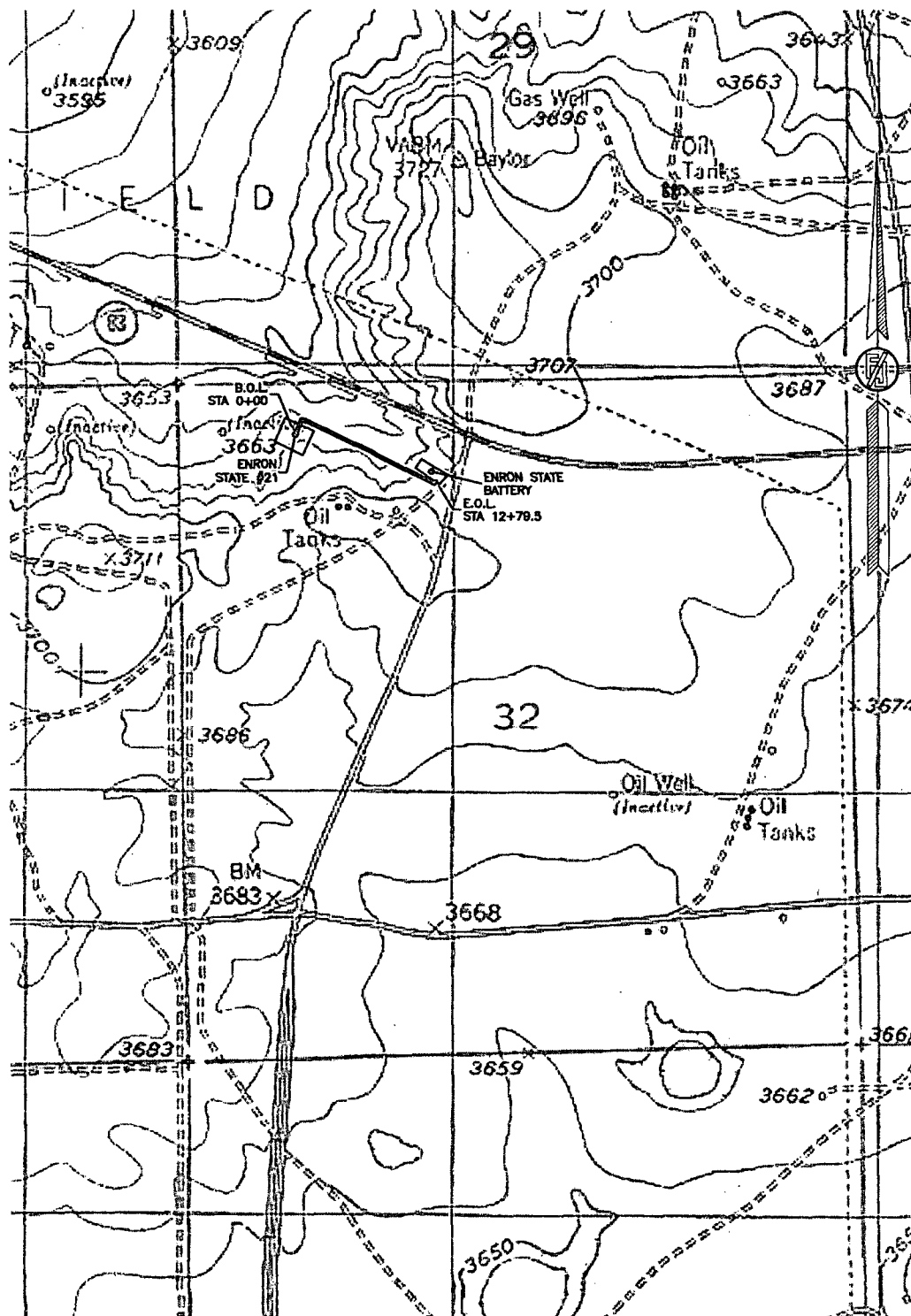
SURVEY NO. 2278

SHEET: 1-3

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

R-O-W FOR TWO 3" SDR 7 SURFACE LINES (ONE GAS AND ONE PRODUCTION)
FROM ENRON STATE #21 TO ENRON STATE BATTERY

LRE OPERATING, LLC
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JANUARY 20, 2014



R-0-W FOR TWO 3" SDR 7 SURFACE LINES (ONE GAS AND ONE PRODUCTION)
FROM ENRON STATE #21 TO ENRON STATE BATTERY

LRE OPERATING, LLC
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JANUARY 20, 2014



SHEET: 3-3

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

SURVEY NO. 2278

**LRE Operating, LLC
Drilling Plan**

**Enron State #21
385' FNL 900' FWL
(D) 32-17S-28E
Eddy County, NM**

1. The elevation of the unprepared ground is 3675.8 feet above sea level.
2. The geologic name of the surface formation is Quaternary – Alluvium.
3. A rotary rig will be utilized to drill the well to 4250' and run casing. This equipment will be rigged down and the well will be completed with a workover rig.
4. Well will be drilled to a total proposed depth of 4250' MD.

5. Estimated tops of geologic markers:

| | MD | TVD |
|-----------------------|---------|---------|
| Quaternary – Alluvium | Surface | Surface |
| Yates | NA | NA |
| 7 Rivers | 513 | 513 |
| Queen | 1030 | 1030 |
| Grayburg | 1460 | 1460 |
| Premier | 1732 | 1732 |
| San Andres | 1770 | 1770 |
| Glorieta | 3153 | 3153 |
| Yeso | 3270 | 3270 |
| Tubb | NA | NA |
| TD | 4250 | 4250 |

6. Estimated depths at which anticipated oil, gas, or other mineral bearing formations are expected to be encountered:

| | MD | TVD |
|------------|------|------|
| Yates | NA | NA |
| 7 Rivers | 513 | 513 |
| Queen | 1030 | 1030 |
| Grayburg | 1460 | 1460 |
| Premier | 1732 | 1732 |
| San Andres | 1770 | 1770 |
| Glorieta | 3153 | 3153 |
| Yeso | 3270 | 3270 |
| Tubb | NA | NA |
| TD | 4250 | 4250 |

7. Proposed Casing and Cement program is as follows:

| Type | Hole | Casing | Wt | Grade | Thread | Depth | Sx | Density | Yield | Components |
|--------------|--------|--------|------|-------|--------|-------|-----|---------|-------|---|
| Conductor | 20" | 14" | 68.7 | B | Welded | 40 | 40 | | | Ready Mix |
| Surface | 11" | 8-5/8" | 24 | J-55 | ST&C | 425 | 250 | 14.8 | 1.35 | Cl C Cmt + 0.25 lbs/sk Cello Flake + 2% CaCl ₂ |
| Intermediate | | | | | | | | | | |
| Production | 7-7/8" | 5-1/2" | 17 | J-55 | LT&C | 4250 | 325 | 12.8 | 1.903 | (35/65) Poz/Cl C Cmt + 5% NaCl + 0.25 lbs/sk Cello Flake + 5 lbs/sk LCM-1 + 0.2% R-3 + 6% Gel |
| | | | | | | | 550 | 14.8 | 1.33 | Class C w/ 0.6% R-3 and 1/4 pps cello flake |

8. Proposed Mud Program is as follows

| Depth | 0-435 | 435-4100 | 4100-4250 |
|------------|-----------------|--|--|
| Mud Type | Fresh Water Mud | Brine | Brine, Salt Gel, & Starch |
| Properties | | | |
| MW | 8.4-9.2 | 9.8-10.1 | 9.9-10.1 |
| pH | 9.0-10.5 | 10.0-12.0 | 10.0-12.0 |
| WL | NC | NC | 20-30 |
| Vis | 28-34 | 28-29 | 32-34 |
| MC | NC | NC | <2 |
| Solids | NC | <2% | <3% |
| Pump Rate | 300-500 gpm | 375-425 gpm | 400-425 gpm |
| Special | | Use Poymers sticks and MF-55 Hi-Vis Sweeps as necessary | Hi Vis Sweeps, add acid and starch as req. Raise Vis to 35 for log. |

9. **Pressure Control Equipment:** See Attached Description and diagram of Pressure Control Equipment.

10. **Testing, Logging and Coring Program**

Testing Program: No drill stem tests are anticipated

Electric Logging Program: SGR-DLL-CDL-CNL Quad Combo from 4250 to surf. Csg. SGR-CNL to Surf.

Coring Program: No full or sidewall cores are anticipated.

11. **Potential Hazards:**

No abnormal temperatures or pressures are expected. There is no known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 1870 psi based on 0.44 x TD. The estimated BHT is 125 degrees F.

12. **Duration of Operations:**

Anticipated spud date will be soon after approval and as soon as a rig will be available. Move in operations and drilling is expected to take 10 days. An additional 14 days will be needed to complete the well and to construct surface facilities.

Hydrogen Sulfide Drilling Plan Summary

- A. All personnel shall receive proper H2S training in accordance with Onshore Order 6 III.C.3.a.
- B. Briefing Area: two perpendicular areas will be designated by signs and readily accessible.
- C. Required Emergency Equipment:

- Well control equipment

- a. Flare line 150' from wellhead to be ignited by flare gun.
- b. Choke manifold with a remotely operated choke.
- c. Mud/gas separator

- Protective equipment for essential personnel.

Breathing apparatus:

- a. Rescue Packs (SCBA) — 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
- b. Work/Escapes packs — 4 packs shall be stored on the rig floor and contain sufficiently long air hoses as to not restrict work activity.
- c. Emergency Escape Packs — 4 packs shall be stored in the doghouse for emergency evacuation.

Auxiliary Rescue Equipment:

- a. Stretcher
- b. Two OSHA full body harness
- c. 100 ft 5/8 inch OSHA approved rope
- d. 1-20# class ABC fire extinguisher

- H2S detection and monitoring equipment:

The stationary detector with three sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 14 ppm. Calibrate a minimum of every 30 days or as needed. The sensors will be placed in the following places: Rig floor / Bell nipple / End of flow line or where well bore fluid is being discharged.
(Gas sample tubes will be stored in the safety trailer)

- Visual warning systems:

- a. One color code condition sign will be placed at the entrance to the site reflecting the possible conditions at the site.
- b. A colored condition flag will be on display, reflecting the current condition at the site at the time.
- c. Two wind socks will be placed in strategic locations, visible from all angles.

- Mud program:

The mud program has been designed to minimize the volume of H2S circulated to surface. The operator will have the necessary mud products to minimize hazards while drilling in H2S bearing zones.

■ Metallurgy:

- a. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
- b. All elastomers used for packing and seals shall be H₂S trim.

■ Communication:

Communication will be via two way radio in emergency and company vehicles. Cell phones and land lines where available.

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Company Offices - Lime Rock Houston Office
 Answering Service (After Hours)
 Artesia, NM Office
 Roswell, NM

713-292-9510
 713-292-9555
 575-748-9724
 575-623-8424

KEY PERSONNEL

| Name | Title | Location | Office # | Cell # | Home # |
|-----------------|---------------------------------|-----------------|--------------|--------------|--------------|
| Mike Loudermilk | Operations Manager | Houston | 713-292-9526 | 832-331-7367 | Same as Cell |
| Spencer Cox | Production Engineer | Houston | 713-292-9528 | 432-254-5140 | Same as Cell |
| Eric McClusky | Production Engineer | Houston | 713-360-5714 | 405-821-0534 | 832-491-3079 |
| Jerry Smith | Assistant Production Supervisor | Artesia | 575-748-9724 | 505-918-0556 | 575-746-2478 |
| Michael Barrett | Production Supervisor | Roswell | 575-623-8424 | 505-353-2644 | 575-623-4707 |
| Dalw Kennard | Well Site Supervisor | Rotates on Site | NA | 575-420-1651 | NA |
| Gary McClland | Well Site Supervisor | Rotates on Site | NA | 903-503-8997 | NA |
| Brad Tate | Well Site Supervisor | Rotates on Site | NA | 575-441-1966 | NA |
| Dave Williamson | Well Site Supervisor | Rotates on Site | NA | 575-308-9980 | NA |

| Agency Call List | | |
|------------------|--|--------------|
| City | Agency or Office | Telephone # |
| Artesia | Ambulance | 911 |
| Artesia | - State Police | 575-746-2703 |
| Artesia | Sherriff's Office | 575-746-9888 |
| Artesia | City Police | 575-746-2703 |
| Artesia | Fire Department | 575-746-2701 |
| Artesia | Local Emergency Planning Committee | 575-746-2122 |
| Artesia | New Mexico OCD District II | 575-748-1283 |
| Carlsbad | Ambulance | 911 |
| Carlsbad | State Police | 575-885-3137 |
| Carlsbad | Sherriff's Office | 575-887-7551 |
| Carlsbad | City Police | 575-885-2111 |
| Carlsbad | Fire Department | 575-885-2111 |
| Carlsbad | Local Emergency Planning Committee | 575-887-3798 |
| Carlsbad | US DOI Bureau of Land Management | 575-887-6544 |
| State Wide | New Mexico Emergency Response Commisssion ("NMERC") | 505-476-9600 |
| State Wide | NMERC 24 Hour Number | 505-827-9126 |
| State Wide | New Mexico State Emergency Operations Center | 505-476-9635 |
| National | National Emergency Response Center (Washington D.C.) | 800-424-8802 |

| Emergency Services | | | | |
|--|---------------------------------|-------------------------|------------------|-----------------------|
| Name | Service | Location | Telephone Number | Alternate Number |
| Boots & Coots International Well Control | Well Control | Houston / Odessa | 1-800-256-9688 | 281-931-8884 |
| Cudd Pressure Control | Well Control/Pumping | Odessa | 915-699-0139 | 915-563-3356 |
| Baker Hughes Inc. | Pumping Services | Artesia, Hobbs & Odessa | 575-746-2757 | Same |
| Total Safety | Safety Equipment & Personnel | Artesia | 575-746-2847 | Same |
| Cutter Oilfield Services | Drilling Systems Equipment | Midland | 432-488-6707 | Same |
| Safety Dog | Safety Equipment & Personnel | Artesia | 575-748-5847 | 575-441-1370 |
| Fighting for Life | Emergency Helicopter Evacuation | Lubbock | 806-743-9911 | Same |
| Aerocare | Emergency Helicopter Evacuation | Lubbock | 806-747-8923 | Same |
| Med Flight Air Ambulance | Emergency Helicopter Evacuation | Albuquerque | 505-842-4433 | Same |
| Artesia General Hospital | Emergency Medical Care | Artesia | 575-748-3333 | 702 North 13th Street |

Pressure Control Equipment

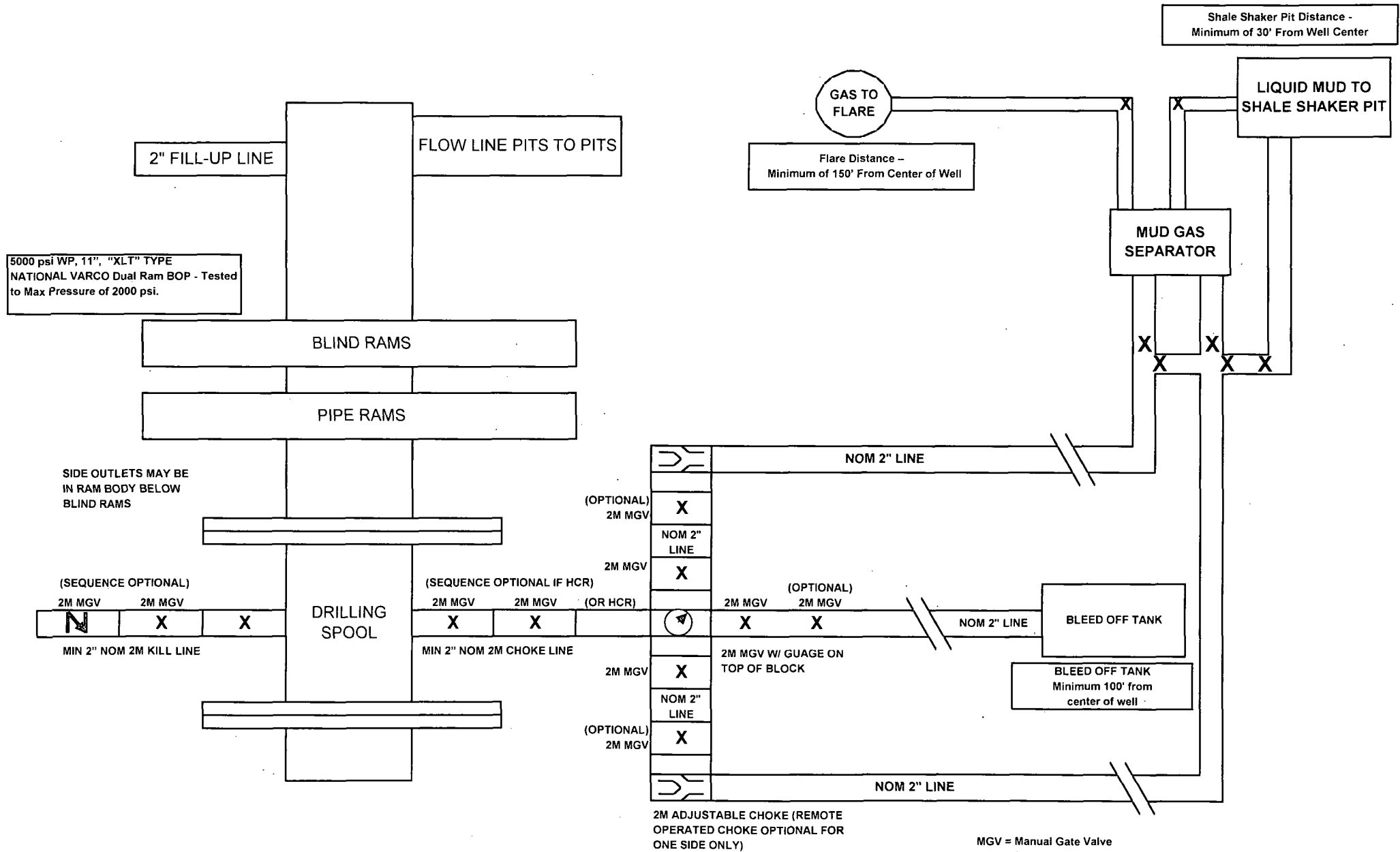
The blowout preventer equipment (BOP) will consist of a 5000 psi rated, "XLT" type, National VARCO double ram preventer that will be tested to a maximum pressure of 2000 psi. The unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and drill pipe rams on bottom. The 2M BOP will be installed on the 8 5/8" surface casing and utilized continuously until total depth is reached. All casing strings will be tested as per Onshore Order #2. This also includes a thirty day (30) test, should the rig still be operating on the same well in thirty days.

Pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drilling logs.

The BOP equipment will consist of the following:

- Double ram with blind rams (top) and pipe rams (bottom),
- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 2" minimum diameter, kill side will be at least 2 inch diameter),
- Kill line (2 inch minimum),
- A minimum of 2 choke line valves (2 inch minimum),
- 2 inch diameter choke line,
- 2 kill valves, one of which will be a check valve (2 inch minimum),
- 2 chokes, one of which will be capable of remote operation,
- Pressure gauge on choke manifold,
- Upper Kelly cock valve with handle available,
- Safety valve and subs to fit all drill string connections in use,
- All BOPE connections subjected to well pressure will be flanged, welded, or clamped,
- A Fill-up line above the uppermost preventer.

2M BOP SCHEMATIC



MGV = Manual Gate Valve
CKV = Check Valve
HCR = Hydraulically Controlled Remote Valve

NOTE: All lines, valves and chokes are shown at the minimum size allowed, but may be larger

Permit Conditions of Approval

API: 30-015-42156

| OCD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | 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 |