

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) 718-9720  
District III  
1000 Rio Brazos Road, Artesia, 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  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-101  
Revised December 16, 2011

Permit

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

Operator Name and Address R360 Permian Basin, LLC 16945 Northchase Drive, Suite 2200 Houston, Texas 77060		OGRIF Number 289936
Property Code 39460		API Number 30-015-40733
Property Name Avalon SWD		Well No TD 001 -

**7 Surface Location**

UL - Lot B	Section 36	Township 26S	Range 31E	Lot Idn	Feet from 333	N/S Line N	Feet from 2482	E/W Line E	County Eddy
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**8 Pool Information**

Mason Delaware North SWD: CHERRY CANYON	97003 44820
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**Additional Well Information**

Work Type New Well	Well Type SWD	Cable/Rotary R	Lease Type P	Ground Level Elevation 3129
Multiple N	Proposed Depth 6500'	Formation Brushy Canyon	Contractor	Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

**19 Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	15"	10.75"	45.5	920'	422	Surface
Int	9.5"	7"	20	4300'	778	Surface

**Casing/Cement Program: Additional Comments**

SWD-1346	RECEIVED JUL 09 2012
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**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	NMOCD Approved
Double Ram	3000	3000	NMOCD ARTESIA

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 <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature: Joe B. Rodriguez		Approved By: T. C. Shepard	
Printed name: Joe B. Rodriguez		Title: Geologist	
Title: Director, Regulatory Affairs and Development		Approved Date: 9/2/2012	Expiration Date: 9/21/2014
E-mail Address: jrodriguez@r360es.com		Conditions of Approval Attached: cannot inject prior to running MIT	
Date: 03/19/2012	Phone: (210) 275-0839		

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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**

<sup>1</sup> API Number <b>30-015-40733</b>		<sup>2</sup> Pool Code <b>44820</b>	<sup>3</sup> Pool Name <b>SWD; Cherry Canyon</b> Mason Delaware North
<sup>4</sup> Property Code <b>35460</b>	<sup>5</sup> Property Name <b>97003</b> AVALON SWD		<sup>6</sup> Well Number <b>001</b>
<sup>7</sup> OGRID No. 289936	<sup>8</sup> Operator Name R360 PERMIAN BASIN, INC		<sup>9</sup> Elevation 3129'

**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
B	36	26S	31E		333	NORTH	2482	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

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. <b>SWD-1346-0</b>
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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.

GEOCENTRIC COORDINATES NAD 83 NME SURFACE LOCATION N=356252.6 E=728207.5 LAT=32.0019009°N LONG=109.43513695°W		<b>11 OPERATOR CERTIFICATION</b> 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 has a right to drill this well at this location pursuant to a contract with the owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Joe B. Rodriguez</i> Date: <b>6/7/2012</b> Printed Name: <b>Joe B. Rodriguez</b> E-mail Address: <b>jrodriguez@r360es.com</b>
		<b>12 SURVEYOR CERTIFICATION</b> 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. Date: <b>JUNE 5, 2012</b> Date of Survey Signature and Seal of Professional Surveyor:

**R360 Permian Basin LLC**

**Avalon SWD #1D**

**Unit B (NW/4, NE/4), Sec. 36, T-26-S, R-31-E**

**Eddy County, New Mexico**

**Equipment and Design:**

R360 Permian Basin LLC (R360) will use a closed loop system to drill this well. The following equipment will be on location:

- (1) 250 bbl steel reverse tank
- (2) Roll-off bins

**Operations and Maintenance:**

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor any release that may occur. Should a release, spill or leak occur, the New Mexico Oil Conservation Division (OCD) District 2 office in Artesia (575-748-1283) will be notified, as required in OCD rule 19.15.29.8.

**Closure:**

After drilling operations, fluids and solids will be hauled and disposed at Controlled Recovery, Inc. (CRI), a subsidiary of R360, which operates under OCD permit number R9166. The secondary disposal site will be Lea Land Landfill located at Mile Marker 66, U.S. Hwy 62/180, which operates under OCD NM-1-035.