

NM OIL CONSERVATION
ARTESIA DISTRICT

ATS-14-574

Form 3160-3
(March 2012)

OCD AND NOV 09 2016

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

HIGH CAVEKARST

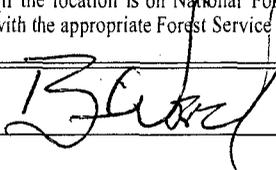
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC-065478B	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A	
2. Name of Operator LIME ROCK RESOURCES II-A, L. P.		7. If Unit or CA Agreement, Name and No. N/A	
3a. Address 1111 BAGBY ST., SUITE 4600 HOUSTON, TX 77002		8. Lease Name and Well No. FALCON 3 N FEDERAL 39	
3b. Phone No. (include area code) 713 292-9528		9. API Well No. 30-015- 43953	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 750' FSL & 2310' FWL At proposed prod. zone 935' FSL & 2160' FWL		10. Field and Pool, or Exploratory RED LAKE; GLORIETA-YESO	
14. Distance in miles and direction from nearest town or post office* 9 AIR MILES SE OF ARTESIA, NM		12. County or Parish EDDY	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) SHL: 330' BHL: 480'	16. No. of acres in lease 642.88	17. Spacing Unit dedicated to this well SESW	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. SHL: 140' (Falc. 3 N 17) BHL: 156' (ditto)	19. Proposed Depth TVD = 5150' & MD = 5165'	20. BLM/BIA Bond No. on file NMB-000797 & NMB-000817	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,529.7' UNGRADED	22. Approximate date work will start* 05/01/2016	23. Estimated duration 1 MONTH	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) BRIAN WOOD (PHONE: 505 466-8120)	Date 01/21/2016
Title CONSULTANT	(FAX: 505 466-9682)	
Approved by (Signature) /s/Cody Layton	Name (Printed/Typed)	Date OCT 31 2016
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

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
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 30-015-43953		² Pool Code 51120		³ Pool Name Red Lake; Glorieta-Yeso	
⁴ Property Code 317087		⁵ Property Name FALCON 3N FEDERAL			⁶ Well Number 39
⁷ OGRID No. 277558		⁸ Operator Name LIME ROCK RESOURCES II-A, L.P.			⁹ Elevation 3529.7

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
N	3	18 S	27 E		750	SOUTH	2310	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
N	3	18 S	27 E		935	SOUTH	2160	WEST	EDDY

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

¹⁶ 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.

Signature: *Brian Wood* Date: 1-21-16

Printed Name: Brian Wood

E-mail Address: brian@permitswest.com

¹⁷ 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.

Date of Survey: JANUARY 7, 2016

Signature and Seal of Professional Surveyor: *Filimon F. Jaramillo*

Certificate Number: FILIMON F. JARAMILLO, PLS 12797
SURVEY NO. 3733B

MAP 2

BLM O&G lease
NMLC-065478B

access

1 mile radius

Falcon 3 N Federal 39

EMPIRE OIL FIELD

Little Diamond Road

Scoggin

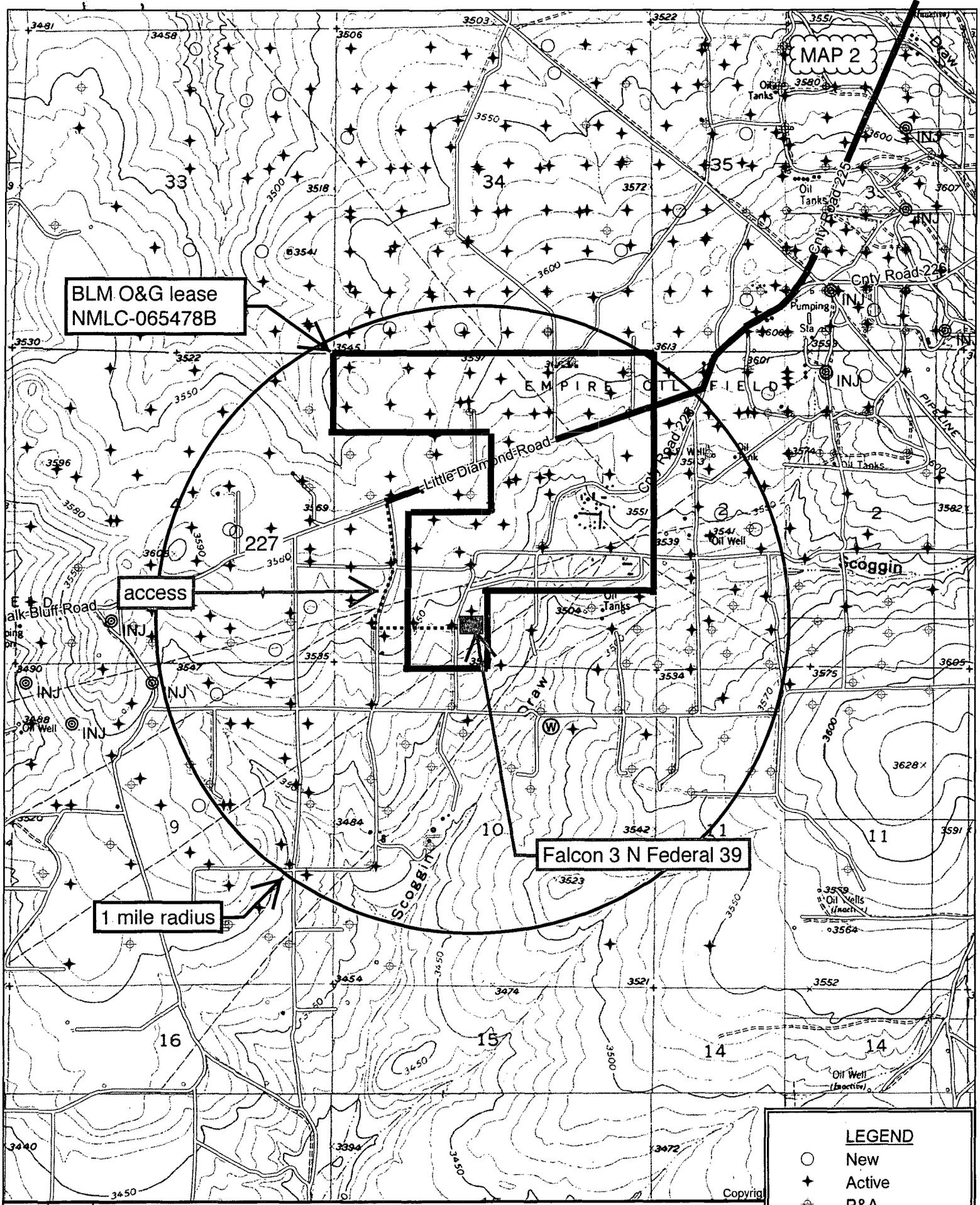
LEGEND

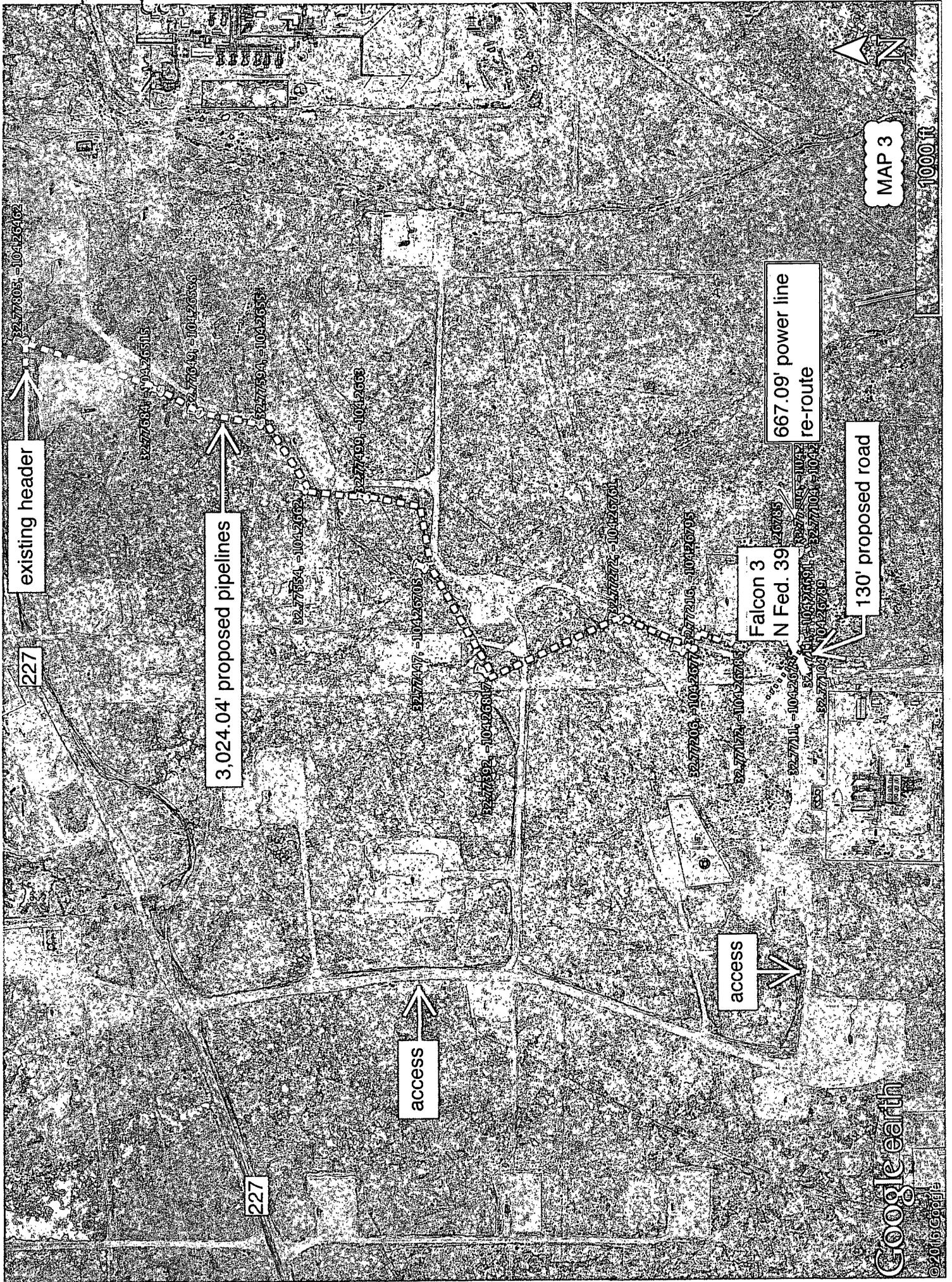
- New
- ★ Active
- ⊕ P&A
- ⊙ INJ
- ⊗ SWD
- ⊙ Water



Quad: SPRING LAKE
Scale: 1 inch = 2,000 ft.

Copyright





existing header

3,024.04' proposed pipelines

667.09' power line re-route

130' proposed road

Falcon 3 N Fed. 39

access

access

MAP 3

1000 ft

Google earth

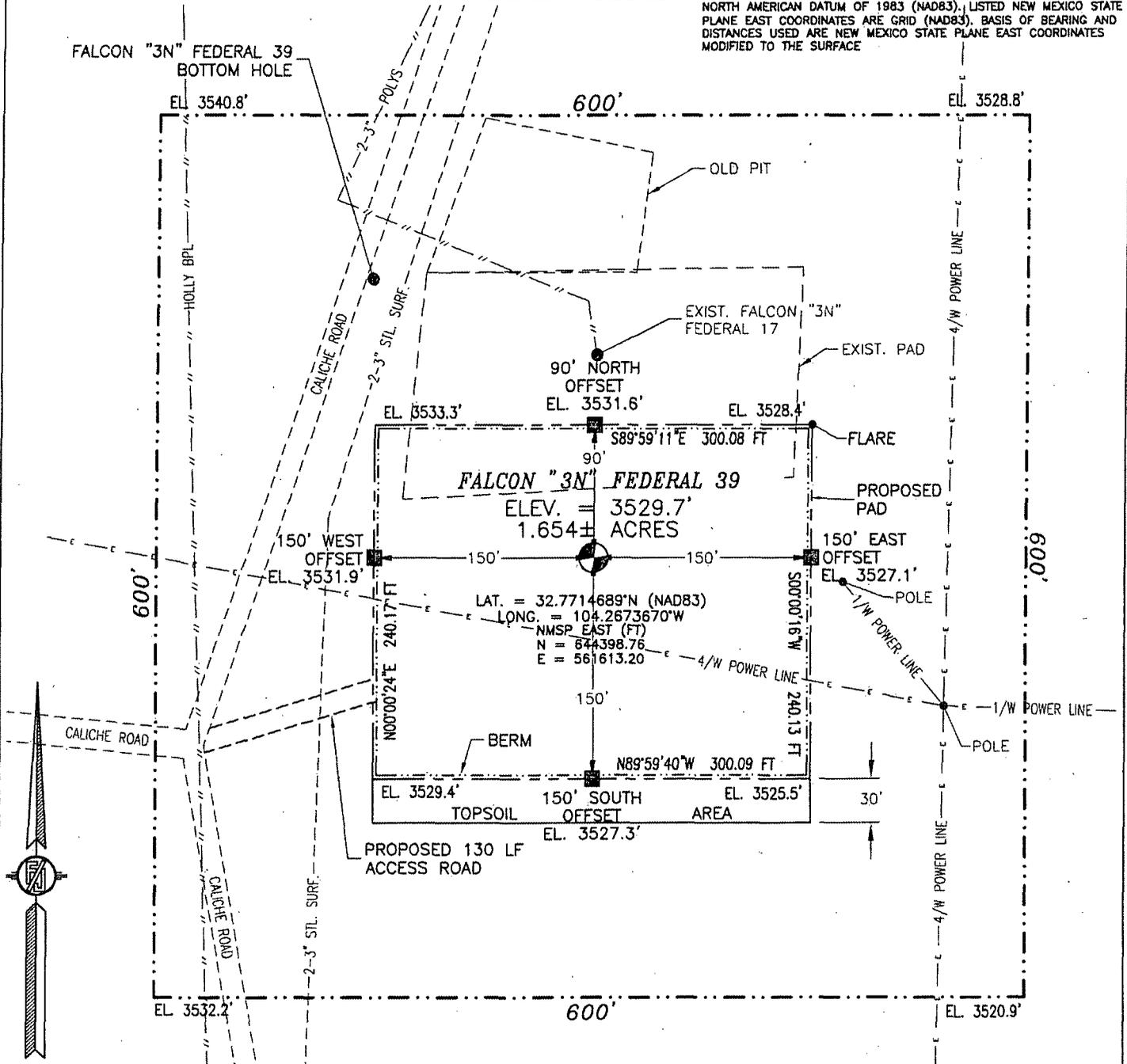
©2015 Google

SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

MAP 4

SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83), BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



010 50 100 200

SCALE 1" = 100'
 DIRECTIONS TO LOCATION

FROM CR 225 (EMPIRE) AND CR 227 (LITTLE DIAMOND) GO
 SOUTHWEST ON CR 227 0.46 MILE, TURN LEFT ON CALICHE ROAD
 AND GO SOUTH 0.12 MILE, TURN RIGHT AND GO WEST 340', BEND
 LEFT AND GO SOUTHWEST 0.1 MILE, BEND LEFT AND GO
 SOUTH-SOUTHWEST 0.1 MILE, BEND LEFT AND GO SOUTH 270', TURN
 RIGHT AND GO WEST 240', TURN LEFT AND GO SOUTH 0.21 MILE,
 BEND RIGHT AND GO SOUTHWEST 174' TO A PROPOSED ROAD
 SURVEY AND FOLLOW FLAGS NORTHEAST 130' TO THE PROPOSED
 SOUTHWEST PAD CORNER FOR THIS LOCATION.

LIME ROCK RESOURCES II-A, L.P.
FALCON "3N" FEDERAL 39
 LOCATED 750 FT. FROM THE SOUTH LINE
 AND 2310 FT. FROM THE WEST LINE OF
 SECTION 3, TOWNSHIP 18 SOUTH,
 RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 7, 2016

SURVEY NO. 3733B

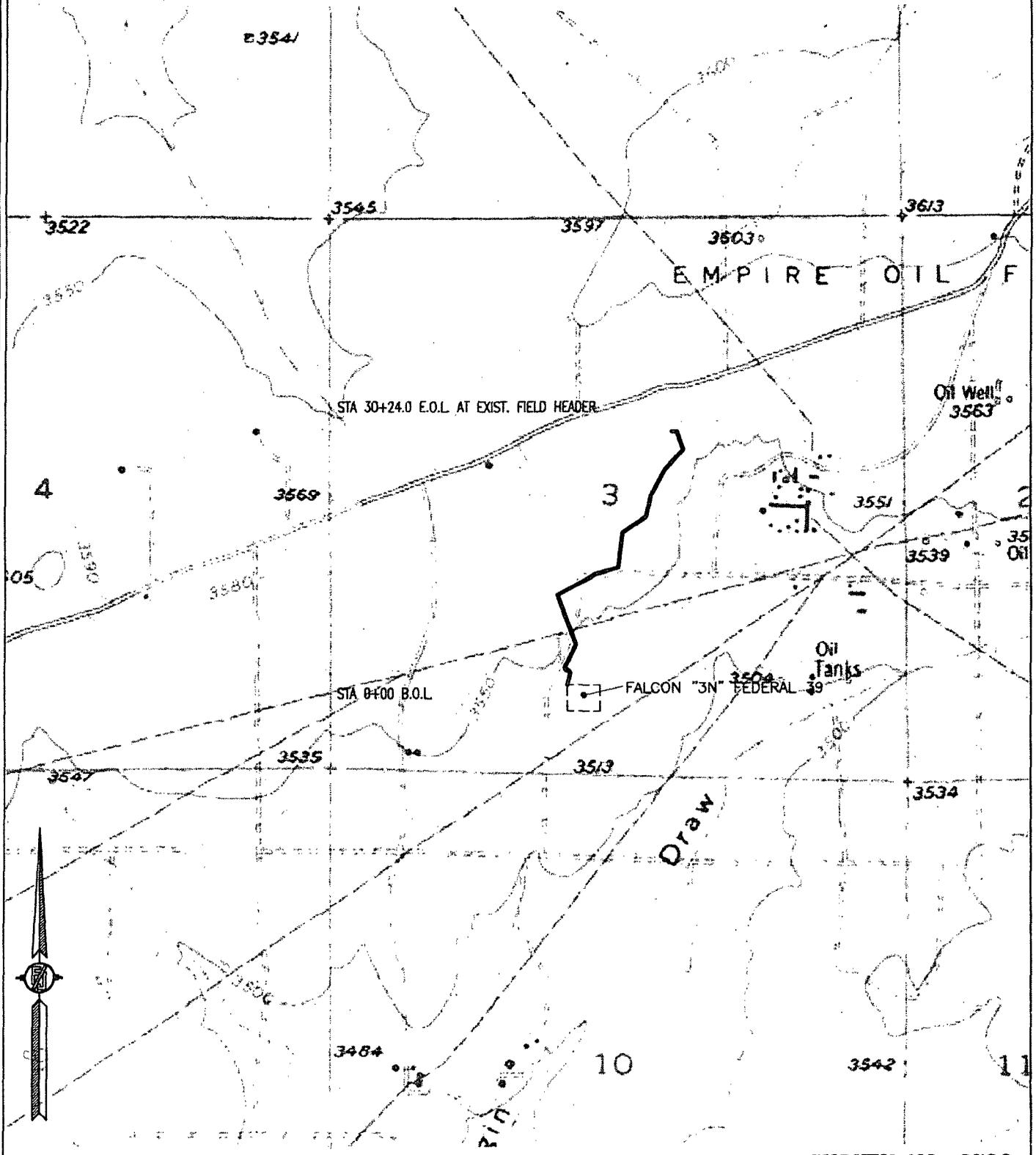
MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
 (575) 234-3341

FLOWLINE PLAT

RIGHT-OF-WAY FOR TWO 3" SDR 7 POLY SURFACE LINES (1-GAS & 1-PRODUCTION) FROM THE FALCON "3N" FEDERAL 39 TO A FALCON "3" FEDERAL BATTERY FIELD HEADER

MAP 5

LIME ROCK RESOURCES II-A, L.P.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
APRIL 6, 2015



SURVEY NO. 3733

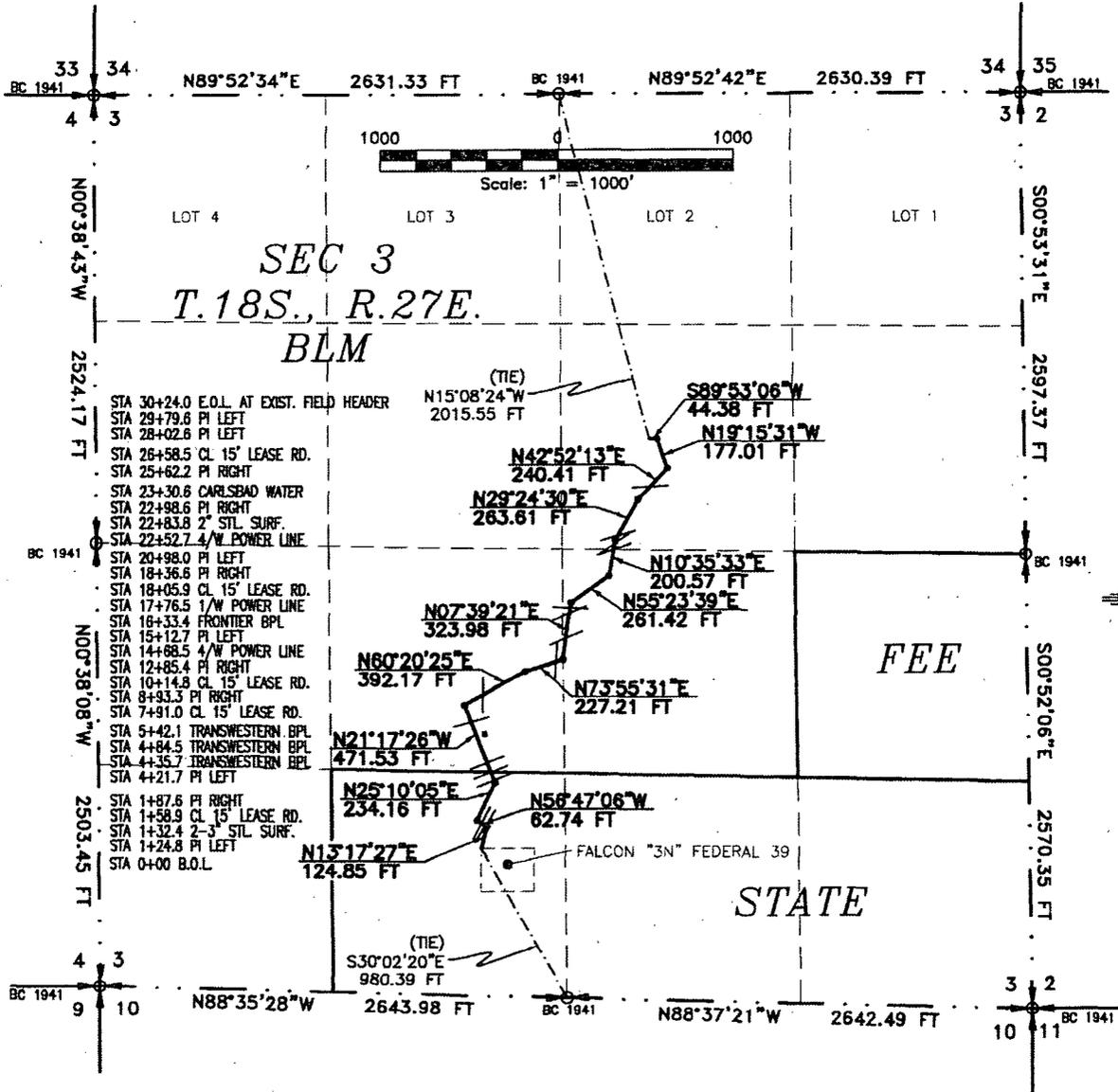
MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

FLOWLINE PLAT

RIGHT-OF-WAY FOR TWO 3" SDR 7 POLY SURFACE LINES (1-GAS & 1-PRODUCTION) FROM THE FALCON "3N" FEDERAL 39 TO A FALCON "3" FEDERAL BATTERY FIELD HEADER

LIME ROCK RESOURCES II-A, L.P.
 CENTERLINE SURVEY OF A PIPELINE CROSSING
 SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 APRIL 6, 2015

MAP 6



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 9th DAY OF APRIL 2015

FILMON F. JARAMILLO, PLS 12797
 MADRON SURVEYING, INC.
 301 SOUTH CANAL
 CARLSBAD, NEW MEXICO 88220
 Phone (575) 234-3341

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.

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

SURVEY NO. 3733

FLOWLINE PLAT

RIGHT-OF-WAY FOR TWO 3" SDR 7 POLY SURFACE LINES (1-GAS & 1-PRODUCTION) FROM THE FALCON "3N" FEDERAL 39 TO A FALCON "S" FEDERAL BATTERY FIELD HEADER

**LIME ROCK RESOURCES II-A, L.P.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
APRIL 6, 2015**

MAP 7

DESCRIPTION

A STRIP OF LAND 30 FEET WIDE CROSSING STATE OF NEW MEXICO AND BUREAU OF LAND MANAGEMENT LAND IN SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 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 SE/4 SW/4 OF SAID SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M., WHENCE THE SOUTH QUARTER CORNER OF SAID SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M. BEARS S30°02'20"E, A DISTANCE OF 980.39 FEET;
THENCE N13°17'27"E A DISTANCE OF 124.85 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N56°47'06"W A DISTANCE OF 62.74 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N25°10'05"E A DISTANCE OF 234.16 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N21°17'26"W A DISTANCE OF 471.53 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N60°20'25"E A DISTANCE OF 392.17 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N73°55'31"E A DISTANCE OF 227.21 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N07°39'21"E A DISTANCE OF 323.98 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N55°23'39"E A DISTANCE OF 261.42 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N10°35'33"E A DISTANCE OF 200.57 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N29°24'30"E A DISTANCE OF 263.61 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N42°52'13"E A DISTANCE OF 240.41 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE N19°15'31"W A DISTANCE OF 177.01 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
THENCE S89°53'06"W A DISTANCE OF 44.38 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE NORTH QUARTER CORNER OF SAID SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M. BEARS N15°08'24"W, A DISTANCE OF 2015.55 FEET;

SAID STRIP OF LAND BEING 3024.04 FEET OR 183.27 RODS IN LENGTH, CONTAINING 2.083 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SE/4 SW/4	485.98 L.F.	29.45 RODS	0.335 ACRES	STATE
NE/4 SW/4	1037.20 L.F.	62.86 RODS	0.714 ACRES	BLM
NW/4 SE/4	729.08 L.F.	44.19 RODS	0.502 ACRES	BLM
SW/4 NE/4	771.78 L.F.	46.77 RODS	0.532 ACRES	BLM

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 9th DAY OF APRIL 2015

[Signature]
FILMON F. JARAMILLO, PLS. 12797

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

SURVEY NO. 3733

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

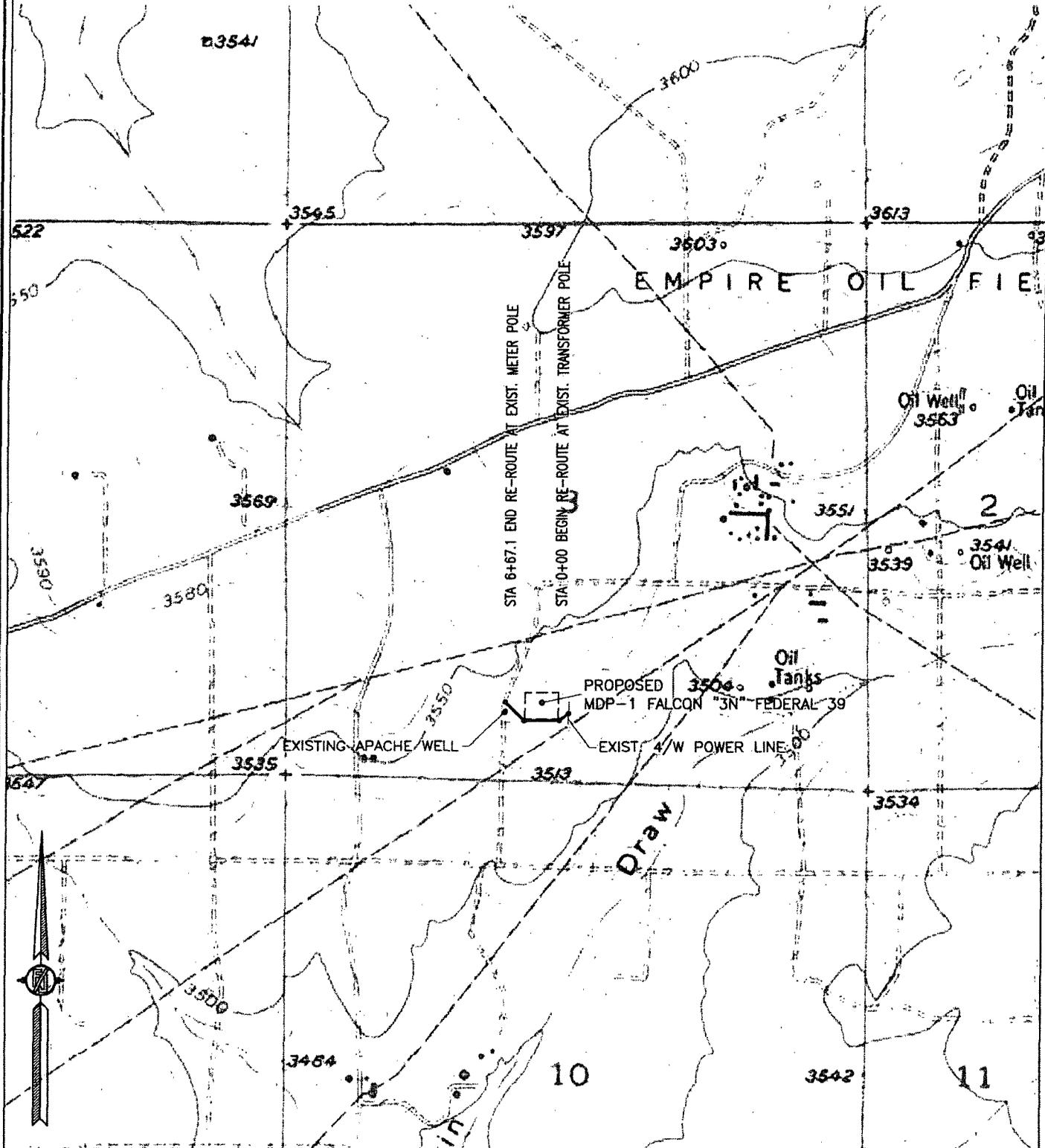
GENERAL NOTES

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

ELECTRIC LINE PLAT
RE-ROUTE OF AN APACHE WELL ELECTRIC LINE

MAP 8

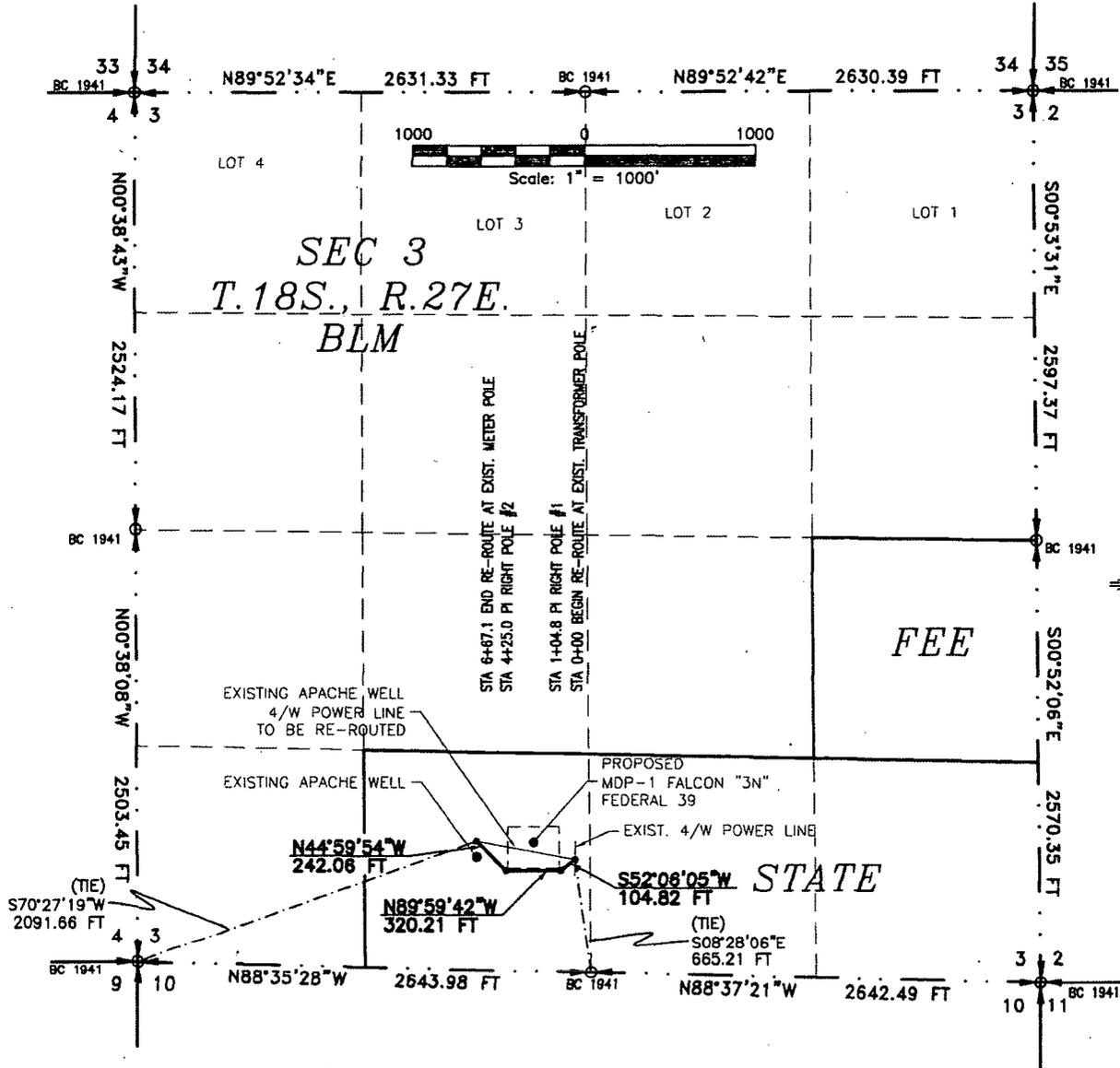
LIME ROCK RESOURCES II-A, L.P.
CENTERLINE SURVEY OF AN ELECTRIC LINE CROSSING
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
APRIL 22, 2015



ELECTRIC LINE PLAT
RE-ROUTE OF AN APACHE WELL ELECTRIC LINE

MAP 9

LIME ROCK RESOURCES II-A, L.P.
CENTERLINE SURVEY OF AN ELECTRIC LINE CROSSING
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
APRIL 22, 2015



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 14TH DAY OF MAY 2015

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

FILMON F. JARAMILLO PLS. 12797

SURVEY NO. 3983

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.

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO

ELECTRIC LINE PLAT
RE-ROUTE OF AN APACHE WELL ELECTRIC LINE

MAP 10

LIME ROCK RESOURCES II-A, L.P.
CENTERLINE SURVEY OF AN ELECTRIC LINE CROSSING
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
APRIL 22, 2015

DESCRIPTION

A STRIP OF LAND 30 FEET WIDE CROSSING STATE OF NEW MEXICO LAND IN SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 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 SE/4 SW/4 OF SAID SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M., WHENCE THE SOUTH QUARTER CORNER OF SAID SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M. BEARS S08°28'06"E, A DISTANCE OF 665.21 FEET;

THENCE S52°06'05"W A DISTANCE OF 104.82 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;

THENCE N89°59'42"W A DISTANCE OF 320.21 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;

THENCE N44°59'54"W A DISTANCE OF 242.06 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE SOUTHWEST CORNER OF SAID SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M. BEARS S70°27'19"W, A DISTANCE OF 2091.66 FEET;

SAID STRIP OF LAND BEING 667.09 FEET OR 40.43 RODS IN LENGTH, CONTAINING 0.459 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SE/4 SW/4 667.09 L.F. 40.43 RODS 0.459 ACRES

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 17TH DAY OF MAY, 2015

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.

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

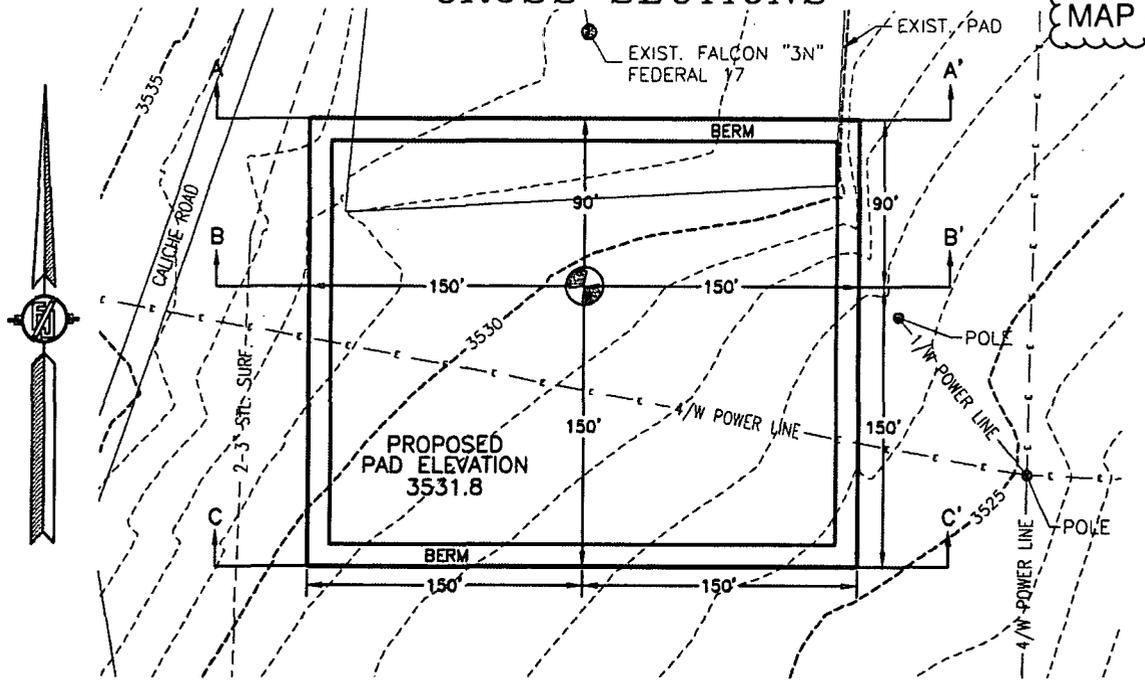
FILMON F. JARAMILLO 12797

SURVEY NO. 3983

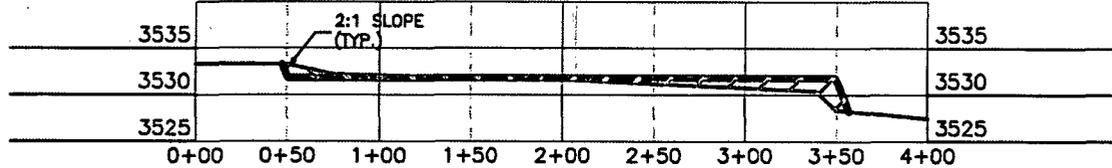
MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

FALCON "3N" FEDERAL 39 CROSS SECTIONS

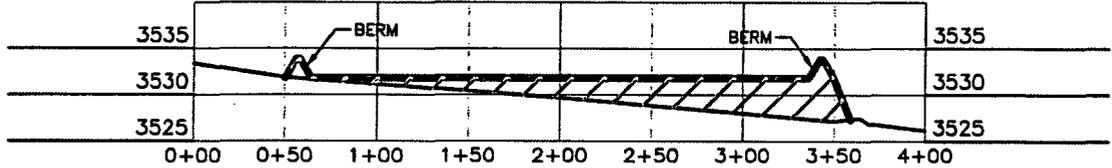
MAP 4.1



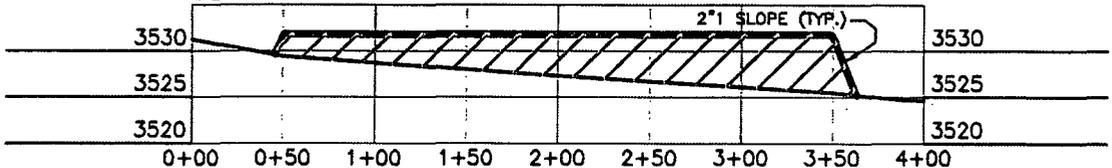
SECTION A-A'



SECTION B-B'



SECTION C-C'



LIME ROCK RESOURCES II-A, L.P.
FALCON "3N" FEDERAL 39
 LOCATED 750 FT. FROM THE SOUTH LINE
 AND 2310 FT. FROM THE WEST LINE OF
 SECTION 3, TOWNSHIP 18 SOUTH,
 RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

010 50 100 200
 SCALE 1" = 100' HORZ.
 SCALE 1" = 20' VER.

CUT	FILL	NET
17 CU. YD	7684 CU. YD	7668 CU. YD (FILL)

EARTHWORK QUANTITIES ARE ESTIMATED

FEBRUARY 26, 2016

SURVEY NO. 3733B

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

Lime Rock Resources II-A, L.P.
 Falcon 3 N Federal 39
 SHL: 750' FSL & 2310' FWL
 BHL: 935' FNL & 2160' FEL
 Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

DRILL PLAN PAGE 1

Drilling Program

1. ESTIMATED TOPS

<u>Name</u>	<u>TVD</u>	<u>MD</u>	<u>Content</u>
Tansill	0'	0'	---
Yates	50'	50'	fresh water
Seven Rivers*	349'	349'	oil, gas, saltwater
Queen	885'	887'	oil, gas, saltwater
Grayburg	1,373'	1,379'	oil, gas, saltwater
San Andres	1,614'	1,623'	oil, gas
Glorieta	3,075'	3,090'	oil, gas
Yeso	3,176'	3,191'	oil, gas
Tubb	4,476'	4,491'	oil, gas
Abo**	5,050'	5,065'	oil, gas
Total Depth	5,150'	5,165'	---

*in which contingency string, if needed, will be set at 375'

** Abo will not be perforated. Extra depth needed for logs and pump.

2. NOTABLE ZONES

Water bearing strata were found at 412' in the Hondo B Federal 1 (30-015-10438). That well is 3,679' northwest. Closest (2,177' southeast) water well (RA 03917) found water at 50' in this 130' deep well.

3. PRESSURE CONTROL → See COA

A 2,000 psi BOP stack and manifold system will be used. A typical 2,000 system is attached behind the directional plan. If the equipment changes, then a Sundry Notice will be filed. System will meet Onshore Orders 2 (BOP) and 6 (H₂S) requirements.

Lime Rock Resources II-A, L.P.
Falcon 3 N Federal 39
SHL: 750' FSL & 2310' FWL
BHL: 935' FNL & 2160' FEL
Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

DRILL PLAN PAGE 2

The blowout preventer equipment (BOP) will consist of a 2000 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 and kill side shall be at least 2" diameter),
- Kill line (2" minimum),
- At least 1 choke line valve (2" minimum),
- 2" diameter choke line,
- 2 kill valves, one of which will be a check valve (2" minimum),
- 1 choke 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.

Lime Rock Resources II-A, L.P.

DRILL PLAN PAGE 3

Falcon 3 N Federal 39

SHL: 750' FSL & 2310' FWL

BHL: 935' FNL & 2160' FEL

Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

4. CASING & CEMENT

Type	Setting Depth	Hole	Casing	#/ft	Grade	Casing Thread	API	Age
Conductor	40'	26"	20"	91.5	B	Weld	No	New
Surface	350'	11"	8.625"	24	J-55	S T & C	Yes	New
Production	5165'	7.875"	5.5"	17	J-55	L T & C	Yes	New

All casing is designed with a minimum of:

Burst Safety Factor

Collapse Safety Factor

Tension Safety Factor

1.18

1.20

2.00

casing	depth set	sacks cement	top	gallons per sack	density (ppg)	yield (cu ft per sack)	total cubic feet	% excess	blend
conductor	40'	N/A	GL	ready mix	ready mix	ready mix	ready mix	ready mix	ready mix
surface	350'	300	GL	6.2	14.8	1.35	405	200	1
production lead	5165'	290	GL	9.8	12.8	1.903	551	80	2
production tail	5165'	620	GL	6.2	14.8	1.33	824	50	3

Surface casing blend (1) will be Class C + ¼ pound/sack cello flake + 2% CaCl₂. Centralizers will be installed as required by Onshore Order 2.

Production casing lead blend (2) will be 35:65 poz Class C + 5% NaCl + 1/4 pound/sack cello flake + 5 pounds per sack LCM-1 + 0.2% R-3 + 6% gel.

Production casing tail blend (3) will be Class C + 0.6% R-3 + ¼ pound/sack cello flake.

Lime Rock Resources II-A, L.P.

DRILL PLAN PAGE 4

Falcon 3 N Federal 39

SHL: 750' FSL & 2310' FWL

BHL: 935' FNL & 2160' FEL

Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

Cement volumes will be adjusted based on caliper log volumes and depths of casing and adjusted proportionately for depth changes of the multi stage tool if applicable.

A 13-3/8", 48#, H-40, ST&C, New, API contingency string will be set at 375' in a reamed 17-1/2" hole if circulation is lost in cave or karst (cave & karst potential to 350') and not regained. Contingency string will be cemented to the surface with 400 sacks (536 cubic feet) Class C + 1/4 pound per sack cello flake + 2% CaCl₂ mixed with 6.2 gallons per sack to yield 1.34 cubic feet per sack and 14.8 pounds per gallon. Excess >100%

See
COA

Upon the setting of a 13-3/8" contingency casing string, a 13-5/8" x 13-3/8" weld on wellhead will be installed. A 13-3/8" to 11" adapter flange will be installed and the 11" XLT 2000 psi NOV double ram BOP/BOPE (Schematic attached) will be installed. The BOP will be tested against the casing to 70% of the internal yield pressure of the 13-3/8", 48#, H-40, ST&C (1211 psi) casing and held for 30 minutes before drilling out the 13-3/8" casing shoe. The formation will be drilled with a 10-3/4" bit approximately 50 feet past the 13-3/8" casing shoe into a competent formation and 8-5/8" casing will be set at approximately 425' (≥50' beyond the previous casing shoe) in the Seven Rivers and cemented with 410 sacks (549 cubic feet) Class C + 1/4 pound per sack cello flake + 2% CaCl₂ mixed with 6.2 gallons per sack to yield 1.34 cubic feet per sack and 14.8 pounds per gallon. Excess >125%

5. MUD PROGRAM

An electronic/mechanical mud monitor will with a minimum pit volume totalizer, stroke counter, and flow sensor will be used. All necessary mud products will be on site to handle any abnormal hole condition that could possibly be encountered during the drilling of this well. Circulation could be lost in the Grayburg and San Andres.

Lime Rock Resources II-A, L.P.

DRILL PLAN PAGE 5

Falcon 3 N Federal 39

SHL: 750' FSL & 2310' FWL

BHL: 935' FNL & 2160' FEL

Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

Interval	0' - 375' (if contingency string run)	0' - 350'	350' - 5000'	5000' - TD
Type	fresh water	fresh water	brine	brine w/ gel & starch
weight	8.5 - 9.2	8.5 - 9.2	9.9 - 10.2	9.9 - 10.2
pH	10	10	10 - 11.5	10 - 11.5
WL	NC	NC	NC	15 - 20
viscosity	28 - 34	28 - 34	30 - 32	32 - 35
MC	NC	NC	NC	1
solids	NC	NC	<2%	<3%
pump rate	300 - 350 gpm	300 - 350 gpm	350 - 400 gpm	400 - 450 gpm
other	LCM as needed	LCM as needed	salt gel & MF as needed, pump high viscosity sweeps to control solids	salt gel, acid, & MF as needed; pump high viscosity sweeps to control solids

6. CORES, TESTS, & LOGS → See COA

No core or drill stem test is planned. A triple combo with spectral GR - dual lateral log, micro spherical focused log, & spectral density log will be run after tagging total depth. Will log from total depth to surface. A dual spaced neutron log and compensated spectral natural GR log will be run from total depth to surface.

7. DOWN HOLE CONDITIONS → See COA

No abnormal pressure or temperature is expected. Maximum expected bottom hole pressure is ≈2,229 psi. No H₂S is expected during the drilling phase. Nevertheless, H₂S monitoring equipment will be on the rig floor and air packs will be available before drilling out of the surface casing. The mud logger will be warned to use a gas trap to detect H₂S. If any H₂S is detected, then the mud

Lime Rock Resources II-A, L.P.
Falcon 3 N Federal 39
SHL: 750' FSL & 2310' FWL
BHL: 935' FNL & 2160' FEL
Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

DRILL PLAN PAGE 6

weight will be increased and H₂S inhibitors will be added to control the gas. An H₂S drilling operations contingency plan is attached.

The well is located in a potential cave or karst area. Thus, lost circulation is possible down to 350'. See the contingency casing string and cement plan on Page 4.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈1 month to drill and complete the well.



**CHILDRESS
DIRECTIONAL
DRILLING**

Lime Rock Resources

Eddy County NM (NAD 27)

Falcon 3N Fed

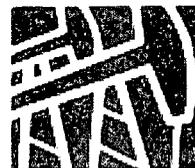
#39

Original Hole

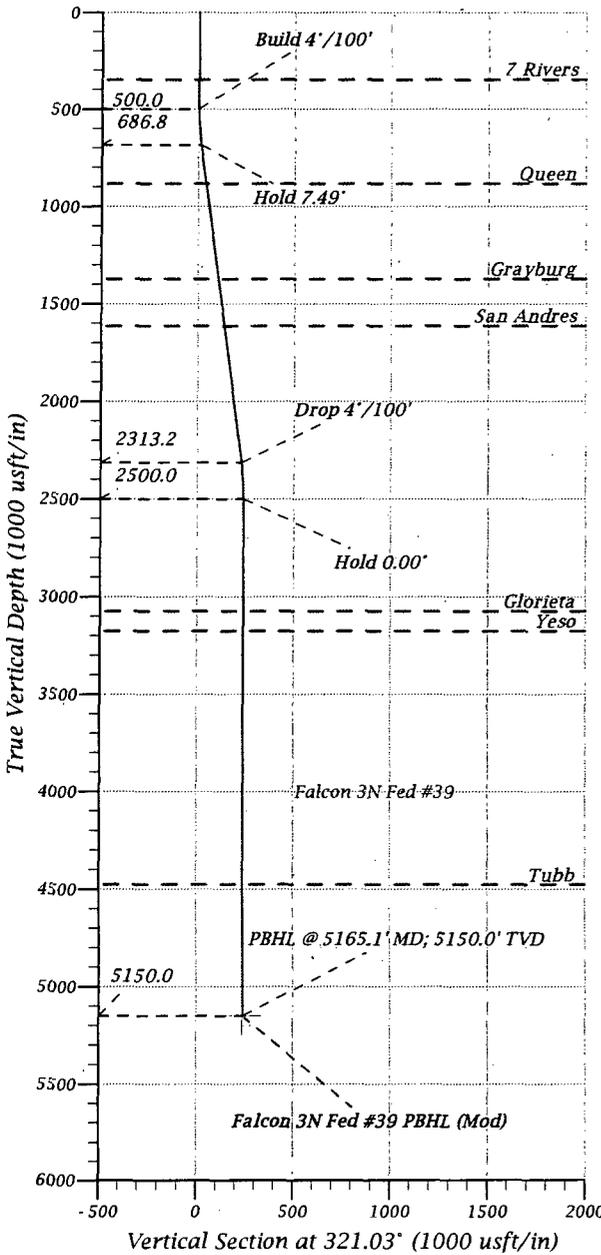
Plan: Plan 1

Standard Planning Report

31 December, 2015



**LIME ROCK
RESOURCES**



WELL DETAILS: #39

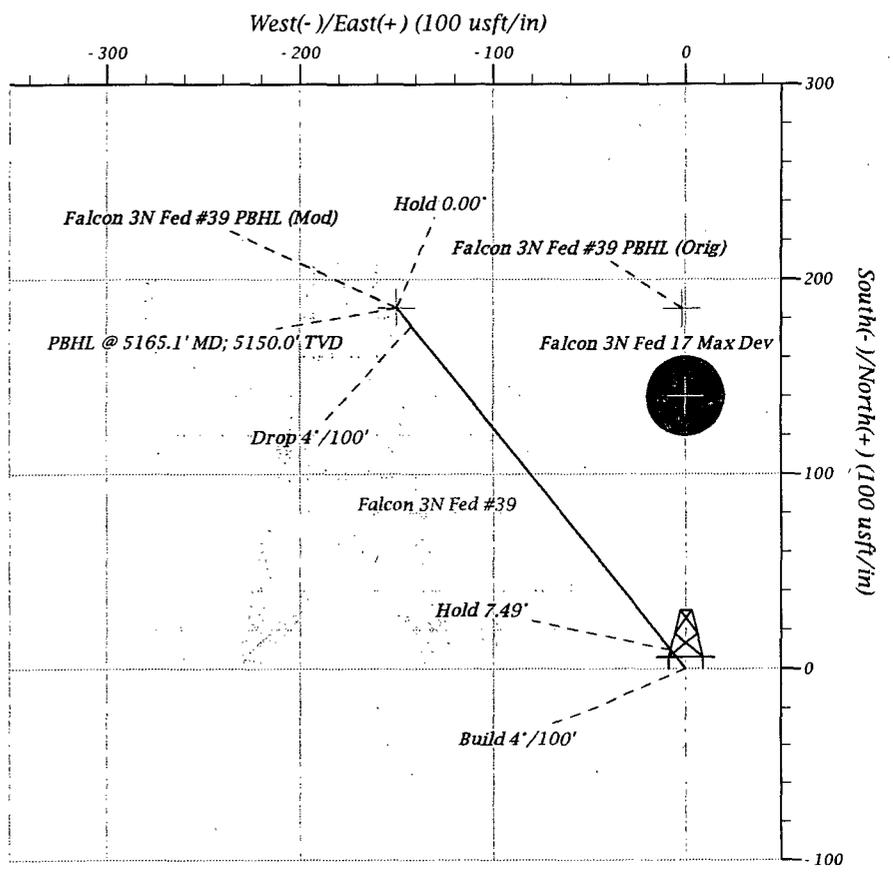
Ground Level: 3529.7	RKB @ 3542.5usft		
<u>Northing</u>	<u>Easting</u>	<u>Latitude</u>	<u>Longitude</u>
644398.76	561613.20	32° 46' 16.982 N	104° 7' 58.374 W
<u>+N/-S</u>	<u>+E/-W</u>		
0.0	0.0		

DESIGN TARGET DETAILS

<u>Name</u>	<u>TVD</u>	<u>+N/-S</u>	<u>+E/-W</u>	<u>Northing</u>	<u>Easting</u>
Falcon 3N Fed #39 PBHL (Mod)	5150.0	185.3	-149.9	644583.82	561662.94

PROJECT DETAILS: Eddy County NM (NAD 27)
Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level

NAD 27
should be
NAD 83



FORMATION TOP DETAILS

<u>TVDPath</u>	<u>MDPath</u>	<u>Formation</u>
349.0	349.0	7 Rivers
885.0	887.2	Queen
1373.0	1379.4	Grayburg
1614.0	1622.5	San Andres
3075.0	3090.1	Glorieta
3176.0	3191.1	Yeso
4476.0	4491.1	Tubb

Azimuths to True North
Magnetic North: 7.41°

Magnetic Field
Strength: 48352.5snT
Dip Angle: 60.49°
Date: 12/31/2015
Model: IGRF2015

To convert a Magnetic Direction to a True Direction, Add 7.41° East
Magnetic North is 7.41° East of True North (Magnetic Declination)

Section Plans

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	Vsect	Annotation
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
500.0	0.00	0.00	500.0	0.0	0.0	0.00	0.00	0.0	Build 4°/100'
687.3	7.49	321.03	686.8	9.5	-7.7	4.00	321.03	12.2	Hold 7.49°
2327.8	7.49	321.03	2313.2	175.8	-142.2	0.00	0.00	226.2	Drop 4°/100'
2515.1	0.00	0.00	2500.0	185.3	-149.9	4.00	180.00	238.4	Hold 0.00°
5165.1	0.00	0.00	5150.0	185.3	-149.9	0.00	0.00	238.4	PBHL @ 5165.1' MD; 5150.0' TVD



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well #39
Company:	Lime Rock Resources	TVD Reference:	RKB @ 3542.5usft
Project:	Eddy County NM (NAD 27)	MD Reference:	RKB @ 3542.5usft
Site:	Falcon 3N Fed	North Reference:	True
Well:	#39	Survey Calculation Method:	Minimum Curvature
Wellbore:	Original Hole		
Design:	Plan 1		

Project	Eddy County NM (NAD 27)		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Falcon 3N Fed				
Site Position:		Northing:	644,398.76 usft	Latitude:	32° 46' 16.982 N
From:	Map	Easting:	561,613.20 usft	Longitude:	104° 7' 58.374 W
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.11 °

Well	#39					
Well Position	+N-S	0.0 usft	Northing:	644,398.76 usft	Latitude:	32° 46' 16.982 N
	+E-W	0.0 usft	Easting:	561,613.20 usft	Longitude:	104° 7' 58.374 W
Position Uncertainty		0.0 usft	Wellhead Elevation:	0.0 usft	Ground Level:	3,529.7 usft

Wellbore	Original Hole				
Magnetics	Model Name	Sample Date	Declination	Dip Angle	Field Strength
	IGRF2015	12/31/2015	(°)	(°)	(nT)
			7.41	60.49	48,353

Design	Plan 1				
Audit Notes:					
Version:	Phase:	PROTOTYPE	Tie On Depth:	0.0	
Vertical Section:	Depth From (TVD)	+N-S	+E-W	Direction	
	(usft)	(usft)	(usft)	(°)	
	0.0	0.0	0.0	321.03	

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N-S (usft)	+E-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
500.0	0.00	0.00	500.0	0.0	0.0	0.00	0.00	0.00	0.00	
687.3	7.49	321.03	686.8	9.5	-7.7	4.00	4.00	0.00	321.03	
2,327.8	7.49	321.03	2,313.2	175.8	-142.2	0.00	0.00	0.00	0.00	
2,515.1	0.00	0.00	2,500.0	185.3	-149.9	4.00	-4.00	0.00	180.00	
5,165.1	0.00	0.00	5,150.0	185.3	-149.9	0.00	0.00	0.00	0.00	Falcon 3N Fed #39 PI



Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well #39
Company:	Lime Rock Resources	TVD Reference:	RKB @ 3542.5usft
Project:	Eddy County NM (NAD 27)	MD Reference:	RKB @ 3542.5usft
Site:	Falcon 3N Fed	North Reference:	True
Well:	#39	Survey Calculation Method:	Minimum Curvature
Wellbore:	Original Hole		
Design:	Plan 1		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
349.0	0.00	0.00	349.0	0.0	0.0	0.0	0.00	0.00	0.00
7 Rivers									
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
Build 4°/100'									
600.0	4.00	321.03	599.9	2.7	-2.2	3.5	4.00	4.00	0.00
687.3	7.49	321.03	686.8	9.5	-7.7	12.2	4.00	4.00	0.00
Hold 7.49°									
700.0	7.49	321.03	699.4	10.8	-8.7	13.9	0.00	0.00	0.00
800.0	7.49	321.03	798.5	20.9	-16.9	26.9	0.00	0.00	0.00
887.2	7.49	321.03	885.0	29.8	-24.1	38.3	0.00	0.00	0.00
Queen									
900.0	7.49	321.03	897.7	31.1	-25.1	40.0	0.00	0.00	0.00
1,000.0	7.49	321.03	996.8	41.2	-33.3	53.0	0.00	0.00	0.00
1,100.0	7.49	321.03	1,095.9	51.4	-41.5	66.0	0.00	0.00	0.00
1,200.0	7.49	321.03	1,195.1	61.5	-49.7	79.1	0.00	0.00	0.00
1,300.0	7.49	321.03	1,294.2	71.6	-57.9	92.1	0.00	0.00	0.00
1,379.4	7.49	321.03	1,373.0	79.7	-64.5	102.5	0.00	0.00	0.00
Grayburg									
1,400.0	7.49	321.03	1,393.4	81.8	-66.1	105.2	0.00	0.00	0.00
1,500.0	7.49	321.03	1,492.5	91.9	-74.3	118.2	0.00	0.00	0.00
1,600.0	7.49	321.03	1,591.7	102.0	-82.5	131.2	0.00	0.00	0.00
1,622.5	7.49	321.03	1,614.0	104.3	-84.4	134.2	0.00	0.00	0.00
San Andres									
1,700.0	7.49	321.03	1,690.8	112.2	-90.7	144.3	0.00	0.00	0.00
1,800.0	7.49	321.03	1,790.0	122.3	-98.9	157.3	0.00	0.00	0.00
1,900.0	7.49	321.03	1,889.1	132.5	-107.1	170.4	0.00	0.00	0.00
2,000.0	7.49	321.03	1,988.3	142.6	-115.3	183.4	0.00	0.00	0.00
2,100.0	7.49	321.03	2,087.4	152.7	-123.5	196.5	0.00	0.00	0.00
2,200.0	7.49	321.03	2,186.5	162.9	-131.7	209.5	0.00	0.00	0.00
2,300.0	7.49	321.03	2,285.7	173.0	-139.9	222.5	0.00	0.00	0.00
2,327.8	7.49	321.03	2,313.2	175.8	-142.2	226.2	0.00	0.00	0.00
Drop 4°/100'									
2,400.0	4.60	321.03	2,385.0	181.8	-147.0	233.8	4.00	-4.00	0.00
2,500.0	0.60	321.03	2,484.9	185.3	-149.9	238.3	4.00	-4.00	0.00
2,515.1	0.00	0.00	2,500.0	185.3	-149.9	238.4	4.00	-4.00	0.00
Hold 0.00°									
2,600.0	0.00	0.00	2,584.9	185.3	-149.9	238.4	0.00	0.00	0.00
2,700.0	0.00	0.00	2,684.9	185.3	-149.9	238.4	0.00	0.00	0.00
2,800.0	0.00	0.00	2,784.9	185.3	-149.9	238.4	0.00	0.00	0.00
2,900.0	0.00	0.00	2,884.9	185.3	-149.9	238.4	0.00	0.00	0.00
3,000.0	0.00	0.00	2,984.9	185.3	-149.9	238.4	0.00	0.00	0.00
3,090.1	0.00	0.00	3,075.0	185.3	-149.9	238.4	0.00	0.00	0.00
Glorieta									
3,100.0	0.00	0.00	3,084.9	185.3	-149.9	238.4	0.00	0.00	0.00
3,191.1	0.00	0.00	3,176.0	185.3	-149.9	238.4	0.00	0.00	0.00
Yeso									
3,200.0	0.00	0.00	3,184.9	185.3	-149.9	238.4	0.00	0.00	0.00
3,300.0	0.00	0.00	3,284.9	185.3	-149.9	238.4	0.00	0.00	0.00



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well #39
Company:	Lime Rock Resources	TVD Reference:	RKB @ 3542.5usft
Project:	Eddy County NM (NAD 27)	MD Reference:	RKB @ 3542.5usft
Site:	Falcon 3N Fed	North Reference:	True
Well:	#39	Survey Calculation Method:	Minimum Curvature
Wellbore:	Original Hole		
Design:	Plan 1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
3,400.0	0.00	0.00	3,384.9	185.3	-149.9	238.4	0.00	0.00	0.00	
3,500.0	0.00	0.00	3,484.9	185.3	-149.9	238.4	0.00	0.00	0.00	
3,600.0	0.00	0.00	3,584.9	185.3	-149.9	238.4	0.00	0.00	0.00	
3,700.0	0.00	0.00	3,684.9	185.3	-149.9	238.4	0.00	0.00	0.00	
3,800.0	0.00	0.00	3,784.9	185.3	-149.9	238.4	0.00	0.00	0.00	
3,900.0	0.00	0.00	3,884.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,000.0	0.00	0.00	3,984.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,100.0	0.00	0.00	4,084.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,200.0	0.00	0.00	4,184.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,300.0	0.00	0.00	4,284.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,400.0	0.00	0.00	4,384.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,491.1	0.00	0.00	4,476.0	185.3	-149.9	238.4	0.00	0.00	0.00	
Tubb										
4,500.0	0.00	0.00	4,484.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,600.0	0.00	0.00	4,584.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,700.0	0.00	0.00	4,684.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,800.0	0.00	0.00	4,784.9	185.3	-149.9	238.4	0.00	0.00	0.00	
4,900.0	0.00	0.00	4,884.9	185.3	-149.9	238.4	0.00	0.00	0.00	
5,000.0	0.00	0.00	4,984.9	185.3	-149.9	238.4	0.00	0.00	0.00	
5,100.0	0.00	0.00	5,084.9	185.3	-149.9	238.4	0.00	0.00	0.00	
5,165.1	0.00	0.00	5,150.0	185.3	-149.9	238.4	0.00	0.00	0.00	
PBHL @ 5165.1' MD; 5150.0' TVD										

Design Targets										
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude	
Falcon 3N Fed #39 PBH	0.00	0.00	5,150.0	185.3	-149.9	644,583.82	561,462.94	32° 46' 18.816 N	104° 8' 0.129 W	
- hit/miss target										
- Shape										
- plan hits target center										
- Point										

Formations							
Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)		
349.0	349.0	7 Rivers		0.00			
887.2	885.0	Queen		0.00			
1,379.4	1,373.0	Grayburg		0.00			
1,622.5	1,614.0	San Andres		0.00			
3,090.1	3,075.0	Glorieta		0.00			
3,191.1	3,176.0	Yeso		0.00			
4,491.1	4,476.0	Tubb		0.00			

Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well #39
Company:	Lime Rock Resources	TVD Reference:	RKB @ 3542.5usft
Project:	Eddy County NM (NAD 27)	MD Reference:	RKB @ 3542.5usft
Site:	Falcon 3N Fed	North Reference:	True
Well:	#39	Survey Calculation Method:	Minimum Curvature
Wellbore:	Original Hole		
Design:	Plan 1		

Plan Annotations					
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment	
		+N-S (usft)	+E-W (usft)		
500.0	500.0	0.0	0.0	Build 4°/100'	
687.3	686.8	9.5	-7.7	Hold 7.49°	
2,327.8	2,313.2	175.8	-142.2	Drop 4°/100'	
2,515.1	2,500.0	185.3	-149.9	Hold 0.00°	
5,165.1	5,150.0	185.3	-149.9	PBHL @ 5165.1' MD; 5150.0' TVD	



Lime Rock Resources

Eddy County NM (NAD 27)

Falcon 3N Fed

#39

Original Hole

Plan 1

Anticollision Report

31 December, 2015



**LIME ROCK
RESOURCES**



Anticollision Report



Company:	Lime Rock Resources	Local Co-ordinate Reference:	Well #39
Project:	Eddy County NM (NAD 27)	TVD Reference:	RKB @ 3542.5usft
Reference Site:	Falcon 3N Fed	MD Reference:	RKB @ 3542.5usft
Site Error:	0.0 usft	North Reference:	True
Reference Well:	#39	Survey Calculation Method:	Minimum Curvature
Well Error:	0.0 usft	Output errors are at	1.00 sigma
Reference Wellbore	Original Hole	Database:	EDM 5000.1 Single User Db
Reference Design:	Plan 1	Offset TVD Reference:	Reference Datum

Reference:	Plan 1		
Filter type:	NO GLOBAL FILTER: Using user defined selection & filtering criteria		
Interpolation Method:	Stations	Error Model:	ISCWSA
Depth Range:	Unlimited	Scan Method:	Closest Approach 3D
Results Limited by:	Maximum center-center distance of 10,000.0 usft	Error Surface:	Elliptical Conic
Warning Levels Evaluated at:	2.00 Sigma	Casing Method:	Not applied

Survey Tool Program	Date	12/31/2015		
From (usft)	To (usft)	Survey (Wellbore)	Tool Name	Description
0.0	5,164.6	Plan 1 (Original Hole)	MWD	MWD v3:standard declination

Site Name	Reference Measured Depth (usft)	Offset Measured Depth (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Separation Factor	Warning
Falcon 3N Fed						
#17 - As Drilled - As Drilled	1,386.8	1,371.1	82.3	75.4	11.948	CC
#17 - As Drilled - As Drilled	1,400.0	1,384.1	82.4	75.4	11.823	ES
#17 - As Drilled - As Drilled	1,700.0	1,681.5	92.3	83.8	10.815	SF

Offset Design											Falcon 3N Fed - #17 - As Drilled - As Drilled		Offset Site Error:	0.0 usft
Survey Program: 178-NS-GYRO-MS													Offset Well Error:	0.0 usft
Reference Measured Depth (usft)	Vertical Depth (usft)	Offset Measured Depth (usft)	Vertical Depth (usft)	Semi Major Axis Reference (usft) Offset (usft)		Highside Toolface (°)	Offset Wellbore Centre +N/-S (usft)	+E/-W (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Minimum Separation (usft)	Separation Factor	Warning	
0.0	0.0	0.0	9.5	0.0	0.0	0.00	140.0	0.0	140.3					
100.0	100.0	90.8	100.3	0.0	0.1	0.00	139.9	0.0	139.9	139.7	0.22	639.874		
200.0	200.0	191.1	200.6	0.2	0.1	0.00	139.6	0.0	139.6	139.0	0.59	235.008		
300.0	300.0	291.1	300.6	0.3	0.3	0.00	139.1	0.0	139.1	138.0	1.08	128.332		
400.0	400.0	391.2	400.7	0.4	0.4	0.00	138.7	0.0	138.7	137.1	1.57	88.077		
500.0	500.0	491.5	501.0	0.5	0.5	0.00	138.1	0.0	138.1	136.0	2.07	66.847		
600.0	599.9	591.7	601.2	0.6	0.7	39.99	137.2	0.0	134.6	132.0	2.57	52.363		
687.3	686.8	678.7	688.2	0.7	0.8	42.74	136.3	0.0	127.1	124.1	3.02	42.044		
700.0	699.4	691.3	700.8	0.7	0.8	43.25	136.2	0.0	125.7	122.6	3.08	40.752		
800.0	798.5	790.5	800.0	0.9	0.9	47.73	134.9	0.0	115.3	111.7	3.59	32.109		
900.0	897.7	889.5	899.0	1.0	1.1	53.05	133.7	0.0	105.6	101.5	4.12	25.659		
1,000.0	996.8	988.0	997.4	1.2	1.2	59.26	132.6	0.0	97.3	92.6	4.66	20.870		
1,100.0	1,095.9	1,086.8	1,096.3	1.3	1.3	66.38	132.1	0.0	90.8	85.6	5.23	17.375		
1,200.0	1,195.1	1,185.9	1,195.4	1.5	1.5	74.43	131.7	0.0	86.0	80.2	5.81	14.814		
1,300.0	1,294.2	1,285.0	1,294.5	1.6	1.6	83.22	131.3	0.0	83.1	76.8	6.39	13.008		
1,386.8	1,380.3	1,371.1	1,380.5	1.7	1.7	91.18	130.9	0.0	82.3	75.4	6.89	11.948	CC	
1,400.0	1,393.4	1,384.1	1,393.6	1.8	1.7	92.39	130.8	0.0	82.4	75.4	6.97	11.823	ES	
1,500.0	1,492.5	1,483.2	1,492.7	1.9	1.9	101.51	130.4	0.0	83.7	76.2	7.52	11.137		
1,600.0	1,591.7	1,582.4	1,591.8	2.1	2.0	110.17	129.9	0.0	87.1	79.1	8.04	10.834		
1,700.0	1,690.8	1,681.5	1,690.9	2.2	2.1	118.08	129.3	0.0	92.3	83.8	8.54	10.815	SF	
1,800.0	1,790.0	1,780.6	1,790.0	2.4	2.2	125.08	128.6	0.0	99.1	90.1	9.02	10.995		
1,900.0	1,889.1	1,879.6	1,889.1	2.6	2.4	131.17	127.9	0.0	107.2	97.8	9.48	11.308		
2,000.0	1,988.3	1,978.7	1,988.1	2.7	2.5	136.41	127.0	0.0	116.4	106.4	9.95	11.703		
2,100.0	2,087.4	2,077.7	2,087.1	2.9	2.6	140.90	126.1	0.0	126.4	116.0	10.41	12.145		

CC - Min centre to center distance or covergent point, SF - min separation factor, ES - min ellipse separation



Anticollision Report



Company:	Lime Rock Resources	Local Co-ordinate Reference:	Well #39
Project:	Eddy County NM (NAD 27)	TVD Reference:	RKB @ 3542.5usft
Reference Site:	Falcon 3N Fed	MD Reference:	RKB @ 3542.5usft
Site Error:	0.0 usft	North Reference:	True
Reference Well:	#39	Survey Calculation Method:	Minimum Curvature
Well Error:	0.0 usft	Output errors are at	1.00 sigma
Reference Wellbore:	Original Hole	Database:	EDM 5000.1 Single User Db
Reference Design:	Plan 1	Offset TVD Reference:	Reference Datum

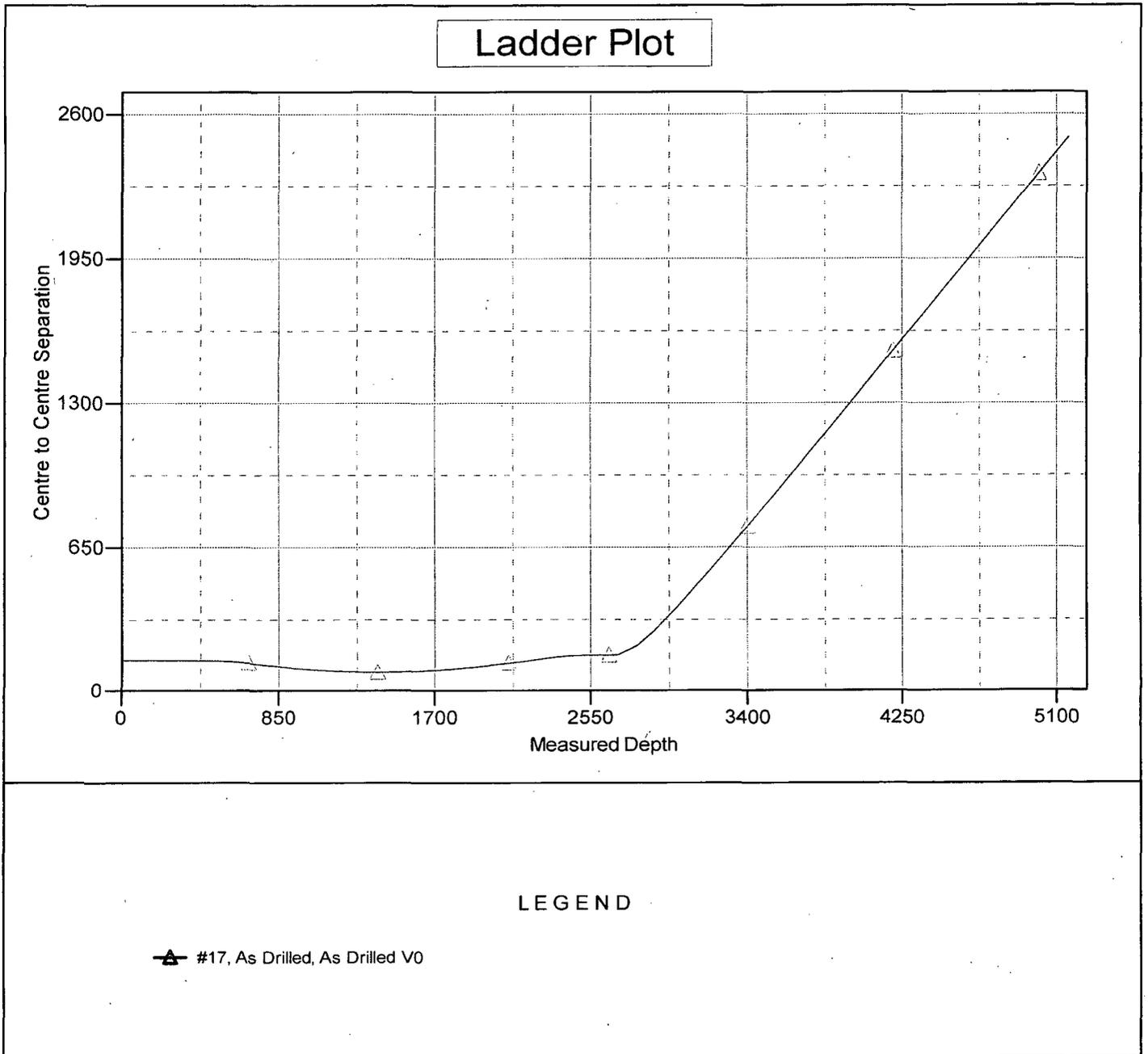
Offset Design													Offset Site Error:	0.0 usft
Survey Program: 178-NS-GYRO-MS													Offset Well Error:	0.0 usft
Reference		Offset		Semi Major Axis			Distance						Warning	
Measured Depth (usft)	Vertical Depth (usft)	Measured Depth (usft)	Vertical Depth (usft)	Reference (usft)	Offset (usft)	Highside Toolface (°)	Offset Wellbore Centre +N/-S (usft)	Offset Wellbore Centre +E/-W (usft)	Between Centres (usft)	Between Ellipses (usft)	Minimum Separation (usft)	Separation Factor		
2,200.0	2,186.5	2,176.7	2,186.1	3.0	2.8	144.76	125.0	0.0	137.1	126.2	10.87	12.612		
2,300.0	2,285.7	2,275.7	2,285.1	3.2	2.9	148.09	123.9	0.0	148.3	137.0	11.33	13.087		
2,327.8	2,313.2	2,303.1	2,312.6	3.2	2.9	148.93	123.5	0.0	151.5	140.1	11.46	13.219		
2,400.0	2,385.0	2,374.9	2,384.3	3.3	3.0	150.80	122.6	0.0	158.5	146.6	11.82	13.407		
2,500.0	2,484.9	2,474.7	2,484.1	3.5	3.2	152.09	121.3	0.0	163.0	150.7	12.28	13.270		
2,515.1	2,500.0	2,489.7	2,499.2	3.5	3.2	113.20	121.1	0.0	163.1	150.8	12.35	13.212		
2,600.0	2,584.9	2,574.7	2,584.1	3.5	3.3	113.56	120.0	0.0	163.5	150.8	12.73	12.843		
2,647.2	2,632.1	2,621.9	2,631.3	3.6	3.4	113.76	119.4	0.0	163.8	150.8	12.95	12.647		
2,700.0	2,684.9	2,650.0	2,659.4	3.6	3.4	113.87	119.0	0.0	165.9	152.8	13.13	12.636		
2,800.0	2,784.9	2,650.0	2,659.4	3.7	3.4	113.87	119.0	0.0	206.5	193.1	13.33	15.485		
2,900.0	2,884.9	2,650.0	2,659.4	3.8	3.4	113.87	119.0	0.0	278.8	265.3	13.54	20.595		
3,000.0	2,984.9	2,650.0	2,659.4	3.9	3.4	113.87	119.0	0.0	364.5	350.7	13.74	26.519		
3,100.0	3,084.9	2,650.0	2,659.4	4.0	3.4	113.87	119.0	0.0	456.0	442.1	13.95	32.687		
3,200.0	3,184.9	2,650.0	2,659.4	4.1	3.4	113.87	119.0	0.0	550.5	536.3	14.16	38.880		
3,300.0	3,284.9	2,650.0	2,659.4	4.2	3.4	113.87	119.0	0.0	646.7	632.3	14.37	45.006		
3,400.0	3,384.9	2,650.0	2,659.4	4.3	3.4	113.87	119.0	0.0	743.8	729.2	14.58	51.024		
3,500.0	3,484.9	2,650.0	2,659.4	4.4	3.4	113.87	119.0	0.0	841.6	826.9	14.79	56.912		
3,600.0	3,584.9	2,650.0	2,659.4	4.5	3.4	113.87	119.0	0.0	939.9	924.9	15.00	62.663		
3,700.0	3,684.9	2,650.0	2,659.4	4.6	3.4	113.87	119.0	0.0	1,038.5	1,023.3	15.21	68.272		
3,800.0	3,784.9	2,650.0	2,659.4	4.7	3.4	113.87	119.0	0.0	1,137.4	1,122.0	15.42	73.739		
3,900.0	3,884.9	2,650.0	2,659.4	4.8	3.4	113.87	119.0	0.0	1,236.4	1,220.8	15.64	79.066		
4,000.0	3,984.9	2,650.0	2,659.4	4.9	3.4	113.87	119.0	0.0	1,335.6	1,319.8	15.85	84.256		
4,100.0	4,084.9	2,650.0	2,659.4	5.0	3.4	113.87	119.0	0.0	1,434.9	1,418.9	16.07	89.312		
4,200.0	4,184.9	2,650.0	2,659.4	5.1	3.4	113.87	119.0	0.0	1,534.3	1,518.0	16.28	94.238		
4,300.0	4,284.9	2,650.0	2,659.4	5.2	3.4	113.87	119.0	0.0	1,633.8	1,617.3	16.50	99.037		
4,400.0	4,384.9	2,650.0	2,659.4	5.3	3.4	113.87	119.0	0.0	1,733.3	1,716.6	16.71	103.714		
4,500.0	4,484.9	2,650.0	2,659.4	5.4	3.4	113.87	119.0	0.0	1,832.9	1,815.9	16.93	108.272		
4,600.0	4,584.9	2,650.0	2,659.4	5.5	3.4	113.87	119.0	0.0	1,932.5	1,915.3	17.14	112.715		
4,700.0	4,684.9	2,650.0	2,659.4	5.6	3.4	113.87	119.0	0.0	2,032.1	2,014.8	17.36	117.047		
4,800.0	4,784.9	2,650.0	2,659.4	5.7	3.4	113.87	119.0	0.0	2,131.8	2,114.3	17.58	121.272		
4,900.0	4,884.9	2,650.0	2,659.4	5.8	3.4	113.87	119.0	0.0	2,231.6	2,213.8	17.80	125.394		
5,000.0	4,984.9	2,650.0	2,659.4	5.9	3.4	113.87	119.0	0.0	2,331.3	2,313.3	18.01	129.415		
5,100.0	5,084.9	2,650.0	2,659.4	6.0	3.4	113.87	119.0	0.0	2,431.1	2,412.8	18.23	133.339		
5,165.1	5,150.0	2,650.0	2,659.4	6.1	3.4	113.87	119.0	0.0	2,496.0	2,477.6	18.37	135.842		

CC - Min centre to center distance or covergent point, SF - min separation factor, ES - min ellipse separation

Company:	Lime Rock Resources	Local Co-ordinate Reference:	Well #39
Project:	Eddy County NM (NAD 27)	TVD Reference:	RKB @ 3542.5usft
Reference Site:	Falcon 3N Fed	MD Reference:	RKB @ 3542.5usft
Site Error:	0.0 usft	North Reference:	True
Reference Well:	#39	Survey Calculation Method:	Minimum Curvature
Well Error:	0.0 usft	Output errors are at	1.00 sigma
Reference Wellbore	Original Hole	Database:	EDM 5000.1 Single User Db
Reference Design:	Plan 1	Offset TVD Reference:	Reference Datum

Reference Depths are relative to RKB @ 3542.5usft
 Offset Depths are relative to Offset Datum
 Central Meridian is 104° 20' 0.000 W

Coordinates are relative to: #39
 Coordinate System is US State Plane 1927 (Exact solution), New Mexico East 30
 Grid Convergence at Surface is: 0.11°

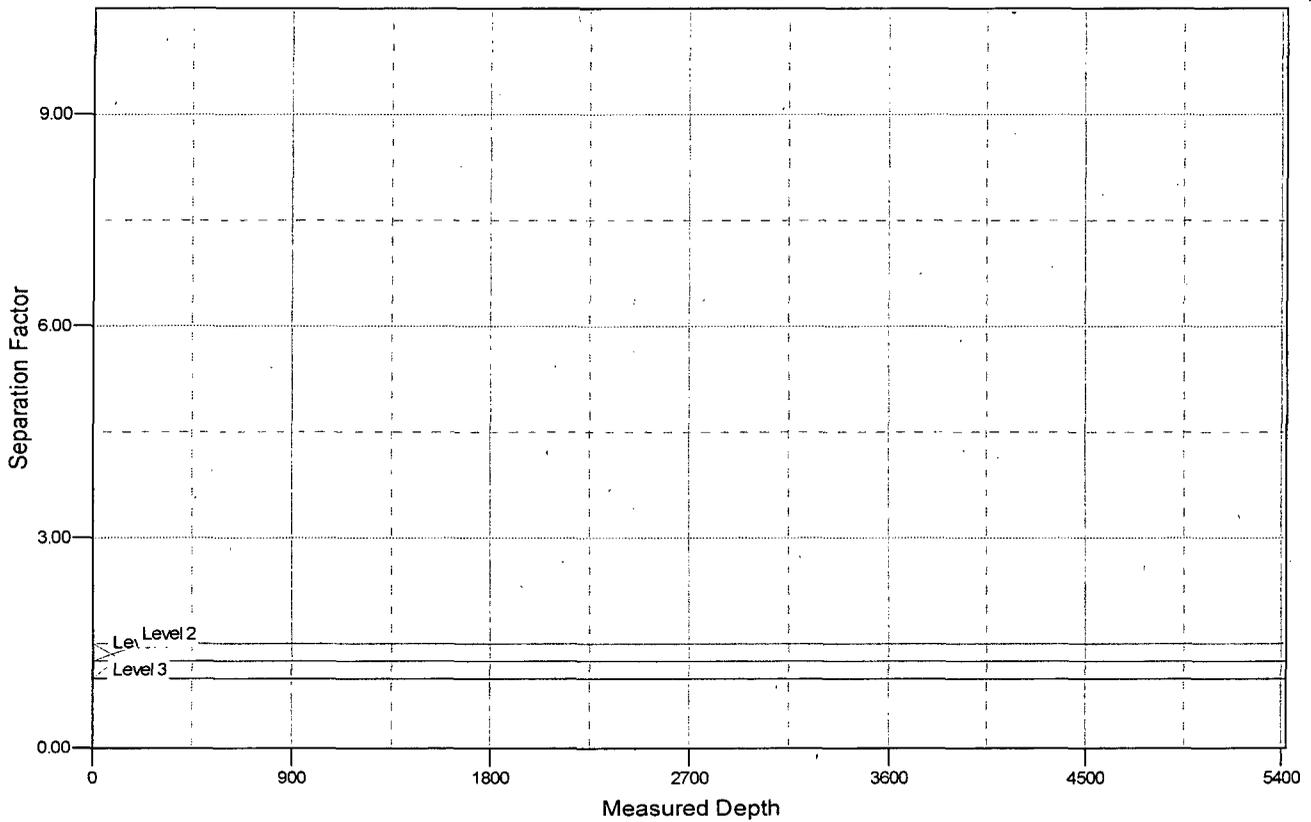


Company:	Lime Rock Resources	Local Co-ordinate Reference:	Well #39
Project:	Eddy County NM (NAD 27)	TVD Reference:	RKB @ 3542.5usft
Reference Site:	Falcon 3N Fed	MD Reference:	RKB @ 3542.5usft
Site Error:	0.0 usft	North Reference:	True
Reference Well:	#39	Survey Calculation Method:	Minimum Curvature
Well Error:	0.0 usft	Output errors are at	1.00 sigma
Reference Wellbore	Original Hole	Database:	EDM 5000.1 Single User Db
Reference Design:	Plan 1	Offset TVD Reference:	Reference Datum

Reference Depths are relative to RKB @ 3542.5usft
 Offset Depths are relative to Offset Datum
 Central Meridian is 104° 20' 0.000 W

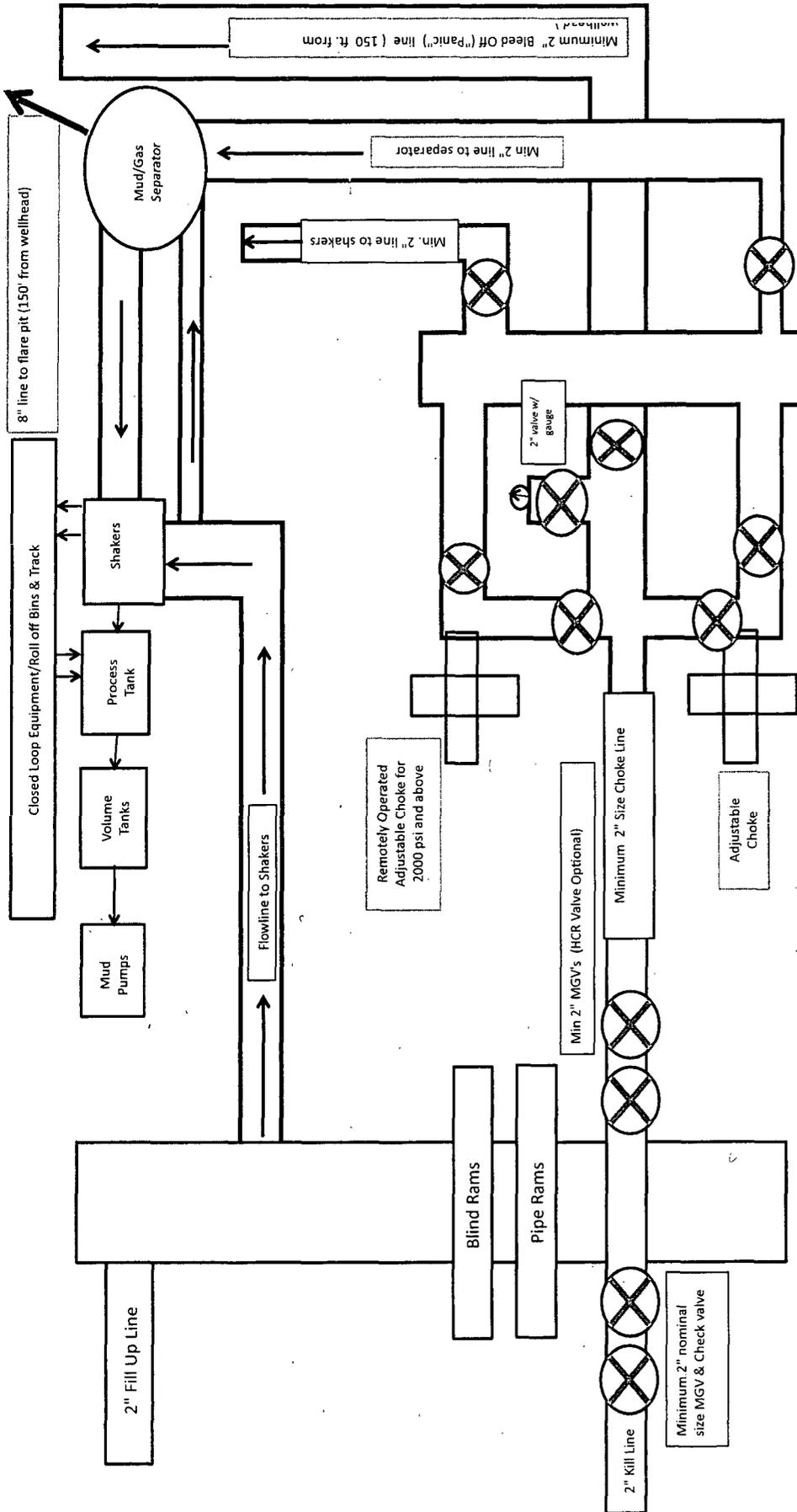
Coordinates are relative to: #39
 Coordinate System is US State Plane 1927 (Exact solution), New Mexico East 30
 Grid Convergence at Surface is: 0.11°

Separation Factor Plot



LEGEND

▲ #17, As Drilled, As Drilled V0



Note: all valves & lines on choke manifold are minimum of 2" unless otherwise noted. Exact manifold configuration may vary.

**11" Minimum 2000 psi BOP and
Minimum 2000 psi BOPE System Schematic
W/ Closed Loop System Equipment**

Lime Rock Resources II-A, L.P.

Falcon 3 N Federal 39

Section 3, T. 18 S., R. 27 E., Eddy County, NM

Design: Closed Loop System with roll-off steel bins (pits)

CRI/HOBBS will supply (2) bins (100 bbl) volume, rails and transportation relating to the Close Loop System. Specification of the Closed Loop System is attached.

Contacts: Gary Wallace (432) 638-4076 Cell (575) 393-1079 Office

Scomi Oil Tool: Supervisor – Armando Soto (432) 553-7979 Hobbs, NM

Monitoring 24 Hour service

Equipment: Centrifuges – Derrick Brand
Rig Shakers – Brandt Brand
D-watering Unit
Air pumps on location for immediate remediation process
Layout of Close Loop System with bins, centrifuges and shakers attached.

Cuttings and associated liquids will be hauled to a State regulated third party disposal site (CRI or Controlled Recovery, Inc.). The disposal site permit is DFP = #R9166.

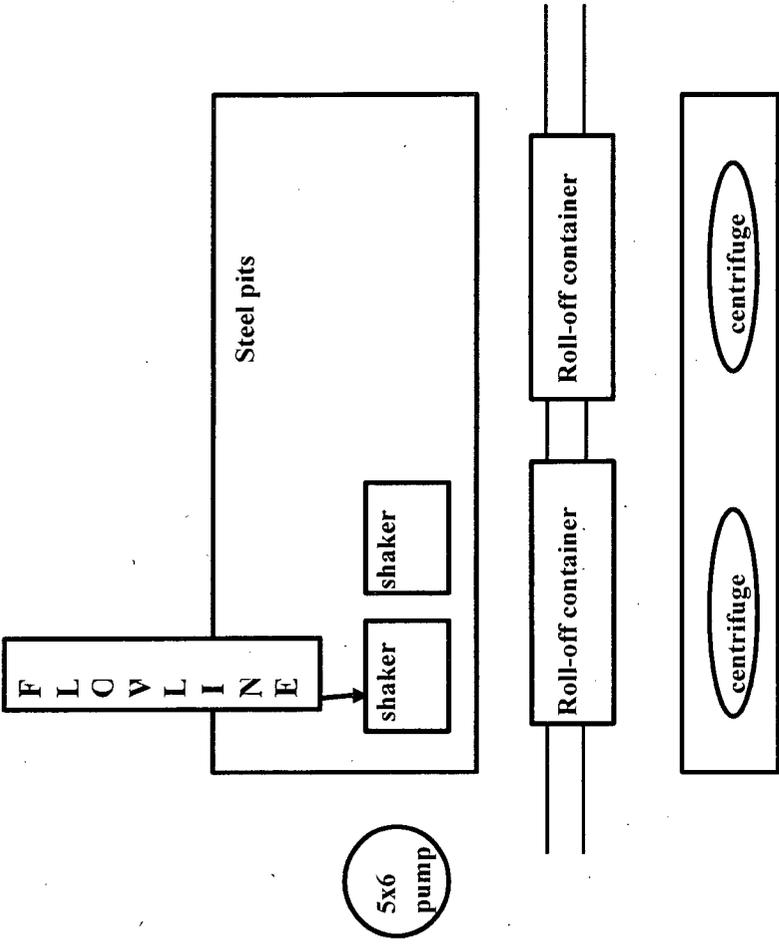
2- (250 bbl) tanks to hold fluid
2-CRI bins with track system
1-500 bbl frac tanks with fresh water
1-500 bbl frac tanks for brine water

Operations:

Closed Loop System equipment will be inspected daily by each tour and any necessary maintenance performed. Any leak in system will be repaired and/or contained immediately. OCD will be notified within 48 hours of any spill. Remediation process will start immediately.

Closure:

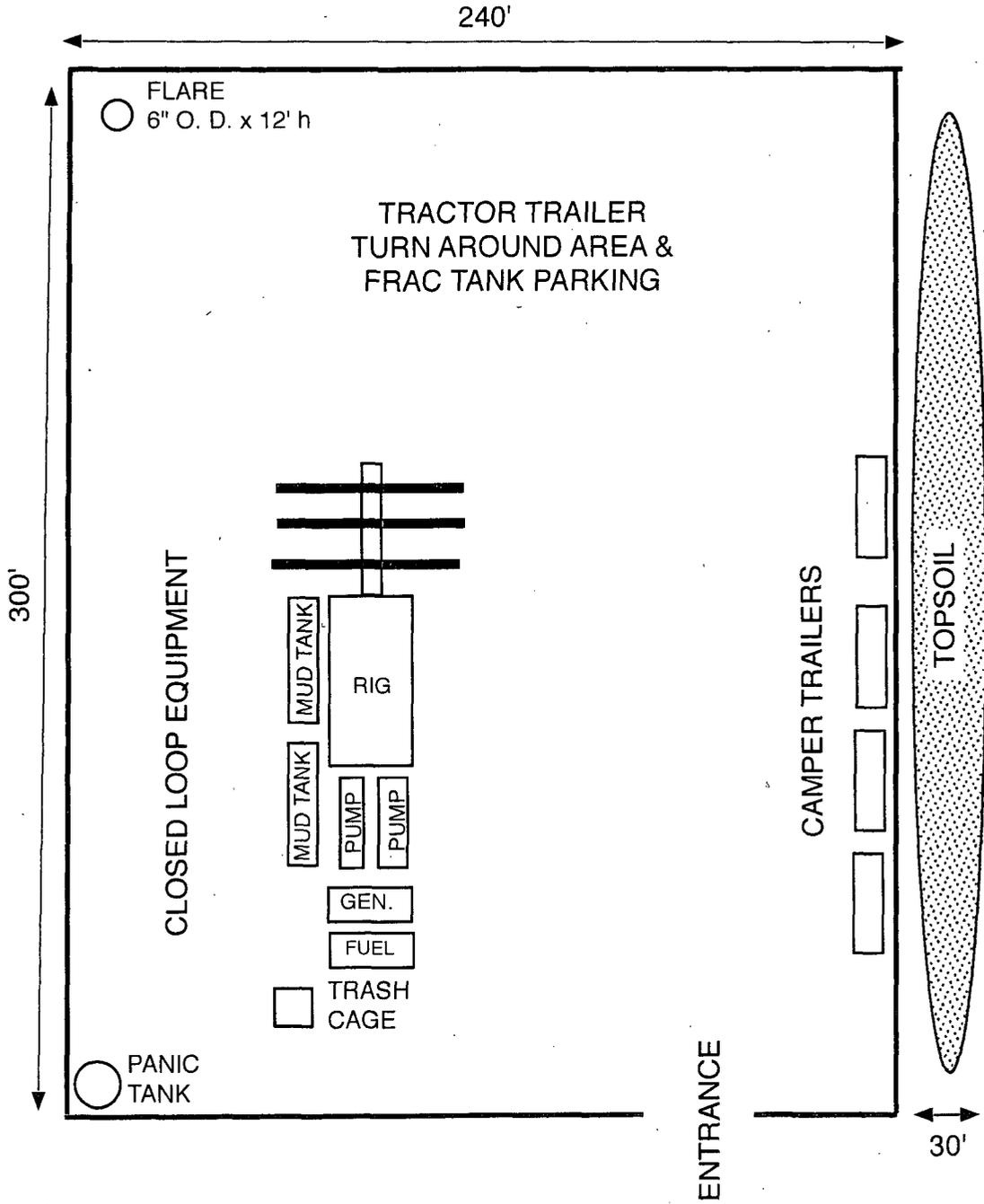
During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI equipment to Disposal Facility Permit NM-01-0006.



This will be maintained by 24 hour solids control personnel that stay on location.

Lime Rock's
Falcon 3 N Federal 39
rig diagram

NORTH ←
1" = 50'



Hydrogen Sulfide Drilling Plan Summary

- A. All personnel will 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 will be placed at each breathing area, 2 will be stored in the safety trailer.
- b. Work/Escape packs — 4 packs will be stored on the rig floor and contain sufficiently long air hoses as to not to restrict work activity.
- c. Emergency Escape Packs — 4 packs will 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.

Agency Call List

City	Agency or Office	Phone
Artesia	Ambulance	911
Artesia	State Police	575-746-2703
Artesia	Sheriff'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	Sheriff'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 Commission ("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

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

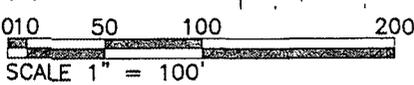
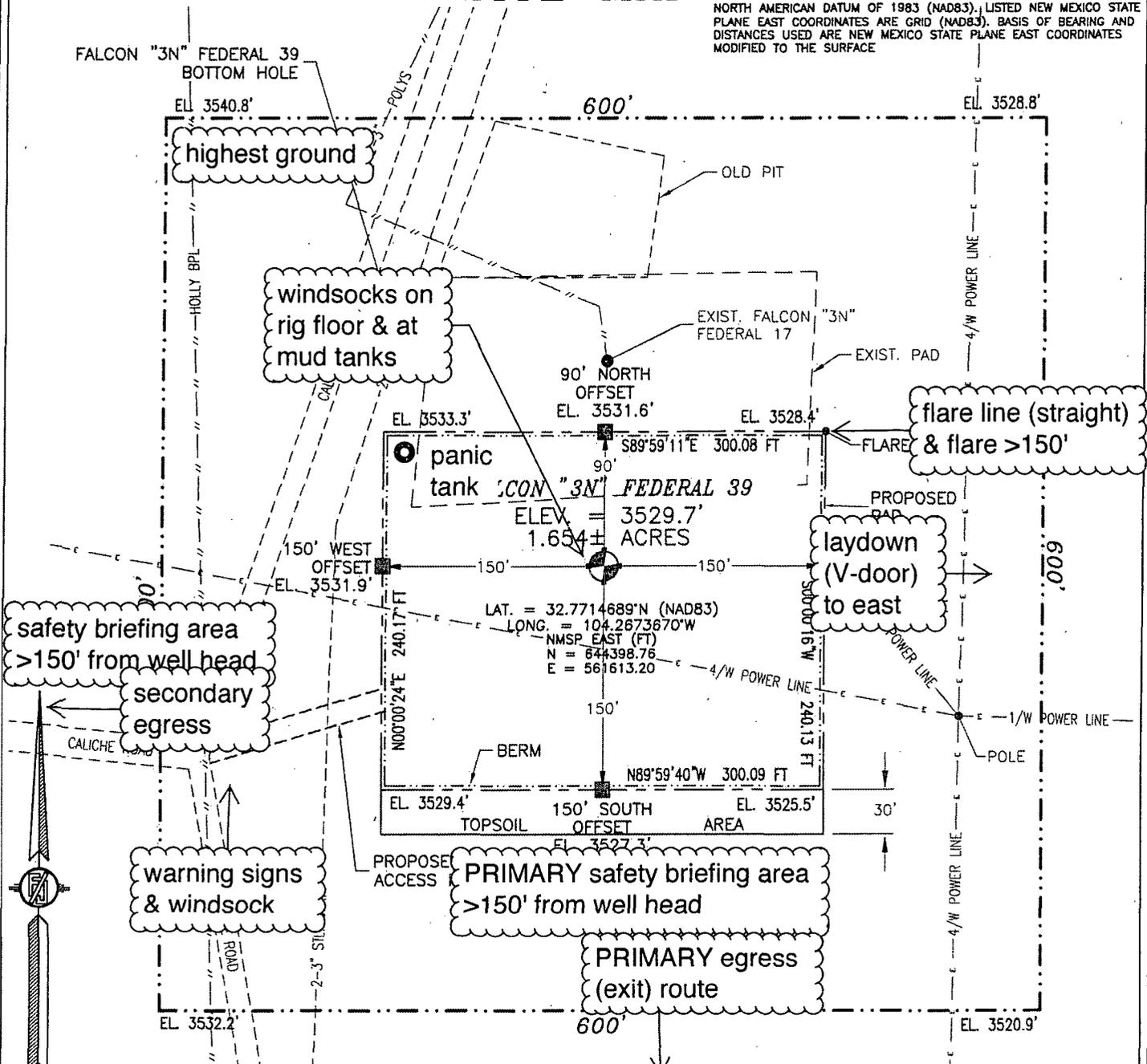
Emergency Services				
Name	Service	Location	Phone	Alternate
Boots & Coots International Well Control	Well Control	Houston / Odessa	1-800-256-9688	281-931-8884
Cudd Pressure Control	Well Control & Pumping	Odessa	915-699-0139	915-563-3356
Baker Hughes Inc.	Pumping Service	Artesia, Hobbs and Odessa	575-746-2757	SAME
Total Safety	Safety Equipment and Personnel	Artesia	575-746-2847	SAME
Cutter Oilfield Services	Drilling Systems Equipment	Midland	432-488-6707	SAME
Assurance Fire & Safety	Safety Equipment and Personnel	Artesia	575-396-9702	575-441-2224
Flight 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 13 Street

SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

H2S PAGE 5

SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



LIME ROCK RESOURCES II-A, L.P.
FALCON "3N" FEDERAL 39
 LOCATED 750 FT. FROM THE SOUTH LINE
 AND 2310 FT. FROM THE WEST LINE OF
 SECTION 3, TOWNSHIP 18 SOUTH,
 RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 7, 2016

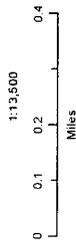
SURVEY NO. 3733B



Falcon 3N Federal #39
H-S Contingency Plan:
1 Mile Radius Map
Section 3, Township 18S, Range 27E
Eddy County, New Mexico



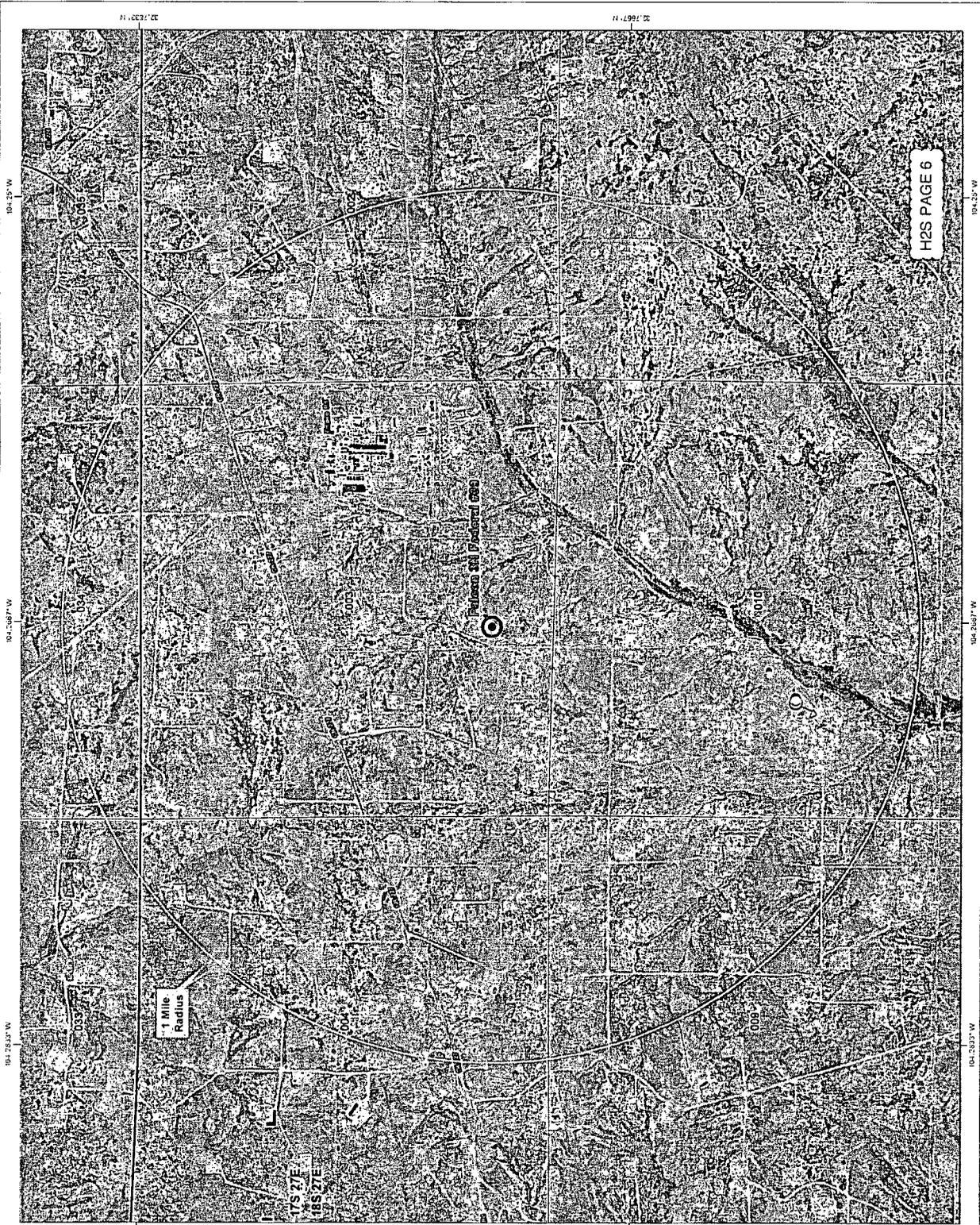
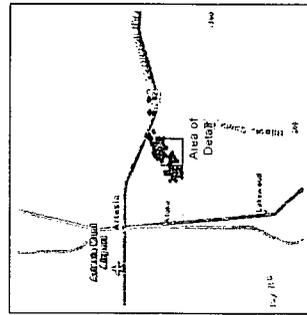
Falcon 3N Federal #39



NAD 1927 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc., January 22, 2016
for Lime Rock Resources I/A, L.P.



H2S PAGE 6

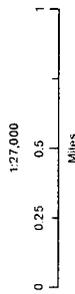


Falcon 3N Federal #39
H2S Contingency Plan:
2 Mile Radius Map

Section 3, Township 18S, Range 27E
Eddy County, New Mexico



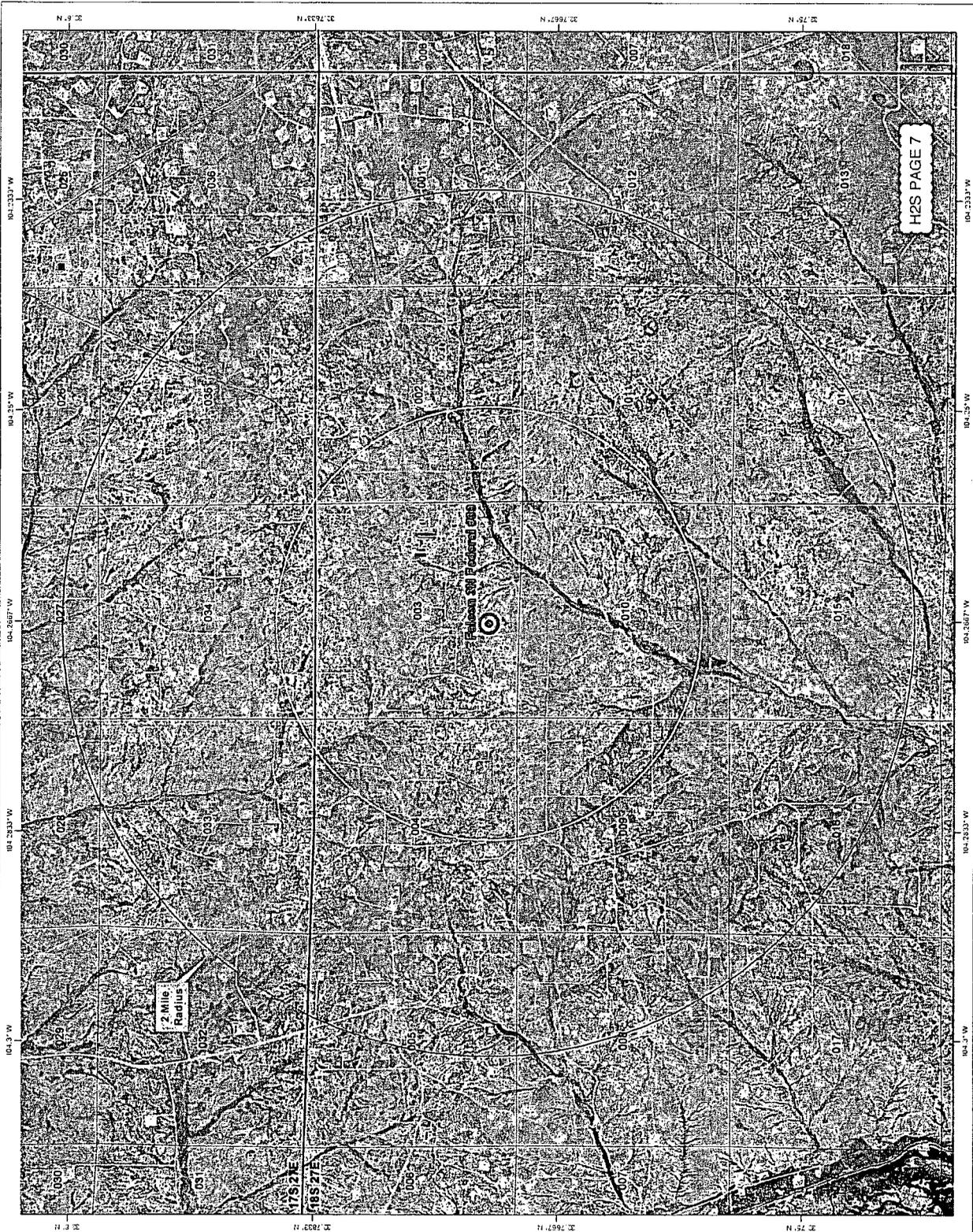
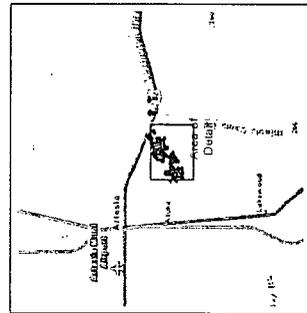
Falcon 3N Federal #39



NAD 1927 New Mexico State Plane East
FIPS 3001 Feet



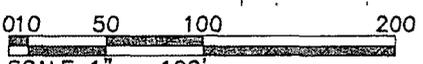
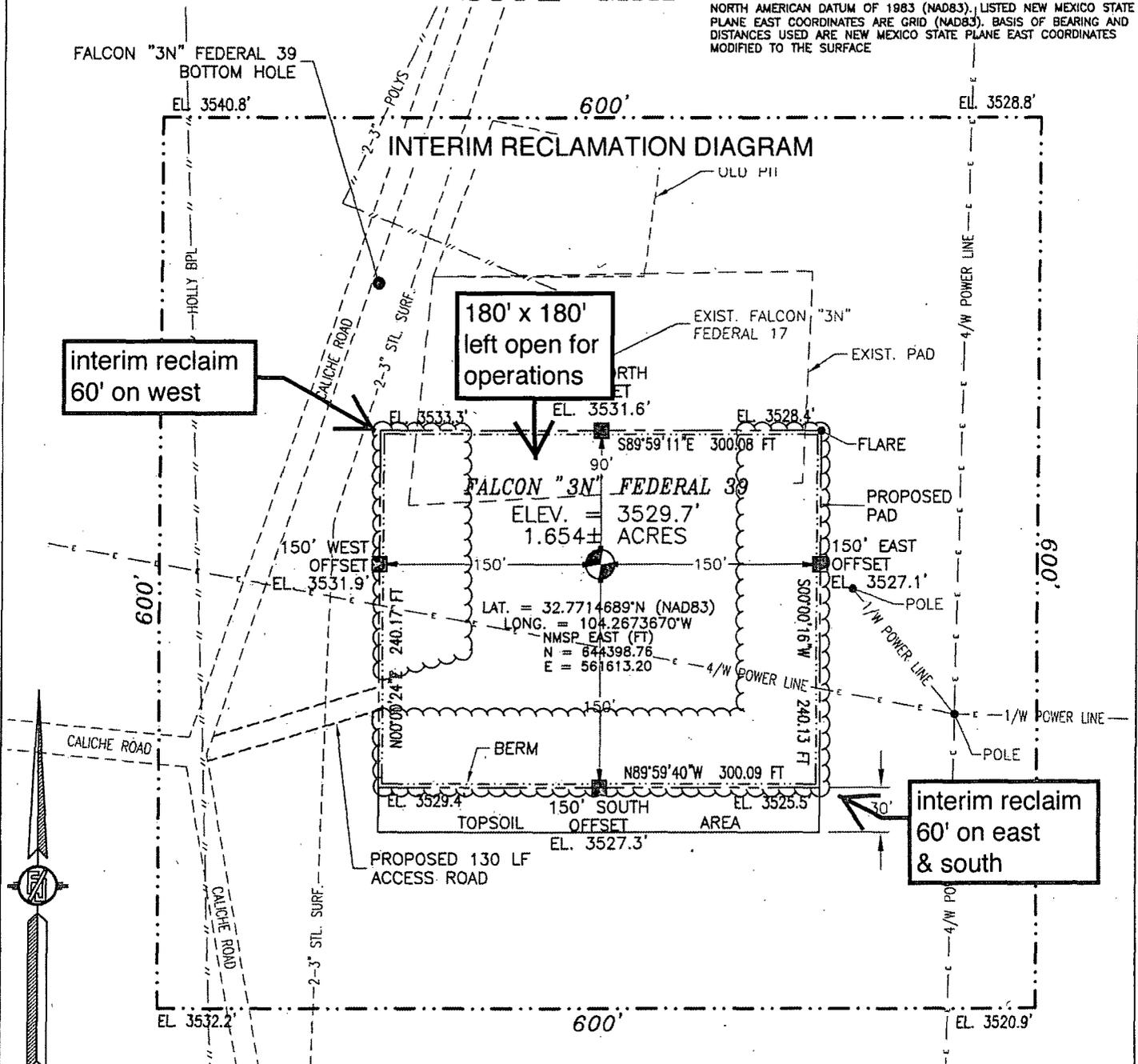
Prepared by Permits West, Inc., January 22, 2016
for Lime Rock Resources IIA, L.P.



SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



SCALE 1" = 100'
 DIRECTIONS TO LOCATION
 FROM CR 225 (EMPIRE) AND CR 227 (LITTLE DIAMOND) GO
 SOUTHWEST ON CR 227 0.46 MILE, TURN LEFT ON CALICHE ROAD
 AND GO SOUTH 0.12 MILE, TURN RIGHT AND GO WEST 340', BEND
 LEFT AND GO SOUTHWEST 0.1 MILE, BEND LEFT AND GO
 SOUTH-SOUTHWEST 0.1 MILE, BEND LEFT AND GO SOUTH 270', TURN
 RIGHT AND GO WEST 240', TURN LEFT AND GO SOUTH 0.21 MILE,
 BEND RIGHT AND GO SOUTHWEST 174' TO A PROPOSED ROAD
 SURVEY AND FOLLOW FLAGS NORTHEAST 130' TO THE PROPOSED
 SOUTHWEST PAD CORNER FOR THIS LOCATION.

LIME ROCK RESOURCES II-A, L.P.
FALCON "3N" FEDERAL 39
 LOCATED 750 FT. FROM THE SOUTH LINE
 AND 2310 FT. FROM THE WEST LINE OF
 SECTION 3, TOWNSHIP 18 SOUTH,
 RANGE 27 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

JANUARY 7, 2016

SURVEY NO. 3733B

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

Lime Rock Resources II-A, L.P.

SURFACE PLAN PAGE 1

Falcon 3 N Federal 39

SHL: 750' FSL & 2310' FWL

BHL: 935' FNL & 2160' FWL

Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

Surface Use Plan

1. ROAD DIRECTIONS & DESCRIPTIONS (See MAPS 1 - 4)

From the center of Artesia...

Go East 9.3 miles on US 82 to the equivalent of Mile Post 116.8

Then turn right and go South 1/4 mile on paved County Road 204

Then turn right and go Southwest 2.1 miles on paved County Road 225

Then bear right and go Southwest 1.05 miles on paved County Road 227

Then turn left and go South 0.4 mile on a caliche road

Then turn left and go East 1/4 mile on a caliche road to a 3-way intersection

Then bear left and go Northeast 130' cross-country to the pad

Non-county roads will be maintained as needed to Gold Book standards. This includes pulling ditches, preserving the crown, and cleaning culverts. This will occur at least once a year, and more often as needed. Caliche will be hauled from Lime Rock's approved (HA-0258-0000) caliche pit on State land in NESE 36-17s-27e.

This APD is also doubling as a plan of development for a BLM road right-of-way from County Road 227 to the boundary with State land (SESW Section 3). BLM right-of-way will be 20' x 2640' (=1.21 acres) and crosses SW4NW4 & W2SW4 3-18s-27e Eddy County NM.

2. ROAD TO BE BUILT OR UPGRADED (See MAPS 3 & 4)

The 130' of new road will be crowned, have a 14' wide driving surface, and be surfaced with caliche. Maximum disturbed width = 20'. Maximum grade = 7%. Maximum cut or fill = 5'. No upgrade, culvert, cattle guard, or vehicle turn out is needed.

Lime Rock Resources II-A, L.P.

SURFACE PLAN PAGE 2

Falcon 3 N Federal 39

SHL: 750' FSL & 2310' FWL

BHL: 935' FNL & 2160' FWL

Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

3. EXISTING WELLS (See MAP 2)

Existing oil, gas, water, injection, and P & A wells are within a mile. No disposal wells are within a mile radius.

4. PROPOSED PRODUCTION FACILITIES (See MAPS 3 - 10)

The only production equipment on the pad will be the pump jack. Two 3" O. D. poly surface pipelines (one gas and one production) will be laid 3,024.04' north to Lime Rock's existing header. Pipelines will operate at \approx 50 psi.

An existing power line will be re-routed south. (The existing power line route would interfere with safe operations.) Re-route will be 667.09' long, overhead, and raptor safe.

5. WATER SUPPLY (See MAPS 1 - 4)

Water will be trucked from existing wells on private land between Artesia and Riverside.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (811) will be notified before construction starts. Topsoil and brush will be stockpiled south of the pad. V door will be to the east. A closed loop drilling system will be used. Caliche will be bought and hauled from Lime Rock's approved (HA-0258-0000) caliche pit on State land in NESE 36-17s-27e.

An on pad berm (MAP 4) will surround the pad to prevent off site migration of soil. A geotextile fabric fence will be at the toe of the fill to prevent further migration. The fence bottom will be buried to prevent gaps.

Lime Rock Resources II-A, L.P.
Falcon 3 N Federal 39
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Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

SURFACE PLAN PAGE 3

7. WASTE DISPOSAL

All trash will be placed in a portable trash cage. It will be hauled to the Eddy County landfill. There will be no trash burning. Contents (drill cuttings, mud, salts, and other chemicals) of the mud tanks will be hauled to CRI's state approved (NM-01-0006) disposal site. Human waste will be disposed of in chemical toilets and hauled to the Artesia wastewater treatment plant.

8. ANCILLARY FACILITIES

There will be no airstrip or camp. Camper trailers will be on location for the company man, tool pusher, or mud logger.

9. WELL SITE LAYOUT

See Rig Diagram for depictions of the well pad, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Interim reclamation will be completed within 6 months of completing the well and will consist of shrinking the pad $\approx 55\%$ by removing caliche and reclaiming 60' wide swaths on the east, south, and west sides of the pad, leaving a $\approx 180'$ x $\approx 180'$ area around the pump jack. Disturbed areas will be contoured to match pre-construction grades. Soil and brush will be evenly spread over disturbed areas. Seeded areas will be ripped or harrowed. A BLM approved seed mix will be sown in a BLM approved manner. Enough stockpiled topsoil will be retained to cover the remainder of the pad when the well is plugged. Once the well is plugged, then the remainder of the pad will be similarly reclaimed within 6 months of plugging the well. Noxious weeds will be controlled.

Lime Rock Resources II-A, L.P.
Falcon 3 N Federal 39
SHL: 750' FSL & 2310' FWL
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Sec. 3, T. 18 S., R. 27 E., Eddy County, NM

SURFACE PLAN PAGE 4

11. SURFACE OWNER

All pad, road, and power line construction will be on State land, managed by the NM State Land Office, P. O. Box 1148, Santa Fe NM 87504. Their phone number is 505 827-5797.

Most (84%) pipeline construction will be on BLM. The BLM portion is on lease. The remaining 16% of pipeline construction will be on State land - also on lease.

Lime Rock is working with the State Land Office to secure approval to use State land.

12. OTHER INFORMATION

On site inspection was held with Paul Murphy (BLM) on March 19, 2015.

Boone conducted a records search with Hila Nelson June 18, 2015. Due to multiple previous archaeology surveys, it was determined that no further survey was needed.

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Lime Rock Resources II-A, L.P.
LEASE NO.:	NMLC065478B
WELL NAME & NO.:	39-Falcon 3N Federal
SURFACE HOLE FOOTAGE:	750'/S & 2310'/W
BOTTOM HOLE FOOTAGE:	935'/S & 2160'/W
LOCATION:	Section 3, T.18 S., R.27 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
 - Avian Protection
 - Cave/Karst
 - VRM
 - Watershed
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Drilling**
 - H2S Requirements
 - High Cave/Karst
 - Logging Requirements
 - Waste Material and Fluids
- Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- Interim Reclamation**
- Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Avian Protection

Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roosting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all power line structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. The holder without liability or expense shall make such modifications and/or additions to the United States.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad.

Closed Mud System Using Steel Tanks with All Fluids and Cuttings Hauled Off.

A closed mud system using steel tanks for all cuttings and fluids is required. All fluids and cuttings will be hauled off site for disposal. No pits are allowed.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Watershed

- The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.
- Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.

- Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control.

Surface Pipeline COAs Only:

- A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, siting valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

Range

The operator must contact the allotment holder prior to construction to identify the location of the pipeline. The operator must take measures to protect the pipeline from compression or other damages. If the pipeline is damaged or compromised in any way near the proposed project as a result of oil and gas activity, the operator is responsible for repairing the pipeline immediately. The operator must notify the BLM office (575-234-5972) and the private surface landowner or the grazing allotment holder if any damage occurs to structures that provide water to livestock.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

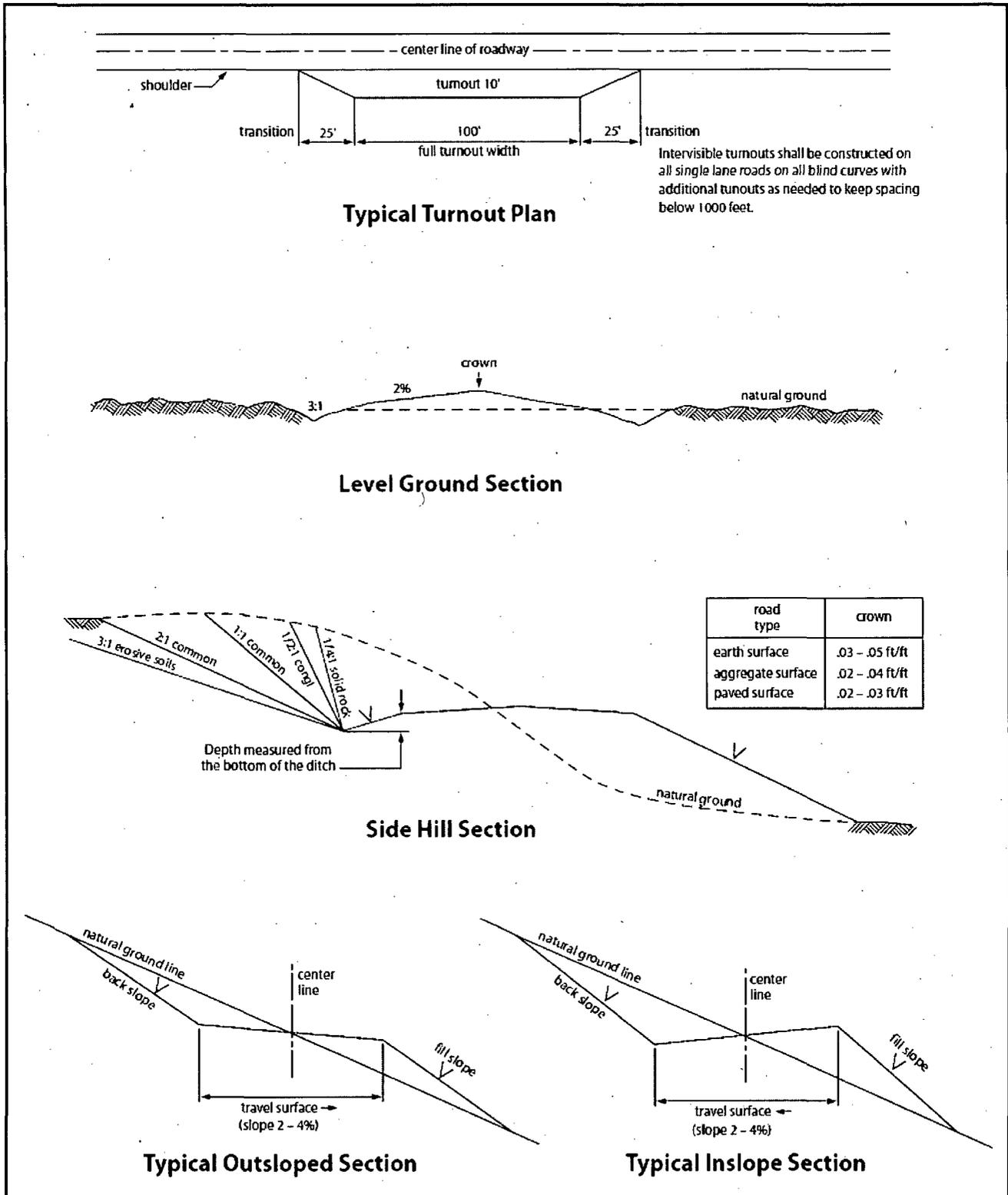


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the **Queen** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. **The record of the drilling rate along with the GR/N well log run from TD to surface shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) for Water Basin:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least **8 hours**. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

HIGH CAVE/KARST – OPERATOR HAS PROPOSED A CONTINGENCY CASING IF LOST CIRCULATION OCCURS WHILE DRILLING THE SURFACE HOLE. IF LOST CIRCULATION OCCURS WHILE DRILLING THE 7-7/8” HOLE, THE CEMENT PROGRAM FOR THE 5-1/2” CASING WILL NEED TO BE MODIFIED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH THEREFORE, ONE INCH OPERATIONS WILL NOT BE PERMITTED. A DV TOOL WILL BE REQUIRED

Possibility of water flows in the Queen.

Possibility of lost circulation in the Grayburg, Artesia Group, and San Andres.

Contingency Surface Casing Plan:

1. The 13-3/8 inch **contingency surface casing** shall be set at approximately 375 feet and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Casing Plan without Contingency:

2. The 8-5/8 inch intermediate casing shall be set at approximately 350 feet and cemented to the surface. **(If contingency casing is used set 8-5/8” casing 50 feet below 13-3/8” shoe.)**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

- b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
3. The minimum required fill of cement behind the **5-1/2 inch** production casing is:
 Cement to surface. If cement does not circulate, contact the appropriate BLM office.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. **PRESSURE CONTROL**

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. **Contingency** - Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **13-3/8 inch** surface casing shoe shall be **2000 (2M) psi**. Operator is approved to test against the casing for the contingency plan.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8 inch** surface casing shoe shall be **2000 (2M) psi**.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

MHH 10242016

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause

harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the Grant and attachments, including stipulations, survey plat(s) and/or map(s), shall be on location during construction. BLM personnel may request to review a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, Holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC § 2601 *et seq.* (1982) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (*see* 40 CFR, Part 702-799 and in particular, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. Holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way Holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way Holder on the Right-of-Way. This provision applies without regard to whether a release is caused by Holder, its agent, or unrelated third parties.

4. Holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. Holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of Holder including, but not limited to: construction, operation, maintenance, and termination of the facility;
- b. Activities of other parties including, but not limited to:
 - (1) Land clearing
 - (2) Earth-disturbing and earth-moving work
 - (3) Blasting
 - (4) Vandalism and sabotage;

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of Holder, regardless of fault. Upon failure of Holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he/she deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of Holder. Such action by the Authorized Officer shall not relieve Holder of any responsibility as provided herein.

6. All construction and maintenance activity shall be confined to the authorized right-of-way width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline shall be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline shall be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity shall be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation shall be allowed unless approved in writing by the Authorized Officer.

8. Holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline shall be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The

holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines shall be less than or equal to 4 inches and a working pressure below 125 psi.

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.
5. Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roosting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such

modifications and/or additions shall be made by the holder without liability or expense to the United States.

Raptor deterrence will consist of but not limited to the following: triangle perch discouragers shall be placed on each side of the cross arms and a nonconductive perching deterrence shall be placed on all vertical poles that extend past the cross arms.

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:

- For reclamation remove poles, lines, transformer, etc. and dispose of properly.
- Fill in any holes from the poles removed.

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

NMOCD CONDITION OF APPROVAL

The *New* Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.