

# Carlsbad Field Office OCD Artesia

Form 3160-3  
(March 2012)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM015291
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
2. Name of Operator PERCUSSION PETROLEUM OPERATING LLC <span style="float: right;">371755</span>		7. If Unit or CA Agreement, Name and No.
3a. Address 919 Milam Street, Suite 2475 Houston TX 7701		8. Lease Name and Well No. IRAMI 34 FEDERAL 2 <span style="float: right;">321379</span>
3b. Phone No. (include area code) (713)589-2337		9. API Well No. 30-015-44949
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface SWSW / 380 FSL / 885 FWL / LAT 32.610784 / LONG -104.478367 <span style="float: right;">M</span> At proposed prod. zone SWSW / 380 FSL / 885 FWL / LAT 32.610784 / LONG -104.478367		10. Field and Pool, or Exploratory N SEVEN RIVERS / GLORIETA-YESO N
14. Distance in miles and direction from nearest town or post office* 16 miles		11. Sec., T. R. M. or Blk. and Survey or Area SEC 34 / T19S / R25E / NMP
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 380 feet	16. No. of acres in lease 360	12. County or Parish EDDY
17. Spacing Unit dedicated to this well 40	18. Distance from proposed location* to nearest well, drilling, completed, 155 feet applied for, on this lease, ft.	13. State NM
19. Proposed Depth 4000 feet / 4000 feet	20. BLM/BIA Bond No. on file FED: NMB001424	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3530 feet	22. Approximate date work will start* 12/01/2017	23. Estimated duration 30 days

### 24. Attachments

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

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).</li> </ol> | <ol style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification</li> <li>6. Such other site specific information and/or plans as may be required by the BLM.</li> </ol> |
|---|---|

25. Signature (Electronic Submission)	Name (Printed/Typed) Brian Wood / Ph: (505)466-8120	Date 09/29/2017
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Title  
President

Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph: (575)234-5959	Date 05/01/2018
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Title  
Supervisor Multiple Resources  
Office  
CARLSBAD

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.

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)

APPROVED WITH CONDITIONS

Approval Date: 05/01/2018

\*(Instructions on page 2)  
RECEIVED

MAY 07 2018  
DISTRICT II-ARTESIA O.C.D.

RW 5-8-18

## **Additional Operator Remarks**

### **Location of Well**

1. SHL: SWSW / 380 FSL / 885 FWL / TWSP: 19S / RANGE: 25E / SECTION: 34 / LAT: 32.610784 / LONG: -104.478367 ( TVD: 0 feet, MD: 0 feet )

BHL: SWSW / 380 FSL / 885 FWL / TWSP: 19S / RANGE: 25E / SECTION: 34 / LAT: 32.610784 / LONG: -104.478367 ( TVD: 4000 feet, MD: 4000 feet )

## **BLM Point of Contact**

Name: Tenille Ortiz

Title: Legal Instruments Examiner

Phone: 5752342224

Email: tortiz@blm.gov

## PECOS DISTRICT CONDITIONS OF APPROVAL

<b>OPERATOR'S NAME:</b>	Percussion Petroleum Operating, LLC
<b>LEASE NO.:</b>	NMNM-015291
<b>WELL NAME &amp; NO.:</b>	Irami 34 Federal 2
<b>SURFACE HOLE FOOTAGE:</b>	0380' FSL & 0885' FWL
<b>LOCATION:</b>	Section 34, T. 19 S., R 25 E., NMPM
<b>COUNTY:</b>	Eddy County, New Mexico

### I. 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. **Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, 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. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area
4. **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.**

**Contingency Surface Casing Plan:**

1. The 13-3/8 inch **contingency surface casing** shall be set at approximately 400 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 1245 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.

- b. 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.
- c. The results of the test shall be reported to the appropriate BLM office.
- a. 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.**
- b. 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.

**JAM 040418**

## **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.

**Leak Detection System:**

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values 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.

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

### **C. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### **D. FEDERAL MINERAL MATERIALS PIT**

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

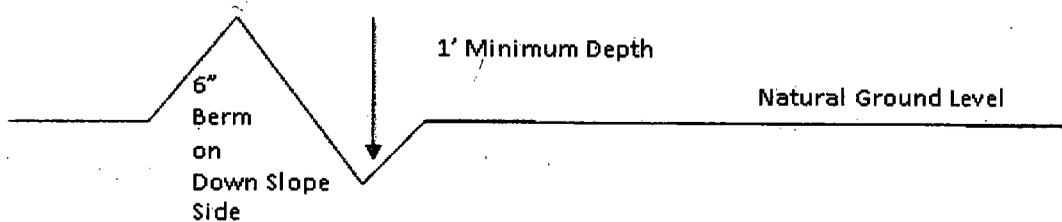
If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

### **F. EXCLOSURE FENCING (CELLARS & PITS)**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

#### Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

#### Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

#### Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

#### Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

#### Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

## **VII. 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**

parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The 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 the 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 the holder, regardless of fault. Upon failure of the 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 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 the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will 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 must 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 must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing

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 must 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

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.

## **VIII. 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).

## **IX. 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.

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed shall be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed shall be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre shall be doubled. The seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass ( <i>Eragrostis intermedia</i> )	0.5
Sand dropseed ( <i>Sporobolus cryptandrus</i> )	1.0
Sideoats grama ( <i>Bouteloua curtipendula</i> )	5.0
Plains bristlegrass ( <i>Setaria macrostachya</i> )	2.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

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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.

**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.

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

### **C. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### **D. FEDERAL MINERAL MATERIALS PIT**

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

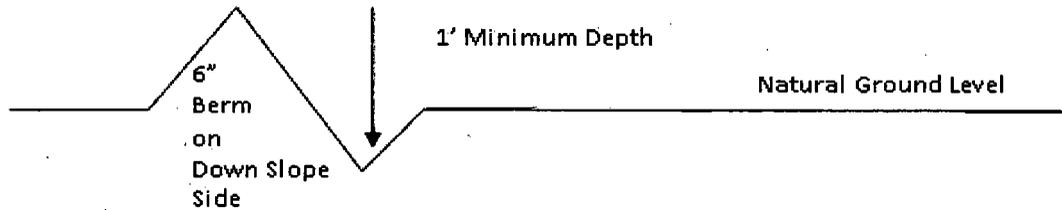
If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

### **F. EXCLOSURE FENCING (CELLARS & PITS)**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill out-sloping and in-sloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

#### Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

#### Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

#### Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

#### Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

#### Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

## **VII. 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**

parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The 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 the 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 the holder, regardless of fault. Upon failure of the 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 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 the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will 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 must 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 must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing

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 must 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

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.

## **VIII. 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).

## **IX. 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.

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed shall be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed shall be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre shall be doubled. The seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass ( <i>Eragrostis intermedia</i> )	0.5
Sand dropseed ( <i>Sporobolus cryptandrus</i> )	1.0
Sideoats grama ( <i>Bouteloua curtipendula</i> )	5.0
Plains bristlegrass ( <i>Setaria macrostachya</i> )	2.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed



APD ID: 10400022791

Submission Date: 09/29/2017

Highlighted data reflects the most recent changes

Operator Name: PERCUSSION PETROLEUM OPERATING LLC

Well Name: IRAMI 34 FEDERAL

Well Number: 2

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

### Section 1 - General

APD ID: 10400022791

Tie to previous NOS?

Submission Date: 09/29/2017

BLM Office: CARLSBAD

User: Brian Wood

Title: President

Federal/Indian APD: FED

Is the first lease penetrated for production Federal or Indian? FED

Lease number: NMNM015291

Lease Acres: 360

Surface access agreement in place?

Allotted?

Reservation:

Agreement in place? NO

Federal or Indian agreement:

Agreement number:

Agreement name:

Keep application confidential? NO

Permitting Agent? YES

APD Operator: PERCUSSION PETROLEUM OPERATING LLC

Operator letter of designation:

### Operator Info

Operator Organization Name: PERCUSSION PETROLEUM OPERATING LLC

Operator Address: 919 Milam Street, Suite 2475

Zip: 77002

Operator PO Box:

Operator City: Houston

State: TX

Operator Phone: (713)589-2337

Operator Internet Address:

### Section 2 - Well Information

Well in Master Development Plan? NO

Master Development Plan name:

Well in Master SUPO? NO

Master SUPO name:

Well in Master Drilling Plan? NO

Master Drilling Plan name:

Well Name: IRAMI 34 FEDERAL

Well Number: 2

Well API Number:

Field/Pool or Exploratory? Field and Pool

Field Name: N SEVEN RIVERS Pool Name: GLORIETA-YESO  
NE

Is the proposed well in an area containing other mineral resources? USEABLE WATER,NATURAL GAS,CO2,OIL

Operator Name: PERCUSSION PETROLEUM OPERATING LLC

Well Name: IRAMI 34 FEDERAL

Well Number: 2

### Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	SURFACE	11	8.625	NEW	API	N	0	1245	0	1245	3530		1245	J-55	32	STC	1.12 5	1.1	DRY	1.8	DRY	1.8
2	PRODUCTION	7.875	5.5	NEW	API	N	0	4000	0	4000	3530		4000	L-80	17	LTC	1.12 5	1.1	DRY	1.8	DRY	1.8

#### Casing Attachments

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Casing ID: 1      String Type: SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

[Irami34\\_Fed2\\_Casing\\_Design\\_Assumptions\\_20170929125302.pdf](#)

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Casing ID: 2      String Type: PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

[Irami34\\_Fed2\\_Casing\\_Design\\_Assumptions\\_20170929125424.pdf](#)

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**Operator Name:** PERCUSSION PETROLEUM OPERATING LLC

**Well Name:** IRAMI 34 FEDERAL

**Well Number:** 2

## Section 6 - Test, Logging, Coring

**List of production tests including testing procedures, equipment and safety measures:**

A quad combo open hole log will be run.

**List of open and cased hole logs run in the well:**

OTH

**Other log type(s):**

A quad combo open hole log will be run.

**Coring operation description for the well:**

No core or drill stem test is planned.

## Section 7 - Pressure

**Anticipated Bottom Hole Pressure:** 1260

**Anticipated Surface Pressure:** 380

**Anticipated Bottom Hole Temperature(F):** 130

**Anticipated abnormal pressures, temperatures, or potential geologic hazards?** NO

**Describe:**

**Contingency Plans geohazards description:**

**Contingency Plans geohazards attachment:**

**Hydrogen Sulfide drilling operations plan required?** YES

**Hydrogen sulfide drilling operations plan:**

Irami34\_Fed2\_H2S\_Plan\_20170929125932.pdf

## Section 8 - Other Information

**Proposed horizontal/directional/multi-lateral plan submission:**

**Other proposed operations facets description:**

Deficiency letter dated 12/11/17 requested:

- 1) Revised BOP/Choke testing procedure - see Section 2 and revised Drill Plan;
- 2) Casing-Cementing Contingency Plan - see attached

**Other proposed operations facets attachment:**

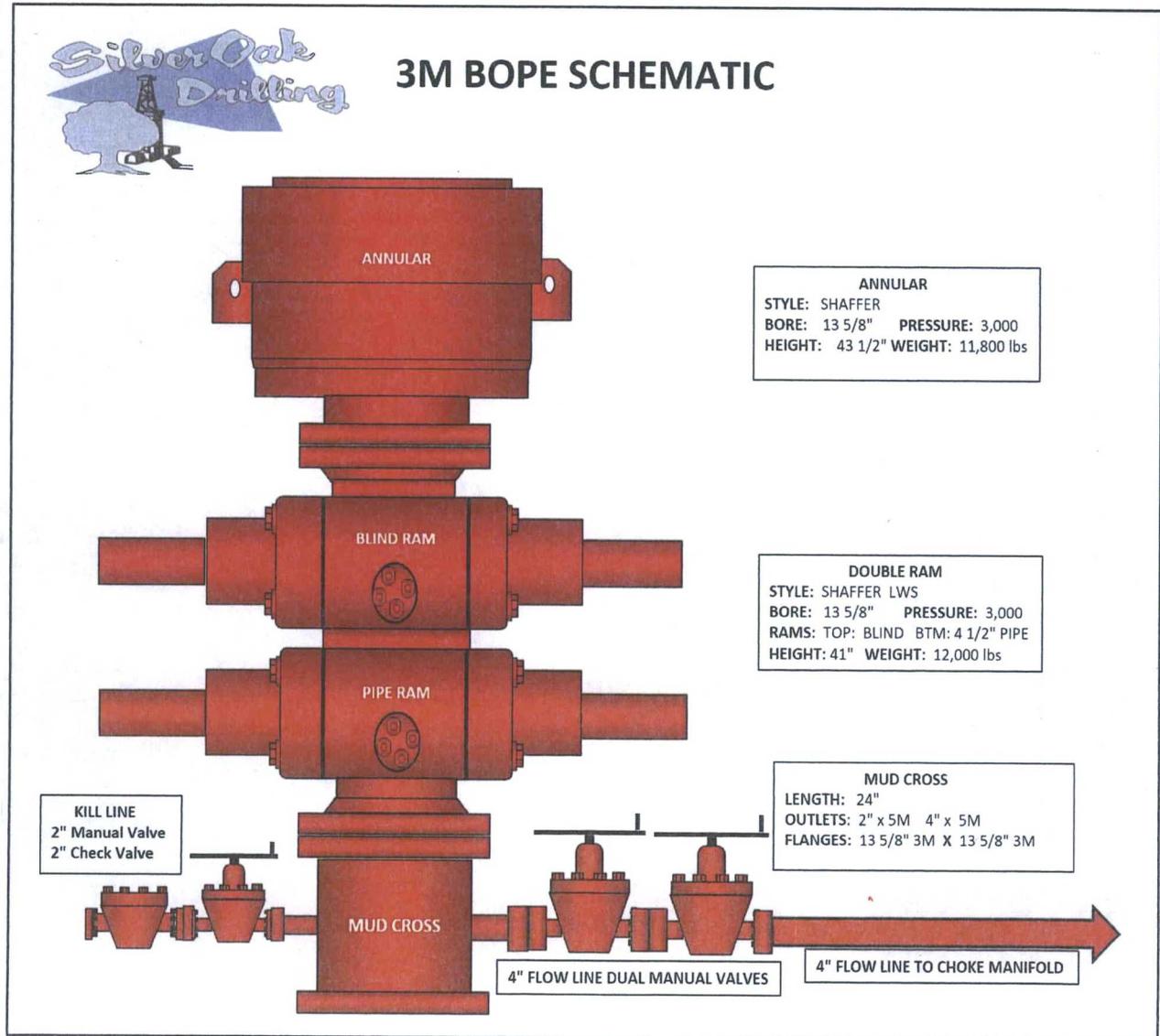
Irami34\_Fed2\_General\_Drill\_Plan\_20171212135121.pdf

Iramie34\_Fed2\_Casing\_Design\_Contingency\_Plan\_rev3\_20171212135622.pdf

**Other Variance attachment:**

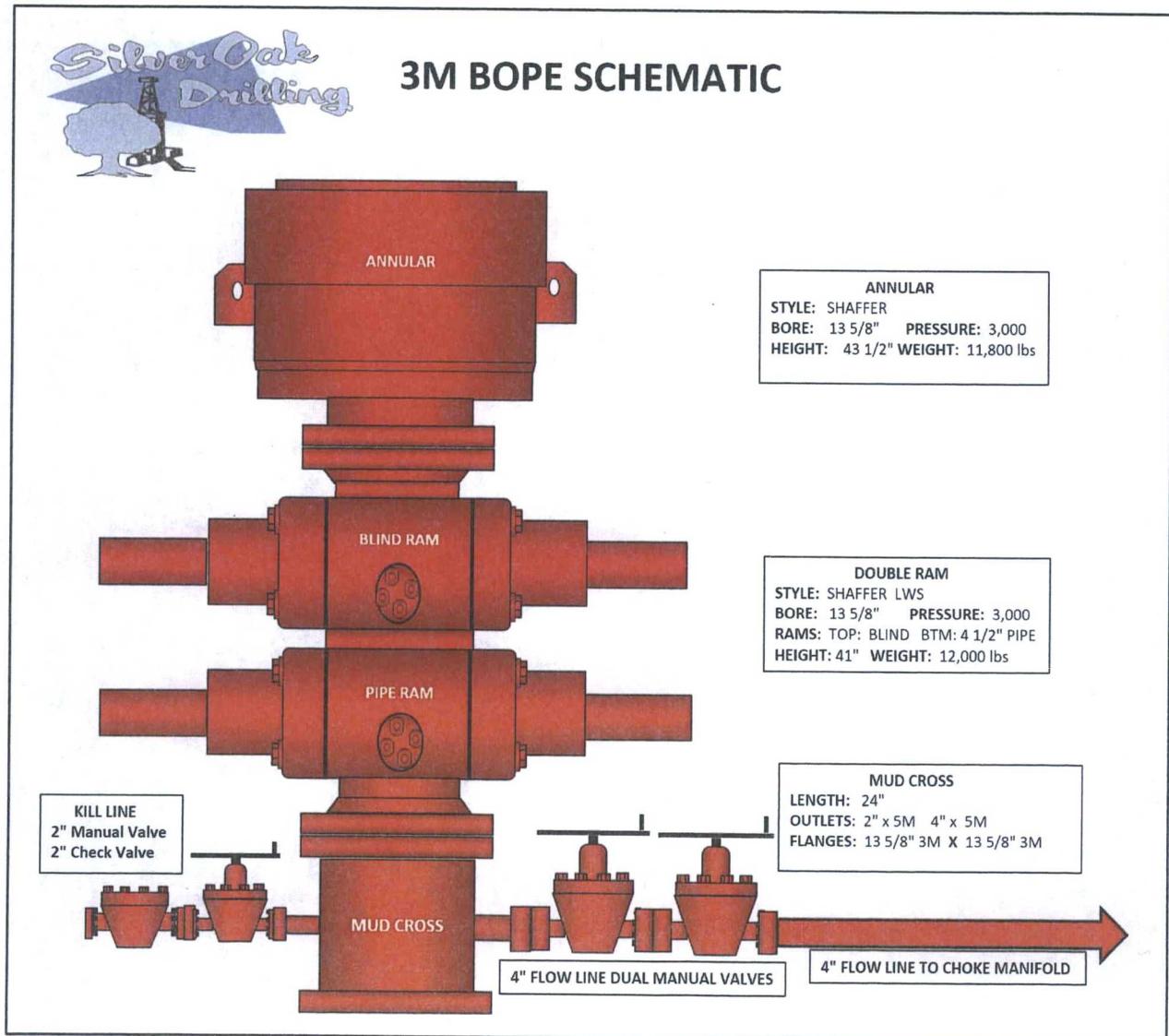
## Nipple-Up

- a. Raise stack and center over the wellhead
- b. Install DSA and ring gaskets
- c. Lower stack onto DSA
- d. Torque DSA flange bolts in a star pattern to the specified torque
- e. Verify BOP is centered to the rotary table
- f. Install rotating head
- g. Install hydraulic lines to BOP
- h. Verify manifold line-up
- i. Test BOP & manifold



## Nipple-Up

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## Casing Design Criteria and Load Case Assumptions

Percussion Petroleum Operating, LLC. – Irami 34 Federal 2

1. Collapse:  $DF_c=1.125$ 
  - a. Full Internal Evacuation: Collapse force equal to the mud gradient in which the casing will be run (0.65 psi/ft). The effects of axial load on collapse will be considered.
  - b. Cementing: Collapse force equal to the gradient of planned cement slurries to planned depths and minimum mud gradient in which the casing will be run above that (0.65 psi/ft) and an internal force equal to mud gradient of displacement fluid (0.43 psi/ft)
2. Burst:  $DF_b=1.125$ 
  - a. Pressure Test: psi casing test with an external force equal to the mud gradient in which the casing will be run (0.65 psi/ft), which is a more conservative backup force than pore pressure.
  - b. Injection Down Casing: psi surface injection pressure plus an internal pressure gradient of 0.65 psi/ft with an external force equal to the mud gradient in which the casing will be run (0.65 psi/ft), which is a more conservative backup force than pore pressure.
3. Tensile:  $DF_t=1.8$ 
  - a. Overpull: An overpull force of 100,000 lbs is applied at the shoe along with the weight of the casing string utilizing the effects of buoyancy (8.5 ppg).

Surface Casing Program									
Casing Size (in)	Weight (ppf)	Grade	Connection	ID	ID (drift)	Collapse (psi)	Burst (psi)	Tension (1,000 lbs)	Capacity (bbl/ft)
8-5/8"	32	J-55	STC	7.921	7.875	2,530	3,390	372	0.06095
Safety Factors									
	API Rec. SF	<b>ACTUAL SF</b>	Case	External Fluids		Internal Fluids			
Collapse	1.125	<b>3.89</b>	Lost Circulation	Mud (10.0 ppg)		None			
Burst	1.1	<b>1.41</b>	Plug Bump	Green Cement + 2ksi surf pressure		Displacement Fluid/Mud			
Tension	1.8	<b>2.98</b>	90 klbs Overpull	Mud		Mud			

*Buoyed Casing Weight: 34,870 lbs (assuming 8.4 ppg fluid and 1,250' casing-worst case scenario)*

Production Casing Program									
Casing Size (in)	Weight (ppf)	Grade	Connection	ID	ID (drift)	Collapse (psi)	Burst (psi)	Tension (1,000 lbs)	Capacity (bbl/ft)
5-1/2"	17	L-80	LTC	4.892	4.767	6,280	7,740	338	0.0232
Safety Factors									
	API Rec. SF	<b>ACTUAL SF</b>	Case	External Fluids		Internal Fluids			
Collapse	1.125	<b>1.45</b>	Lost Circulation	Mud		None			
Burst	1.1	<b>2.73</b>	Plug Bump	Green Cement + 2ksi surf pressure		Displacement Fluid/Mud			
Tension	1.8	<b>1.83</b>	90 klbs Overpull	Mud		Mud			

*Buoyed Casing Weight: 59,175 lbs (assuming 8.4 ppg fluid and 4,000' TVD-worst case scenario)*

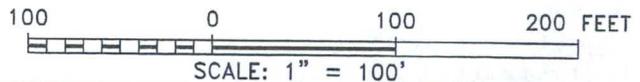
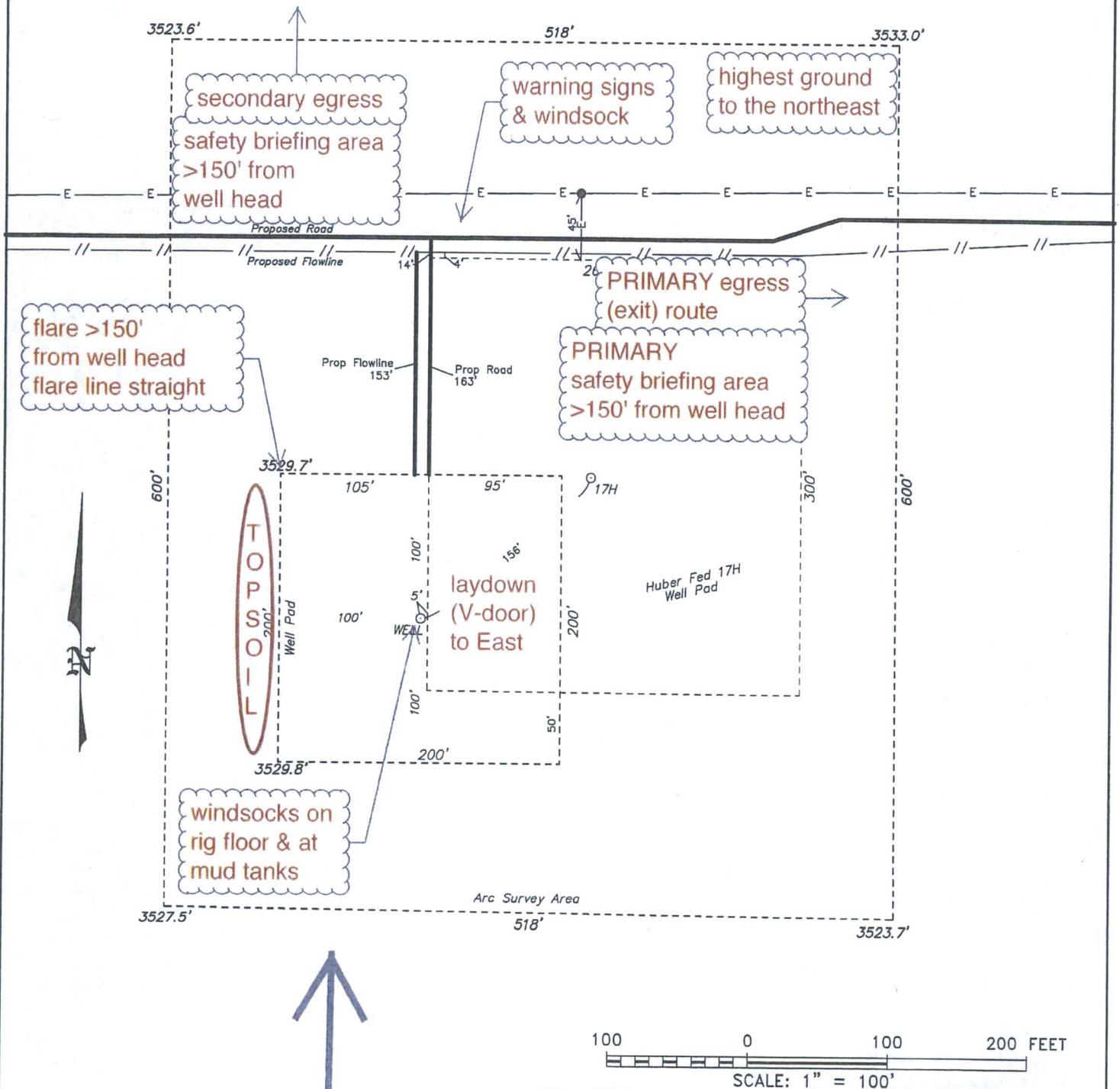


## Hydrogen Sulfide Drilling Operations Plan

Percussion Petroleum Operating, LLC.

1. H<sub>2</sub>S Safety Instructions to the following:
  - Characteristics of H<sub>2</sub>S.
  - Physical effects and hazards.
  - Principal and operation of H<sub>2</sub>S detectors, warning system and briefing areas.
  - Evacuation procedures, routes and First Aid.
  - Proper use of safety equipment and life support systems.
  - Essential personnel meeting medical evaluation criteria will receive additional training on the proper use of 30 min pressure demand air packs.
2. H<sub>2</sub>S Detection & Alarm Systems:
  - H<sub>2</sub>S sensor/detectors to be located on the drilling rig floor, in the base of the sub structure/cellar area, on the mud returns pits by the shale shaker. Additional H<sub>2</sub>S monitors may be placed as deemed necessary.
  - An audio alarm system will be installed on the derrick, the floor, and in the doghouse.
3. Windssocks and Wind Streamers:
  - Windssocks at mud pit area should be high enough to be visible.
  - Windssock on the rig floor/top of doghouse should be high enough to be visible.
4. Condition Flags & Signs:
  - Warning sign on access road to location
  - Flags to be displayed on sign at entrance to location
    - i. Green Flag – Normal Safe Operation Condition
    - ii. Yellow Flag – Potential Pressure and Danger
    - iii. Red Flag – Danger (H<sub>2</sub>S present in dangerous concentrations) Only H<sub>2</sub>S trained personnel admitted on location
5. Well Control Equipment:
  - See attached APD
6. Communications:
  - While working under masks, chalkboards will be used for communications
  - Hand signals will be used where chalk board is inappropriate
  - Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at drilling foreman's trailer or living quarters.
7. Drilling Stem Testing:
  - No Drill Stem Tests or hole coring is planned at this time.
8. Drilling contractor supervisor will be required to be familiar with the effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.
9. If H<sub>2</sub>S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H<sub>2</sub>S scavenger chemicals if necessary.
10. Emergency Contacts:

SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



prevailing wind  
 blows from  
 S or SSE

**PERCUSSION PETROLEUM OPERATING, LLC**

REF: IRAMI "34" FEDERAL #2 / WELL PAD TOPO  
 THE IRAMI "34" FEDERAL #2 LOCATED 380' FROM  
 THE SOUTH LINE AND 885' FROM THE WEST LINE OF  
 SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basin-surveys.com

Percussion Petroleum Operating, LLC  
Irami 34 Federal 2  
380' FSL & 885' FWL  
Sec. 34, T. 19 S., R 25 E.  
Eddy County, NM

DRILL PLAN PAGE 1

Drilling Program

1. ESTIMATED TOPS

Formation/Lithology	TVD	Contents
Quaternary caliche	000'	water
Grayburg dolomite	660'	hydrocarbons
San Andres dolomite	845'	hydrocarbons
Glorieta silty dolomite	2405'	hydrocarbons
Yeso dolomite	2560'	hydrocarbons & goal
TD	4000'	hydrocarbons

2. NOTABLE ZONES

Yeso is the goal. Closest water well (RA 02958) is  $\geq 2889'$  NE. Depth to water was not recorded in this 450' deep well.

3. PRESSURE CONTROL

A 3000-psi 5000' rated BOP stack consisting of annular preventer and double (blind and pipe) ram will be used below surface casing to TD. See attached BOP and choke manifold diagrams.

Pressure tests will be conducted before drilling out from under all casing strings. Third party test crews will conduct all tests. All tests will be recorded for 10-minutes on low pressure (500 psi) and 10-minutes on high pressure (3000-psi). After BOP testing is complete, test casing (without test plug) to 2000-psi for 30 minutes. All tests will be charted on a plot. BOPs will be function tested every day.

Percussion Petroleum Operating, LLC  
Irami 34 Federal 2  
380' FSL & 885' FWL  
Sec. 34, T. 19 S., R 25 E.  
Eddy County, NM

DRILL PLAN PAGE 3

6. CORES, TESTS, & LOGS

No core or drill stem test is planned.

A quad combo open hole log will be run.

7. DOWN HOLE CONDITIONS

No abnormal pressure or temperature is expected. Maximum expected bottom hole pressure is  $\approx 1260$  psi. Expected bottom hole temperature is  $\approx 130^\circ$  F.

A Hydrogen Sulfide Drilling Operation Plan is attached.

8. OTHER INFORMATION

Anticipated spud date is upon approval. It is expected it will take  $\approx 2$  weeks to drill and complete the well.

St. Devote LLC has operating rights in the lease. St. Devote LLC is a subsidiary of Percussion.

APD ID: 10400022791

Submission Date: 09/29/2017

Operator Name: PERCUSSION PETROLEUM OPERATING LLC

Highlighted data  
reflects the most  
recent changes

Well Name: IRAMI 34 FEDERAL

Well Number: 2

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

### Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

Irami34\_Fed2\_Road\_Map\_20170929130030.pdf

Existing Road Purpose: ACCESS

Row(s) Exist? NO

#### ROW ID(s)

ID:

Do the existing roads need to be improved? NO

Existing Road Improvement Description:

Existing Road Improvement Attachment:

### Section 2 - New or Reconstructed Access Roads

Will new roads be needed? YES

New Road Map:

Irami34\_Fed2\_New\_Road\_Map\_20170929130057.pdf

New road type: RESOURCE

Length: 3714.5 Feet

Width (ft.): 30

Max slope (%): 0

Max grade (%): 4

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 14

New road access erosion control: Crowned and ditched

New road access plan or profile prepared? NO

New road access plan attachment:

Access road engineering design? NO

Access road engineering design attachment:

**Operator Name:** PERCUSSION PETROLEUM OPERATING LLC

**Well Name:** IRAMI 34 FEDERAL

**Well Number:** 2

## Section 5 - Location and Types of Water Supply

### Water Source Table

**Water source use type:** DUST CONTROL, INTERMEDIATE/PRODUCTION CASING, STIMULATION, SURFACE CASING

**Water source type:** GW WELL

**Describe type:**

**Source longitude:**

**Source latitude:**

**Source datum:**

**Water source permit type:** PRIVATE CONTRACT

**Source land ownership:** PRIVATE

**Water source transport method:** PIPELINE

**Source transportation land ownership:** FEDERAL

**Water source volume (barrels):** 5000

**Source volume (acre-feet):** 0.6444655

**Source volume (gal):** 210000

**Water source and transportation map:**

Irami34\_Fed2\_Water\_Source\_Map\_20170929130510.pdf

**Water source comments:** Water will be piped via one temporary surface 12" Kevlar lay flat pipeline from one of two water wells to a fresh water pond at Percussion's Huber Federal 3H well. Pipeline routes will not be bladed or excavated. Existing unlined pond will be expanded to 2.75 acres and lined with geotextile fabric and 12-30 mil liner. Primary source will be Seven Rivers' well RA 10949 in NWNE 6-20s-29e. That route is 14,750' long. Route crosses 2950' of private, 5350' of State land, and 6450' of BLM. Secondary source will be Seven Rivers' well RA 10918 in NESE 11-20s-25e. That route is 14,000' long. Route crosses 6850' of private land and 7150' of BLM land. A temporary surface 10" Kevlar lay flat pipeline will then be laid 4850' along roads from the pond to Irami. Pipeline route will not be bladed or excavated.

**New water well?** NO

### New Water Well Info

**Well latitude:**

**Well Longitude:**

**Well datum:**

**Well target aquifer:**

**Est. depth to top of aquifer(ft):**

**Est thickness of aquifer:**

**Aquifer comments:**

**Aquifer documentation:**

**Well depth (ft):**

**Well casing type:**

**Well casing outside diameter (in.):**

**Well casing inside diameter (in.):**

**New water well casing?**

**Used casing source:**

**Drilling method:**

**Drill material:**

**Grout material:**

**Grout depth:**

**Operator Name:** PERCUSSION PETROLEUM OPERATING LLC

**Well Name:** IRAMI 34 FEDERAL

**Well Number:** 2

### Cuttings Area

**Cuttings Area being used?** NO

**Are you storing cuttings on location?** YES

**Description of cuttings location** Steel tanks on pad

**Cuttings area length (ft.)**

**Cuttings area width (ft.)**

**Cuttings area depth (ft.)**

**Cuttings area volume (cu. yd.)**

**Is at least 50% of the cuttings area in cut?**

**WCuttings area liner**

**Cuttings area liner specifications and installation description**

### Section 8 - Ancillary Facilities

**Are you requesting any Ancillary Facilities?:** NO

**Ancillary Facilities attachment:**

**Comments:**

### Section 9 - Well Site Layout

**Well Site Layout Diagram:**

Irami34\_Fed2\_Well\_Site\_Layout\_20170929130803.pdf

**Comments:**

### Section 10 - Plans for Surface Reclamation

**Type of disturbance:** New Surface Disturbance

**Multiple Well Pad Name:** HUBER

**Multiple Well Pad Number:** 17H

**Recontouring attachment:**

Irami34\_Fed2\_Recontour\_Plat\_20170929130816.pdf

Irami34\_Fed2\_Interim\_Reclamation\_Diagram\_20170929130825.pdf

**Drainage/Erosion control construction:** Crowned and ditched

**Drainage/Erosion control reclamation:** Harrowed on the contour

**Operator Name:** PERCUSSION PETROLEUM OPERATING LLC

**Well Name:** IRAMI 34 FEDERAL

**Well Number:** 2

## Seed Management

### Seed Table

**Seed type:** \_\_\_\_\_ **Seed source:** \_\_\_\_\_  
**Seed name:** \_\_\_\_\_  
**Source name:** \_\_\_\_\_ **Source address:** \_\_\_\_\_  
**Source phone:** \_\_\_\_\_  
**Seed cultivar:** \_\_\_\_\_  
**Seed use location:** \_\_\_\_\_  
**PLS pounds per acre:** \_\_\_\_\_ **Proposed seeding season:** \_\_\_\_\_

### Seed Summary

**Total pounds/Acre:** \_\_\_\_\_

**Seed Type**

**Pounds/Acre**

**Seed reclamation attachment:** \_\_\_\_\_

### Operator Contact/Responsible Official Contact Info

**First Name:** \_\_\_\_\_ **Last Name:** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Seedbed prep:** \_\_\_\_\_

**Seed BMP:** \_\_\_\_\_

**Seed method:** \_\_\_\_\_

**Existing invasive species?** NO

**Existing invasive species treatment description:** \_\_\_\_\_

**Existing invasive species treatment attachment:** \_\_\_\_\_

**Weed treatment plan description:** To BLM standards

**Weed treatment plan attachment:** \_\_\_\_\_

**Monitoring plan description:** To BLM standards

**Monitoring plan attachment:** \_\_\_\_\_

**Success standards:** To BLM satisfaction

**Pit closure description:** No pit

**Pit closure attachment:** \_\_\_\_\_

**Operator Name:** PERCUSSION PETROLEUM OPERATING LLC

**Well Name:** IRAMI 34 FEDERAL

**Well Number:** 2

**USFS Forest/Grassland:**

**USFS Ranger District:**

**Disturbance type:** NEW ACCESS ROAD

**Describe:**

**Surface Owner:** BUREAU OF LAND MANAGEMENT

**Other surface owner description:**

**BIA Local Office:**

**BOR Local Office:**

**COE Local Office:**

**DOD Local Office:**

**NPS Local Office:**

**State Local Office:**

**Military Local Office:**

**USFWS Local Office:**

**Other Local Office:**

**USFS Region:**

**USFS Forest/Grassland:**

**USFS Ranger District:**

## Section 12 - Other Information

**Right of Way needed?** NO

**Use APD as ROW?**

**ROW Type(s):**

## ROW Applications

**SUPO Additional Information:**

**Use a previously conducted onsite?** YES

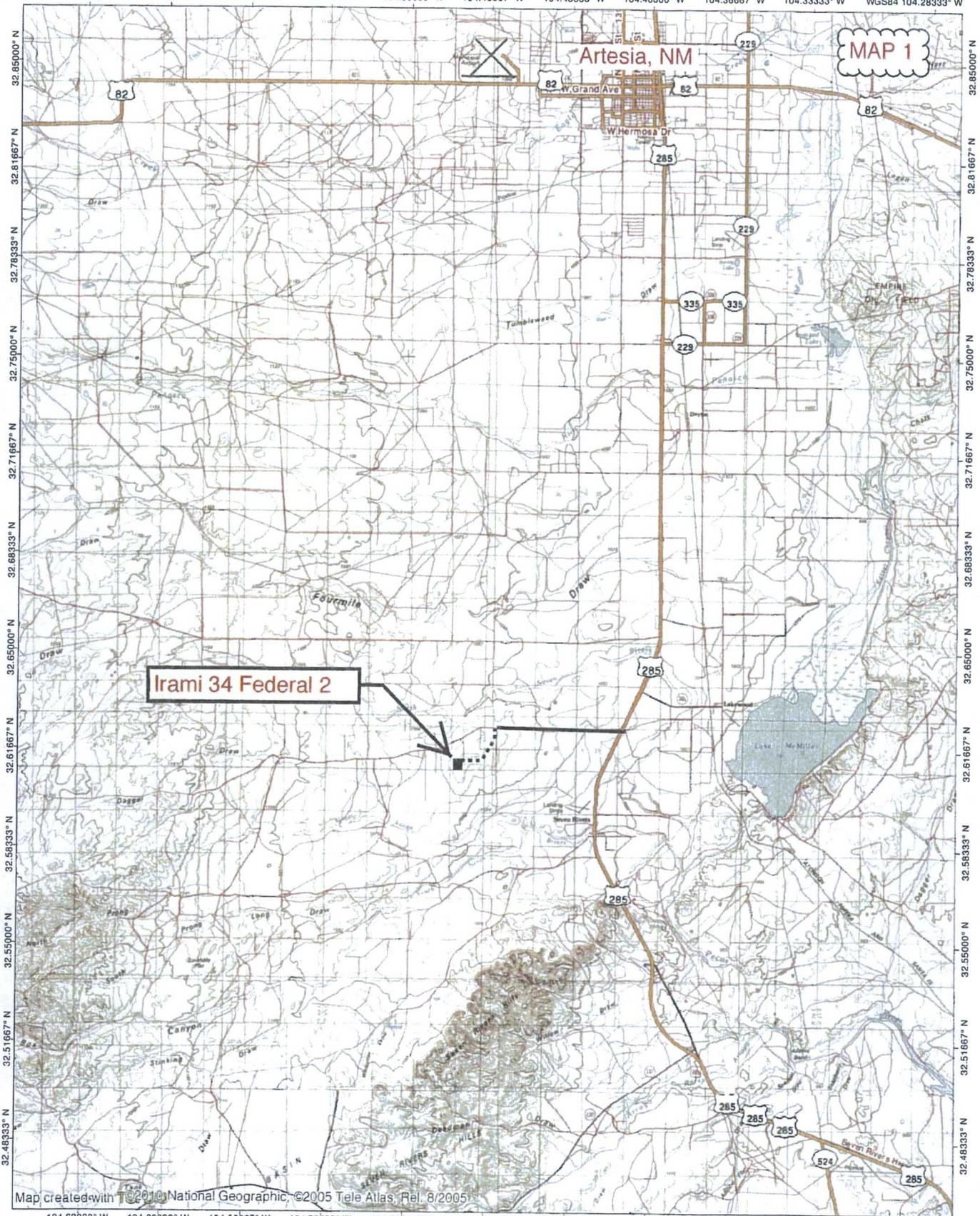
**Previous Onsite information:** On site inspection was held with Jim Goodbar and Jessie Bassett (both BLM) on July 18, 2017. Lone Mountain consulted with BLM's Bruce Boeke on August 4, 2017 regarding the well (LMAS 2353) and August 9, 2017 regarding the fresh water pond (LMAS 2362). It was determined no archaeology survey was needed due to previous

104.63333° W 104.60000° W 104.56667° W 104.53333° W 104.50000° W 104.46667° W 104.43333° W 104.40000° W 104.36667° W 104.33333° W WGS84 104.28333° W

MAP 1

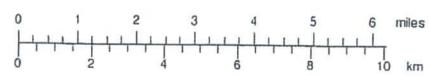
Artesia, NM

Irami 34 Federal 2

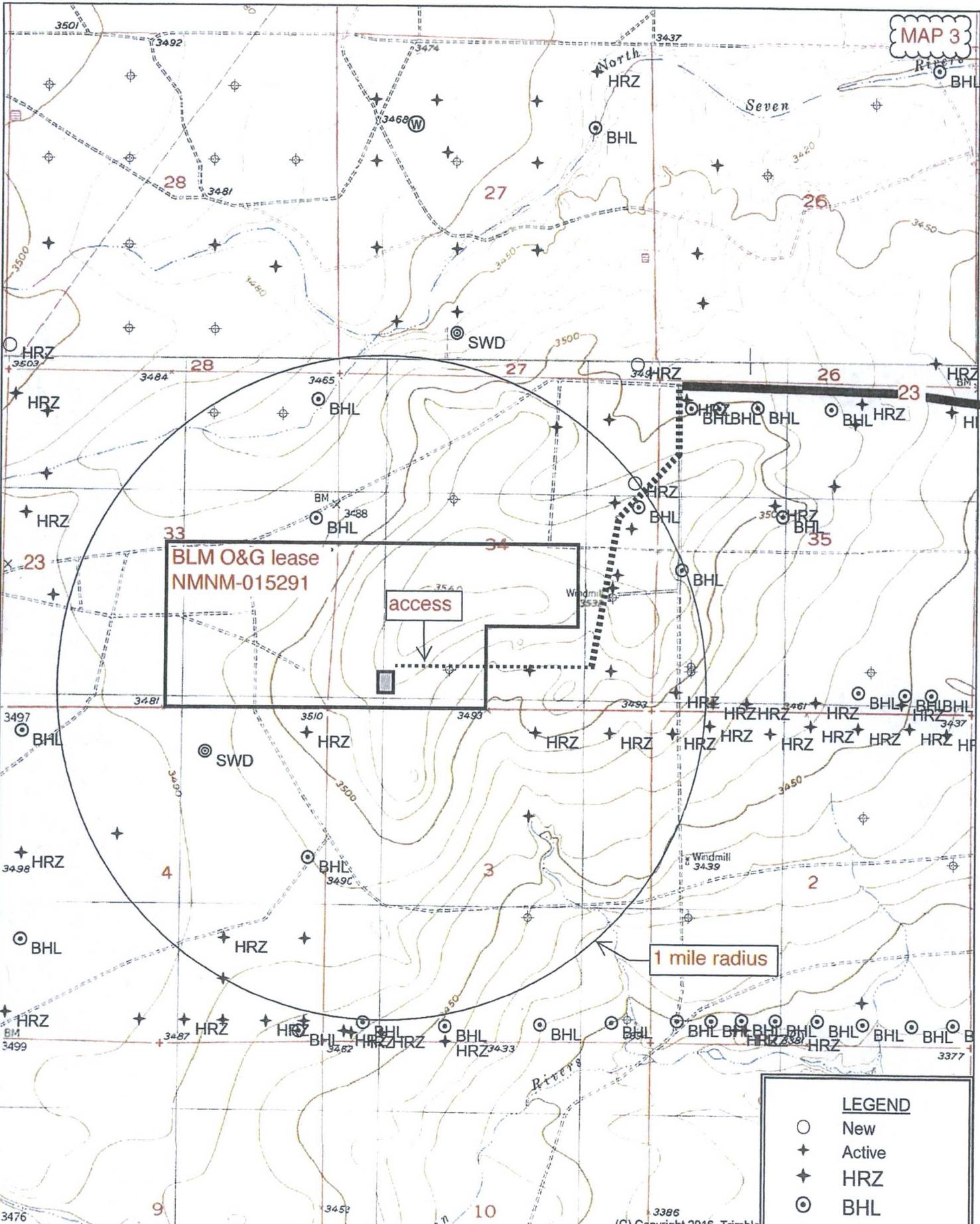


Map created with ©2010 National Geographic, ©2005 Tele Atlas, Rel. 8/2005

NATIONAL GEOGRAPHIC



TN#1MN 7.5" 07/28/17



BLM O&G lease  
NMNM-015291

access

1 mile radius

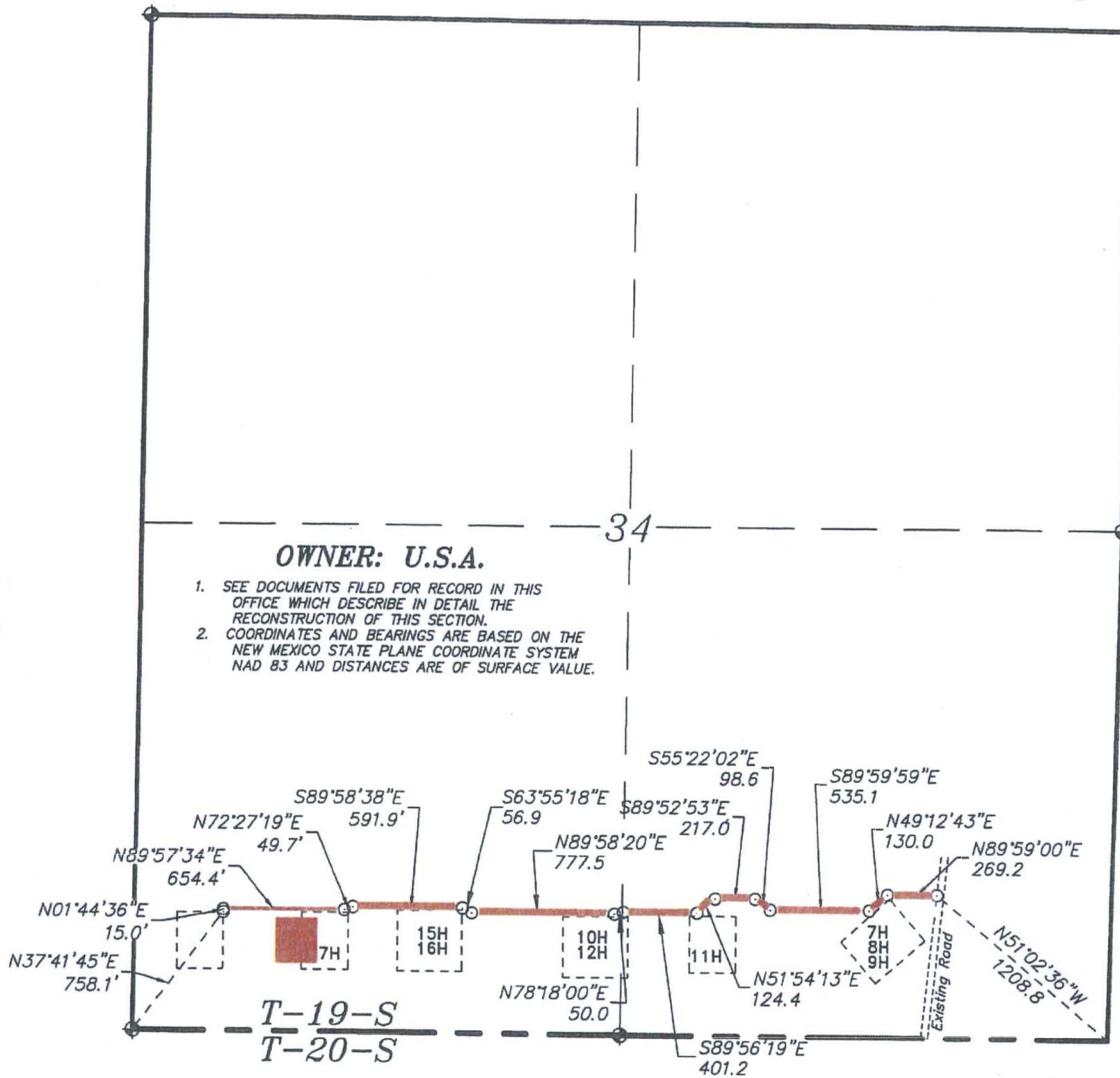
LEGEND	
○	New
+	Active
✦	HRZ
⊙	BHL
⊕	P&A
⊗	INJ
⊙	SWD
⊙	Water

Quad: SEVEN RIVERS  
Scale: 1 inch = 2,000 ft.

(C) Copyright 2016, Trimble

SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST. N.M.P.M.,  
EDDY COUNTY,  
NEW MEXICO.

MAP 5



OWNER: U.S.A.

1. SEE DOCUMENTS FILED FOR RECORD IN THIS OFFICE WHICH DESCRIBE IN DETAIL THE RECONSTRUCTION OF THIS SECTION.
2. COORDINATES AND BEARINGS ARE BASED ON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM NAD 83 AND DISTANCES ARE OF SURFACE VALUE.

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



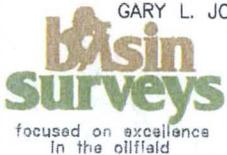
GARY L. JONES, P.S. No. 7977  
No. 5074



**PERCUSSION PETROLEUM OPERATING, LLC**

REF: PROPOSED HUBER FEDERAL LEASE ROAD

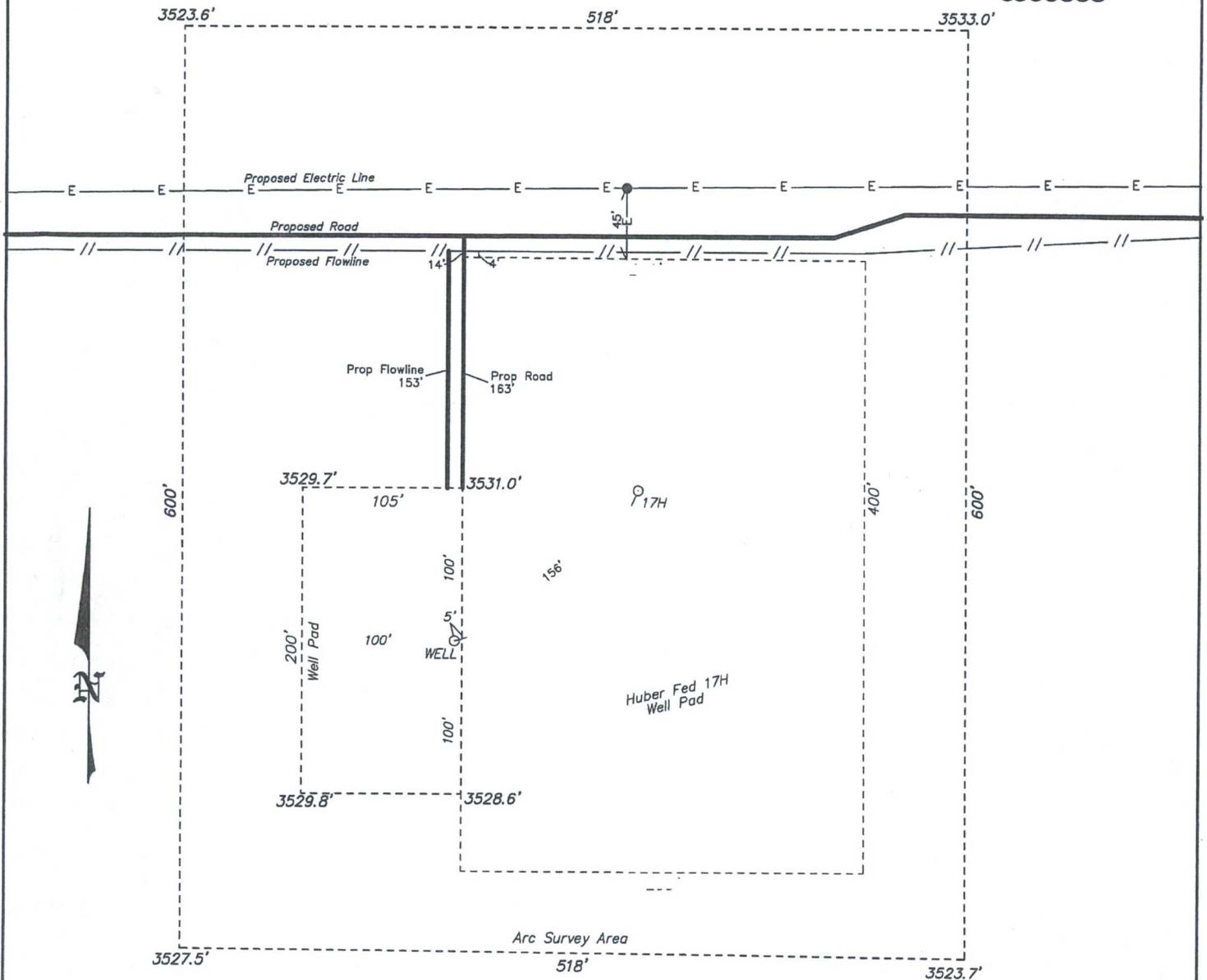
A LEASE ROAD CROSSING USA LAND IN  
SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST.  
N.M.P.M., EDDY COUNTY, NEW MEXICO.



P.O. Box 1786 (575) 393-7316 - Office  
1120 N. West County Rd. (575) 392-2206 - Fax  
Hobbs, New Mexico 88241 basin-surveys.com

SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.

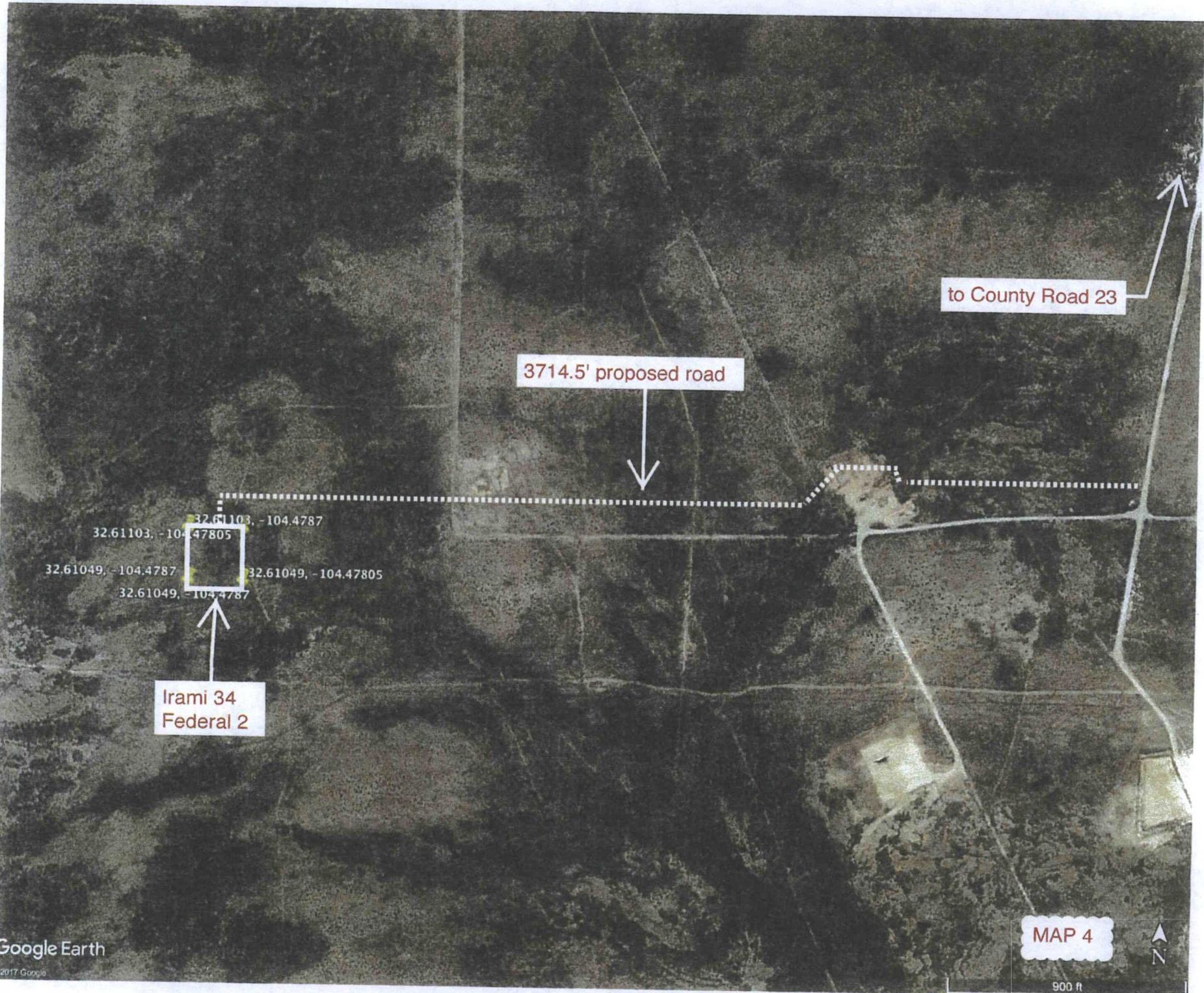
MAP 7



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

**PERCUSSION PETROLEUM OPERATING, LLC**

REF: IRAMI "34" FEDERAL #2 / WELL PAD TOPO  
 THE IRAMI "34" FEDERAL #2 LOCATED 380' FROM  
 THE SOUTH LINE AND 885' FROM THE WEST LINE OF  
 SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

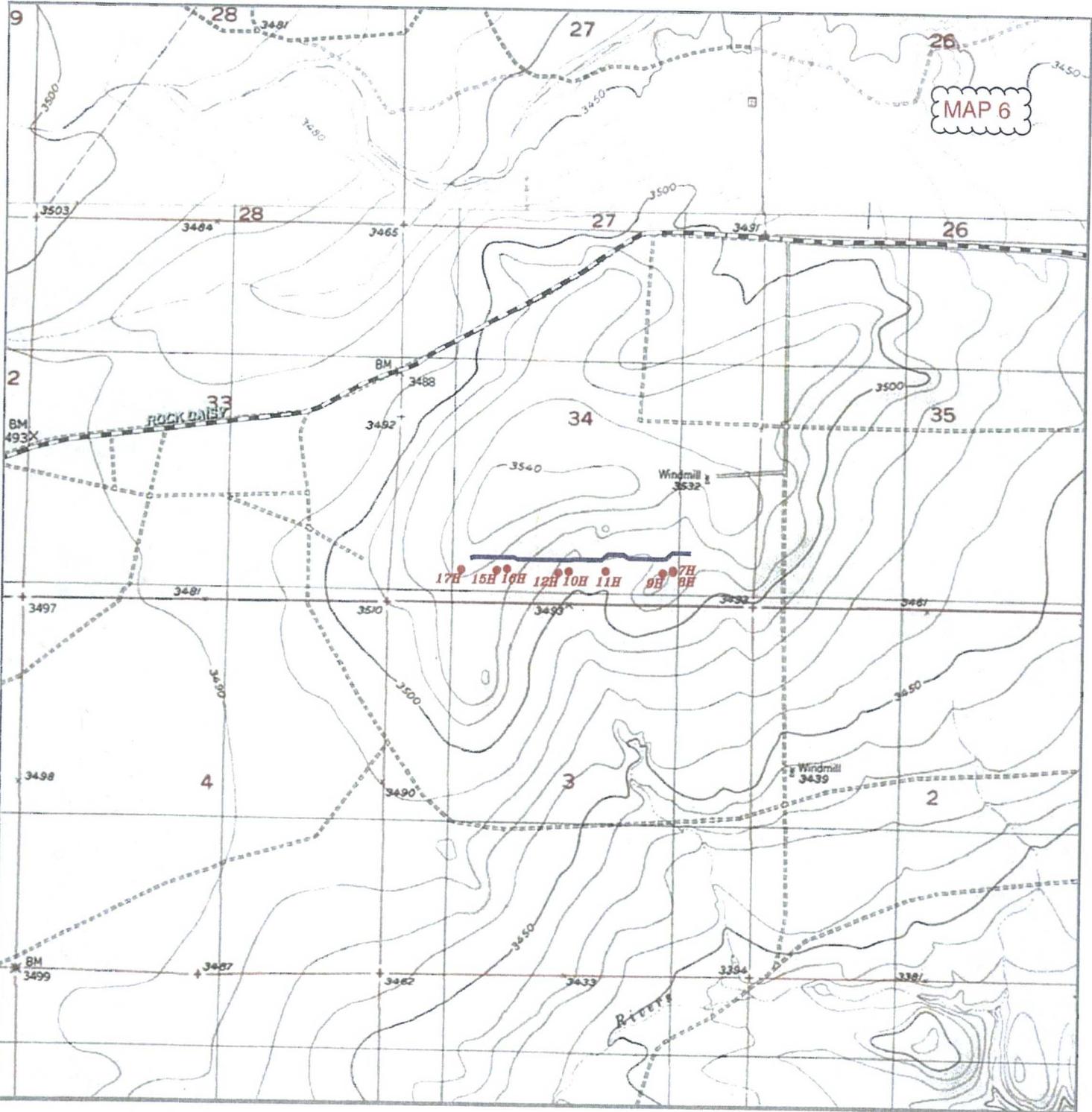


to County Road 23

3714.5' proposed road

Irami 34  
Federal 2

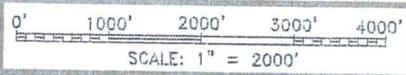
32.61103, -104.4787  
32.61103, -104.47805  
32.61049, -104.4787  
32.61049, -104.47805



**PROPOSED HUBER FEDERAL LEASE ROAD**  
 Section 34, Township 19 South, Range 25 East,  
 N.M.P.M., Eddy County, New Mexico.



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 basinsurveys.com



W.O. Number: KJG 33199  
 Survey Date: 07-28-2017  
 YELLOW TINT - USA LAND  
 BLUE TINT - STATE LAND  
 NATURAL COLOR - FEE LAND



**PERCUSSION  
 PETROLEUM  
 OPERATING, LLC**

access



32.61146, -104.48053

32.61145, -104.47833

32.61145, -104.47752

32.61154, -104.47663

32.61154, -104.47551

32.61146, -104.47971

Huber  
Federal  
17H

Huber  
Federal  
15H &  
16H

Huber  
Federal  
18H

Irami 34  
Federal 2

32.61143, -104.47805

32.61063, -104.48053

32.61063, -104.47971

32.61143, -104.47833

32.61064, -104.47752

32.6106, -104.47663

32.6106, -104.47551

32.61049, -104.4787

32.61049, -104.47805

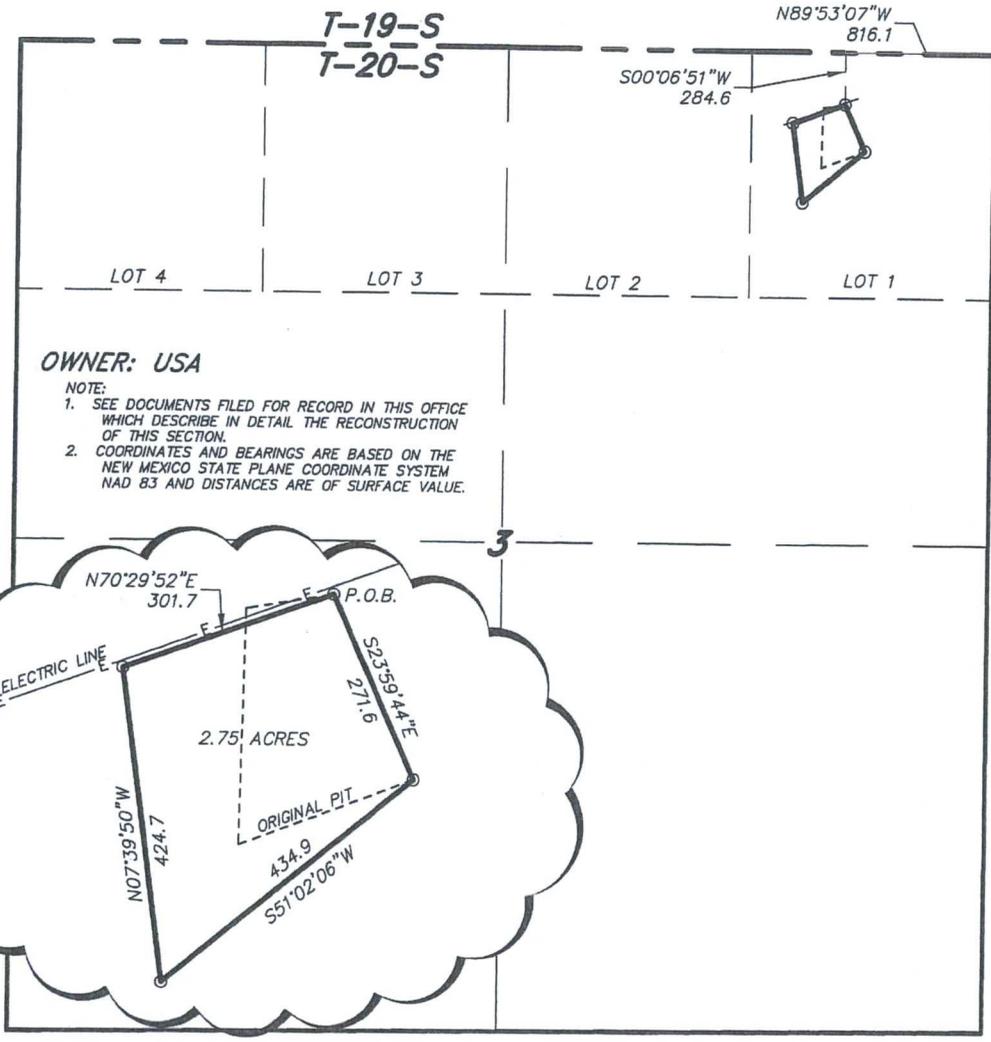
32.61049, -104.4787





SECTION 3, TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.

MAP 10



**OWNER: USA**  
 NOTE:  
 1. SEE DOCUMENTS FILED FOR RECORD IN THIS OFFICE WHICH DESCRIBE IN DETAIL THE RECONSTRUCTION OF THIS SECTION.  
 2. COORDINATES AND BEARINGS ARE BASED ON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM NAD 83 AND DISTANCES ARE OF SURFACE VALUE.

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 3, TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:  
 BEGINNING AT A POINT WHICH LIES N89°53'07"W., 816.1 FEET AND S00°06'51"W., 284.6 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 3; THENCE S23°59'44"E., 271.6 FEET; THENCE S51°02'06"W., 434.9 FEET; THENCE N07°39'50"W., 424.7 FEET; THENCE N70°29'52"E., 301.7 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 2.75 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES, P.S. No. 7977  
 TEXAS, No. 5074



P.O. Box 1786 (575) 393-7316 - Office  
 1120 N. West County Rd. (575) 392-2206 - Fax  
 Hobbs, New Mexico 88241 basin-surveys.com



**PERCUSSION PETROLEUM, LLC**  
 REF: HUBER WATER PIT EXPANSION

A TRACT OF LAND LOCATED ON USA LAND IN  
 SECTION 3, TOWNSHIP 20 SOUTH, RANGE 25 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

to County Road 23

3714.5' proposed road

32.61103, -104.47805  
32.61049, -104.4787  
32.61049, -104.4787  
32.61103, -104.4787

Irami 34  
Federal 2

proposed ≈4850'  
temporary surface  
freshwater line

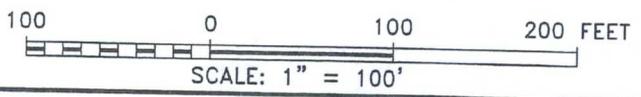
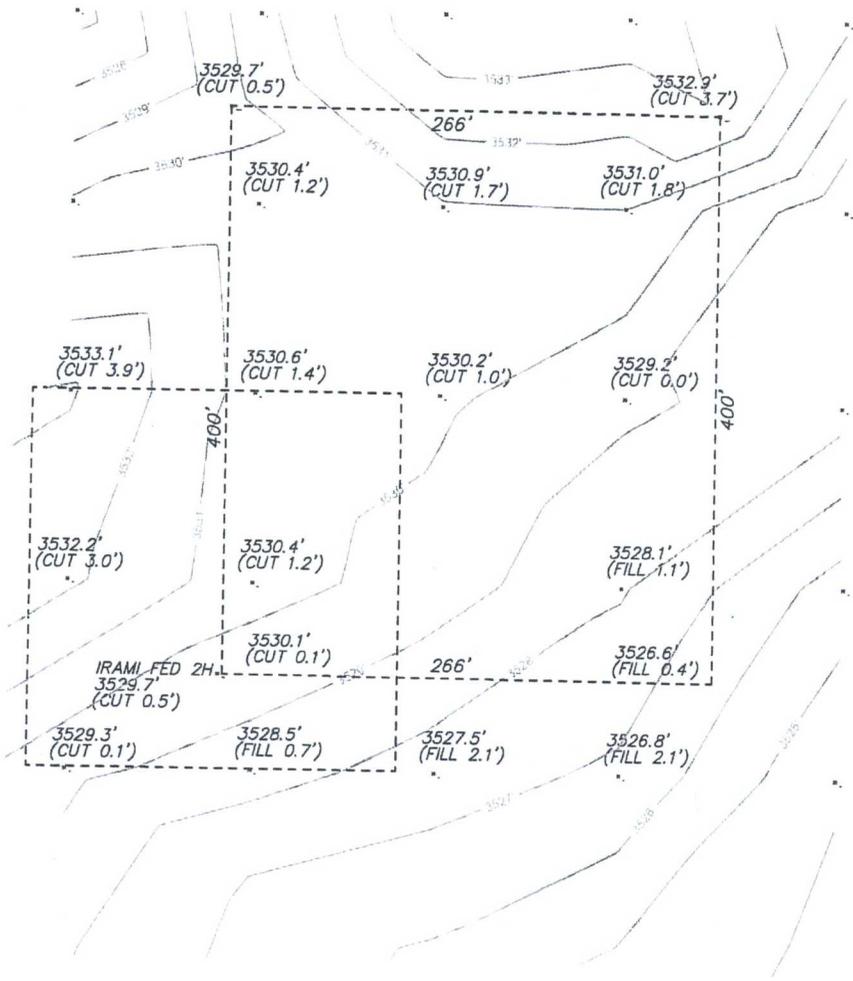
POND





SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.

MAP 14



**PERCUSSION PETROLEUM OPERATING, LLC**

REF: IRAMI "34" FEDERAL #2 / WELL PAD CUT & FILL

THE WELL PAD LOCATED IN  
 SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.



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 1120 N. West County Rd. (575) 392-2206 - Fax  
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Percussion Petroleum Operating, LLC  
Irami 34 Federal 2  
380' FSL & 885' FWL  
Sec. 34, T. 19 S., R. 25 E.  
Eddy County, NM

SURFACE PLAN PAGE 1

Surface Use Plan

1. ROAD DIRECTIONS & DESCRIPTIONS (See MAPS 1 - 8)

From the junction of US 82 & US 285 in Artesia....  
Go South 15.6 miles on US 285 to the equivalent of Mile Post 53.6  
Then turn right and go West 3.05 miles on paved County Road 23 (Rock Daisy)  
Then turn left and go S 0.2 mile on a caliche road  
Then bear right and go SW 0.75 miles on a caliche road  
Then turn right and go West 3301.5' cross-country to the 17H pad  
Continue West 250' cross-country just North of the 17H pad to its NW corner  
Then turn left and go South 163' cross-country to the Irami 34 Federal 2 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 be done at least once a year, and more often as needed.

2. ROAD TO BE BUILT OR UPGRADED (See MAPS 4 - 8)

The 3714.5' of new resource road will be crowned and ditched, have a 14' wide driving surface, and be surfaced with caliche. Maximum disturbed width = 30'. Maximum grade = 4%. Maximum cut or fill = 3'.

Agave's underground gas pipeline will be padded. An arroyo just east of the 10H/12H pad will be a low water crossing with 4" rock. No culvert, cattle guard, or vehicle turn out is needed. Upgrading will consist of patching potholes with caliche and installing a drainage dip in the existing road in SESE Section 34 north of its junction with the new road.

Percussion Petroleum Operating, LLC  
Irami 34 Federal 2  
380' FSL & 885' FWL  
Sec. 34, T. 19 S., R. 25 E.  
Eddy County, NM

SURFACE PLAN PAGE 3

6. CONSTRUCTION MATERIALS & METHODS (See MAPS 13-15)

NM One Call (811) will be notified before construction starts. Top  $\approx 6$ " of soil and brush will be stockpiled west of the pad. V-door will face east. Closed loop drilling system will be used. Caliche will be hauled from existing caliche pits on private land. Arkland caliche pit is in NWNE 23-19s-25e. Seven Rivers caliche pit is in SWSW 6-20s-26e. Griffin caliche pit is in NWNE 14-20s-25e.

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 R360's state approved (NM-01-0006) disposal site at Halfway. 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, and mud logger.

9. WELL SITE LAYOUT (See MAPS 13 & 14)

Also see Rig Layout diagram for depictions of the well pad, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION (See MAPS 14 & 16)

Interim reclamation will be completed within 6 months of completing the well. Interim reclamation will consist of shrinking the pad  $\approx 17\%$  (0.16 acre) by

Percussion Petroleum Operating, LLC  
Irami 34 Federal 2  
380' FSL & 885' FWL  
Sec. 34, T. 19 S., R. 25 E.  
Eddy County, NM

SURFACE PLAN PAGE 5

Lone Mountain consulted with BLM's Bruce Boeke on August 4, 2017 regarding the well (LMAS 2353) and August 9, 2017 regarding the fresh water pond (LMAS 2362). It was determined no archaeology survey was needed due to previous coverage.

**Section 1 - General**

Would you like to address long-term produced water disposal? NO

**Section 2 - Lined Pits**

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

**Injection well type:**

**Injection well number:**

**Assigned injection well API number?**

**Injection well new surface disturbance (acres):**

**Minerals protection information:**

**Mineral protection attachment:**

**Underground Injection Control (UIC) Permit?**

**UIC Permit attachment:**

**Injection well name:**

**Injection well API number:**

### **Section 5 - Surface Discharge**

**Would you like to utilize Surface Discharge PWD options? NO**

**Produced Water Disposal (PWD) Location:**

**PWD surface owner:**

**PWD disturbance (acres):**

**Surface discharge PWD discharge volume (bbl/day):**

**Surface Discharge NPDES Permit?**

**Surface Discharge NPDES Permit attachment:**

**Surface Discharge site facilities information:**

**Surface discharge site facilities map:**

### **Section 6 - Other**

**Would you like to utilize Other PWD options? NO**

**Produced Water Disposal (PWD) Location:**

**PWD surface owner:**

**PWD disturbance (acres):**

**Other PWD discharge volume (bbl/day):**

**Other PWD type description:**

**Other PWD type attachment:**

**Have other regulatory requirements been met?**

**Other regulatory requirements attachment:**