Form 3160-3
(June 2015)

OCD – HOBBS
10/07/2020
RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM122620

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other

1c. Type of Completion: ☐ Hydraulic Fracturing ☑ Single Zone ☐ Multiple Zone

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
RED HILLS FEDERAL [5467]
703H

2. Name of Operator
KAISER FRANCIS OIL COMPANY [12361]

9. API Well No.
30-025-47855

3a. Address	3b. Phone No. *(include area code)*	10. Field and Pool, or Exploratory
6733 S. Yale Ave., Tulsa, OK 74121	(918) 491-0000	[97903] WC-025 G-06 S253329E/UPPER BONE S

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface NWNW / 300 FNL / 990 FWL / LAT 32.0934909 / LONG -103.6167237
At proposed prod. zone SESW / 100 FSL / 1700 FWL / LAT 32.0655696 / LONG -103.6143541

11. Sec., T. R. M. or Blk. and Survey or Area
SEC 31/T25S/R33E/NMP

14. Distance in miles and direction from nearest town or post office*	12. County or Parish	13. State
25 miles	LEA	NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
300 feet	440.2	320.0

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. in file
20 feet	10250 feet / 21003 feet	FED: WYB000055

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3425 feet	03/01/2020	40 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be requested by the BLM.

25. Signature	Name *(Printed/Typed)*	Date
(Electronic Submission)	STORMI DAVIS / Ph: (918) 491-0000	01/09/2020

Title
Regulatory Analyst

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
(Electronic Submission)	Christopher Walls / Ph: (575) 234-2234	05/19/2020

Title	Office
Petroleum Engineer	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.

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.

GCP Rec 10/07/2020

SL

APPROVED WITH CONDITIONS

KZ
10/19/2020

(Continued on page 2)

*(Instructions on page 2)

Approval Date: 05/19/2020

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM I: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the wen, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionany drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

ITEM 24: If the proposal will involve hydraulic fracturing operations, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service wen or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record win be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The BLM conects this information to anow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Conection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

(Continued on page 3)

APD ID: 10400053006 **Submission Date:** 01/09/2020

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

Well Type: OIL WELL **Well Work Type:** Drill

Highlighted data reflects the most recent changes

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Section 1 - General

APD ID: 10400053006 **Tie to previous NOS?** N **Submission Date:** 01/09/2020

BLM Office: CARLSBAD **User:** Stormi Davis **Title:** Regulatory Analyst

Federal/Indian APD: FED **Is the first lease penetrated for production Federal or Indian?** FED

Lease number: NMNM122620 **Lease Acres:** 440.2

Surface access agreement in place? **Allotted?** **Reservation:**

Agreement in place? NO **Federal or Indian agreement:**

Agreement number:

Agreement name:

Keep application confidential? Y

Permitting Agent? YES **APD Operator:** KAISER FRANCIS OIL COMPANY

Operator letter of designation:

Operator Info

Operator Organization Name: KAISER FRANCIS OIL COMPANY

Operator Address: 6733 S. Yale Ave. **Zip:** 74121

Operator PO Box: PO Box 21468

Operator City: Tulsa **State:** OK

Operator Phone: (918)491-0000

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: RED HILLS FEDERAL **Well Number:** 703H **Well API Number:**

Field/Pool or Exploratory? Field and Pool **Field Name:** WC-025 G-06 S253329E **Pool Name:** UPPER BONE SPRING

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

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

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

Is the proposed well in a Helium production area? N **Use Existing Well Pad?** N **New surface disturbance?**

Type of Well Pad: MULTIPLE WELL **Multiple Well Pad Name:** RED HILLS **Number:** 6

Well Class: HORIZONTAL **Number of Legs:** 1

Well Work Type: Drill

Well Type: OIL WELL

Describe Well Type:

Well sub-Type: EXPLORATORY (WILDCAT)

Describe sub-type:

Distance to town: 25 Miles **Distance to nearest well:** 20 FT **Distance to lease line:** 300 FT

Reservoir well spacing assigned acres Measurement: 320 Acres

Well plat: RED_HILLS_703H_C102_20200109060628.pdf

RED_HILLS___PAYMENT_CONF_20200109060754.pdf

Well work start Date: 03/01/2020 **Duration:** 40 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83 **Vertical Datum:** NAVD88

Survey number: 7549B **Reference Datum:** GROUND LEVEL

Wellbore	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD	Will this well produce from this lease?
SHL Leg #1	300	FNL	990	FWL	25S	33E	31	Aliquot NWNW	32.0934909	-103.6167237	LEA	NEW MEXICO	NEW MEXICO	F	NMNM 122620	3425	0	0	Y
KOP Leg #1	300	FNL	990	FWL	25S	33E	31	Aliquot NWNW	32.0934909	-103.6167237	LEA	NEW MEXICO	NEW MEXICO	F	NMNM 122620	-6252	9744	9677	Y

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

Wellbore	NS-Foot	NS Indicator	EW-Foot	EW Indicator	Twsp	Range	Section	Aliquot/Lot/Tract	Latitude	Longitude	County	State	Meridian	Lease Type	Lease Number	Elevation	MD	TVD	Will this well produce from this lease?
PPP Leg #1-1	100	FNL	1700	FWL	25S	33E	31	Aliquot NENW	32.0940424	-103.6144315	LEA	NEW MEXICO	NEW MEXICO	F	NMNM 122620	-6825	10644	10250	Y
PPP Leg #1-2	2640	FSL	1700	FWL	25S	33E	31	Aliquot NESW	32.0870615	-103.614416	LEA	NEW MEXICO	NEW MEXICO	F	NMNM 015321	-6825	13184	10250	Y
EXIT Leg #1	100	FSL	1700	FWL	26S	33E	6	Aliquot SESW	32.0655696	-103.6143541	LEA	NEW MEXICO	NEW MEXICO	F	NMNM 015321	-6825	21003	10250	Y
BHL Leg #1	100	FSL	1700	FWL	26S	33E	6	Aliquot SESW	32.0655696	-103.6143541	LEA	NEW MEXICO	NEW MEXICO	F	NMNM 015321	-6825	21003	10250	Y

We value your feedback!

Let us know how we did. Complete our short two minute survey.

Tracking Information

Pay.gov Tracking ID: 26MM0MMM

Agency Tracking ID: 75923295565

Form Name: Bureau of Land Management (BLM) Application for Permit to Drill (APD) Fee

Application Name: BLM Oil and Gas Online Payment

Payment Information

Payment Type: Bank account (ACH)

Payment Amount: $112,530.00

Transaction Date: 01/07/2020 06:06:24 PM EST

Payment Date: 01/08/2020

Company: KAISER FRANCIS OIL COMPANY

APD IDs: 10400052977, 10400052992, 10400053005, 10400053006, 10400052983, 10400053001, 10400053004, 10400052994, 10400053000, 10400052998, 10400052997

Lease Numbers: NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620, NMNM-122620

Well Numbers: 201H, 701H, 203H, 703H, 604H, 605H, 705H, 206H, 506H, 606H, 706H

Note: You will need your Pay.gov Tracking ID to complete your APD transaction in AFMSS II. Please ensure you write this number down upon completion of payment.

Account Information

Account Holder Name: Kaiser-Francis Oil Co

Routing Number: 103900036

Account Number: **********1125

APD ID: 10400053006 **Submission Date:** 01/09/2020

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

Well Type: OIL WELL **Well Work Type:** Drill

Highlighted data reflects the most recent changes

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Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
628941	---	3425	0	0	OTHER : None	NONE	N
628942	RUSTLER	2565	860	860	SANDSTONE	NONE	N
628943	SALADO	2225	1200	1200	SALT	NONE	N
628944	TOP SALT	1425	2000	2000	SALT	NONE	N
628945	BASE OF SALT	-1025	4450	4450	SALT	NONE	N
628946	LAMAR	-1325	4750	4750	SANDSTONE	NATURAL GAS, OIL	N
628947	BELL CANYON	-1445	4870	4870	SANDSTONE	NATURAL GAS, OIL	N
628948	CHERRY CANYON	-2435	5860	5860	SANDSTONE	NATURAL GAS, OIL	N
628949	BRUSHY CANYON	-5175	8600	8600	SANDSTONE	NATURAL GAS, OIL	N
628957	BONE SPRING	-5375	8800	8800	LIMESTONE	NATURAL GAS, OIL	N
628958	AVALON SAND	-5585	9010	9010	SANDSTONE	NATURAL GAS, OIL	N
628952	BONE SPRING 1ST	-6525	9950	9950	SANDSTONE	NATURAL GAS, OIL	Y
628959	BONE SPRING 2ND	-7085	10510	10510	SANDSTONE	NATURAL GAS, OIL	N

Section 2 - Blowout Prevention

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

Pressure Rating (PSI): 10M **Rating Depth:** 15000

Equipment: 10M system will be installed according to Onshore Order #2 consisting of an Annular Preventer, BOP with two rams, a blind ram and safety valves and appropriate handles located on the rig floor. BOP will be equipped with 2 side outlets (choke side shall be a minimum 3 line, and kill side will be a minimum 2 line). Kill line will be installed with (2) valves and a check valve (2 min) of proper pressure rating for the system. Remote kill line (2 min) will be installed and ran to the outer edge of the substructure and be unobstructed. A manual and hydraulic valve (3 min) will be installed on the choke line, 3 chokes will be used with one being remotely controlled. Fill up line will be installed above the uppermost preventer. Pressure gauge of proper pressure rating will be installed on choke manifold. Upper and lower kelly cocks will be utilized with handles readily available in plain sight. A float sub will be available at all times. All connections subject to well pressure will be flanged, welded, or clamped.

Requesting Variance? YES

Variance request: Flex Hose Variance

Testing Procedure: BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure stated. If the system is upgraded all the components installed will be functional and tested. Pipe rams will be operationally checked each 24 hour period. The Annular shall be functionally operated at least weekly. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

Choke Diagram Attachment:

RED_HILLS_703H_Choke_Manifold_20200109061157.pdf

BOP Diagram Attachment:

Cactus_Flex_Hose_16C_Certification_20200107083316.pdf

Well_Control_Plan_20200107083317.pdf

Red_Hills_Pad_6_BOP_20200109061240.pdf

Red_Hills_Pad_6_Wellhead_Diagram_20200109061244.pdf

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	17.5	13.375	NEW	API	N	0	950	0	950	3425	2475	950	J-55	54.5	BUTT	2.5	6.1	DRY	17.6	DRY	16.5
2	INTERMEDIATE	12.25	9.625	NEW	API	N	0	4950	0	4950		-1525	4950	L-80	40	LT&C	1.2	2.2	DRY	3.7	DRY	4.6
3	PRODUCTION	8.5	5.5	NEW	API	N	0	21003	0	10250		-6825	21003	P-110	20	OTHER - GBCD	2.3	2.6	DRY	3.3	DRY	3.1

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

Casing Attachments

Casing ID: 1 **String Type:** SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Red_Hills_Federal_703H_Casing_Assumptions_20200109074441.pdf

Casing ID: 2 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Red_Hills_Federal_703H_Casing_Assumptions_20200109074407.pdf

Casing ID: 3 **String Type:** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

GBCD_5.5in_Connection_Spec_Sheet_20200109074635.pdf

Red_Hills_Federal_703H_Casing_Assumptions_20200109074636.pdf

Section 4 - Cement

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	950	480	1.74	13.5	839	50	Halcem	Kol Seal
SURFACE	Tail		0	950	117	1.33	14.8	156	50	Halcem	Poly E-Flake
INTERMEDIATE	Lead		0	4950	772	2.08	12.5	1613	30	Econocem	Salt/Kol Seal
INTERMEDIATE	Tail		0	4950	305	1.34	14.8	407	30	Halcem	none
PRODUCTION	Lead		3800	21003	500	3.48	10.5	1744	10	Neocem	Kol Seal/Poly E-Flake
PRODUCTION	Tail		3800	21003	2250	1.22	14.5	2752	10	Versacem	Halad R-344/HR-610

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times

Describe the mud monitoring system utilized: PVT/Pason/Visual Monitoring

Circulating Medium Table

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
950	4950	OTHER : Brine	9.8	10.2							
4950	10250	OTHER : Cut Brine	8.7	9.2							
0	950	OTHER : FRESH WATER	8.4	9							

Operator Name: KAISER FRANCIS OIL COMPANY

Well Name: RED HILLS FEDERAL **Well Number:** 703H

Section 6 - Test, Logging, Coring

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

Top of cement on production casing will be determined by calculation.

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

DIRECTIONAL SURVEY,GAMMA RAY LOG,MUD LOG/GEOLOGIC LITHOLOGY LOG,

Coring operation description for the well:

None planned

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 4904 **Anticipated Surface Pressure:** 2649

Anticipated Bottom Hole Temperature(F): 191

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

Describe:

Contingency Plans geoharzards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

Red_Hills_H2S_Contingency_Plan_20200107084921.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Red_Hills_703H_Directional_Plan_20200109061421.pdf

Other proposed operations facets description:

Gas Capture Plan attached

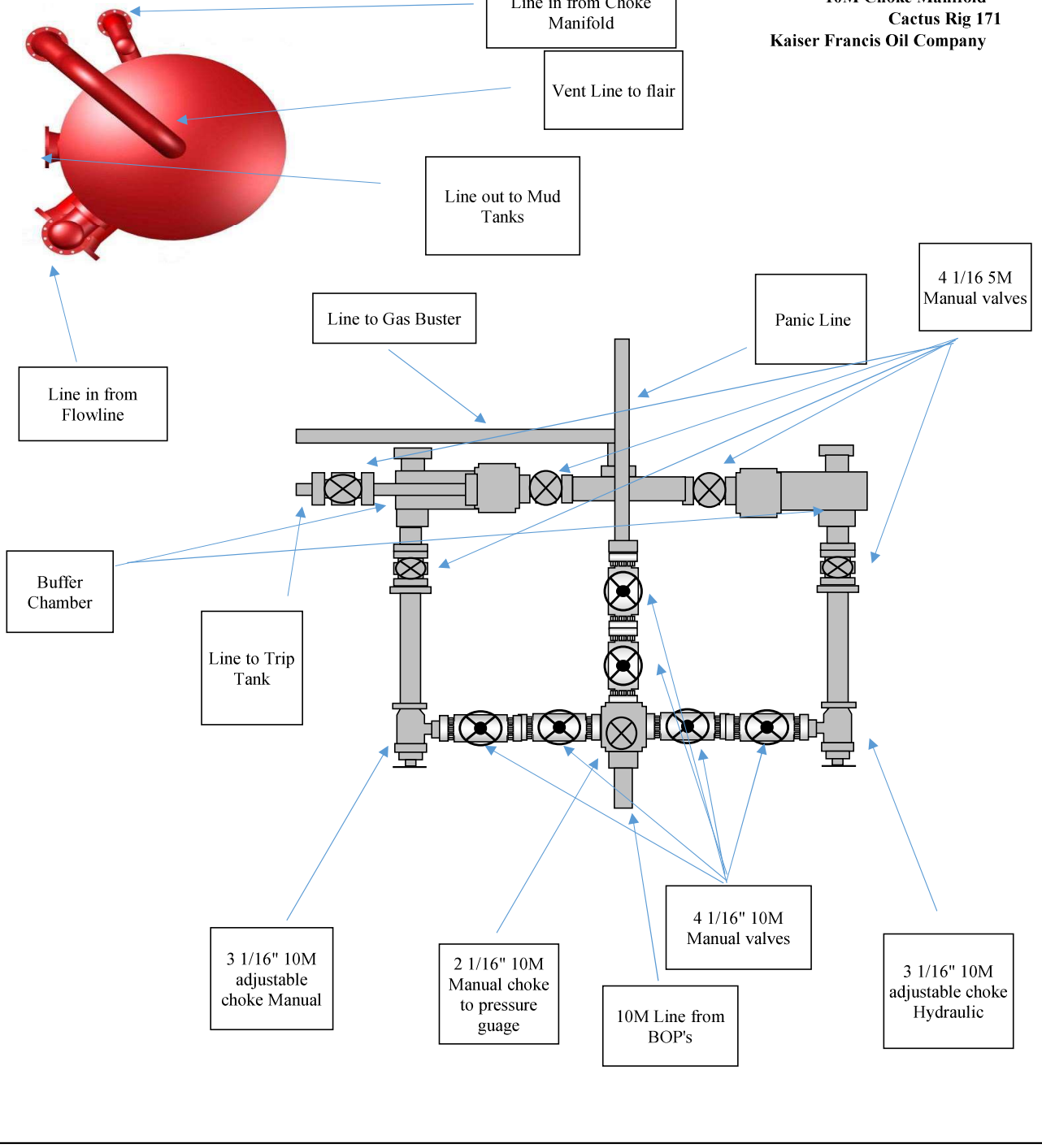
Other proposed operations facets attachment:

Red_Hills_Pad_6_Gas_Capture_Plan_20200109061458.pdf

Other Variance attachment:

Cactus_Flex_Hose_16C_Certification_20200107085029.pdf

10M Choke Manifold
Cactus Rig 171
Kaiser Francis Oil Company



Kaiser-Francis Oil Company
Red Hills Federal #703H
Casing Assumptions

Interval	Length	Casing Size	Weight (#/ft)	Grade	Thread	Condition	Hole Size	TVD (ft)	Mud Type	Mud Weight Hole Control	Depth	Viscosity	Fluid Loss	Anticipated Mud Weight (ppg)	Max Pore Pressure (psi)	Collapse (psi)	Burst (psi)	Body Tensile Strength	Joint Tensile Strength	Collapse Safety Factor (Min 1.1)	Burst Safety Factor (Min 1.0)	Body Tensile Safety Factor (Min 1.8)	Joint Tensile Safety Factor (Min 1.8)
Conductor	120	20"				New		120															
Surface	950	13-3/8"	54.5	J-55	BTC	New	17.5	950	FW	8.4 - 9.0	900	32 - 34	NC	9	445	1130	2730	853000	909000	2.5	6.1	16.5	17.6
Intermediate	4950	9-5/8"	40	L-80	LTC	New	12.25	4950	Brine	9.8 - 10.2	4800	28	NC	10	2574	3090	5750	916000	727000	1.2	2.2	4.6	3.7
Production	21003	5-1/2"	20	P110	GBCD	New	8.5	10250	Cut Brine	8.7 - 9.2	21003	28-29	NC	9.2	4904	11100	12640	641000	667000	2.3	2.6	3.1	3.3

KAISER-FRANCIS OIL COMPANY
HYDROGEN SULFIDE (H_2S) CONTINGENCY PLAN
FOR DRILLING/COMPLETION WORKOVER/FACILITY

Red Hills Pad 7
SECTION 6 -T26S-R33E
LEA COUNTY, NM

This well/facility is not expected to have H_2S, but due to the sensitive location, the following is submitted as requested.

TABLE OF CONTENTS

EMERGENCY RESPONSE ACTIVATION AND GENERAL RESPONSIBILITIES

Activation of the Emergency Action Plan

In the event of any emergency situation, all personnel on location should first ensure that the following items are initiated. After that, they should refer to the appropriate Specific Emergency Guidance sections below for further responsibilities:

1. Notify the senior ranking contract representative on site.
2. Notify Kaiser-Francis representative in charge.
3. Notify civil authorities if the Kaiser-Francis Representative cannot be contacted and the situation dictates.
4. Perform rescue and first aid as required (without jeopardizing additional personnel).

General Responsibilities

In the event of an H_2S emergency, the following plan will be initiated.

1) All personnel will immediately evacuate to an up-wind and if possible up-hill “safe area”.

2) If for any reason a person must enter the hazardous area, they must wear a SCBA (Self contained breathing apparatus).

3) Always use the “buddy system”.

4) Isolate the well/problem if possible.

5) Account for all personnel

6) Display the proper colors, warning all unsuspecting personnel of the danger at hand

7) Contact the Company personnel as soon as possible if not at the location. (use the enclosed call list as instructed)

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

INDIVIDUAL RESPONSIBILITIES DURING AN H_2S RELEASE

The following procedures and responsibilities will be implemented on activation of the H_2S siren and lights.

All Personnel:

1. On alarm, don escape unit (if available) and report to upwind briefing area.

Rig Manager/Tool Pusher:

1. Check that all personnel are accounted for and their condition.
2. Administer or arrange for first aid treatment, and/or call EMTs as needed.
3. Identify two people best suited to secure well and perform rescue, and instruct them to don SCBA.
4. Notify Contract management and Kaiser-Francis Representative.
5. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.

Two People Responsible for Shut-in and Rescue:

1. Don SCBA and acquire tools to secure well and perform rescue, i.e., wrenches, retrieval ropes, etc.
2. Utilize the buddy system to secure well and perform rescue(s).
3. Return to the briefing area and stand by for further instructions.

All Other Personnel:

1. Isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

Kaiser-Francis Oil Company Representative:

1. Remain at the briefing area, assess and monitor personnel and overall situation for hazards or conditions that might warrant a change in the action plan.
2. Notify company management or Local Incident Commander, and Police, Fire Department, or other local emergency services as required.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION:
Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police shall be the Incident Command of any major release.

The decision to ignite a well should be a last resort and one if not both of the following pertain.

1) Human life and/or property are in danger.

2) There is no hope of bringing the situation under control with the prevailing conditions at the site.

INSTRUCTIONS FOR IGNITION:

1) Two people are required. They must be equipped with positive pressure; self contained breathing apparatus and a "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.

2) One of the people will be a qualified safety person who will test the atmosphere for H_2S, Oxygen, & LFL. The other person will be the company supervisor; he is responsible for igniting the well.

3) Ignite up-wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun shall be used, with a +/-500' range to ignite the gas.

4) Prior to ignition, make a final check for combustible gases.

5) Following ignition, continue with the emergency actions & procedures as before.

CONTACTING AUTHORITIES

Kaiser-Francis personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. This response plan must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been reached)

	OFFCE	MOBILE
Kaiser-Francis Oil Co.	918/494-0000	
Bill Wilkinson	580/668-2335	580/221-4637
David Zerger	918/491-4350	918/557-6708
Charles Lock	918/491-4337	918/671-6510
Stuart Blake	918/491-4347	918/510-4126
Robert Sanford	918/491-4201	918/770-2682
Eric Hansen	918/491-4339	918/527-5260

EMERGENCY RESPONSE NUMBERS: Lea County, New Mexico

State Police – Artesia	575/748-9718
State Police – Hobbs	575/392-5580
State Police – Carlsbad	575/885-3138
Lea County Sheriff - Lovington	575/396-3611
Local Emergency Planning Center – Lea County	575/396-8607
Local Emergency Planning Center – Eddy County	575/885-3581
Fire Fighting, Rescue & Ambulance – Carlsbad	911 or 575/885-3125
Fire Fighting, Rescue & Ambulance – Hobbs	911 or 575/397-9308
Fire Fighting – Jal Volunteer Fire Department	911 or 505/395-2221
New Mexico Oil & Gas Commission – Artesia	575/748-1283
New Mexico Oil & Gas Commission – Hobbs	575/393-6161
Air Medical Transport Services – Hobbs	800/550-1025
Med Flight Air Ambulance – Albuquerque	505/842-4433
Angel MedFlight	844/553-9033
DXP	432/580-3770
BJ Services	575/392-5556
Halliburton	575/392-6531 800/844-8451

PROTECTION OF THE GENERAL PUBLIC/ROE:

In the event of a release with a concentration greater than 100 ppm H_2S, the ROE (Radius of Exposure) calculations will be done to determine if the following conditions have been met:

- Does the 100 ppm ROE include any public area (any place not associated with this site)
- Does the 500 ppm ROE include any public road (any road which the general public may travel)
- Is the 100 ppm ROE equal to or greater than 3000 feet

If any one of these conditions have been met then the Contingency Plan will be implemented. The following shows how to calculate the radius of exposure and an example.

Calculation for the 100 ppm ROE:

X = [(1.589)(concentration)(Q)] (0.6258)

Calculation for the 500 ppm ROE:

X+[(0.4546)(concentration)(Q)] (.06258)

(H2S concentrations in decimal form)
10,000 ppm +=1.+
1,000 ppm +=.1+
100 ppm +=.01+
10 ppm +=.001+

EXAMPLE: If a well/facility has been determined to have 150 ppm H_2S in the gas mixture and the well/facility is producing at a gas rate of 200 MCFPD then:

ROE for 100 PPM X=[(1.589)(.0150)(200)] (0.6258)
X=2.65'

ROE for 500 PPM X=[(.4546)(.0150)(200)] (0.6258)
X=1.2'

(These calculations will be forwarded to the appropriate District NMOCD office when applicable.)

PUBLIC EVACUATION PLAN:
(When the supervisor has determined that the General Public will be involved, the following plan will be implemented)

1) Notification of the emergency response agencies of the hazardous condition and Implement evacuation procedures.

2) A trained person in H_2S safety, shall monitor with detection equipment the H_2S Concentration, wind and area of exposure (ROE). This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. **(All monitoring equipment will be UL approved, for use in class I groups A,B,C & D, Division I, hazardous locations. All monitors will have a minimum capability of measuring H_2S, oxygen, and flammable values.)**

3) Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.

4) The company supervising personnel shall stay in communication with all agencies through out the duration of the situation and inform such agencies when the situation has been contained and the effected area(s) is safe to enter.

CHARACTERISTICS OF H_2S AND SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

TRAINING:

All responders must have training in the detection of H_2S measures for protection against the gas, equipment used for protection and emergency response. Weekly drills by all crews will be conducted and recorded in the IADC daily log. Additionally, responders must be equipped with H_2S monitors at all times.

PUBLIC RELATIONS

Kaiser-Francis recognizes that the news media have a legitimate interest in incidents at Kaiser-Francis facilities that could affect the public. It is to the company's benefit to cooperate with the news media when incidents occur because these media are our best liaison with the public.

Our objective is to see that all reports of any emergency are factual and represent the company's position fairly and accurately. Cooperation with news media representatives is the most reliable guarantee that this objective will be met.

All contract and Kaiser-Francis employees are instructed **NOT** to make any statement to the media concerning the emergency incident. If a media representative contacts any employee, they should refer them to the designated Emergency Command Center where they should contact the Incident Commander or his designated relief for any information concerning the incident.

Kaiser-Francis Oil Company

Project: Permian NM E'83
County: Lea
Site: Red Hills 203-703 Pad
Well: Red Hills 703H
Wellbore: #703H OH
Design: Plan #1

TITAN Directional Drilling

CASING DETAILS

TVD	MD	Name
950.00	950.00	13 3/8"
4950.00	4979.95	9 5/8"

T G M

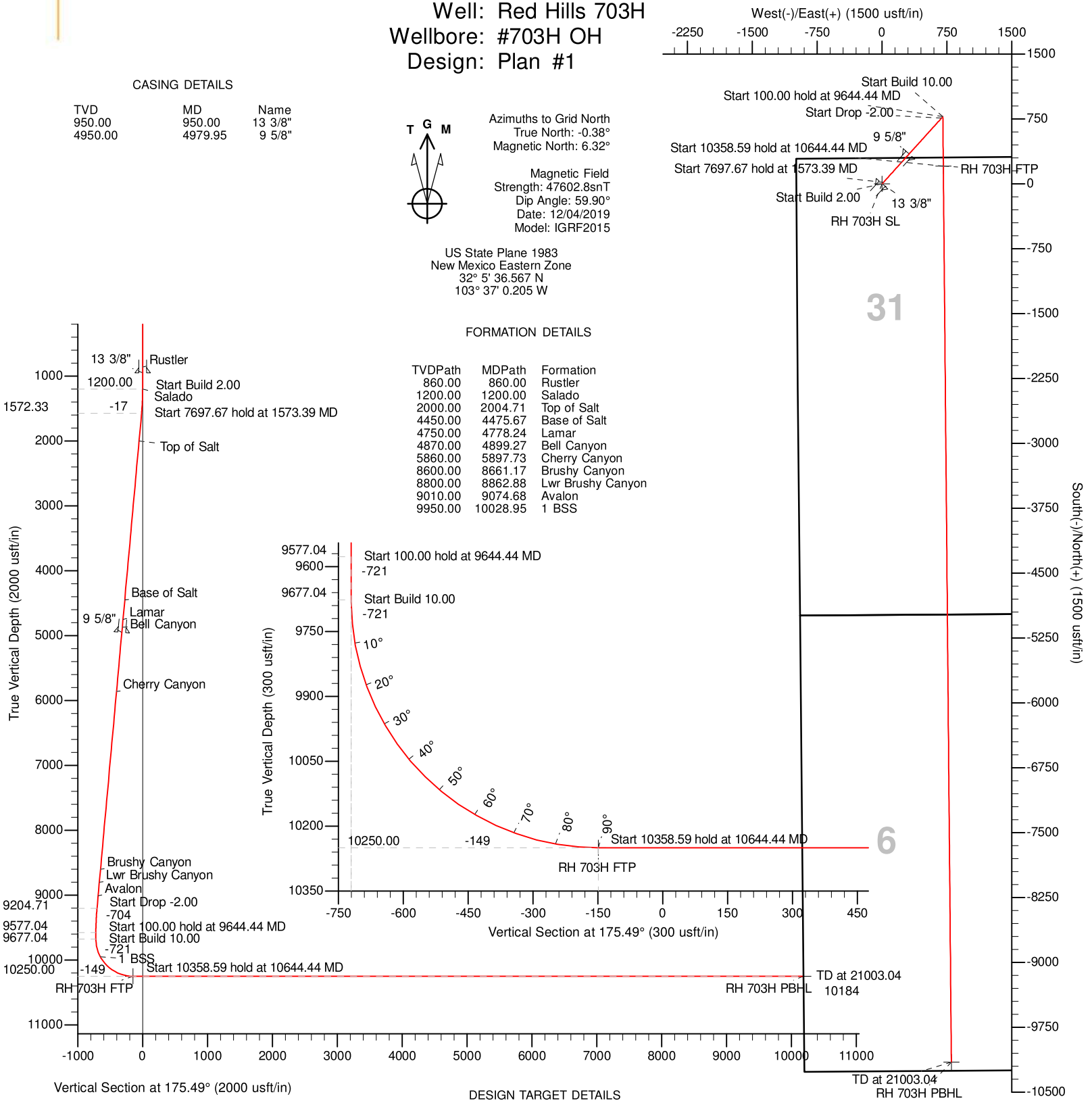
Azimuths to Grid North
True North: -0.38°
Magnetic North: 6.32°

Magnetic Field
Strength: 47602.8snT
Dip Angle: 59.90°
Date: 12/04/2019
Model: IGRF2015

US State Plane 1983
New Mexico Eastern Zone
32° 5' 36.567 N
103° 37' 0.205 W

FORMATION DETAILS

TVDPath	MDPath	Formation
860.00	860.00	Rustler
1200.00	1200.00	Salado
2000.00	2004.71	Top of Salt
4450.00	4475.67	Base of Salt
4750.00	4778.24	Lamar
4870.00	4899.27	Bell Canyon
5860.00	5897.73	Cherry Canyon
8600.00	8661.17	Brushy Canyon
8800.00	8862.88	Lwr Brushy Canyon
9010.00	9074.68	Avalon
9950.00	10028.95	1 BSS



DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
RH 703H SL	0.00	0.00	0.00	398486.16	763254.78	32° 5' 36.567 N	103° 37' 0.205 W
RH 703H FTP	10250.00	205.34	708.54	398691.49	763963.29	32° 5' 38.553 N	103° 36' 51.953 W
RH 703H PBHL	10250.00	-10152.82	801.54	388333.69	764056.29	32° 3' 56.051 N	103° 36' 51.675 W

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	1200.00	0.00	0.00	1200.00	0.00	0.00	0.00	0.00	0.00	
3	1573.39	7.47	42.11	1572.33	18.03	16.29	2.00	42.11	-16.69	
4	9271.06	7.47	42.11	9204.71	760.26	687.10	0.00	0.00	-703.83	
5	9644.44	0.00	0.00	9577.04	778.29	703.39	2.00	180.00	-720.52	
6	9744.44	0.00	0.00	9677.04	778.29	703.39	0.00	0.00	-720.52	
7	10644.44	90.00	179.49	10250.00	205.36	708.53	10.00	179.49	-148.96	
8	21003.04	90.00	179.49	10250.00	-10152.82	801.54	0.00	0.00	10184.41	RH 703H PBHL

S31-T25S-R33E SL
300'FNL 990'FWL
S31-T25S-R33E FTP
100'FNL 1700'FWL
S6-T26S-R33E PBHL
100'FSL 1700'FWL

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
Project:	Permian NM E'83	**TVD Reference:**	est.GL+KB @ 3450.00usft (planning)
Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

Project Permian NM E'83

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		Using geodetic scale factor

Site Red Hills 203-703 Pad, Centered on 203H

Site Position:		**Northing:**	398,486.31 usft	**Latitude:**	32° 5' 36.567 N
From:	Map	**Easting:**	763,284.73 usft	**Longitude:**	103° 36' 59.857 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	0.38 °

Well Red Hills 703H

Well Position	**+N/-S**	0.00 usft	**Northing:**	398,486.16 usft	**Latitude:**	32° 5' 36.567 N
	+E/-W	0.00 usft	**Easting:**	763,254.78 usft	**Longitude:**	103° 37' 0.205 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**	usft	**Ground Level:**	3,425.00 usft

Wellbore #703H OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2015	12/04/19	6.70	59.90	47,602.80574724

Design Plan #1

Audit Notes:

Version:		**Phase:**	PROTOTYPE	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	175.49

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)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
860.00	0.00	0.00	860.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
950.00	0.00	0.00	950.00	0.00	0.00	0.00	0.00	0.00	0.00
13 3/8"									
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
Salado									
1,300.00	2.00	42.11	1,299.98	1.29	1.17	-1.20	2.00	2.00	0.00
1,400.00	4.00	42.11	1,399.84	5.18	4.68	-4.79	2.00	2.00	0.00
1,500.00	6.00	42.11	1,499.45	11.64	10.52	-10.78	2.00	2.00	0.00
1,573.39	7.47	42.11	1,572.33	18.03	16.29	-16.69	2.00	2.00	0.00
1,600.00	7.47	42.11	1,598.72	20.59	18.61	-19.06	0.00	0.00	0.00
1,700.00	7.47	42.11	1,697.87	30.24	27.33	-27.99	0.00	0.00	0.00
1,800.00	7.47	42.11	1,797.02	39.88	36.04	-36.92	0.00	0.00	0.00
1,900.00	7.47	42.11	1,896.17	49.52	44.75	-45.84	0.00	0.00	0.00
2,000.00	7.47	42.11	1,995.33	59.16	53.47	-54.77	0.00	0.00	0.00

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
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Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

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)
2,004.71	7.47	42.11	2,000.00	59.62	53.88	-55.19	0.00	0.00	0.00
Top of Salt									
2,100.00	7.47	42.11	2,094.48	68.81	62.18	-63.70	0.00	0.00	0.00
2,200.00	7.47	42.11	2,193.63	78.45	70.90	-72.62	0.00	0.00	0.00
2,300.00	7.47	42.11	2,292.78	88.09	79.61	-81.55	0.00	0.00	0.00
2,400.00	7.47	42.11	2,391.93	97.73	88.33	-90.48	0.00	0.00	0.00
2,500.00	7.47	42.11	2,491.08	107.37	97.04	-99.40	0.00	0.00	0.00
2,600.00	7.47	42.11	2,590.24	117.02	105.76	-108.33	0.00	0.00	0.00
2,700.00	7.47	42.11	2,689.39	126.66	114.47	-117.26	0.00	0.00	0.00
2,800.00	7.47	42.11	2,788.54	136.30	123.18	-126.18	0.00	0.00	0.00
2,900.00	7.47	42.11	2,887.69	145.94	131.90	-135.11	0.00	0.00	0.00
3,000.00	7.47	42.11	2,986.84	155.59	140.61	-144.04	0.00	0.00	0.00
3,100.00	7.47	42.11	3,086.00	165.23	149.33	-152.96	0.00	0.00	0.00
3,200.00	7.47	42.11	3,185.15	174.87	158.04	-161.89	0.00	0.00	0.00
3,300.00	7.47	42.11	3,284.30	184.51	166.76	-170.82	0.00	0.00	0.00
3,400.00	7.47	42.11	3,383.45	194.16	175.47	-179.74	0.00	0.00	0.00
3,500.00	7.47	42.11	3,482.60	203.80	184.19	-188.67	0.00	0.00	0.00
3,600.00	7.47	42.11	3,581.75	213.44	192.90	-197.60	0.00	0.00	0.00
3,700.00	7.47	42.11	3,680.91	223.08	201.61	-206.52	0.00	0.00	0.00
3,800.00	7.47	42.11	3,780.06	232.73	210.33	-215.45	0.00	0.00	0.00
3,900.00	7.47	42.11	3,879.21	242.37	219.04	-224.38	0.00	0.00	0.00
4,000.00	7.47	42.11	3,978.36	252.01	227.76	-233.30	0.00	0.00	0.00
4,100.00	7.47	42.11	4,077.51	261.65	236.47	-242.23	0.00	0.00	0.00
4,200.00	7.47	42.11	4,176.67	271.29	245.19	-251.16	0.00	0.00	0.00
4,300.00	7.47	42.11	4,275.82	280.94	253.90	-260.08	0.00	0.00	0.00
4,400.00	7.47	42.11	4,374.97	290.58	262.61	-269.01	0.00	0.00	0.00
4,475.67	7.47	42.11	4,450.00	297.88	269.21	-275.77	0.00	0.00	0.00
Base of Salt									
4,500.00	7.47	42.11	4,474.12	300.22	271.33	-277.94	0.00	0.00	0.00
4,600.00	7.47	42.11	4,573.27	309.86	280.04	-286.86	0.00	0.00	0.00
4,700.00	7.47	42.11	4,672.42	319.51	288.76	-295.79	0.00	0.00	0.00
4,778.24	7.47	42.11	4,750.00	327.05	295.58	-302.78	0.00	0.00	0.00
Lamar									
4,800.00	7.47	42.11	4,771.58	329.15	297.47	-304.72	0.00	0.00	0.00
4,899.27	7.47	42.11	4,870.00	338.72	306.12	-313.58	0.00	0.00	0.00
Bell Canyon									
4,900.00	7.47	42.11	4,870.73	338.79	306.19	-313.64	0.00	0.00	0.00
4,979.95	7.47	42.11	4,950.00	346.50	313.15	-320.78	0.00	0.00	0.00
9 5/8"									
5,000.00	7.47	42.11	4,969.88	348.43	314.90	-322.57	0.00	0.00	0.00
5,100.00	7.47	42.11	5,069.03	358.08	323.62	-331.50	0.00	0.00	0.00
5,200.00	7.47	42.11	5,168.18	367.72	332.33	-340.42	0.00	0.00	0.00
5,300.00	7.47	42.11	5,267.34	377.36	341.04	-349.35	0.00	0.00	0.00
5,400.00	7.47	42.11	5,366.49	387.00	349.76	-358.28	0.00	0.00	0.00

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
Project:	Permian NM E'83	**TVD Reference:**	est.GL+KB @ 3450.00usft (planning)
Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

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)
5,500.00	7.47	42.11	5,465.64	396.65	358.47	-367.20	0.00	0.00	0.00
5,600.00	7.47	42.11	5,564.79	406.29	367.19	-376.13	0.00	0.00	0.00
5,700.00	7.47	42.11	5,663.94	415.93	375.90	-385.06	0.00	0.00	0.00
5,800.00	7.47	42.11	5,763.09	425.57	384.62	-393.98	0.00	0.00	0.00
5,897.73	7.47	42.11	5,860.00	435.00	393.13	-402.71	0.00	0.00	0.00
Cherry Canyon									
5,900.00	7.47	42.11	5,862.25	435.22	393.33	-402.91	0.00	0.00	0.00
6,000.00	7.47	42.11	5,961.40	444.86	402.05	-411.84	0.00	0.00	0.00
6,100.00	7.47	42.11	6,060.55	454.50	410.76	-420.76	0.00	0.00	0.00
6,200.00	7.47	42.11	6,159.70	464.14	419.47	-429.69	0.00	0.00	0.00
6,300.00	7.47	42.11	6,258.85	473.78	428.19	-438.62	0.00	0.00	0.00
6,400.00	7.47	42.11	6,358.01	483.43	436.90	-447.54	0.00	0.00	0.00
6,500.00	7.47	42.11	6,457.16	493.07	445.62	-456.47	0.00	0.00	0.00
6,600.00	7.47	42.11	6,556.31	502.71	454.33	-465.40	0.00	0.00	0.00
6,700.00	7.47	42.11	6,655.46	512.35	463.05	-474.32	0.00	0.00	0.00
6,800.00	7.47	42.11	6,754.61	522.00	471.76	-483.25	0.00	0.00	0.00
6,900.00	7.47	42.11	6,853.76	531.64	480.47	-492.18	0.00	0.00	0.00
7,000.00	7.47	42.11	6,952.92	541.28	489.19	-501.10	0.00	0.00	0.00
7,100.00	7.47	42.11	7,052.07	550.92	497.90	-510.03	0.00	0.00	0.00
7,200.00	7.47	42.11	7,151.22	560.57	506.62	-518.96	0.00	0.00	0.00
7,300.00	7.47	42.11	7,250.37	570.21	515.33	-527.88	0.00	0.00	0.00
7,400.00	7.47	42.11	7,349.52	579.85	524.05	-536.81	0.00	0.00	0.00
7,500.00	7.47	42.11	7,448.68	589.49	532.76	-545.74	0.00	0.00	0.00
7,600.00	7.47	42.11	7,547.83	599.14	541.48	-554.66	0.00	0.00	0.00
7,700.00	7.47	42.11	7,646.98	608.78	550.19	-563.59	0.00	0.00	0.00
7,800.00	7.47	42.11	7,746.13	618.42	558.90	-572.52	0.00	0.00	0.00
7,900.00	7.47	42.11	7,845.28	628.06	567.62	-581.44	0.00	0.00	0.00
8,000.00	7.47	42.11	7,944.43	637.70	576.33	-590.37	0.00	0.00	0.00
8,100.00	7.47	42.11	8,043.59	647.35	585.05	-599.30	0.00	0.00	0.00
8,200.00	7.47	42.11	8,142.74	656.99	593.76	-608.22	0.00	0.00	0.00
8,300.00	7.47	42.11	8,241.89	666.63	602.48	-617.15	0.00	0.00	0.00
8,400.00	7.47	42.11	8,341.04	676.27	611.19	-626.08	0.00	0.00	0.00
8,500.00	7.47	42.11	8,440.19	685.92	619.91	-635.00	0.00	0.00	0.00
8,600.00	7.47	42.11	8,539.35	695.56	628.62	-643.93	0.00	0.00	0.00
8,661.17	7.47	42.11	8,600.00	701.46	633.95	-649.39	0.00	0.00	0.00
Brushy Canyon									
8,700.00	7.47	42.11	8,638.50	705.20	637.33	-652.86	0.00	0.00	0.00
8,800.00	7.47	42.11	8,737.65	714.84	646.05	-661.78	0.00	0.00	0.00
8,862.88	7.47	42.11	8,800.00	720.91	651.53	-667.40	0.00	0.00	0.00
Lwr Brushy Canyon									
8,900.00	7.47	42.11	8,836.80	724.49	654.76	-670.71	0.00	0.00	0.00
9,000.00	7.47	42.11	8,935.95	734.13	663.48	-679.64	0.00	0.00	0.00
9,074.68	7.47	42.11	9,010.00	741.33	669.99	-686.30	0.00	0.00	0.00
Avalon									

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
Project:	Permian NM E'83	**TVD Reference:**	est.GL+KB @ 3450.00usft (planning)
Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

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)
9,100.00	7.47	42.11	9,035.10	743.77	672.19	-688.56	0.00	0.00	0.00
9,200.00	7.47	42.11	9,134.26	753.41	680.91	-697.49	0.00	0.00	0.00
9,271.06	7.47	42.11	9,204.71	760.26	687.10	-703.83	0.00	0.00	0.00
9,300.00	6.89	42.11	9,233.43	762.95	689.52	-706.32	2.00	-2.00	0.00
9,400.00	4.89	42.11	9,332.89	770.56	696.40	-713.37	2.00	-2.00	0.00
9,500.00	2.89	42.11	9,432.66	775.59	700.95	-718.02	2.00	-2.00	0.00
9,600.00	0.89	42.11	9,532.60	778.04	703.16	-720.29	2.00	-2.00	0.00
9,644.44	0.00	0.00	9,577.04	778.29	703.39	-720.52	2.00	-2.00	0.00
9,700.00	0.00	0.00	9,632.60	778.29	703.39	-720.52	0.00	0.00	0.00
9,744.44	0.00	0.00	9,677.04	778.29	703.39	-720.52	0.00	0.00	0.00
9,750.00	0.56	179.49	9,682.60	778.26	703.39	-720.50	10.00	10.00	0.00
9,800.00	5.56	179.49	9,732.51	775.60	703.41	-717.84	10.00	10.00	0.00
9,850.00	10.56	179.49	9,782.00	768.60	703.48	-710.85	10.00	10.00	0.00
9,900.00	15.56	179.49	9,830.69	757.31	703.58	-699.59	10.00	10.00	0.00
9,950.00	20.56	179.49	9,878.22	741.81	703.72	-684.13	10.00	10.00	0.00
10,000.00	25.56	179.49	9,924.21	722.24	703.89	-664.61	10.00	10.00	0.00
10,028.95	28.45	179.49	9,950.00	709.10	704.01	-651.49	10.00	10.00	0.00
1 BSS									
10,050.00	30.56	179.49	9,968.32	698.73	704.10	-641.15	10.00	10.00	0.00
10,100.00	35.56	179.49	10,010.21	671.47	704.35	-613.96	10.00	10.00	0.00
10,150.00	40.56	179.49	10,049.57	640.66	704.63	-583.22	10.00	10.00	0.00
10,200.00	45.56	179.49	10,086.09	606.54	704.93	-549.18	10.00	10.00	0.00
10,250.00	50.56	179.49	10,119.50	569.36	705.27	-512.09	10.00	10.00	0.00
10,300.00	55.56	179.49	10,149.55	529.41	705.62	-472.24	10.00	10.00	0.00
10,350.00	60.56	179.49	10,175.99	487.00	706.01	-429.93	10.00	10.00	0.00
10,400.00	65.56	179.49	10,198.64	442.44	706.41	-385.48	10.00	10.00	0.00
10,450.00	70.56	179.49	10,217.32	396.08	706.82	-339.23	10.00	10.00	0.00
10,500.00	75.56	179.49	10,231.89	348.27	707.25	-291.53	10.00	10.00	0.00
10,550.00	80.56	179.49	10,242.23	299.37	707.69	-242.75	10.00	10.00	0.00
10,600.00	85.56	179.49	10,248.28	249.76	708.14	-193.25	10.00	10.00	0.00
10,644.44	90.00	179.49	10,250.00	205.36	708.53	-148.96	10.00	10.00	0.00
10,700.00	90.00	179.49	10,250.00	149.80	709.03	-93.54	0.00	0.00	0.00
10,800.00	90.00	179.49	10,250.00	49.81	709.93	6.22	0.00	0.00	0.00
10,900.00	90.00	179.49	10,250.00	-50.19	710.83	105.97	0.00	0.00	0.00
11,000.00	90.00	179.49	10,250.00	-150.18	711.73	205.73	0.00	0.00	0.00
11,100.00	90.00	179.49	10,250.00	-250.18	712.62	305.49	0.00	0.00	0.00
11,200.00	90.00	179.49	10,250.00	-350.18	713.52	405.24	0.00	0.00	0.00
11,300.00	90.00	179.49	10,250.00	-450.17	714.42	505.00	0.00	0.00	0.00
11,400.00	90.00	179.49	10,250.00	-550.17	715.32	604.75	0.00	0.00	0.00
11,500.00	90.00	179.49	10,250.00	-650.16	716.22	704.51	0.00	0.00	0.00
11,600.00	90.00	179.49	10,250.00	-750.16	717.11	804.27	0.00	0.00	0.00
11,700.00	90.00	179.49	10,250.00	-850.16	718.01	904.02	0.00	0.00	0.00
11,800.00	90.00	179.49	10,250.00	-950.15	718.91	1,003.78	0.00	0.00	0.00
11,900.00	90.00	179.49	10,250.00	-1,050.15	719.81	1,103.54	0.00	0.00	0.00

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
Project:	Permian NM E'83	**TVD Reference:**	est.GL+KB @ 3450.00usft (planning)
Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

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)
12,000.00	90.00	179.49	10,250.00	-1,150.14	720.71	1,203.29	0.00	0.00	0.00
12,100.00	90.00	179.49	10,250.00	-1,250.14	721.60	1,303.05	0.00	0.00	0.00
12,200.00	90.00	179.49	10,250.00	-1,350.14	722.50	1,402.81	0.00	0.00	0.00
12,300.00	90.00	179.49	10,250.00	-1,450.13	723.40	1,502.56	0.00	0.00	0.00
12,400.00	90.00	179.49	10,250.00	-1,550.13	724.30	1,602.32	0.00	0.00	0.00
12,500.00	90.00	179.49	10,250.00	-1,650.12	725.19	1,702.08	0.00	0.00	0.00
12,600.00	90.00	179.49	10,250.00	-1,750.12	726.09	1,801.83	0.00	0.00	0.00
12,700.00	90.00	179.49	10,250.00	-1,850.12	726.99	1,901.59	0.00	0.00	0.00
12,800.00	90.00	179.49	10,250.00	-1,950.11	727.89	2,001.35	0.00	0.00	0.00
12,900.00	90.00	179.49	10,250.00	-2,050.11	728.79	2,101.10	0.00	0.00	0.00
13,000.00	90.00	179.49	10,250.00	-2,150.10	729.68	2,200.86	0.00	0.00	0.00
13,100.00	90.00	179.49	10,250.00	-2,250.10	730.58	2,300.62	0.00	0.00	0.00
13,200.00	90.00	179.49	10,250.00	-2,350.10	731.48	2,400.37	0.00	0.00	0.00
13,300.00	90.00	179.49	10,250.00	-2,450.09	732.38	2,500.13	0.00	0.00	0.00
13,400.00	90.00	179.49	10,250.00	-2,550.09	733.27	2,599.88	0.00	0.00	0.00
13,500.00	90.00	179.49	10,250.00	-2,650.08	734.17	2,699.64	0.00	0.00	0.00
13,600.00	90.00	179.49	10,250.00	-2,750.08	735.07	2,799.40	0.00	0.00	0.00
13,700.00	90.00	179.49	10,250.00	-2,850.08	735.97	2,899.15	0.00	0.00	0.00
13,800.00	90.00	179.49	10,250.00	-2,950.07	736.87	2,998.91	0.00	0.00	0.00
13,900.00	90.00	179.49	10,250.00	-3,050.07	737.76	3,098.67	0.00	0.00	0.00
14,000.00	90.00	179.49	10,250.00	-3,150.06	738.66	3,198.42	0.00	0.00	0.00
14,100.00	90.00	179.49	10,250.00	-3,250.06	739.56	3,298.18	0.00	0.00	0.00
14,200.00	90.00	179.49	10,250.00	-3,350.06	740.46	3,397.94	0.00	0.00	0.00
14,300.00	90.00	179.49	10,250.00	-3,450.05	741.36	3,497.69	0.00	0.00	0.00
14,400.00	90.00	179.49	10,250.00	-3,550.05	742.25	3,597.45	0.00	0.00	0.00
14,500.00	90.00	179.49	10,250.00	-3,650.04	743.15	3,697.21	0.00	0.00	0.00
14,600.00	90.00	179.49	10,250.00	-3,750.04	744.05	3,796.96	0.00	0.00	0.00
14,700.00	90.00	179.49	10,250.00	-3,850.03	744.95	3,896.72	0.00	0.00	0.00
14,800.00	90.00	179.49	10,250.00	-3,950.03	745.84	3,996.48	0.00	0.00	0.00
14,900.00	90.00	179.49	10,250.00	-4,050.03	746.74	4,096.23	0.00	0.00	0.00
15,000.00	90.00	179.49	10,250.00	-4,150.02	747.64	4,195.99	0.00	0.00	0.00
15,100.00	90.00	179.49	10,250.00	-4,250.02	748.54	4,295.75	0.00	0.00	0.00
15,200.00	90.00	179.49	10,250.00	-4,350.01	749.44	4,395.50	0.00	0.00	0.00
15,300.00	90.00	179.49	10,250.00	-4,450.01	750.33	4,495.26	0.00	0.00	0.00
15,400.00	90.00	179.49	10,250.00	-4,550.01	751.23	4,595.01	0.00	0.00	0.00
15,500.00	90.00	179.49	10,250.00	-4,650.00	752.13	4,694.77	0.00	0.00	0.00
15,600.00	90.00	179.49	10,250.00	-4,750.00	753.03	4,794.53	0.00	0.00	0.00
15,700.00	90.00	179.49	10,250.00	-4,849.99	753.93	4,894.28	0.00	0.00	0.00
15,800.00	90.00	179.49	10,250.00	-4,949.99	754.82	4,994.04	0.00	0.00	0.00
15,900.00	90.00	179.49	10,250.00	-5,049.99	755.72	5,093.80	0.00	0.00	0.00
16,000.00	90.00	179.49	10,250.00	-5,149.98	756.62	5,193.55	0.00	0.00	0.00
16,100.00	90.00	179.49	10,250.00	-5,249.98	757.52	5,293.31	0.00	0.00	0.00
16,200.00	90.00	179.49	10,250.00	-5,349.97	758.41	5,393.07	0.00	0.00	0.00

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
Project:	Permian NM E'83	**TVD Reference:**	est.GL+KB @ 3450.00usft (planning)
Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

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)
16,300.00	90.00	179.49	10,250.00	-5,449.97	759.31	5,492.82	0.00	0.00	0.00
16,400.00	90.00	179.49	10,250.00	-5,549.97	760.21	5,592.58	0.00	0.00	0.00
16,500.00	90.00	179.49	10,250.00	-5,649.96	761.11	5,692.34	0.00	0.00	0.00
16,600.00	90.00	179.49	10,250.00	-5,749.96	762.01	5,792.09	0.00	0.00	0.00
16,700.00	90.00	179.49	10,250.00	-5,849.95	762.90	5,891.85	0.00	0.00	0.00
16,800.00	90.00	179.49	10,250.00	-5,949.95	763.80	5,991.61	0.00	0.00	0.00
16,900.00	90.00	179.49	10,250.00	-6,049.95	764.70	6,091.36	0.00	0.00	0.00
17,000.00	90.00	179.49	10,250.00	-6,149.94	765.60	6,191.12	0.00	0.00	0.00
17,100.00	90.00	179.49	10,250.00	-6,249.94	766.49	6,290.88	0.00	0.00	0.00
17,200.00	90.00	179.49	10,250.00	-6,349.93	767.39	6,390.63	0.00	0.00	0.00
17,300.00	90.00	179.49	10,250.00	-6,449.93	768.29	6,490.39	0.00	0.00	0.00
17,400.00	90.00	179.49	10,250.00	-6,549.93	769.19	6,590.14	0.00	0.00	0.00
17,500.00	90.00	179.49	10,250.00	-6,649.92	770.09	6,689.90	0.00	0.00	0.00
17,600.00	90.00	179.49	10,250.00	-6,749.92	770.98	6,789.66	0.00	0.00	0.00
17,700.00	90.00	179.49	10,250.00	-6,849.91	771.88	6,889.41	0.00	0.00	0.00
17,800.00	90.00	179.49	10,250.00	-6,949.91	772.78	6,989.17	0.00	0.00	0.00
17,900.00	90.00	179.49	10,250.00	-7,049.91	773.68	7,088.93	0.00	0.00	0.00
18,000.00	90.00	179.49	10,250.00	-7,149.90	774.58	7,188.68	0.00	0.00	0.00
18,100.00	90.00	179.49	10,250.00	-7,249.90	775.47	7,288.44	0.00	0.00	0.00
18,200.00	90.00	179.49	10,250.00	-7,349.89	776.37	7,388.20	0.00	0.00	0.00
18,300.00	90.00	179.49	10,250.00	-7,449.89	777.27	7,487.95	0.00	0.00	0.00
18,400.00	90.00	179.49	10,250.00	-7,549.89	778.17	7,587.71	0.00	0.00	0.00
18,500.00	90.00	179.49	10,250.00	-7,649.88	779.06	7,687.47	0.00	0.00	0.00
18,600.00	90.00	179.49	10,250.00	-7,749.88	779.96	7,787.22	0.00	0.00	0.00
18,700.00	90.00	179.49	10,250.00	-7,849.87	780.86	7,886.98	0.00	0.00	0.00
18,800.00	90.00	179.49	10,250.00	-7,949.87	781.76	7,986.74	0.00	0.00	0.00
18,900.00	90.00	179.49	10,250.00	-8,049.87	782.66	8,086.49	0.00	0.00	0.00
19,000.00	90.00	179.49	10,250.00	-8,149.86	783.55	8,186.25	0.00	0.00	0.00
19,100.00	90.00	179.49	10,250.00	-8,249.86	784.45	8,286.01	0.00	0.00	0.00
19,200.00	90.00	179.49	10,250.00	-8,349.85	785.35	8,385.76	0.00	0.00	0.00
19,300.00	90.00	179.49	10,250.00	-8,449.85	786.25	8,485.52	0.00	0.00	0.00
19,400.00	90.00	179.49	10,250.00	-8,549.85	787.15	8,585.27	0.00	0.00	0.00
19,500.00	90.00	179.49	10,250.00	-8,649.84	788.04	8,685.03	0.00	0.00	0.00
19,600.00	90.00	179.49	10,250.00	-8,749.84	788.94	8,784.79	0.00	0.00	0.00
19,700.00	90.00	179.49	10,250.00	-8,849.83	789.84	8,884.54	0.00	0.00	0.00
19,800.00	90.00	179.49	10,250.00	-8,949.83	790.74	8,984.30	0.00	0.00	0.00
19,900.00	90.00	179.49	10,250.00	-9,049.83	791.63	9,084.06	0.00	0.00	0.00
20,000.00	90.00	179.49	10,250.00	-9,149.82	792.53	9,183.81	0.00	0.00	0.00
20,100.00	90.00	179.49	10,250.00	-9,249.82	793.43	9,283.57	0.00	0.00	0.00
20,200.00	90.00	179.49	10,250.00	-9,349.81	794.33	9,383.33	0.00	0.00	0.00
20,300.00	90.00	179.49	10,250.00	-9,449.81	795.23	9,483.08	0.00	0.00	0.00
20,400.00	90.00	179.49	10,250.00	-9,549.81	796.12	9,582.84	0.00	0.00	0.00
20,500.00	90.00	179.49	10,250.00	-9,649.80	797.02	9,682.60	0.00	0.00	0.00

Titan Directional Drilling

Survey Report

Company:	Kaiser-Francis Oil Company	**Local Co-ordinate Reference:**	Well Red Hills 703H
Project:	Permian NM E'83	**TVD Reference:**	est.GL+KB @ 3450.00usft (planning)
Site:	Red Hills 203-703 Pad	**MD Reference:**	est.GL+KB @ 3450.00usft (planning)
Well:	Red Hills 703H	**North Reference:**	Grid
Wellbore:	#703H OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	EDM 5k-14

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)
20,600.00	90.00	179.49	10,250.00	-9,749.80	797.92	9,782.35	0.00	0.00	0.00
20,700.00	90.00	179.49	10,250.00	-9,849.79	798.82	9,882.11	0.00	0.00	0.00
20,800.00	90.00	179.49	10,250.00	-9,949.79	799.71	9,981.87	0.00	0.00	0.00
20,900.00	90.00	179.49	10,250.00	-10,049.79	800.61	10,081.62	0.00	0.00	0.00
21,003.04	90.00	179.49	10,250.00	-10,152.82	801.54	10,184.41	0.00	0.00	0.00

Casing Points

Measured Depth (usft)	Vertical Depth (usft)	Name	Casing Diameter (")	Hole Diameter (")
950.00	950.00	13 3/8"	13-3/8	17-1/2
4,979.95	4,950.00	9 5/8"	9-5/8	12-1/4

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
860.00	860.00	Rustler			
1,200.00	1,200.00	Salado			
2,004.71	2,000.00	Top of Salt			
4,475.67	4,450.00	Base of Salt			
4,778.24	4,750.00	Lamar			
4,899.27	4,870.00	Bell Canyon			
5,897.73	5,860.00	Cherry Canyon			
8,661.17	8,600.00	Brushy Canyon			
8,862.88	8,800.00	Lwr Brushy Canyon			
9,074.68	9,010.00	Avalon			
10,028.95	9,950.00	1 BSS			

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

WC-025 G-08 S253235G;LWR BONE SPRING

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-	~~XXXX~~ 97903	~~WC-025 G-08 S253235G;Upper Bone Spring~~ XXXXXXXXXXXXXXXXXXXXXX

[4] Property Code	[5] Property Name	[6] Well Number
5467	RED HILLS FEDERAL	703H

[7] OGRID No.	[8] Operator Name	[9] Elevation
12361	KAISER-FRANCIS OIL CO.	3425.0

[10] Surface Location

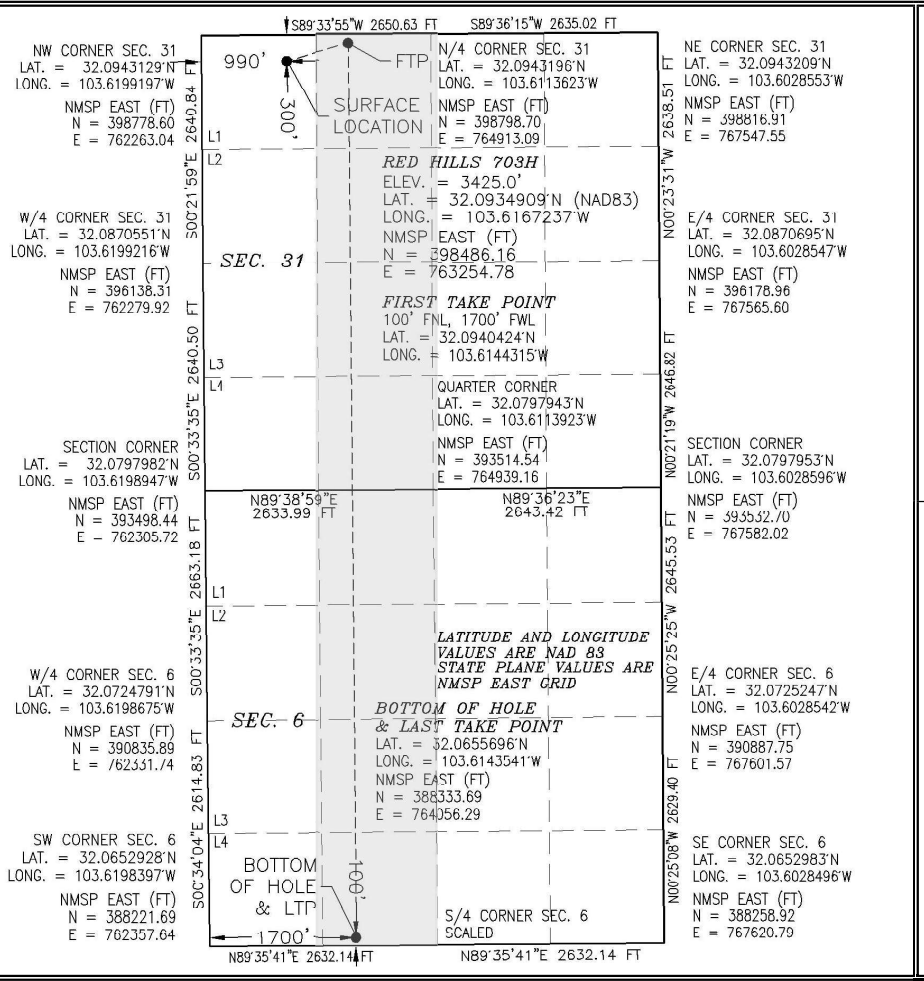
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	31	25 S	33 E		300	NORTH	990	WEST	LEA

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	6	26 S	33 E		100	NORTH	1700	WEST	LEA

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.



[17] 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.

Stormi Davis — 1/8/20
Signature — Date

Stormi Davis
Printed Name

ssdavis104@gmail.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 18, 2019
Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number: FILIMON F. JARAMILLO PLS 12797

SURVEY NO. 7549B

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State of New Mexico
Energy, Minerals and Natural Resources Department

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

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: **07/02/2018**

☒ Original
☐ Amended - Reason for Amendment:

Operator & OGRID No.: Kaiser-Francis Oil Company, 12361

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Red Hills 203H		31-25S-33E	300 FNL 505 FWL	1500	0	
Red Hills 703H		31-25S-33E	300 FNL 485 FWL	2500		

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to Mark West and will be connected to Mark West low/high pressure gathering system located in _Lea_ County, New Mexico. Kaiser-Francis Oil Company provides (periodically) to Mark West an drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Kaiser-Francis Oil Company and Mark West have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Mark West Processing Plant. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Mark West system at that time. Based on current information, it is Kaiser-Francis Oil Company's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines