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a. Type of Work DRUL REENTER Monitor / SWD 6. If Indian, Alloke or Tribe Name b. Type of Well ON Well Gas Well Other Single Zone Multiple Zone 2. Name of Operator CORRECTION Single Zone Multiple Zone 8. Lesses Name and Weil No. P.O. Box 2266 Midl and, Texas 79702 3b. Phone No (include orao code) 432-686-3689 9. Advestive P.O. Box 2267 Midl and, Texas 79702 3b. Phone No (include orao code) 432-686-3689 30. Op5. 'Ul O (OT At stride 2310' FNL & 990' FWL, SMNN At stride 2310' FNL & 990' FWL, SMNN 10. Sec. 7, 7, 8, More file. At propoord nod zone Approximately +/- 25 miles Southwest from Jal NM Lead on Well (Regur I boarder) 11. Sec. 7, 7, 8, More file. S. Distance from proposed* Optimie file. 10. No. of Acres in lesse 17. Spacing Unit dedicated to this well Proposed broit, file. 990' 1640 Frac Monitor / Future SWD NM 20. BLM/BIA Bond No. on file NM 23. Estimated duration 3332' GL 24. Attachments 11/15/2013 23. Estimated duration A Surface KPB Hig (The location is on National Forest System Lands, file Sopprotecrefif	DECENA PLICATION FOR PERMIT TO	DRILL OR	REENTER				
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(Continued on page 2)

Carlsbad Controlled Water Basin

K# 03/21/13

*(Instructions on page 2)

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

MAR 2 5 2013

1. GEOLOGIC NAME OF SURFACE FORMATION: Permian

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2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	830'
Top of Salt	1,395'
Base of Salt	4,952'
Lamar	5,192'
Bell Canyon	5,220'
Cherry Canyon	6,188'
Brushy Canyon	7,959'
Bone Spring Lime	9,442'
1 st Bone Spring Sand	10,383'
TD	10,500'

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Upper Permian Sands	0- 400' Fresh	Water
Cherry Canyon	6,188'	Oil
Brushy Canyon	7,959'	Oil
Bone Spring Lime	9,442'	Oil
1 st Bone Spring Sand	10,383'	Oil

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 13.375" casing at 890' and circulating cement back to surface.

Hole Size	Interval	Csg OD	Weight	Grade	Conn	DF _{min} Collapse	DF _{min} Burst	DF _{min} Tension
17.5"	0 - 890'	13.375"	54.5#	J55	STC	1.125	1.25	1.60
12.25"	0 - 4000'	9.625"	40#	J55	LTC	1.125	1.25	1.60
12.25"	4000'-5100'	9.625"	40#	HCK55	LTC	1.125	1.25	1.60
8.75"	0'-10,500'	7"	26#	HCL80	LTC	1.125	1.25	1.60

4. CASING PROGRAM - NEW

Cementing Program:

	No.	Wt.	Yld	
Depth	Sacks	lb/gal	Ft ³ /ft	Slurry Description
890'	275	13.5	1.73	Lead: Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5%
				CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ surface)
	300	14.8	1.34	Tail: Class C + 0.005 pps Static Free + 1% CaCl ₂ + 0.25
				pps CelloFlake + 0.005 gps FP-6L
5,100'	650	12.7	2.22	Lead: Class C + 2% SMS + 0.8% R-3 + 0.25 pp.
				CelloFlake + 0.005 pps Static Free (TOC @ surface)
	200	14.8	1.32	Tail: Class 'C' + 0.25 lb/sk Cello Flake + 0.005 lb/sk Static
				Free
10,500'	225	10.8	3.68	Lead: 60:40:0 Class 'C' + 15.00 lb/sk BA-90 + 4.00% MPA
				5 + 3.00% SMS + 5.00% A-10 + 1.00% BA-10A + 0.80%
				ASA-301 + 2.50% R-21 + 8.00 lb/sk LCM-1
				(TOC @ 4600')
	250	11.8	2.38	Middle: 50:50:10 Class 'H' + 0.80% FL-52A + 0.50% ASA
				301 + 1.30% SMS + 2.00% Salt (2.224 lb/sk) + 0.70% R-21
				+ 3.00 lb/sk LCM-1 + 0.25 lb/sk Cello Flake
	400	14.2	1.28	Tail: 50:50:2 Class 'H' + 0.65% FL-52 + 0.20% CD-32 +
	<u> </u>			0.15% SMS + 2.00% Salt (0.962 lb/sk) + 0.05% R-3

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:



Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

3000 psi BOPE is adequate for this application. Due to the 3000 psi BOPE requirement no FIT tests are planned.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 2000/250 psig and the annular preventer to 2000/250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 3000/250 psig and the annular preventer to 3000/250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

The applicable depths and properties of the drilling fluid systems are as follows:

Depth	Туре	Weight (ppg)	Viscosity	Water Loss
0 – 890'	Fresh water + Gel	8.6-8.8	28-34	N/c
890' - 5,100'	Brine	10.0-10.2	28-34	N/c
5,100' - 10,500'	Cut Brine	.8.4-9.3	28-34	N/c

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

(A) A kelly cock will be kept in the drill string at all times.

- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H_2S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logging is possible in the 8-3/4" hole section. The possible logging suite for this hole section is listed below:

LDT-CNL-HNGS w/ Pe From TD to intermediate casing point.

GR-CCL Will be run in cased hole during completions phase of operations from kick off point to intermediate casing point.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

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The estimated bottom hole temperature (BHT) at TD is 164 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 4546 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 90-120 days will be required for completion and testing before a decision is made to install permanent facilities.

Endurance 25 Fed #2 Lea County, New Mexico

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ATTACHMENT TO EXHIBIT #1

- 1. Wear ring to be properly installed in head.
- 2. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. minimum. Exhibit #1.
- 3. All fittings to be flanged

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- 4. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. minimum.
- 5. All choke and fill lines to be securely anchored especially ends of choke lines.
- 6. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
- 7. Kelly cock on kelly.
- 8. Extension wrenches and hand wheels to be properly installed.
- 9. Blow out preventer control to be located as close to driller's position as feasible.
- 10. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.





Manufacturer: Midwest Hose & Specialty

Serial Number: SN#90067

Length: 35'

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Size: OD = 8" ID = 4"

Ends: Flanges Size: 4-1/16*

WP Rating: 10,000 psi Anchors required by manfacturer: No

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HOSE AND SPECIALTY INC.

INT	ERNAL	. HYDROST	ATIC TEST	REPOR	T	
Customer:		P.O. Numb	er:			
CACTUS		RIG #123				
				Asset # N	/10761	
		HOSE SPECI	ICATIONS	· <u> </u>		
Type: Ci	IOKE LINI	E		Løngth:	35'	
I.D.	4''	INCHES	O.D.	8"	INC	HES
WORKING PRE	SSURE	TEST PRESSUR	E	BURST PRES	SURE	
10,000	PSI	15,000	PSI			PSI
		COUP	LINGS			
Type of End 4	Fitting /16 10K F	LANGE				
Type of Cou	pling:		MANUFACTU	RED BY	<u> </u>	
SV	VEDGED		MIDWEST HOS	SE & SPECI/	ALTY	
		PROC	EDURE			
Ho	se <u>assembly</u>	, pressure tested w	ith water at ambier	nt temperatura		
-		TEST PRESSURE	1	URST PRESS		
	1	MIN.			0	PSI
COMMENTS:	ī		<u></u>			
SI	\#90057	M10761				
Но	ose is cov	ered with stain!	ess steel armo	ur cover and	i	
		fire resistant v				
	sulation ra	ted for 1500 de	grees complet		eyes	<u> </u>
Date: 6/1	5/2011	Tested By: BOBBY FINK		Approved: MENDI	JACKSO	N



Comments: Hose assembly pressure tested with water at ambient temperature.

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Tested By: Bobby Fink

Approved By: Mendi Jackson

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Mendi Jackson