HOBBS OCD

APR 16 2014

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Form 3160-3
(March 2012)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM NM 112939

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

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

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

8. Lease Name and Well No.
Bevo 11 Federal No. 4H 313140

2. Name of Operator Adventure Exploration Partners II LLC. 291024

9. API Well No.
30-025- 41804

3a. Address 500 W Texas Avenue Suite 1000
Midland TX 79701

3b. Phone No. *(include area code)*
432-684-8006

10. Field and Pool, or Exploratory 28432
[28432] Grama Ridge; Bone Spring W

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 330' FSL & 890' FEL
At proposed prod. zone 330'FNL & 660' FEL

11. Sec., T. R. M. or Blk. and Survey or Area
11-22S-33E

14. Distance in miles and direction from nearest town or post office*
2 miles South and 22 miles West of Eunice

12. County or Parish
Lea

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330 ' FSL

16. No. of acres in lease
800

17. Spacing Unit dedicated to this well
160 Acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. n/a

19. Proposed Depth
PH TD: 12,200',
TVD 11,000', MDTD 15,385'

20. BLM/BIA Bond No. on file
NMB001018

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3531' GL

22. Approximate date work will start*
12/01/2013

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:

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 required by the BLM.

25. Signature

Name *(Printed/Typed)*
Keaton Waters

Date
11/21/2013

Title
Geologist

Approved by *(Signature)* /s/George MacDonell

Name *(Printed/Typed)*

Date
APR 2 2014

Title

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.

(Continued on page 2)

*(Instructions on page 2)

KZ 04/22/14

APR 23 2014

KZ

CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drill site and access route and that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal Laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with operations proposed will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Executed this 20TH day of NOVEMBER, 2013

Name: P. Lucas

Paul Lucas – President

Adventure Exploration Partners II, LLC

Address: 500 West Texas Ave. Ste 1000, Midland, TX 79701

Telephone: 432-684-8006

E-mail: plucas@adventurexpl.com

Bevo 11 Federal #4H
Section 11, T-22-S, R-33-E
330' FSL & 890' FEL, Unit Ltr P
Field: [28432] Grama Ridge
Lea County, NM

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 1: 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 well, 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 directionally 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.

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 well 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 will 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 collects this information to allow 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 Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

Onshore Oil & Gas Order No. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (CFR43, Part 3160) and the approved Application for Permit to Drill. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling and completion operations.

Approval of this application 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.

Bevo 11 Federal 4H
Surface Location: Section 11, T-22-S, R-33-E, 330' FSL & 890' FWL
Bottomhole Location: Section 11, T-22-S, R-33-E, 330' FSL & 660' FWL
Field: [28432] Grama Ridge; Bone Springs, West
Lea Co., NM

1. **Formation Tops**

The estimated tops of important geologic markers are as follow:

Formation	KB TVD	MD
Fresh Water	600'*	
Rustler	1,743'	
Top of Salt	1,815'	
Base of Salt	3,360'	
Capitan reef	4,050'	
Delaware	5,174'	
Bone Spring	8,794'	
1st Bone Spring Sand	9,906'	
2nd Bone Spring Sand	10,486'	
3rd Bone Spring Sand	11,585'	
Wolfcamp	12,011'	
PH TD	12,200'	
EOC	10,980'	11,250'
Lateral TD	11,000'	15,385'

*Fresh Water depth per NM State Engineer

2. Estimated Depth of Water, Oil, Gas & Other Mineral Bearing Formations

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Substance	Formation	Depth
Water	Rustler	1,743
Oil/Gas	Brushy Canyon	7,952'
Oil/Gas	Bone Spring	8,794'
Oil/Gas	1st Bone Spring Sand	9,906'
Oil/Gas	2nd Bone Spring Sand	10,486'
Oil/Gas	3rd Bone Spring Sand	11,585'
Oil/Gas	Wolfcamp	12,011'

All shows of fresh water and minerals will be reported and protected.

3. BOP Equipment

The well control equipment to be employed during the drilling of this well is illustrated on attached EXHIBIT A. This equipment includes a 13-5/8"- Double ram BOP, annular BOP and choke manifold of comparable pressure rating. Equipment will be rated for 5000 PSI and will be tested to 5000 psi (except Annular which will be tested to 2500 psi) using an independent tester prior to drilling out of the 9-5/8" intermediate casing. Prior to drilling out of the 13-3/8" surface casing the same equipment and casing shall be tested to 2000 PSI or 73% of the burst rating of the casing utilizing an independent tester. A master and remote hydraulic closing unit will be a part of this equipment and will be function tested daily.

4. Casing Program

Purpose	From	To	Hole Size	Csg Size	Weight	Grade	Thread	Condition
Surface	0'	1800'	17.50"	13.375"	54.5 ppf	J55	STC	New
Intermediate	0'	3500'	12.25"	9.625"	36 ppf	J55	LTC	New
	3500'	5200'		9.625"	36 ppf	HCK	LTC	New
Production	0'	15,385	8.75"	5.5"	17 ppf	P110	LTC	New

Minimum Casing Design Factors: Collapse 1.125, Burst 1.125, and Tensile Strength 1.6

5. **Cementing Program**

13-3/8" Surface @ 1800':

Lead Slurry: 1120 sks Class C + 4% Gel + 2%CaCl2

(13.5 ppg / 1.75 ft3/sk / ~9.2 gal/sk wtr)

Tail Slurry: 250 sks Class C + 2% CaCl2

(14.8 ppg / 1.34 ft3/sk/ ~6.39 gal/sk wtr)

The above volume represents 80% excess over calculated hole volume, and will be adjusted to actual setting depth of casing. The slurries will be preceded by a fresh water spacer, and displaced with fresh water.

9-5/8" Intermediate @ 5200':

Lead Slurry: 1050 sks 35-65 Poz Class C + 6% Gel + Salt + gilsonite +CFR-3+HR601 (12.7 ppg / 1.89 ft3/sk / ~9.5 gal/sk wtr)

Tail Slurry: 250 sks Class C (14.8 ppg / 1.43 ft3/sk / ~6.35 gal/sk wtr)

The above volume represents 50% excess over calculated hole volume and is designed to circulate cement to surface- actual volumes will be adjusted to a fluid caliper run at TD of this hole section with 20% excess added. . The cement slurries will be preceded by 20 bbls cement wash for mud removal and displaced with fresh water.

Should losses occur in the Capitan Reef a DV/ECP tool will be placed in the casing string and positioned above the losses +/- 4050' and the cement job will be amended to a 2stage job pumping the same Intermediate slurries with volumes adjusted accordingly to circulate cement above the DV/ECP tool on stage 1 and to surface on stage 2.

5-1/2"Production @ 15385'MD:

Lead Slurry: 740 sks 50/50/10 Poz Class H + Salt + Gilsonite + CFR 3 + HR601 (11.9 ppg / 2.5 ft3/sk yld / ~12 gal/sk wtr)

Tail Slurry: 1350 sks 50/50/2 Poz Class H + Salt + GasStop + CFR 3 + HR601 (14.4 ppg / 1.2 ft3/sk yld / ~5.5 gal/ sk wtr)

The above volume represents 35% excess over calculated hole volume and actual volumes will be calculated using the vertical caliper to tie back a minimum of 500' into previous shoe.

Pilot hole will be plugged back as follows:

Plug 1 PHTD and Wolfcamp plug -12,200'TD to 11,275' (925') 320 sks Class H (17.2 ppg/ 0.98 ft3/sk)

Plug 2 KO plug 11,125' to 10,200'(925') 320 sks Class H (17.2 ppg / 0.98 ft3/sk)

6. Mud Program

From	To	Type	Weight	F. Vis	Filtrate
0	1800	FW Spud Mud	8.4-9.4	32-36	NC
1800	5200	Brine Wtr	9.6-10	28-29	NC
5200	12,200PH	Cut Brine	8.8-9.2	28-29	NC
10,500'KOP	15,385'MD	Cut Brine	8.8-9.2	28-29	NC

It is anticipated that this well will be drilled to TD utilizing the fluids shown above and closed loop system utilized per NMOCD guidelines. All fluids and cuttings will be disposed of in accordance with the NMOCD rules and regulations:

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration and pH.

Visual and electronic mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume. Electronic system consists of: a pit volume totalizer (PVT), stroke counter and flow sensor.

A weighting agent and lost circulation material (LCM) will be onsite to mitigate pressure and lost circulation as hole conditions dictate.

7. Auxiliary equipment

- Will include an upper kelly cock valve, safety valve to fit drill pipe and pressure gauges.
- Hydrogen sulfide detection equipment will be in operation after cementing the 13-3/8" casing and until 5-1/2" casing is cemented. Breathing equipment will be on location during the same time period.

8. Testing, Logging and Coring Program

- No drill stem testing or coring is planned for this well.
- Mudlogging will commence at 6000' and conclude at lateral TD.
- Triple Combo electric log will be run at Pilot hole TD 12,200'. Dual laterolog-Micro laterolog and gamma ray, compensated neutron –Z density with gamma ray and caliper will be ran 12,200' to ICP 5,200' and Compensated Neutron with Gamma Ray will be ran 12,200' to surface.
- Gyro electric log will be run 12,200 to surface and mud pulse MWD utilized from KOP to lateral TD. A directional plan for the proposed horizontal section is attached as Exhibit B.

9. Potential Hazards:

- No Abnormal pressures or temperatures are expected. The estimated BHP at TD is not expected to exceed 5282 psi, and a BHT of 167 F is anticipated.
- Possible H2S in the salt formation within the Potash area. Company H2S contingency plan attached.

10. Anticipated starting date and Duration of Operations:

Road and location construction will begin after the BLM approval of the APD. Spud date will follow as soon as possible depending on rig availability. Drilling operations expected to take 32 days.