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OCD Hobbs

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OCT 0 7 2015

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Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM 14492

6. If Indian, Allotee or Tribe Name: ---

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

1a. Type of work: ☑ DRILL ☐ REENTER

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

8. Lease Name and Well No.: Mesa 8105 JV-P #11H (30530)

2. Name of Operator: BTA Oil Producers, LLC (260297)

9. API Well No.: 30-025 - 42847 (97838)

3a. Address: 104 S. Pecos, Midland, TX 79701

3b. Phone No. (include area code): (432) 682-3753

10. Field and Pool, or Exploratory: Jennings;Upper Bone Spring Shale

4. Location of Well (Report location clearly and in accordance with any State requirements.*)

At surface: 310' FSL & 2178' FWL SESW Sec. 1 UL -N-

At proposed prod. zone: 230' FSL & 2178' FWL SESW Sec. 12 UL -N-

UNORTHODOX LOCATION

11. Sec., T. R. M. or Blk. and Survey or Area: Sec. 1, T26S-R32E

14. Distance in miles and direction from nearest town or post office*: 25 miles west from Jal, NM

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): 230'

16. No. of acres in lease: 1960

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.: 2600' BHL to BHL*

19. Proposed Depth: 14,738' MD 9,520' TVD

20. BLM/BIA Bond No. on file: NM1195 NMB000849

21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3324' GL

22. Approximate date work will start*: 07/01/2015

23. Estimated duration: 45 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: Kayla McConnell — Name (Printed Typed): Kayla McConnell — Date: 02/03/2015

Title: Production Assistant — Email: kmcconnell@btaoil.com

Approved by (Signature): Steve Caffey — Name (Printed Typed): — Date: OCT - 6 2015

Title: FIELD MANAGER — Office: CARLSBAD FIELD OFFICE

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

APPROVAL FOR TWO YEARS

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

*(Instructions on page 2)

Carlsbad Controlled Water Basin

Kz 10/08/15

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Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

OCT 0 8 2015

COF

BTA Oil Producers LLC, Mesa 8105 JV-P #11H

Attachment to APD
BTA Oil Producers, LLC
Mesa 8105 JV-P #11H
Sec 1, T26S, R32E
Lea County, NM

1. Geologic Formations

TVD of target	9520	Pilot hole depth	N/A
MD at TD:	14738	Deepest expected fresh water:	175

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Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	762	Water	
Top of Salt	1452	Salt	
Base of Salt	4512	Salt	
Delaware	4787	Oil/Gas	
Cherry Canyon	6062	Oil/Gas	
Brushy Canyon	7322	Oil/Gas	
Bone Spring	8997	Oil/Gas	
Atoka			
Morrow			
Barnett Shale			
Woodford Shale			
Devonian			
Fusselman			
Ellenburger			
Granite Wash			

*H2S, water flows, loss of circulation, abnormal pressures, etc.

2. Casing Program

See COA

Hole Size	Casing Interval From	Casing Interval To	Csg.Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
17.5"	0	~~792~~ 860'	13.375"	54.5	J55	STC	1.43	1.26	2.59
12.25"	0	4757	9.625"	40	J55	LTC	1.19	1.89	2.1
8.75"	0	9793	5.5"	17	P110	LTC	1.56	1.6	2.63
7.875"	9793	14738	5.5"	17	P110	LTC	1.56	1.6	1.91
				BLM Minimum Safety Factor			1.125	1	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	N/A
Is well within the designated 4 string boundary.	N
Is well located in SOPA but not in R-111-P?	Y
If yes, are the first 2 strings cemented to surface and 3rd string cement tied back 500' into previous casing?	Y
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	N/A
Is 2nd string set 100' to 600' below the base of salt?	N/A
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	N/A
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	N/A
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	N/A

3. Cementing Program

Casing	#Sks	Wt. lb/ Gal	Yld ft3/ sack	H_20 gal/ sk	500# Comp. Strength (hours)	Slurry Description
Surf.	570	13.5	1.75	8	10	Lead: Class C
	200	14.8	1.34	8	8	Tail: Class C, circ to surf, 100% excess
Inter.	950	12.7	1.94	8	15	1st stage Lead: Class C Blend
	250	14.8	1.33	8	10	1st stage Tail: Class C, circ to surf, 65% excess
Prod.	1000	11.3	2.92	8	14	1stLead: 50:50 Blend Class H
	950	14.4	1.22	8	10	1stTail: 50:50 Blend Class H

DV tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
Surface	0'	100%
Intermediate	0'	65%
Production	4257'	20%

Include Pilot Hole Cementing specs:
Pilot hole depth N/A
KOP 9043

Plug top	Plug Bottom	% Excess	No. Sacks	Wt. lb/gal	Yld ft3/sack	Water gal/sk	Slurry Description and Cement Type

4. Pressure Control Equipment

NO	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	3M	Annular	x	50% of working pressure
			Blind Ram	x	3M
			Pipe Ram	x	
			Double Ram		
			Other*		
			Annular		
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other *		
			Annular		
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other *		

*Specify if additional ram is utilized.

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 listed in the table above. If the system is upgraded all the components installed will be functional and tested.

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. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

X	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
No	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
	Y /N | Are anchors required by manufacturer?
No	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. • N/A See attached schematic.

See COA

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	~~792~~ 860'	FW Spud	8.5-8.8	35-45	N/C
~~792~~	4757	Saturated Brine	10.0-10.2	28-34	N/C
4757	TD	Cut Brine	8.6-9.2	28-34	N/C

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

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring

6. Logging and Testing Procedures

Logging, Coring and Testing.	
X	Will run GR/CNL from TD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
X	Drill stem test? If yes, explain – will be run based on geological sample shows
	Coring? If yes, explain

Additional logs planned		Interval
	Resistivity	
	Density	
	CBL	
X	Mud log	Intermediate shoe to TD
	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4130 psi
Abnormal Temperature	Yes/No

Mitigation measure for abnormal conditions. Describe. No abnormal pressures or temperatures are anticipated. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
	H2S is present
X	H2S Plan attached

8. Other facets of operation

Is this a walking operation? If yes, describe.
Will be pre-setting casing? If yes, describe.

Attachments
_x_ Directional Plan
___ Other, describe

COPY

BTA Oil Producers, LLC

Lea County, NM
(Mesa) Sec 1 & 12, T26S, R32E (Mesa)
Mesa #11H

Wellbore #1

Plan: Design #1

Standard Planning Report

03 December, 2014

Attachment to APD
BTA Oil Producers, LLC
Mesa 8105 JV-P #11H
Sec 1, T26S, R32E
Lea County, NM

COPY

Database:	EDM 5000 1 Single User Db	**Local Co-ordinate Reference:**	Well Mesa #11H
Company:	BTA Oil Producers, LLC	**TVD Reference:**	GL @ 3324.0usft (Original Well Elev)
Project:	Lea County, NM	**MD Reference:**	GL @ 3324.0usft (Original Well Elev)
Site:	(Mesa) Sec 1 & 12, T26S, R32E (Mesa)	**North Reference:**	Grid
Well:	Mesa #11H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project	Lea County, NM, Lea County, NM		
Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Ground Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	(Mesa) Sec 1 & 12, T26S, R32E (Mesa)				
Site Position:		**Northing:**	388,357.79 usft	**Latitude:**	32° 3' 56.723 N
From:	Map	**Easting:**	718,031.00 usft	**Longitude:**	103° 37' 46.202 W
Position Uncertainty:	0.0 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	0.37 °

Well	Mesa #11H					
Well Position	**+N/-S**	0.0 usft	**Northing:**	388,357.79 usft	**Latitude:**	32° 3' 56.723 N
	+E/-W	0.0 usft	**Easting:**	718,031.00 usft	**Longitude:**	103° 37' 46.202 W
Position Uncertainty		0.0 usft	**Wellhead Elevation:**	0.0 usft	**Ground Level:**	3,324.0 usft

Wellbore	Wellbore #1			
Magnetics	**Model Name**	**Sample Date**	**Declination (°)**	**Dip Angle (°)**	**Field Strength (nT)**
	IGRF200510	8/26/2014	7.21	59.98	48,246

Design	Design #1			
Audit Notes:				
Version:		**Phase:**	PROTOTYPE	**Tie On Depth:**	0.0
Vertical Section:	**Depth From (TVD) (usft)**	**+N/-S (usft)**	**+E/-W (usft)**	**Direction (°)**
	0.0	0.0	0.0	179.62

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
9,042.5	0.00	0.00	9,042.5	0.0	0.0	0.00	0.00	0.00	0.00	
9,792.5	90.00	179.62	9,520.0	-477.5	3.1	12.00	12.00	0.00	179.62	
14,737.9	90.00	179.62	9,520.0	-5,422.7	35.5	0.00	0.00	0.00	0.00	Mesa 11H PBHL

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
9,042.5	0.00	0.00	9,042.5	0.0	0.0	0.0	0.00	0.00	0.00
9,792.5	90.00	179.62	9,520.0	-477.5	3.1	477.5	12.00	12.00	0.00

COPY

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well Mesa #11H
Company:	BTA Oil Producers, LLC	**TVD Reference:**	GL @ 3324 0usft (Original Well Elev)
Project:	Lea County, NM	**MD Reference:**	GL @ 3324 0usft (Original Well Elev)
Site:	(Mesa) Sec 1 & 12, T26S, R32E (Mesa)	**North Reference:**	Grid
Well:	Mesa #11H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
Mesa 11H PBHL	0.00	0.00	9,520.0	-5,422.7	35.5	382,935.10	718,066.50	32° 3' 3.059 N	103° 37' 46.200 W
- plan misses target center by 4945.3usft at 9792.5usft MD (9520.0 TVD, -477.5 N, 3.1 E)									
- Point									

COPY

Attachment to APD
BTA Oil Producers, LLC
Mesa 8105 JV-P #11H
Sec 1, T26S, R32E
Lea County, NM

T G M

Azimuths to Grid North
True North: -0.37°
Magnetic North: 6.83°

Magnetic Field
Strength: 48245.6snT
Dip Angle: 59.98°
Date: 8/26/2014
Model: IGRF200510

WELL DETAILS: Mesa #11H

Ground Level: 3324.0

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
0.0	0.0	388357.79	718031.00	32° 3' 56.723 N	103° 37' 46.202 W

BTA Oil Producers, LLC

SITE DETAILS: (Mesa) Sec 1 & 12, T26S, R32E (Mesa)

Site Centre Northing: 388357.79
Easting: 718031.00

Positional Uncertainity: 0.0
Convergence: 0.37
Local North: Grid

PROJECT DETAILS: Lea County, NM

Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001

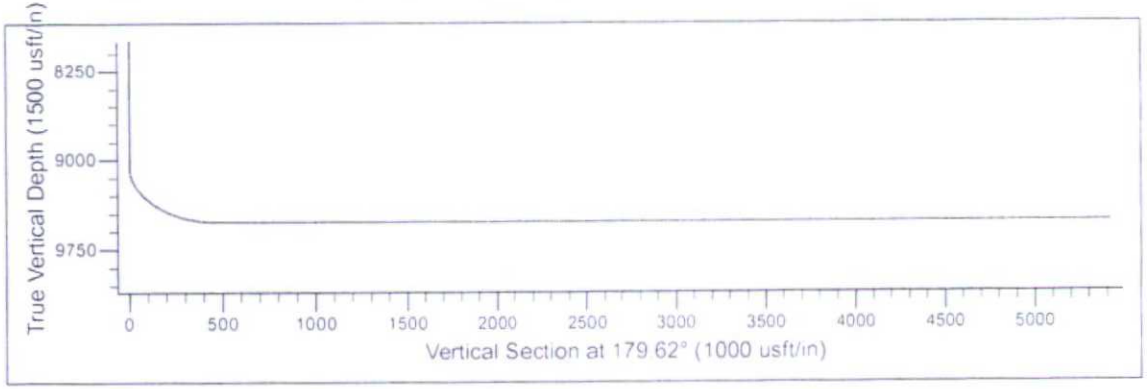
System Datum: Ground Level

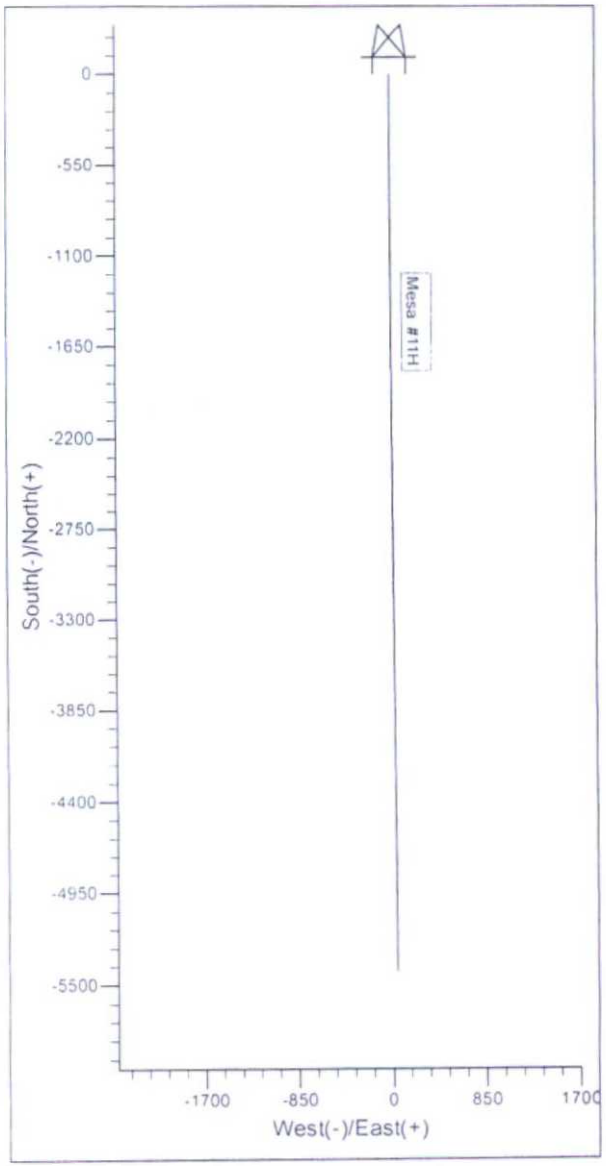
CASING DETAILS

No casing data is available

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Annotation
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
9042.5	0.00	0.00	9042.5	0.0	0.0	0.00	0.00	0.0	
9792.5	90.00	179.62	9520.0	-477.5	3.1	12.00	179.62	477.5	
14737.9	90.00	179.62	9520.0	-5422.7	35.5	0.00	0.00	5422.8	Mesa 11H PBHL





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The 13-5/8" blowout preventer equipment (BOP) shown in exhibit A will consist of a (3M system) double ram type (3000 psi WP) preventer and a bag type (Hydril) preventer (3000 psi WP). Will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. The BOP's will be installed don the 13-3/8" casing and utilized continuously until TD is reached. All BOP's and associated equipment will be tested as per BLM drilling operations order No 2.

Pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having a 3000 psi WP rating.

Attachment to APD
BTA Oil Producers, LLC
Mesa 8105 JV-P #11H
Sec 1, T26S, R32E
Lea County, NM

COPY

3,000 psi BOP Schematic

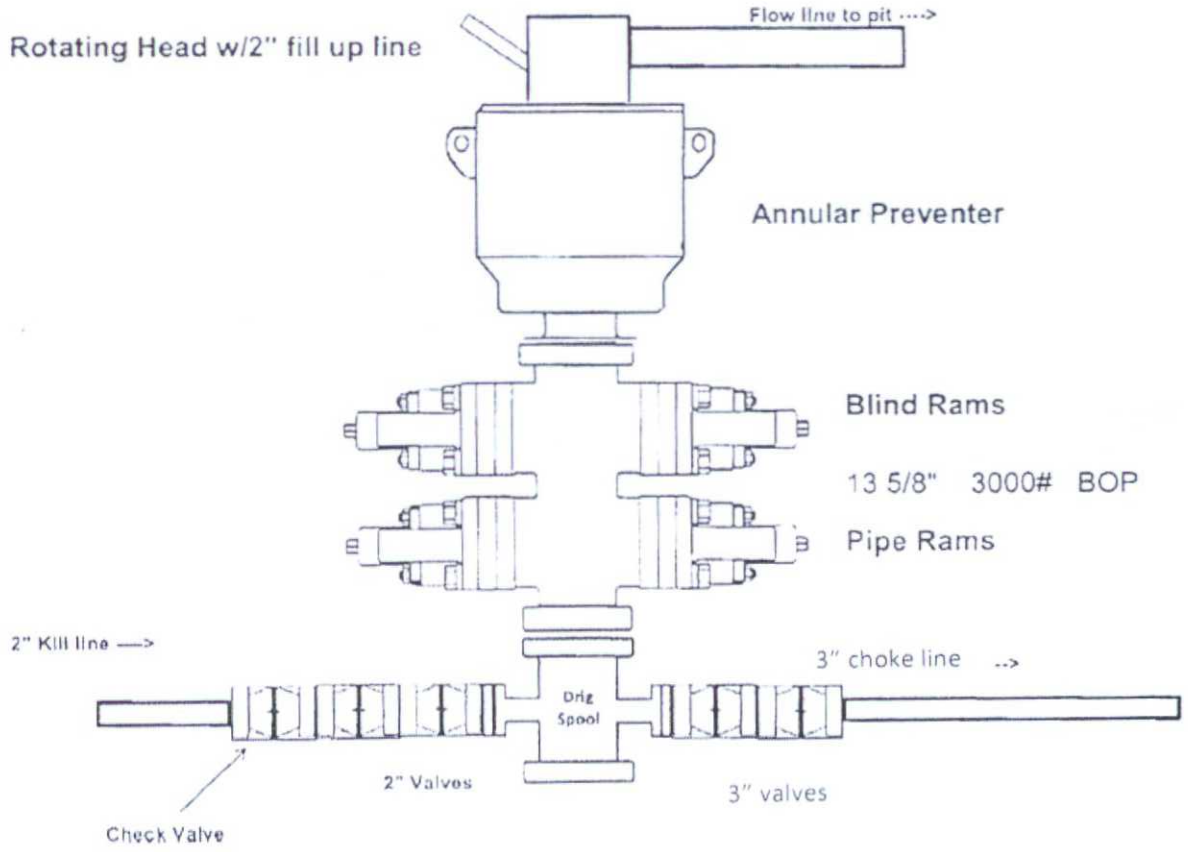

Exhibit A

Attachment to APD
BTA Oil Producers, LLC
Mesa 8105 JV-P #11H
Sec 1, T26S, R32E
Lea County, NM

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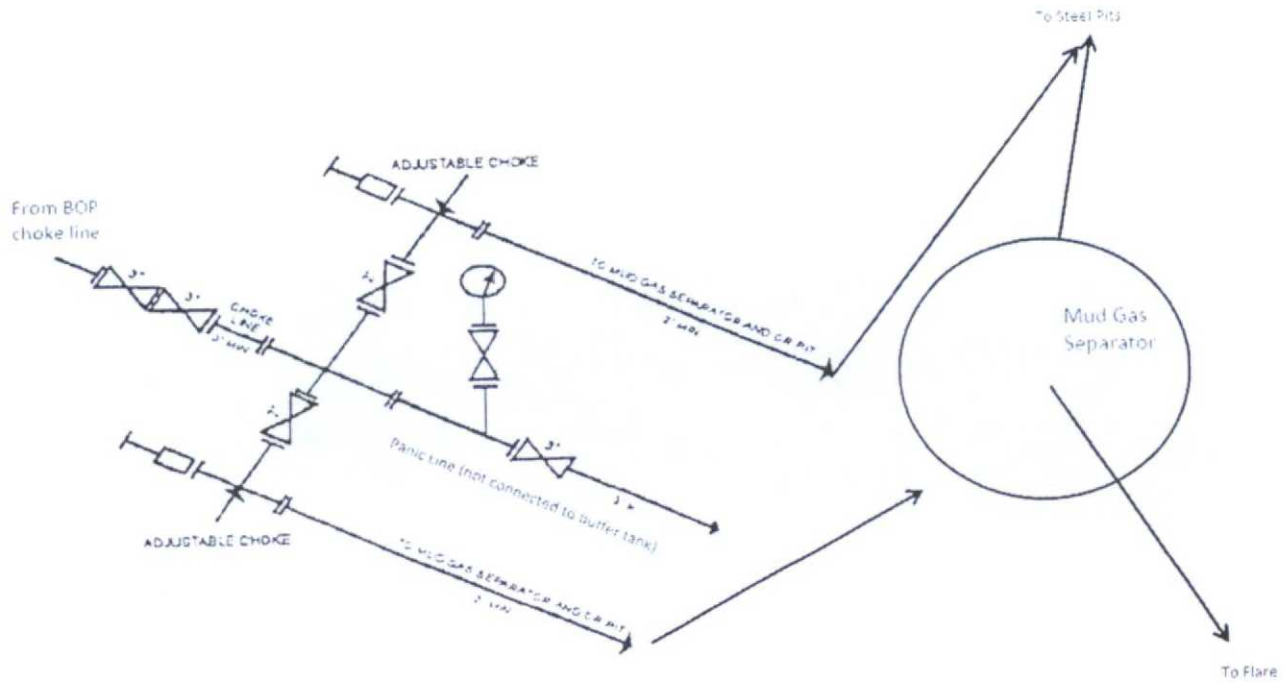

3M choke manifold design

Exhibit A1

Attachment to APD
BTA Oil Producers, LLC
Mesa 8105 JV-P #11H
Sec 1, T26S, R32E
Lea County, NM