Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE *- Other instructions on page 2*

HOBBS OCD

DEC 0 8 2015

RECEIVED

1. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. NM 121490, NM 84898, NM 02965-A
	6. If Indian, Allottee or Tribe Name
	7. If Unit of CA/Agreement, Name and/or No.
	8. Well Name and No. ~Rattlesnake 28 Fed Com 704H
2. Name of Operator EOG Resources, Inc.	9. API Well No. 30-025-42876
3a. Address P. O. Box 2267 Midland, TX 79702 / 3b. Phone No. *(include area code)* (432) 686-3684	10. Field and Pool or Exploratory Area WC-025 G-09 S263327G; Upper Wolfcamp
4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)* 730' FNL & 2100' FEL, Sec 28, T26S, R33E, NWNE (B)	11. Country or Parish, State Lea, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☑ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be perfonned or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has detennined that the site is ready for final inspection.)

EOG Resources, Inc. requests an amendment to our approved APD for this well to reflect a change in the casing design.

New casing design attached.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)* Renee Jarratt	Title Regulatory Analyst
Signature Renee Jarratt	Date 11/24/2015

THE SPACE FOR FEDERAL OR STATE OFICE USE

Approved by	Title	Date DEC 3 2015
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	/s/ Chris Walls BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

APPROVED

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)

DEC 1 4 2015

EOG RESOURCES, INC.
RATTLESNAKE 28 FED COM NO. 704H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	790'
Top of Salt	1,140'
Base of Salt / Top Anhydrite	4,690'
Base Anhydrite	4,928'
Lamar	4,928'
Bell Canyon	4,953'
Cherry Canyon	6,050'
Brushy Canyon	7,580'
Bone Spring Lime	9,120'
1st Bone Spring Sand	10,060'
2nd Bone Spring Lime	10,490'
2nd Bone Spring Sand	10,675'
3rd Bone Spring Carb	11,000'
3rd Bone Spring Sand	11,750'
Wolfcamp	12,173'
TD	12,400'

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

Upper Permian Sands	0- 400'	Fresh Water
Cherry Canyon	6,050'	Oil
Brushy Canyon	7,580'	Oil
1st Bone Spring Sand	10,060'	Oil
2nd Bone Spring Lime	10,490'	Oil
2nd Bone Spring Sand	11,675'	Oil
3rd Bone Spring Carb	11,000'	Oil
3rd Bone Spring Sand	11,750'	Oil
Wolfcamp	12,173'	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.

4. CASING PROGRAM - NEW

Hole Size	Interval	Csg OD	Weight	Grade	Conn	DF_{min} Collapse	DF_{min} Burst	DF_{min} Tension
14.75"	0 – 890'	10.75"	40.5#	J55	STC	1.125	1.25	1.60
9.875"	0-10,700'	7.625"	29.7#	HCP-110	LTC	1.125	1.25	1.60
6.75"	0'-10,500'	5.5"	20#	HCP-110	Ultra SF II	1.125	1.25	1.60
6.75"	10,500' – 19,729'	5"	23.2#	HCP-110	JFE Bear	1.125	1.25	1.60

Cementing Program:

Depth	No. Sacks	Wt. ppg	Yld Ft^3/ft	Mix Water Gal/sk	Slurry Description
10-3/4" 890	325	13.5	1.73	9.13	Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% $CaCl_2$ + 0.25 lb/sk Cello-Flake (TOC @ Surface)
	200	14.8	1.34	6.34	Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate
7-5/8" 10,700'	800	9.0	2.79	10.10	Lead: LiteCRETE + 0.10% D-065 + 0.20% D-046 + 0.40% D-167 + 0.20% D-198 + 0.04% D-208 + 2.0% D-174 (TOC @ Surface)
	300	15.6	1.20	5.24	Tail: Class 'C' + 0.25 lb/sk Cello Flake + 0.005 lb/sk Static Free
5-1/2" x 5" 19,729'	100	11.0	3.62	21.67	60:40 Class C:POZ + 8% Gel + 0.2% C-45 + 0.15% C-47B + 0.5% C-41P + 0.175% Citric Acid + 0.1% C-19 + 0.1% CSA-1000 + 6% STE + 8 pps Plexcrete + 8 pps Kol Seal + 2 pps Gypsum + 0.2% C-49 (TOC @ 10,200')
	800	14.4	1.33	5.98	Tail: Class H + 47.01 pps D-909 + 37.01 pps + 5.0% D-020 + 0.30% D-013 + 0.20% D-046 + 0.10% D-065 + 0.50% D-167 + 2.0% D-174

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 single ram, mud cross and 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.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 5000/ 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 5000/ 250 psig and the annular preventer to 5000/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

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

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0 – 890'	Fresh - Gel	8.6-8.8	28-34	N/c
890' – 10,700'	Oil Base	9.0-9.2	58-68	N/c
10,700' – 19,729' Lateral	Oil Base	10.0-12.0	58-68	3 - 6

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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 logs are not planned for this well.

GR–CCL Will be run in cased hole during completions phase of operations.

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

The estimated bottom-hole temperature (BHT) at TD is 180 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 5369 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 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

(A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

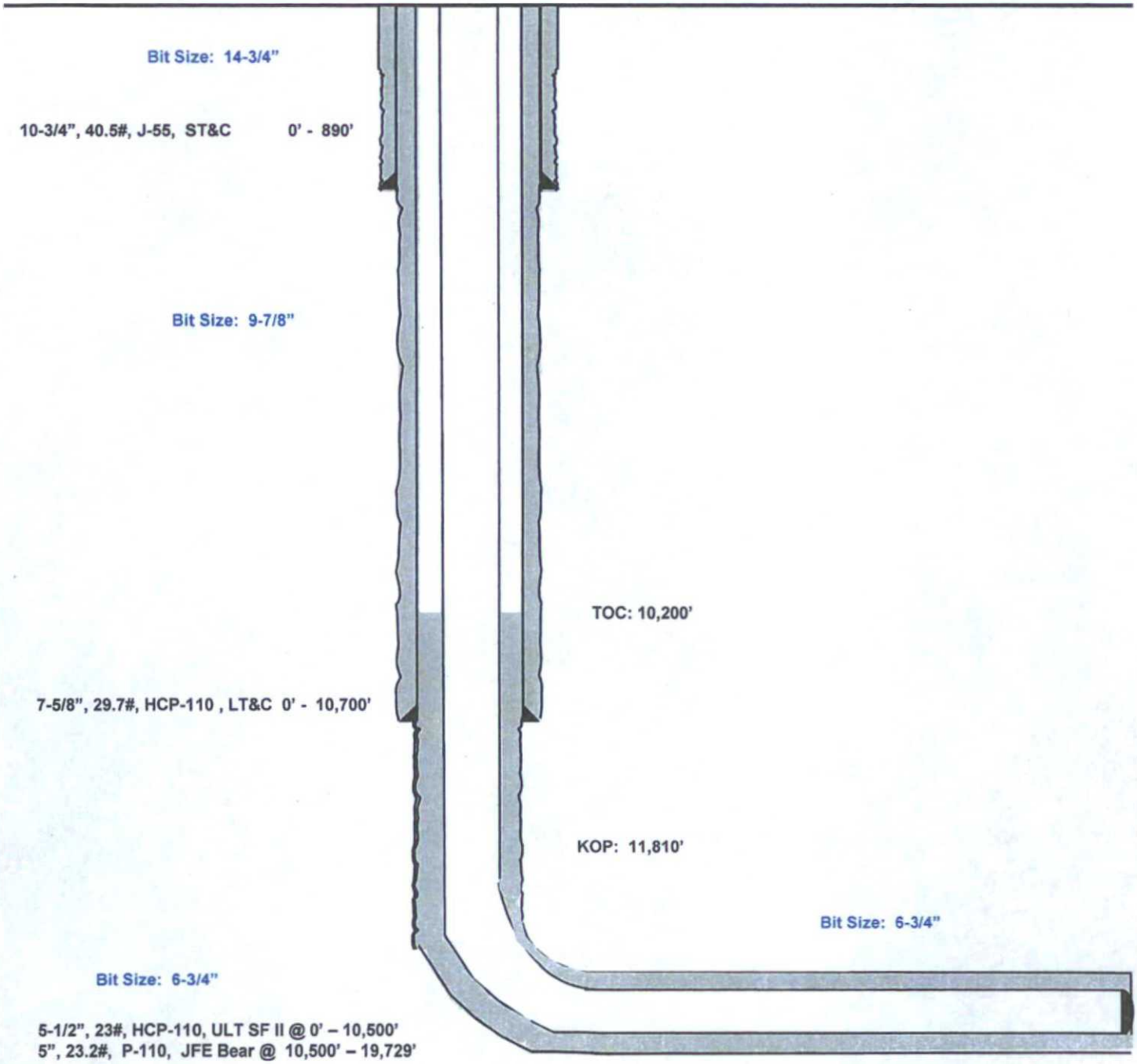
Rattlesnake 28 Fed Com #704H

730' FNL
2100' FEL
Section 28
T-26-S, R-33-E

Lea County, New Mexico
Proposed Wellbore

API: 30-025-42876

KB: 3,275'
GL: 3,245'



Lateral: 19,729' MD, 12,400' TVD
Upper Most Perf:
330' FNL & 2402' FEL Sec. 28
Lower Most Perf:
330' FSL & 2402' FEL Sec. 33
BH Location: 230' FSL & 2404' FEL
Section 33
T-26-S, R-33-E

PREMIUM CONNECTIONS PERFORMANCE DATA

Size 5.500 NomWt 23.0 Grade P-110 HC

TMK UP ULTRA™ SFII

5.500in 23.0lbs/ft P-110 HC

Technical Data Sheet

Tubular Parameters

Size	5.500	in	Minimum Yield	110,000	psi
Nominal Weight	23.0	lbs/ft	Minimum Tensile	125,000	psi
Grade	P-110 HC		Yield Load	729,000	lbs
PE Weight	22.54	lbs/ft	Tensile Load	828,000	lbs
Wall Thickness	0.415	in	Min. Internal Yield Pressure	14,500	psi
Nominal ID	4.670	in	Collapse Pressure	15,110	psi
Drift Diameter	4.545	in			
Nom. Pipe Body Area	6.630	in²			

Connection Parameters

Connection OD	5.726	in
Connection ID	4.626	in
Make - Up Loss	5.653	in
Critical Section Area	5.817	in²
Efficiency - Tension	85%	%
Efficiency - Compression	73%	%
Yield Load In Tension	621,000	lbs
Min. Internal Yield Pressure	14,500	psi
Collapse Pressure	15,110	psi
Uniaxial Bending	78	°/ 100 ft

Make-Up Torques

Min. Make-Up Torque	15,500	ft-lbs
Optimum Make-Up Torque	16,300	ft-lbs
Max. Make-Up Torque	18,700	ft-lbs
Yield Torque	24,800	ft-lbs

Printed on : November-24-2015

JFEBEAR

JFE

Jun. 23, 2015

SIZE:	5.000 in (127 mm)
WEIGHT:	23.20 lb/ft (34.53 kg/m)
GRADE:	P110
COUP:	Standard
FF:	APImod (FF=1.0)

Torque vs. Turns

JFE has performed and continues to perform connection and qualification testing according to the most rigorous industry and customer standards. Performance ratings are uniaxial ratings based on specified pipe minimum performance properties. Please contact the JFE-TC office for the latest information.

MATERIAL	Imperial	Metric
Min Yield Strength	110,000 psi	758 MPa
Max Yield Strength	140,000 psi	965 MPa
Min Tensile Strength	125,000 psi	862 MPa

COUPLING		
Coupling OD	5.750 in	146.05 mm
Coupling ID	4.143 in	105.23 mm
Tensile Efficiency	105%	105%
Coupling Length	10.369 in	263.37 mm
Make-up Loss Length	4.63 in	117.60 mm
Bearing Face Load	443kip	1,971kN

PIPE		
Pipe Body Wall	0.478 in	12.14 mm
Pipe ID	4.044 in	102.72 mm
Drift Diameter	3.919 in	99.54 mm
Pipe Cross Section	6.791 in^2	4,381 mm^2
Collapse Pressure	19,020 psi	131.14 MPa
Internal Yield Pressure	18,400 psi	126.86 MPa
Pipe Body Yield Strength	747 kip	3,323 kN

CONNECTION PERFORMANCE		
Collapse Pressure	19,020 psi	131.14 MPa
Internal Yield Pressure	18,400 psi	126.86 MPa
Joint Strength	747 kip	3,323 kN
Joint Tensile Efficiency	100%	100%
Compression Rating	598 kip	2,660 kN

FIELD MAKE-UP TORQUE		
Min Torque	13,500 ft-lb	20,000 Nm
Opt Torque	15,000 ft-lb	22,322 Nm
Max Torque	16,500 ft-lb	24,555 Nm

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	EOG Resources
LEASE NO.:	NM02965A
WELL NAME & NO.:	704H-Rattlesnake 28 Fed Com
SURFACE HOLE FOOTAGE:	730'/S & 2100'/E
BOTTOM HOLE FOOTAGE	230'/S & 2404'/E, sec. 33
LOCATION:	Section 28, T. 26 S., R. 33 E., NMPM
COUNTY:	Lea County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the **Delaware** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**

2. Option – Setting surface casing with Surface Rig

   a. Notify the BLM when removing the Surface Rig.

   b. Notify the BLM when moving in the Primary Drilling Rig. Rig to be moved in within 60 days of notification that Surface Rig has left the location. Failure to notify or have rig on location within 60 days will result in an Incident of Non-Compliance.

   c. Once the Primary Drilling Rig is on location, it shall not be removed from over the hole without prior approval unless the production casing has been run and cemented or the well has been properly plugged. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

d. BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as H&P Flex Rig is rigged up on well. CIT for the surface casing shall be performed and results recorded on subsequent sundry – pressure to be 1200 psi.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

The initial wellhead installed on the well will remain on the well with spools used as needed.

Wait on cement (WOC) for Water Basin:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Risks:
Medium Cave/ Karst Occurrence
Possibility of Water Flows in the Castile and in the Salado
Possibility of Lost Circulation in the Rustler, in the Red Beds and in the Delaware
Abnormal pressures may be encountered upon penetrating the 3rd Bone Spring Sandstones and all subsequent formations.

1. The **10 3/4** inch surface casing shall be set at approximately **910** feet **(in a competent bed below the Magenta Dolomite, which is a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt)** and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

    Formation below the 10 3/4 inch shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

2. The minimum required fill of cement behind the **7-5/8** inch intermediate casing is:

    ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.
    Additional cement may be required since excess cement was calculated to be 11%.

    If cement does not circulate to surface on the intermediate casing, the cement on the production casing must come to surface.

Formation below the 7 5/8 inch shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

3. The minimum required fill of cement behind the **5-1/2 x 5** inch production casing is:

   ☒ Cement should tie-back at least **500** feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi. **5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

   a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

    c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

    d. The results of the test shall be reported to the appropriate BLM office.

    e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

    f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

    a. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **3rd Bone Springs** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **3rd Bone Springs** and **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Proposed mud weight may not be adequate for drilling through 3rd Bone Springs and Wolfcamp.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

F. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

CRW 120515