MAR 27 2017

S. Lease Serial No. LC-065710-A

6. If Indian, Allote Form 3160-3 FORM APPROVED OMB No. 1004-0137 (June 2015) Expires: January 31, 2018 **UNITED STATES** DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT APPLICATION FOR PERMIT TO DRILL OF REE 6. If Indian, Allotee or Tribe Name 7. If Unit or CA Agreement, Name and No DRILL ✓ REENTER la. Type of work: 1b. Type of Well: Oil Well Gas Well Other 8. Lease Name and Well No. Hydraulic Fracturing 1c. Type of Completion: ✓ Single Zone Multiple Zone LUSK FEDERAL #9-A* 2. Name of Operator 9. API Well No. SHACKELFORD OIL COMPANY 30-025-0524 3052 10. Field and Pool, or Explorat 3a. Address 3b. Phone No. (include area code) 203 W. WALL, SUITE 200, MIDLAND, TEXAS 79701 (432) 682-9784 LUSK; YATES, EAST 4. Location of Well (Report location clearly and in accordance with any State requirements.*) 11. Sec., T. R. M. or Blk. and At surface 2310 FSL & 660 FEL Section 20, T. 19 S., R. 32 E. At proposed prod. zone SAME 12. County or Parish 13. State 14. Distance in miles and direction from nearest town or post office* 40 MILES SOUTHWEST OF HOBBS, NM 17. Spacing Unit dedicated to this well 15. Distance from proposed* 16. No of acres in lease location to nearest property or lease line, ft. 640 40 (Also to nearest drig. unit line, if any) 18. Distance from proposed location* 20. BLM/BIA Bond No. in file 19. Proposed Depth to nearest well, drilling, completed, applied for, on this lease, ft. 2840' NM 2156 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 22. Approximate date work will start* 23. Estimated duration 3685' GL ASAP 12 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. 4. Bond to cover the operations unless covered by an existing bond on file (see 2. A Drilling Plan. Item 20 above) 3. A Surface Use Plan (if the location is on National Forest System Lands, the 5. Operator certification. 6. Such other site specific information and/or plans as may be requested by the SUPO must be filed with the appropriate Forest Service Office BLM 25. Signature Name (Printed/Typed) Date BARRY W. HUNT 8/29/16 Title

Name (Printed) Cody Layton

Office BLM-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

Approved by (Signatu

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.

Approval Subject to General Requirements & Special Stipulations Attached

03/28/17 SEE ATTACHED FOR CONDITIONS OF APPROVAL

(Continued on page 2)

*(Instructions on page 2)

DRILLING PLAN:

SHACKELFORD OIL COMPANY, INC. (RE-ENTRY) LUSK FEDERAL #9-A 2310' FSL & 660' FEL, SECTION 20, T19S, R32E Lea County, NM



1. GEOLOGIC NAME OF SURFACE FORMATION:

A. Recent Permian with quaternary alluvium and other surficial deposits.

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Formation	Subsea Depth	Well Depth	Water / Oil / Gas
			-
Anhydrite		782'	Salt
Tansil		2240'	Water/Oil/Gas
Yates		2582'	Water/Oil/Gas
Seven Rivers		2777'	Water/Oil/Gas
TD		2840'	Water/Oil/Gas

Water: Surface water between 50' – 230' behind casing.

Oil: Possible in the Yates below 2,600' and the Delaware below 4,820

Gas: None expected.

This project will involve re-entering the plugged and abandoned Lusk Deep Unit—A #20 well, drilling out cement and plugs and setting CIBP at 2840'. This vertical oil well will be re-entered for the Seven Rivers (SEE RE-ENTRY PROCEDURE).

3. CASING PROGRAM: EXISTING IN WELL

Hole Size	Depth	Casing	Weight	Joint	Grade	New/Used	SF	SF Collapse	SF Tension
		Size					Burst		
17 1/2"	0' - 872'	13 3/8"	48#	STC	H-40 (8	New	N/A	N/A	N/A
					Round)				
12-1/4"	0'-4485'	8-5/8"	24#	STC	J-55 (8 Round)	New	N/A	N/A	N/A
7-7/8"	2522'- 7230'	5 1/2" 5 1/2"	15.5# 14#	LTC STC	J-55 (8 Round)	New	N/A	N/A	N/A

5 1/2" Casing cut off at 2522' when plugged.

4. CEMENT PROGRAM: EXISTING

- A. <u>Surface Casing: Existing.</u> 13 3/8", 48#, H-40, @872' cmtnd w 900 sx Class C 2% CaCl, 14.8 ppg, 1.32 yield, 6.3 gal. Circ to surface.
- B. <u>Intermediate Casing:</u> Existing. 8 5/8", 24#, J-55, @ 4485' cmtnd w 2350 sx. (Stage 1: 500 sx Class C 65/35/ poz, 6% gel, 13.1 ppg., 1.69 yield, 8.8 gal/sk, 150 sx Class C Neat, 14.8 ppg., 1.32 yield, 6.3 gal/sk.) (Stage 2: 800 sx Class C 20% Diacel D, 10% salt, 12 ppg., 3.02 yield, 17.5 gal/sk & 150 sx thickset, 14.2 ppg., 1.60 yield, 7.9 gal. Cement did not circ. TOC @ 2030). PU 1" pipe, set plug 1930' w/75 s Class C. Tag plug @1863'. Set plug 130 sx Class C. Tag plug @1710' & set plug 100 sx Class C. Set plug w/100 sx Class C. Tag plug @1100'. Set plug 100 sx Class C. Set plug 100 sx Class C. Set plug 95 sx Class C. Set plug 200 sx Class C Neat. Circ. 30 sx. Cement to surface.
- C. <u>Production Casing</u>: Existing. 5 1/2", 15.5#, J-55 @ 2522 7230' cmtnd w 800 sx. (400 sx Class C 65/35 poz, 6% gel, 13.1 ppg., 1.69 yield, 8.8 gal/sk & 400 sx Class C, 0.85% D-60, 14.8 ppg., 1.32 yield, 6.3 ga/sk. TOC 3030'.

5. PRESSURE CONTROL EQUIPMENT:

The blow out preventer equipment (BOP) for this well consists of a 10" 3M Cameron Space Saver, double ram BOP with choke manifold. The BOP will be installed on the 8 5/8" casing. Casing and BOP will be tested as described in Onshore Order No. 2. The pipe rams will be operated and checked daily, plus each time drill pipe is out of hole. This will be documented on drillers log. (See Exhibits).

6. PROPOSED MUD CIRCULATION SYSTEM: In lateral hole

INTERVAL	Mud Type	MW (ppg)	Viscosity (sec/qt)	Fluid Loss (cc)
0 – 2840'	Brine water mud	9.5	29	NC

If needed, the necessary mud products for weight addition and fluid loss control will be on location at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- A. A Kelly cock will be in the drill string at all times.
- B. A full opening drill pipe stabbing valve having appropriate connections will be on the rig floor at all times.
- C. H2S monitors will be on location.

8. LOGGING, CORING AND TESTING PROGRAM:

Drill Stem Tests: None.

Logging: Bo

Bond Log was previously run.

Coring:

None.

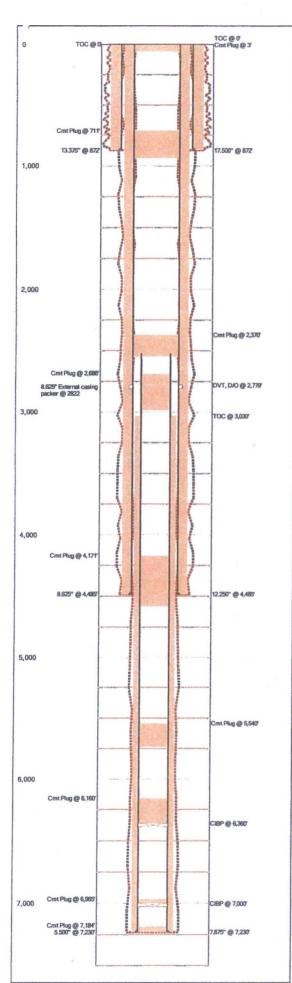
9. ABNORMAL PRESSURES AND TEMPERATURES / POTENTIAL HAZARDS:

None anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight. Max bottom hole pressure should not exceed 1,249.6 psi., surface pressure 1,856 psi (part. Evac. Hole) with BHT of 122 F anticipated.

H2S: None expected. None in the previously drilled well, but the Mud Log Unit will be cautioned to use a gas trap to detect H2S and if any is detected the mud weight will be increased along with H2S inhibitors sufficient to control the gas. The well will be shut down until a mud separator and flare line can be installed on the choke manifold, if the gas monitor approaches 10. The operator and drilling contractor are prepared to take all necessary steps to ensure safety of all personnel and environment.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

A. Road and location construction will begin after BLM has approved APD. Anticipated spud date will be as soon after BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take 12 days. An additional 30 days will be needed to complete the well and construct surface facilities and/or lay flow lines in order to place well on production.



PRESENT Last Updated: 4/19/2016 04:37 PM

Field Nan	ne			L	ease	N	ame					Well No.
Lusk Wes	t Del	aware		L	usk \	Ve	st De	9				
County				State	•						APIN	lo.
Lea				New	Mexi	CO					3002	5305240000
Version		Version	Tag									
	1	PRESE	IT	-								
GL (ft)	KE	3 (ft)	Sec	tion	Tov	vns	ship/l	Bloc	k		Rang	e/Survey
	+		20		198	;					32E	***************************************
Operator				Well	Stat	us		Lati	itud	le	-	Longitude
Shackelfo	rd Oi	Compar	ıy	Plug	ged							
Dist. N/S	(ft)	N/S Line	E	ist. E	W (ft)	E/W	Line	e	Fo	otage	From
2	310	FSL	+		6	60	FEL					
Prop Nun	7					S	pud l	Date	_	-	Co	mp. Date
				-		t				_	\top	
Additiona	l Info	ormation				_				_		
			-		-					-		****
Other 1		Oth	er 2			To	ther	3		-	Otl	ner 4
	-	\neg	-		-	t			-	_	+	
Prepared	Ву		Up	dated	Ву	_			La	st L	pdate	ed
Shackelfo	rd		Sha	ackelf	ord	-		7		-	4/1	9/2016 4:37 PN
Hole Sum	mary	1	_			_				_		

Date	O.D. (in)	Top (MD ft)	Bottom (MD ft)	Comments
	17.500	0	872	
	12.250	0	4,485	
	7.875	0	7,230	

Tubular Summary

Date	Description	O.D. (in)	Wt (lb/ft)	Grade	Top (MD ft)	Bottom (MD ft)
11/21/1988	Surface Casing	13,375	48.00	H-40	0	872
11/30/1988	Intermediate Casing	8,625	24.00	J-55	0	4,485
12/8/1988	Production Casing	5,500	15.50	J-55	2,522	7,230

Casing Cement Summary

С	Date	No.	Csg. O.D. (in)	Top (MD ft)	Bottom (MD ft)	Comments
		900	13.375	0	872	
20		2,350	8.625	0	4,485	
2		800	5.500	3,030	7,230	

Tools/Problems Summary

Date	Tool Type	O.D. (in)	I.D. (in)	Top (MD ft)	Bottom (MD ft)
	DVT, D/O	8.625	0.000	2,779	0
	CIBP	5.500	0.000	6,360	0
	CIBP	5.500	0.000	7,000	0

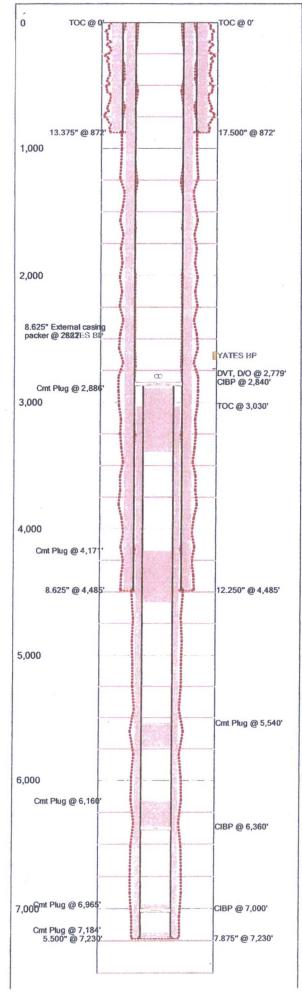
Cement Plug Summary

Date	No. Sx	O.D. (in)	Top (MD ft)	Bottom (MD ft)	Comments
6/17/2009	17	8.625	3	63	
6/16/2009	75	8.625	711	940	Tagged toc @ 711'
6/12/2009	40	8.625	2,370	2,550	Tagged toc @ 2370
6/11/2009	90	5.500	2,686	2,987	Cut 5 1/2" csg, could not pul @ 2987'
6/9/2009	25	5.500	4,171	4,585	
6/9/2009	25	5.500	5,540	5,740	
6/9/2009	25	5.500	6,160	6,360	
		5.500	6,965	7,000	
		5.500	7,184	7,230	

Field Nam	е		Le	ease Na	me		The state of the s	Well No.	C	ounty	-	State	9	AF	I No.	
usk West	Delawa	re	Lu	sk Wes	Delav	ware Unit	1	9	L	ea		New	Mexico	30	02530524	10000
Version	Vei	sion Ta	g								Spud Da	te	Comp, Date	e GL	_ (ft)	KB (ft)
	1 PR	ESENT		-												
Section	Towns	ship/Blo	ock	Ran	ge/Su	rvey	1	Dist. N/S (f	t) N/S	S Line	Dist. E/W	(ft)	E/W Line	Foota	age From	
20	198			32E				2,3	10 FS	L		660	FEL			
Operator						Well St	tatus			Lati	tude		Longitude		Prop	Num
Shackelford	d Oil Co	mpany				Plugge	d									
Other 1				Other	2			Othe	r 3				Other -	4		-
Last Upda					pared						Updated	Ву				
04/19/2016				Sha	ckelfor	rd					Shackelt	ord				
Additional	Inform	ation														
Hole Sumr																
Date	O.D. (i		op Bott							Com	ments		2			
	17.5		0	872												
	12.2		0 4	1,485												
	7.8	75	0 7	7,230												
Tubular Su	mmary								-				-			
Date		Descrip	otion	No.	O.D.	(in) Wt	Grade	Top	Bo	ottom						
				Jts		(lb/ft)		(MD ft)	(M	ID ft)						
11/21/1988	1					375 48.00			0	872						
11/30/1988					-	625 24.00			9	4,485						
12/8/1988	Produc	tion Cas	ang		5.	500 15.50	J-55	2,52	4	7,230	230 Ran 29 jts 5,5" 15,5# and ran 121 jts 5,5" 14 2987 would not pull. cut and pulled 5,5" 2523					
Casing Cer	ment Su	ımmary			-				4		2001 1100	101	pail, out and	punc	0.0 202	
C Date	No	. Yie	ld Vol.	Cs	a.	Top	Bottom		Descri	ption				Comn	nents	
-	S			0.D.		(MD ft)	(MD ft)									
			.00 900		3.375	0	872				Class C					
	2,3		.00 2,350	1	8.625	0	4,485			Class C						
1			.00 800	1	5.500	3,030	7,230			(Class C					
Tools/Prob	lems Si															
Date	}	Tool	Гуре		D. n)	I.D. (in)	Top (MD ft)	Bottom (MD ft)	'	Descrip	tion			Com	ments	
	D'	/ tool (d	rilled out)	1	8.625	0.000	2,779	0								
	Ca	st Iron B	ridge Plug	+	5.500	0.000	6,360	0				-				
	Car	st Iron B	ridge Plug	+	5.500	0.000	7,000	0					-			
Cement Plu	ig Sumi	mary	-													
Date	No.	O.D.	Тор	Bottor						(comments	;				
047555	Sx	(in)	(MD ft)	(MD ft				-				_	-			
6/17/2009	17	8.625	3		63											
6/16/2009	75	8.625	711	9		igged toc 711'										
6/12/2009	40	8.625	2,370	2,5		gged toc @	2370					ade a maria				
6/11/2009	90	5.500	2,686	2,9		it 5 1/2" csg		pull @ 298	7'							
6/9/2009	25	5,500	4,171	4,5				, 5-00				-		-		-
6/9/2009	25	5,500	5,540	5,7												
6/9/2009	25	5.500	6,160	6,3												
		5.500	6,965	7,0		·							-			

Well History Summary

7	
Date	Comments
6/12/2009	Cut and lay down 5 1/2" at 2522"



Last Updated: 8/8/2016 03:09 PM PROPOSED

Field Na	me				Le	ase I	Name					Well No.
Lusk Wes	st Del	aware			Lusk West Delaware Unit							9
County				Sta	te						APIN	lo.
Lea				Ne	w N	lexico	0				3002	5305240000
Version		g										
	2	PROP	OSE	D								
GL (ft)	K	3 (ft)	Se	ection	1	Town	nship	Blo	ck		Rang	e/Survey
	1		20)	1	198					32E	
Operator				W	ell S	Statu	IS	La	titu	de		Longitude
Shackelfo	ord O	Comp	any	Plu	ugg	ed						
Dist. N/S	(ft)	N/S Li	ne	Dist.	EΛ	N (ft) E/W	Li	ne	Fo	otage	From
-	2310	FSL				66	0 FEL	_				
Prop Nur	n						Spud	Dat	te		Co	mp. Date
Addition	al Infe	ormatio	on									
								-				
Other 1		0	ther	2			Other	3			Oti	ner 4
Prepared By Upda						Зу			La	st l	pdate	ed
Shackelford Shack					elford					8/	8/2016 3:09 PM	

Date	O.D. (in)	Top (MD ft)	(MD ft)	Comments
	17.500	0	872	
	12.250	0	4,485	
	7.875	0	7,230	

Tubular Summary

Date	Description	O.D. (in)	Wt (lb/ft)	Grade	Top (MD ft)	Bottom (MD ft)
11/21/1988	Surface Casing	13.375	48.00	H-40	0	872
11/30/1988	Intermediate Casing	8.625	24.00	J-55	0	4,485
12/8/1988	Production Casing	5.500	15.50	J-55	2,850	7,230

Casing Cement Summary

C Date		No. Sx	Csg. O.D. (in)	Top (MD ft)	Bottom (MD ft)	Comments
1		900	13.375	0	872	
		2,350	8.625	0	4,485	
36		800	5.500	3,030	7,230	

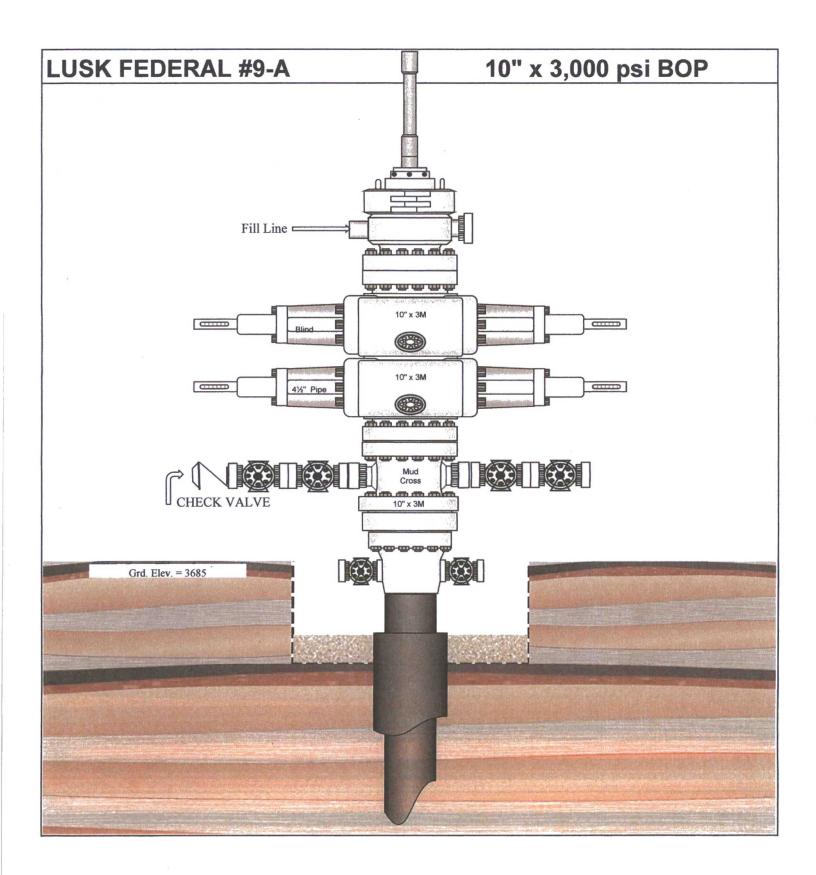
Tools/Problems Summary

Date	Tool Type	O.D. (in)	I.D. (in)	Top (MD ft)	Bottom (MD ft)
	DVT, D/O	0.000	0.000	2,779	(
	CIBP	8.625	0.000	2,840	(
	CIBP	5.500	0.000	6,360	(
	CIBP	5.500	0.000	7,000	(

Cement Plug Summary

Date	No. Sx	O.D. (in)	Top (MD ft)	Bottom (MD ft)	Comments
6/11/2009	90	5.500	2,886	3,395	Cut 5 1/2" csg, could not pull @ 2987'
6/9/2009	25	5.500	4,171	4,585	
6/9/2009	25	5.500	5,540	5,740	
6/9/2009	25	5.500	6,160	6,360	
		5.500	6,965	7,000	
		5.500	7,184	7,230	

Field Name				Lea	se Nan	ne			Well N	0.	Cou	nty	9	tate)		API N			
Lusk West	Delawar	9		Lusi	: West Delaware Unit				9	Lea			New		Mexico		30025305240000			
Version	Vers	ion Ta	g								-	1	Spud Date		Comp. [ate	GL (ft	KB (ft)		
	2 PRO	POSE)									1								
Section	Towns	hip/Blo	ck		Rang	ge/Surv	ey		Dist. N	st. N/S (ft) N/S Line Dist			Dist. E/W	(ft)	E/W Line	F	ootage	From		
20	198				32E		2,310 FSL					660 FEL								
Operator						Well Status							tude Longitude				Prop Num			
Shackelford	d Oil Con	npany				Plugged								-						
Other 1					Other	2	- 00		10	Other 3			Other 4							
															-					
ast Updat	hed				Pren	Prepared By								Updated By						
08/08/2016					-	kelford	-						Shackelfor	-						
Additional Information					Jonas	monord							Ondorono							
Additional	IIIIOIIIIa	LIOII																		
Jala Cumu	2001																			
tole Sumn				D-44-								C								
Date	O.D. (ir	(MD		Botton (MD f								Comn	nents							
	17.50		0		372															
	12.25	0	0	4,4	185															
	7.87	5	0	7,2	230															
Tubular Su																-				
Date		Descrip	tion		No.	O.D. (ir) Wt	Grade	To	op	Botto	m		_		Comi	ments			
Buto		, , , , , , , , , , , , , , , , , , ,			Jts	0.2. ((lb/ft)	O.a.o		D ft)	(MD									
11/21/1988	Surface	Casing				13.37	5 48.00	H-40		0		872								
11/30/1988	1/30/1988 Intermediate Casing					8.62	5 24.00	J-55		0	4	,485								
12/8/1988	Product	on Cas	ing			5.50	15.50	J-55		2,850	7							14#, cut 5.5" @		
	10											1	would not p	ull,	cut and p	ulled	5.5 " @	2522		
Casing Cer														_						
C Date		No. Yield Vol. Sx (ft3/sk) (ft3)			Csg. Top O.D. (in) (MD ft)		(MD ft)		Description			Comments					ts			
1	90		.00	900		3.375	0		72											
+	2,35		.00	2,350		8.625	0	4,48					_	_						
-	80		.00	800	-	5.500	3,030	7,23												
Tools/Prob							-,					-		_						
Date		Tool			0.	D T	I.D.	Top	Bott	om	Des	scripti	ion			(Comme	nts		
Date		1001	ype		(ii		(in)	(MD ft)			20.	Jonpa	1011			Johnne				
	DV	tool (di	rilled o	out)		0.000	0.000	2,7	79	0										
	Cas	t Iron B	ridge I	Plug		8.625	0.000	2,8	40	0										
	Cas	t Iron B	ridge l	Plug		5.500	0.000	6,36	60	0										
	Cas	t Iron B	ridge l	Plug		5.500	0.000	7,00	00	0										
Cement Plu	ig Sumr	nary																		
Date	No.	O.D.	To	p	Botton	1						C	omments							
	Sx	(in)	(MD	-	(MD ft)															
6/11/2009		5.500		2,886			5 1/2" csg	, could r	ot pull @	2987										
6/9/2009		5.500		4,171	4,5															
6/9/2009		5.500		5,540	5,7															
6/9/2009	25	5.500		5,160	6,3													1		
		5.500	6	3,965	7,0															
		5.500	7	7,184	7,2	30														
ehind Pip	e Summ	ary																		
Formati	on Name	To	op	Bot	tom	Net Pa	y Drain.	Area Re	s. Pres.	Water	Sat.	Eff. Po				Gas		Comments		
			D ft)	(IMI)	Oft)	(ft)	(Acr	e)	(psi)	(%		(%)	(MB	(0)		ACF)				
YATES 2,600					2,664		0	0			.0%		0%		0		0			
-			2,73	2	2,740		0	0	(0 0	.0%	0.	0%		0		0			
YATES			-	_																
YATES Vell Histor	y Summ	ary																		
13	y Summ								C	Comme	nts									



RE-ENTRY PROCEDURE

SHACKELFORD OIL COMPANY WEST LUSK DELAWARE UNIT #9 (LUSK FEDERAL #9-A) I-SEC 20-19S-32E

2310' FSL & 660 FEL

- 1. Cut Wellhead
- 2. Install Bop. Test to 3000 PSI.
- 3. GIH W/ 7 7/8" Bit and drill collars.
- 4. Drill out 63' surface plug. Tag 2nd plug at 711'.
- 5. Drill out 2nd plug from 711'-940'. Tag 3rd plug @ 2370'.
- 6. Drill out 3rd plug from 2370'-2522'. POOH, Tag casing stub @ 2522'.
- 7. GiH w/ 4 % " bit and drill collars. Drill out remainder of 3^{rd} plug to 2550'. Tag 4^{th} plug @ 2686'.
- 8. Drill out 4th plug to 2886'.
- 9. GIH w/shoe and wash over pipe. Drill out around 5 ½" casing to 2850'. Cut and pull casing from 2522'-2850'. Circulate hole clean. Pressure test casing to 500 PSI.
- 10. GIH and set CIBP @ 2840'
- 11. GIH w/cement bond log, log from 2840' to surface, if cement is OK.

12. GIH w/wireline perforate 2733'-2740', 2718'-2722', 2638'-2657', 2629-2633', 2600-2606'. Acidize w/2500 gals 15% HCL. Swab test for oil shows. If zones looks productive frsc and put on pump.

Well Name Change

Lusk West Delaware Unit #9
I-Sec. 20-T19S-R32E
2310' FSL & 660' FEL
API# 3002530524

1. Proposed zones to be tested:

2717-2740' Yates sand (Non-unitized zone)

2630'-2662' Yates sand (Non-unitized zone)

2717'-2740' Yates sand (Non-unitized zone)

The Lusk West Delaware Unit #9 re-entry will be a non-unit well, the proposed well name change will be the Lusk Federal #9-A.

Surface Comments

- Location of Existing and/or Proposed Production Facilities Deficiency:
Please identify on Exhibit E where the #10 battery is located. Please show flow-line plat that continues to the #10 Battery.

ATTACHEO

Engineering Comments

- Bottom hole pressures and hazards inadequate and/or incomplete

 Surface and bottomhole pressure needs to be recalculated because they are inconsistent to each other.
- Engineering Review: Other submitted information are inadequate and/or incomplete Needs manifold diagram shown as a closed loop system.

ATTACHEO

SURFACE PRESSURE IS EXPECTED TO BE ZERO, BOTTOM HOLE PRESSURE MAXIMUM IS EXPECTED TO 1403 PSI.

BHT IS EXPECTED TO BE 86°

SHACKELFORD OIL COMPANY

203 W. Wall STE 200

Midland, TX 79701

DESIGN: Closed-Loop system with roll-off steel bin (pits)

Contacts: Bob Shackelford - Office: 432-682-9784 Cell: 432-813-7090

Art Marquez - Office: 432-682-9784 Cell: 575-405-1334

Monitoring: 12 hour service

Equipment:

500 bbl waste fluid tank

500 bbl brine water tank

Pump, swivel manifold

Reverse tank

1 CRI Bin with track system

Air pumps on location for immediate remediation process

Layout of Closed Loop System with bin, attached

Cuttings and associated liquids will be hauled to a State regulated third party disposal site, via CRI (Controlled Recovery, Inc.) Disposal Facility Permit # R9166

OPERATIONS:

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

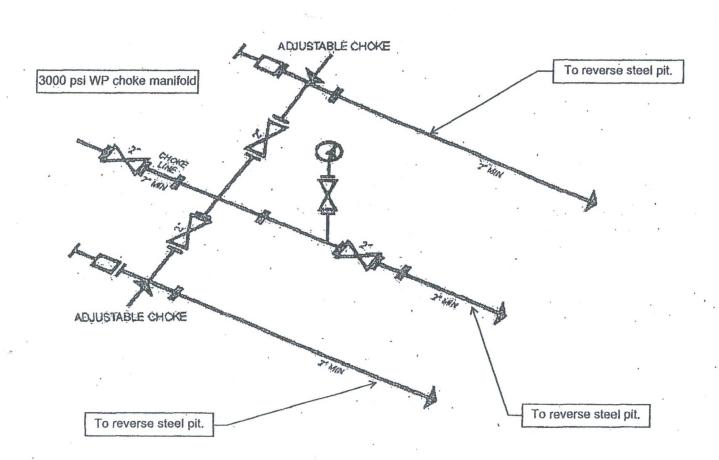
Any leak in system will be repaired and/or contained immediately.

OCD will be notified within 48 hours of the spill.

Remediation process started immediately:

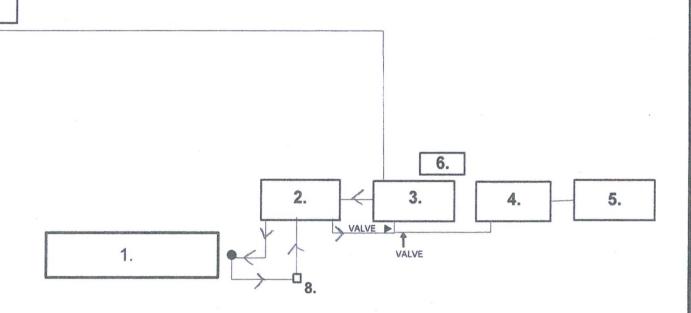
CLOSURE;

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI (Controlled Recovery Incorporated) Disposal Facility Permit # R9166



RIG LAYOUT

7.



- 1. WELL SERVICE RIG
- 2. REVERSE UNIT
- 3. REVERSE PIT
- 4. WASTE FLUID TANK
- 5. WASTE FLUID TANK
- 6. SOLIDS BIN
- 7. 500 BBL. FRAC TANK
- 8. MANIFOLD



H2S Briefing Areas and Alarm Locations

