

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--|---|
| ¹ Operator Name and Address Steward Energy II, LLC 3211 Internet Blvd., Suite 150 Frisco, TX 75034 | | ² OGRID Number 371682 |
| ³ Property Code 317665 | | ⁴ API Number 30-025-43753 |
| ⁵ Property Name Heisenberg State Com | | ⁶ Well No. 3H |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| J | 3 | 14S | 38E | J | 2442 | South | 1500 | East | Lea |

⁸ Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 34 | 13S | 38E | B | 330 | North | 2000 | East | Lea |

⁹ Pool Information

| | |
|---|----------------------------------|
| ⁹ Pool Name Bronco; San Andres, South | ¹⁰ Pool Code 07500 |
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Additional Well Information

| | | | | |
|-------------------------------------|---------------------------------------|--|-------------------------------------|---|
| ¹¹ Work Type New Well | ¹² Well Type Oil | ¹³ Cable/Rotary Rotary | ¹⁴ Lease Type Private | ¹⁵ Ground Level Elevation 3800' |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 13000 | ¹⁸ Formation San Andres | ¹⁹ Contractor | ²⁰ Spud Date 05/01/2017 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

We will be using a closed-loop system in lieu of lined pits

²¹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 9.625 | 36 | 2400 | 900 | 0 |
| Prod | 7.875 | 5.5 | 20 | 13000 | 2000 | 0 |

Casing/Cement Program: Additional Comments

Propose to drill a pilot hole to 6400' and run logs. Set cmt plug at 4800', kick off and drill 7 7/8" lateral to 13000' MD.

²² Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Annular | 3000 | 1500 | Schafer |
| Double Ram | 3000 | 1500 | Schafer |

| | | |
|--|--------------------------------------|---------------------------|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: <i>Melanie J. Wilson</i> Printed name: Melanie J. Wilson Title: Agent E-mail Address: mjp1692@gmail.com Date: 04/20/2017 | OIL CONSERVATION DIVISION | |
| | Approved By: <i>[Signature]</i> | |
| | Title: Petroleum Engineer | |
| | Approved Date: 04/20/17 | Expiration Date: 04/21/19 |
| | Conditions of Approval Attached | |
| | Date: 04/20/2017 Phone: 575-914-1461 | |

See Attached
Conditions of Approval