

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT' (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-33547
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Key Energy Services, LLC.		6. State Oil & Gas Lease No. 28411
3. Address of Operator 1301 McKinney St., Ste. 1800, Houston, TX. 77010		7. Lease Name or Unit Agreement Name State S
4. Well Location Unit Letter E : 1340 feet from the North line and 330 feet from the West line Section 15 Township 21S Range 37E NMPM County Lea		8. Well Number 001
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GL Elevation 3458		9. OGRID Number
		10. Pool name or Wildcat

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Casing MIT <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

OCD requested formation test, Key began to pressure up cavern on or about November 28, of 2016. Pressure would not exceed 280 psi on casing. 12/2 OCD Fortner indicated cavern lost pressure overnight 280 psi to 240 psi. Failed Test. 12/15/16 OCD orders well to be shut-in and a Casing MIT test to be run. 12/19 Key rigs up to run Casing MIT. OCD requires packer to be set within 50' of shoe. Key encountered downhole issues, had to RUPW and drill out. Passed test on 12/27 520 pig on chart. Chart attached. Key has typical issues re-entering an older well and completed on 12/29/16 with tubing and bit set at approximately 1649'. Put well back on production.

Attachments: Workover log, pressure test chart and OCD communication.

Spud Date:

12/19/16

Rig Release Date:

12/29/16

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Ken Houston

TITLE VP QHSE

DATE

Type or print name

KEN HOUSTON

E-mail address:

khouston@keyenergy.com

PHONE:

APPROVED BY:

Andy Chong

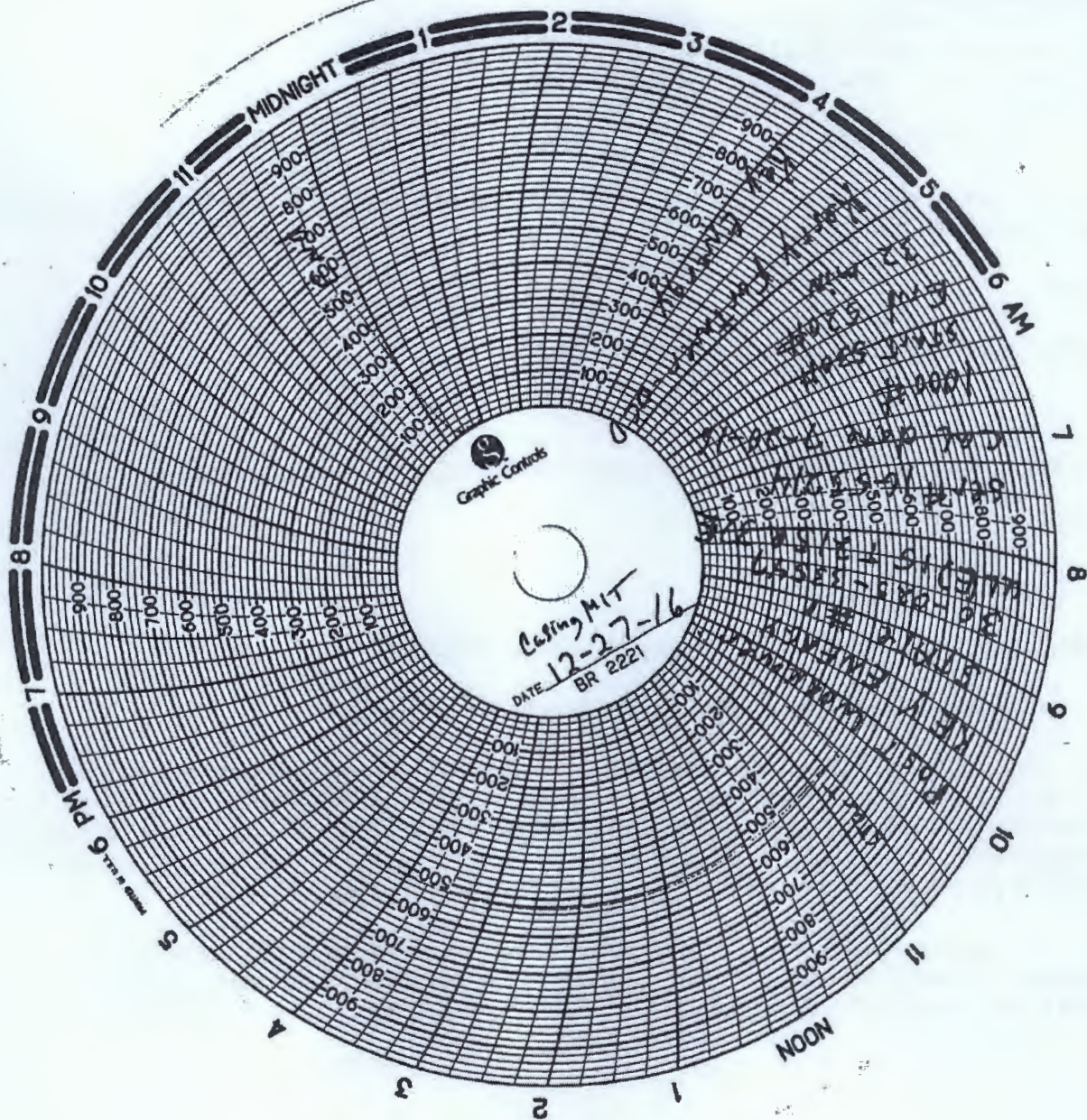
TITLE Environmental Engineer

DATE

4/4/2017

Conditions of Approval (if any):

State S MIT Dec 2016 and Re-entry.									
Attachment for C-103 API# 30-025-33547									
On behalf of Ken Energy, Price LLC reviewed the work tickets and the following is a description of work performed on the well and was also reviewed by the Key Hobbs Rig Yard Mr. Wayne Iseral.									
		JTs out and in		avg tub length	Est depth'				
"Dec 19, 2016	MIRU, install BOP, POH 53 Jts 2-7/8" Tubing	53	out	32.26'	1730'				
"Dec 20, 2016	Talley, PU Pkr, RIH with 41 Jts 2-7/8" Tubing set PKR @ 1258' RU pump truck- started Mit Test-BOP Leaked, correct leak, retest held; POH 40 Jts	41	in	30.68'					
		40	out		30.68'				
"Dec 21, 2016	PU Bkr-7.5" 10ft 2-7/8" mill string RIH with 43 Jts RU swivel clean to 1330'. RD swivel, POH 43 joints and lay down tubing, bit and mill string. PU pkr RIH 41 Jts; PKR would not go thru; POH.	43	in		1330'				
		43	out		0				
		41	in		1257'				
		41	out		0				
"Dec 22, 2016	PU string mill, RIH 43 Jts 2-7/8", Clean to 1320'; LD swivel, pull 4 Jts, SION.	43	in		1197'				
"Dec 23, 2016	RIH 4 Jts 2-7/8" RU Swivel, clean to 1330'; Lay dw swivel, POH 43 Jts-2-7/8", lay down string mill; PU packer RIH 41 Jts, set pkr at approx 3102'-PU Operator log probably transposed numbers, should have been 1302". Pressure tested casing held. Special Note: Original C-103 OCT96 showed that 1344' of 8-5/8" casing was ran and cemented to surface. C 105 Oct 96 show 8-5/8" casing depth 1360'-	43	in		1330'				
		43	out		0				
		41	in		1257'-1312'			depending on pipe tally,	
"Dec 27, 2016	Installed Chart, casing test pressure to 520# for 30 min, witness by KFortner OCD-Chert sent to OCD. Rel pkr POH 41 Jts, lay down pipe, PU Bit and RIH 45 Jts; Bit would not go thru; RU Swivel, bit still would not go thru; POH, wait on new bit, PU new bit RIH 45 Jts started cleaning, 30ft, pull 5 Jts out; SION	41	out		0				
		45	in		1380'				
		45	out		0				
		45	in		1410'				
		5	out		1256'				
"Dec 28, 2016	RIH with a total of 44 Jts and bit; RU Swivel, clean hole down to 1710', total of 53 Jts back in Hole with bit. Cird hole, lay down Swivel; SION.	45			1380'				
		53			1710' with bit				
"Dec 29, 2016	Lay dw 2 Jts, ND BOP & Spool, NUWH, Tubing with bit at 1649'	51			1649 w Bit				



Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, February 15, 2017 7:28 AM
To: 'Wayne Price'
Subject: RE: Key Brine Well

Wayne:

Yes, Key is in compliance. The charts should be behind recent C-103 Forms in the well file. Sometimes the records clerk is behind schedule in entering information. If you can't find the chart for BW-28, contact Lupe Sherman at (505) 476-3461.

-----Original Message-----

From: Wayne Price [mailto:wayneprice77@earthlink.net]
Sent: Tuesday, February 14, 2017 5:59 PM
To: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>
Cc: Wayne Price <wayneprice77@earthlink.net>
Subject: Re: Key Brine Well

Carl thanks for the precise documentation. I was looking in the well file and didn't see the chart, I will look again in both well file and permit file?

Thanks.

So, bottom line, they are Ok to produce brine, is that correct?

> On Feb 14, 2017, at 5:23 PM, Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us> wrote:

>

> Wayne:

>

> According to my notes:

>

> BW-28 (Key Energy Services, L.L.C. State Well #1 API# 30-025-33547):

>

> o Carl on 11/30 contacted Teresa Boone regarding the status of the MIT.

>

> o Carl on 12/1 responded to Maxey and Mark's call regarding lack of pressure buildup for cavern MIT. Since Monday, the Op. has been filling mature cavern with P on Weds. at 210 psi and on Thurs. 280 psi, but not building anymore today. Op. could have fractured cavern today? OCD Hobbs will see tomorrow if the pressure decreased overnight. If the MIT fails (+/- 1%), reschedule the MIT in 2 wks. to allow cavern to heal and reduce pressure to 250 psi. for test to see what happens. The MIT will likely be conducted on 12/2.

>

> o Carl on 12/2 received a call from Maxey B at ~8:45 am informing him that Mr. Kerry Fortner (OCD Hobbs) at (575) 399-3221 was on location for Cavern MIT and the well bled off pressure overnight from ~290 to 240 psi for start of MIT. Carl indicated to Kerry that the cavern fractured Thurs. at ~280 psi when pressure

stopped building. OCD needs to reschedule on a cavern MIT when the salt fracture heals. Waylon Jackson (Key) at (832) 846-2089 or e-mail: jjackson05@keyenergy.com called ~ 9 a.m., Key will run the MIT at 240 psi for their own knowledge, and reschedule the MIT. Since their std. operating pressure does not exceed 150 psi (well below OCD's MSIP or new recent calculation of 323 psi (w/o factor of safety)), OCD allowed Key to continue operating. Kerry agreed with the approach. It appears that the salt cavern fractures at ~ 280 psi.

>

> o Carl, Jim and Maxey communicated on 12/15 about the MIT schedule. Jim after discussion of the situation with Director Catanach, indicated the Director ordered the well to be shut-in immediately. Jim communicated to Key via telephone on same day that Key is to shut-in the brine well immediately and that he is to be e-mailed today that the well has been shut-in. Ken Houston (Key) at 713-757-5512 or E-mail: KHouston@keyenergy.com w/ copy to Jackson, Jerry <jjackson05@keyenergy.com>; Coligan, Maren <mcoligan@keyenergy.com>; Aqueron, Rene <raqueron@keyenergy.com> confirmed via e-mail on same date at 15:48 that the well was shut-in. Also, no water is being injected and no brine produced from the cavern. Key will resume contact with the area OCD office to provide notice prior to performing the casing MIT. Carl updated the admin. record.

>

> o Carl, Jim, Daniel and Phil responded to Mark Whitaker's (Hobbs DO) phone call at 15:35 regarding packer setting > than 100 ft. to casing shoe. Jim wants Key to get within 50 ft. of shoe because Rustler may contain fresh water or call back.

>

> o Carl received a phone msg. on 12/30 at 13:13 from Waylon Jackson (Key Energy Services) at 832-846-2089. He indicated in his phone msg. that the well had passed the casing MIT. Carl on 1/3 verified thru RBDMS that the Casing MIT was witnessed by Kerry Fortner and passed on 12/27/16. Director Catanach instructed Carl to allow the brine well to resume operations, but OCD was still assessing the pressure up problem from 12/2, and may require additional info./testing. Carl sent the communique to K Houston, J Jackson, and T Boone via e-mail with copy to OCD Hobbs. Carl updated the admin. record.

>

> o Carl on 1/10 received the C-103, original chart, and calibration sheet for the casing MIT completed on 12/27/16 from the operator. Carl checked with Jim on the final approval signature and any COAs based on circumstances associated with OCD's MIT requirements for the well. Jim called Mark Whitaker, Jim and Mark want a COA requiring an official Cavern MIT (pursuant to the Casing MIT pass on 12/27/16) for 4 hrs. with Chart (500 lb. Spring) to max test pressure of 200 psi, calibrated chart recorder (within past 90 days), calibrations sheet. Carl issued paperwork to Jerry Jackson of Key Energy Services, LLC on the same day. Carl updated the admin. record.

>

> o Carl on 2/7 received and reviewed the Cavern MIT performed on 2/2/17. The MIT passed at 223 psi start and end pressure. Carl signed C-103 Form approval and scanned chart with calibration sheet into the admin. record.

>

> Thank you.

>

> -----Original Message-----

> From: Wayne Price [mailto:wayneprice77@earthlink.net]

> Sent: Tuesday, February 14, 2017 9:01 AM

> To: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>

> Cc: Wayne Price <wayneprice77@earthlink.net>

> Subject: Key Brine Well

>

> Hi Carl,

>

> I am doing the Key annual report, can you ell me the status of the well MIT?

>
>
> Wayne Price-Price LLC
> wayneprice77@earthlink.net
> 505-715-2809
>

Wayne Price-Price LLC
wayneprice77@earthlink.net
505-715-2809