

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCOCD-HOBBS

NOV 10 2014

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.

RECEIVED

5. Lease Serial No.
NM-04591
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Seely Oil Company

3a. Address
815 W. 10th Street
Fort Worth, Texas 76102

3b. Phone No. (include area code)
(817) 332-1377

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
D-Sec. 13-T18S-R33E
330 FNL & 900 FWL

7. If Unit of CA/Agreement, Name and/or No.

NM70937x

8. Well Name and No.
EK Queen Unit #618

9. API Well No.
30-025-29437

10. Field and Pool or Exploratory Area
EK-Yates-SR-Queen

11. County or Parish, State
Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input checked="" type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recomplate 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 performed 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 determined that the site is ready for final inspection.)

Seely Oil Company proposes to convert this well to water injection in the Queen Sand within the boundaries of the EK Queen Unit. A plastic lined AD-I pkr will be run on Salta lined tbg to 4270'+. Packer fluid will be circulated prior to setting the packer. A Mechanical Integrity Test will be run according to NMOCD specifications prior to beginning injection. A NMOCD form C-108 has been submitted to the NMOCD for approval.

WITNESS
PLUG BACK

OIL CONSERVATION DIVISION

CONDITION OF APPROVAL - Approval for drilling / workover **ONLY - CANNOT INJECT OR DISPOSAL** until the injection/disposal order has been approved by the OCD Santa Fe office.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

**SUBJECT TO LIKE
APPROVAL BY STATE**

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Title President

Signature

Date 07/11/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

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.

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 Federal or State official any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

APPROVED

NOV 5 2014

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

MAB/ocd 3/10/2015

MAP 10 2015

Conditions of Approval

**Seeley Oil Company
E-K Queen Unit - 618, API 3002529437
T18S-R33E, Sec 13, 330FNL & 900FWL
November 04, 2014**

1. Before casing or a liner is added, replaced, or repaired prior BLM approval of the design is required. Use notice of intent Form 3160-5.
2. Subject to like approval by the New Mexico Oil Conservation Division.
3. Notify BLM 575-393-3612 as work begins. Some procedures are to be witnessed. If there is no response, call 575-361-2822, leave a voice mail with the API#, workover purpose, and a call back phone number
4. Surface disturbance beyond the existing pad must have prior approval.
5. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
6. Functional H₂S monitoring equipment shall be on location.
7. 3000 (3M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
8. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over 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.
9. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record taken 02/28/2002. The CBL may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
10. **The well history file of this well is missing plug back documentation from the Bone Spring perms at 8752-76 prior to the 03/28/2002 completion of the Queen perms at 4344-51. Requests for that documentation have not been received and may not be available.**
11. **The operator is required to verify and/or drill out and reset if necessary, abandonment plugs of the Bone Spring formation and Delaware formations.**
12. **First; confirm a plug just above the 8752-76 perms. A CIBP set at 8652 with a minimum 25sx cmt cap is to be tagged.**

13. Second; a cement plug is to be set from 7000 to at least 50ft above the DV Tool at 7007.

Tag this plug.

14. Third; set a cement plug from 5975 or below to cover the top of the Delaware formation.

15. The BLM PET witness is to run tbg tally and agree to cement volumes and placement.

Sample each plug for cement curing time and tag and/or pressure test as requested by BLM PET witness.

16. This procedure is subject to the next three numbered paragraphs.

17. Set cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft from the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less than 25sx. Examples: A cement plug set at 8000 in 7" casing would require a min of 35sx.

A 25sx plug in 5 1/2" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.

18. Class H > 7500ft & C < 7500ft) cement plugs(s) will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours(C) & 8 hours(H) is recommended. Formation isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water and "H" to be mixed 16.4#/gal, 1.06ft³/sx, 4.3gal/sx water.

19. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.

20. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.

21. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.

22. Workover approval is good for 90 days (completion to be within 90 days of approval)

Operations for a Well with an Inj Packer

1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established.

2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with a minimum 200 psig differential between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). **Verify all annular casing vent valves are open to the surface during this pressure test.** An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.

3) Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.

4) Make arrangements 24 hours before the test for BLM to witness. In Lea County phone 575-393-3612. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number.

Condition of Approval: notify

OCD Hobbs office 24 hours

prior of running MIT Test & Chart

- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
- 9) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 10) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 11) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 12) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 13) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 14) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 15) Gain of annular fluid pressure requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 16) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of installed equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"
NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html
§ 43 CFR 3162.3-2 Subsequent Well Operations.
§ 43 CFR 3160.0-9 (c)(1) Information collection.
§ 3162.4-1 (c) Well records and reports.