Form 3160-5 (June 2015)

UNITED STATES

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

| Э. | Lease Senai No. |
|----|-----------------|
| | NMNM122619 |

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|---|-----------|----------|----------|------|--|
| 6 | If Indian | Allottee | or Tribe | Name | |

| (June 2015) DE | UNITED STATES EPARTMENT OF THE INT | TERIOR | | 0 | OMB NO | APPROVED D. 1004-0137 | |
|---|--|--|--|---|---|-------------------------------------|----------------|
| B | UREAU OF LAND MANAGE | EMENT | | | 5. Lease Serial No. | nuary 31, 2018 | |
| SUNDRY Do not use thi | NOTICES AND REPORT is form for proposals to dr | ΓS ON WEL rill or to re-en | LS ter an Co | e _v | NMNM122619 | | |
| abandoned we | II. Use form 3160-3 (APD) | for such pro | pose (C) | 12 Ju. | 6. If Indian, Allottee of | r Tribe Name | |
| SUBMIT IN | UNITED STATES EPARTMENT OF THE INT UREAU OF LAND MANAGE NOTICES AND REPORT is form for proposals to dr II. Use form 3160-3 (APD) TRIPLICATE - Other instru | ctions on pa | ge 2 19R | S 2019 CEIV | 7. If Unit or CA/Agree | ement, Name and | Vor No. |
| 1. Type of Well | | · | | SCA | 8. Well Name and No. | 300 | 5-455 |
| ☑ Oil Well ☐ Gas Well ☐ Oth | ner | | 9 | | Multiple-See Atta | ched / | 09 |
| Name of Operator EOG RESOURCES INCORP | Contact: \$1 ORATEDE-Mail: Star_Harrell@ | TAR L HARRE Deogresources. | ELL com | | 9. API Well No. Multiple-See At | tached 5 | 559 |
| 3a. Address PO BOX 2267 MIDLAND, TX 79702 | F | 3b. Phone No. (in Ph: 432-848-9 Fx: 432-848-9 | | | 10. Field and Pool or I RED HILLS | Exploratory Area | ı |
| 4. Location of Well (Footage, Sec., T | | -X. 432-040-9 | 101 | | 11. County or Parish, | State | |
| Multiple-See Attached | | | | | LEA COUNTY, | | |
| Multiple-Oce Attached | | | | | ELA GOORTI, | 14101 | |
| 12. CHECK THE AI | PPROPRIATE BOX(ES) TO | O INDICATE | NATURE O | F NOTICE, | REPORT, OR OTH | ER DATA | |
| TYPE OF SUBMISSION | | | TYPE OF | FACTION | | | |
| Notice of Intent ■ Notice of Intent Notice of Inten | ☐ Acidize | □ Deeper | 1 | ☐ Producti | on (Start/Resume) | ■ Water Sh | ut-Off |
| _ | ☐ Alter Casing | | lic Fracturing | ☐ Reclama | ation | ☐ Well Inte | grity |
| ☐ Subsequent Report | Casing Repair | _ | onstruction | Recomp | | Other Change to (| Original A |
| ☐ Final Abandonment Notice | Change Plans | | nd Abandon | | arily Abandon | PD | >116111m / I |
| 13. Describe Proposed or Completed Op | Convert to Injection | ☐ Plug B | | ☐ Water D | <u> </u> | | |
| If the proposal is to deepen direction. Attach the Bond under which the wo following completion of the involved testing has been completed. Final Al determined that the site is ready for f EOG Resources, Inc. respecting program. | rk will be performed or provide the department of the operation result bandonment Notices must be filed final inspection. | e Bond No. on fi ts in a multiple c only after all req | le with BLM/BIA ompletion or reco uirements, includ | A. Required sub empletion in a railing reclamation | sequent reports must be new interval, a Form 316 | filed within 30 0-4 must be file | days d once |
| Please find supporting docum | entation attached. | | | | | | |
| | | | A POPULATION OF THE POPULATION | | a the second | · 11 (20 00) | |
| SEE A | ATTACHED FOR | | Ĭ., | | or | | |
| CONDITION | ONS OF APPROVA | | | OCE | Hobbs | | |
| | MIKOVA | VI., | •- | | | | |
| All Previous COAS | Still Apply, o | Except | Far H | he Fol | lowing: | | |
| 14. I hereby certify that the foregoing is | s true and correct. | | | · · · · · · · · · · · · · · · · · · · | St | | - |
| Con | Electronic Submission #45 For EOG RESOUR nmitted to AFMSS for process | CES INCORPO | ŘATED, senti | to the Hobbs | - | | |
| Name (Printed/Typed) STAR L H | • | - · · · · · | | | SPECIALIST | | |
| - | | | | | | | |
| Signature (Electronic | Submission) | | Pate 03/19/2 | 019 | | | |
| | THIS SPACE FOR | R FEDERAL | OR STATE | OFFICE U | SE | | |
| _Approved By_JEROMY PORIER | | | TitlePETROLE | UM ENGINE | ER | Date 0 | 3/26/2019 |
| Conditions of approval, if any, are attache certify that the applicant holds legal or eq which would entitle the applicant to condu | uitable title to those rights in the su | ubject lease | Office Hobbs | · | | | |
| Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent | | | | | ke to any department or | agency of the U | nited |

(Instructions on page 2)
** BLM REVISED **



Revised Permit Information 3/19/2019

Abstract: Amend the cementing program and add bradenhead squeeze stage. Amend the casing program and revise annulus clearance criteria.

EOG requests that these amendments be applied to the following wells:

| Well Name | API No. | Lease No. |
|-----------------------|--------------|------------|
| Dauntless 7 Fed #701H | 30-025-45590 | NMNM122619 |
| Dauntless 7 Fed #703H | 30-025-45592 | NMNM122619 |
| Dauntless 7 Fed #705H | 30-025-45594 | NMNM122619 |
| Dauntless 7 Fed #707H | 30-025-45596 | NMNM122619 |
| Dauntless 7 Fed #709H | 30-025-45598 | NMNM122619 |
| Dauntless 7 Fed #724H | 30-025-45593 | NMNM122619 |
| Dauntless 7 Fed #726H | 30-025-45595 | NMNM122619 |
| Dauntless 7 Fed #728H | 30-025-45597 | NMNM122619 |

Cement

EOG requests a variance from the minimum standards to pump a two stage cement job on the 7-5/8" intermediate casing string with the first stage being pumped conventionally with the calculated TOC @ the Brushy Canyon and the second stage performed as a bradenhead squeeze with planned cement from the Brushy Canyon to surface. A top out stage will be performed as a contingency.

Cementing Program:

Primary Plans For 7-5/8" cement Job:

| Casing | | Slurry | #Sks | Wt. (ppg) | Yld (ft3/sack) | H20 gal/sk | 500# Comp. Strength | Slurry Discription |
|---------------------------------------|--------------------------|----------------|-------------------|--------------|-------------------|---------------|---------------------------|---|
| Intermediate 1 | st stage | Tail | 404 | 14.2 | 1.11 | 4.47 | 4:11 Hrs | Class C Cement, Salt |
| Intermedia | te 2 nd Stage | (Tail Slur | ry) to be pum | ped as bra | adenhead Squ | eeze from | surface, do | wn the |
| | | | Interme | diate ann | ulus | | | |
| Intermediate 2 nd stage | Min Density Option | Tail | 400 | 12.7 | 2.30 | 12.91 | 7:00 Hrs | Class C cement, Salt, Gel, Expansive |
| | Max Density Option | | 617 | 14.8 | 1.49 | 7.05 | 4:39 Hrs | Agent |
| Displacem | ent | Fresh Water | Maximum 5 bbls | 8.4 | N/A | N/A | N/A | N/A |
| Interme | diate Conti | ngency Sta | ge to be pum | ped as a t | op out down | the intern | nediate anni | ılus |
| Contingency: Top Out | Min Density Option | Tail | 72 | 12.7 | 2.30 | 12.91 | 7:00 Hrs | Class C cement, Salt, Gel, |
| | Max Density Option | | 112 | 14.8 | 1.49 | 7.05 | 4:39 Hrs | Expansive Agent |

EOG also requests variance for the option to perform this cement procedure on previously permitted 4 string designs in the 7-5/8" 2nd Intermediate casing string as a contingency plan.

EOG will include the final fluid top verified by Echo-meter and the volume of displacement fluid above the cement slurry in the annulus in all post-drill sundries on wells utilizing this cement program.

EOG will report to the BLM the volume of fluid (limited to 5 bbls) used to flush intermediate casing valves following backside cementing procedures.

Casing

EOG requests the option to use a 3 string design implemented to the following parameters:

Surface Casing

- Casing shoe will be set at a minimum of 25' below the Tamarisk Anhydrite formation and a minimum of 25' above the Top Salt
- Casing string will consist of 9-5/8" 40 lb/ft J-55 casing with LTC connections
- Cement will be brought to surface

Intermediate Casing

- Casing shoe will be set 100' below the top of the Third Bone Spring Carbonate
- Casing string will consist of 7-5/8" 29.7 lb/ft HCP-110 casing with FXL connections (spec sheet attached)
- Cement will be brought to surface according to the program outlined above

Production Casing

- Casing string will consist of 3 segments:
 - 5-1/2" 20 lb/ft ECP-110 casing with DWC/C-IS MS connections from surface to 500' above the 7-5/8" casing shoe
 - 5-1/2" 20 lb/ft ECP-110 casing with VAM SFC connections covering a 500' section above the 7-5/8" intermediate shoe
 - 5-1/2" 20 lb/ft ECP-110 casing with DWC/C-IS MS connections from the 7-5/8" intermediate shoe to target depth
- Cement will tie back 500' above the 7-5/8" casing shoe

EOG also requests to retain the option to utilize previously permitted 4 string designs, if applicable

Annulus Clearance

EOG requests variance to allow deviation from the 0.422" annulus clearance requirement from Onshore Order #2 under the following conditions:

- Annular clearance to meet or exceed 0.422" between intermediate casing ID and production casing coupling only on the first 500' overlap between both casing strings.
- Annular clearance less than 0.422" is acceptable for the curve and lateral portions of the production open hole section.

Revised Permit Information 3/26/2019:

The casing design below applies to the following wells as Design A:

| Well Name | API No. | Lease No. |
|-----------------------|--------------|------------|
| Dauntless 7 Fed #701H | 30-025-45590 | NMNM122619 |
| Dauntless 7 Fed #703H | 30-025-45592 | NMNM122619 |
| Dauntless 7 Fed #705H | 30-025-45594 | NMNM122619 |
| Dauntless 7 Fed #707H | 30-025-45596 | NMNM122619 |
| Dauntless 7 Fed #709H | 30-025-45598 | NMNM122619 |
| Dauntless 7 Fed #724H | 30-025-45593 | NMNM122619 |
| Dauntless 7 Fed #726H | 30-025-45595 | NMNM122619 |
| Dauntless 7 Fed #728H | 30-025-45597 | NMNM122619 |

Casing Program:

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|--------------|-----------------|-----------|--------|---------|----------------|-------------------------------|----------------------------|------------------------------|
| 12.25" | 0' - 1,135' | 9.625" | 40# | J-55 | LTC | 1.125 | 1.25 | 1.60 |
| 8.75" | 0' - 11,300' | 7.625" | 29.7# | HCP-110 | FXL | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' - 10,800' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 10,800'-11,300' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,300' – TD | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |

Cement Program:

| Depth | No. Sacks | Wt. | Yld Ft³/sk | Slurry Description |
|-------------------|--------------|------|---------------|---|
| 1,135° 9- 5/8° | 990 | 13.5 | 1.73 | Lead: Class C + 4.0% Bentonite Gel + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 100 | 14.8 | 1.34 | Tail: Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate (TOC @ 935') |
| 11,300° 7-5/8" | 500 | 14.2 | 1.11 | 1 st Stage (Tail): Class C + 0.6% Halad-9 + 0.45% HR-601 + 3% Microbond (TOC @ 7,000') |
| • | 1,000 | 12.7 | 2.30 | 2 nd Stage (Bradenhead squeeze): Class C + 3% Salt + 1% PreMag-M + 6% Bentonite Gel (TOC @ surface) |
| TD 5-1/2" | 940 | 14.2 | 1.31 | Lead: Class H + 0.4% Halad-344 + 0.35% HR-601 + 3% Microbond (TOC @ 10,800') |

| Additive | Purpose |
|---------------------|---|
| Bentonite Gel | Lightweight/Lost circulation prevention |
| Calcium Chloride | Accelerator |
| Cello-flake | Lost circulation prevention |
| Sodium Metasilicate | Accelerator |
| MagOx | Expansive agent |
| Pre-Mag-M | Expansive agent |
| Sodium Chloride | Accelerator |
| FL-62 | Fluid loss control |
| Halad-344 | Fluid loss control |
| Halad-9 | Fluid loss control |
| HR-601 | Retarder |
| Microbond | Expansive Agent |

Mud Program:

| Depth | Туре | Weight (ppg) | Viscosity | Water Loss |
|------------------|-------------|--------------|-----------|------------|
| 0 – 1,135' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 1,135' – 11,300' | Brine | 10.0-10.2 | 28-34 | N/c |
| 11,300' - KOP | Oil Base | 8.7-9.4 | 58-68 | N/c - 6 |
| KOP - TD Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |
| 1 | | | | |

TECHNICAL SPECIFICATIONS

These specifications are furnished for general information only and are not intended for design purposes. This information is preliminary and may change subject to a final design by VAM-USA Engineering. This is not a controlled document.

| VST P-110EC Grade 125,000 Minimum Yield Strength (psi.) | |
|---|----------------------------|
| 135,000 Minimum Ultimate Strength (psi.) | |
| Pipe Dimensions 5.500 Nominal Pipe Body OD (in.) 4.778 Nominal Pipe Body ID (in.) 0.361 Nominal Wall Thickness (in.) 20.00 Nominal Weight (lbs./ft.) 19.83 Plain End Weight (lbs./ft.) 5.828 Nominal Pipe Body Area (sq. in.) | V 4 H P F E |
| 729,000 Minimum Pipe Body Yield Strength (lbs.) 12,090 Minimum Collapse Pressure (psi.) 14,360 Minimum Internal Yield Pressure (psi.) 13,100 Hydrostatic Test Pressure (psi.) | |
| Connection Dimensions 6.115 Connection OD (in.) 4.778 Connection ID (in.) 4.653 Connection Drift Diameter (in.) 4.13 Make-up Loss (in.) 5.828 Critical Area (sq. in.) 100.0 Joint Efficiency (%) | |
| Connection Performance Properties 729,000 (1) Joint Strength (lbs.) 26,040 (2) Reference String Length (ft.) 1.4 Design Factor 728,000 (3) API Joint Strength (lbs.) 729,000 Compression Rating (lbs.) 12,090 API Collapse Pressure Rating (psi.) 14,360 (4) API Internal Pressure Resistance (psi.) 104.2 Maximum Uniaxial Bend Rating (degrees/100 ft. | |
| Approximated Field End Torque Values 16,600 (5) Minimum Final Torque (ftlbs.) 19,100 (5) Maximum Final Torque (ftlbs.) | |



VST P-110EC

VAM-USA

4424 W. Sam Houston Pkwy, Suite 150

Houston, TX 77041 Phone: (713) 479-3200 Fax: (713) 479-3234

E-mail: VAMUSAsales@na.vallourec.com

- (1) Joint Strength is the minimum pipe body yield strength multiplied by the connection critical area.
- (2) Reference String Length is the joint strength divided by both the weight in air and the design factor.
- (3) API Joint Strength is for reference only. It is calculated from Formulas 42 and 43 in the API Bulletin 5C3.

Connection Yield Torque (ft.-lbs.)

- (4) API Internal Pressure Resistance is calculated from Formulas 31, 32, and 35 in the API Bulletin 5C3.
- (5) Torque values are approximated and may be affected by field conditions.
- (6) Connection yield torque is not to be exceeded.

(6)

21,600

Connection specifications within the control of VAM-USA were correct as of the date printed. Specifications are subject to change without notice. Certain connection specifications are dependent on the mechanical properties of the pipe. Mechanical properties of mill proprietary pipe grades voltained from mill publications and are subject to change. Properties of mill proprietary grades should be confirmed with the mill. Users are advite obtain current connection specifications and verify pipe mechanical properties for each application.

| letal One Corp. | MO-FXL | | Page | MCTP | |
|--|---|--|--|--|----------------|
| | ino i AL | | Date | 3-Nov-1 | 6 |
| Metal One | Connection Data Sho | eet | Rev. | 0 | |
| | Geometry | Imperia | ! | <u>S.1.</u> | |
| | Pipe Body Grade P11 | OHC:1 | 7 7 7 7 7 7 | PITOHC T | المقعم الماء ح |
| | | ² 5/8 | in | 193.68 | mm |
| MO-FXL | | 9/70 | lb/ft | 44.25 | kg/m |
| | | 9.04 | | 43.26 | kg/m |
| | | 375 | in it | 9.53 | mm |
| , | | .875 | in | 174.63 | mm |
| | Pipe body cross section 8 | 637 | in ² | 5,508 | mm |
| | | .750 | in | 171.45 | mm |
| | | | | | |
| | Connection | BAB 197 9 | | | ZVZZZ SESSO |
| | | .625 .875 | in | 193.68 | mm |
| T +3 | | .875 .219336 | in Minsa | 174.63 | mm |
| | Make up Loss Box Critical Area | | E 16 (2 (4) | 3666 | mm |
| Box | Island Salt addison and the salt salt salt salt salt salt salt salt | 70 000 | 7.924 | ************************************** | mm? |
| Cntic. | | | | | 76 |
| The near | Lintean laner i | | | | |
| ana | Thread Taper Number of Threads | | | 2" per ft) TPI | |
| Maka | Number of Threads | | | | |
| Maka | <u> </u> | | | | |
| Make up | Number of Threads Deformance Properties for Pi | pe Body | 5 | | MPa |
| Make up oss | Performance Properties for Pi | | | 74.21 | MPa |
| Make of the second of the seco | Performance Properties for Pi | pe Body 0,760 | psi | 74.21 | |
| Make up oss | Number of Threads D Performance Properties for Pi M.I.Y.P. 1 10 Note S.M.Y.S.≡ Specified Mir M.I.Y.P. □ Minimum Int | pe Body 0,760 nimum YIE ernal Yield | psi LD Street | 74.21 ngth of Pipe body re of Pipe body | |
| Make up oss | Number of Threads Performance Properties for Pi M.I.Y.P. 1 10 Note S.M.Y.S.= Specified Mir M.I.Y.P. Minimum Int 1 Based on VSB P110H | pe Body 0,760 nimum YIE ernal Yield IC (YS=12 | psi LD Street Pressur 5~140ks | 74.21 ngth of Pipe body re of Pipe body | |
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| Make up loss Pin critics | Number of Threads Performance Properties for Pi M.I.Y.P. 1 10 Note S.M.Y.S. Specified Mir M.I.Y.P. Minimum Int 1 Based on VSB P110H Performance Properties for C Min. Compression Yield | pe Body 0,760 nimum YIE ernal Yield IC (YS=12 onnectio | psi LD Street Pressur 5~140ks | 74.21 ngth of Pipe body si) | y |
| Make up oss | Note S.M.Y.S. Specified Mir. Note S.M.Y.S. Specified Mir. M.I.Y.P. Minimum Int. 1 Based on VSB P110- Performance Properties for C. Min. Compression Yield | pe Body 0,760 nimum YIE ernal Yield IC (YS=12 onnectio | psi LD Street Pressur 5~140ks | 74.21 ngth of Pipe body sii) of S.M.Y.S.) | y |
| Make up octs | Note S.M.Y.S.= Specified Mir. M.I.Y.P. = Minimum Int. 1 Based on VSB P110- Performance Properties for C. Min. Compression Yield External Pressure Recommended Torque | pe Body 0,760 nimum YIE ernal Yield IC (YS= 12 onnectio | psi LD Street Pressure 5~140ks n | 74.21 ngth of Pipe body si) of S.M.Y.S.) of Collapse Sti | y |
| Make up oss | Number of Threads Performance Properties for Pi M.I.Y.P. 1 10 Note S.M.Y.S. Specified Mir M.I.Y.P. Minimum Int 1 Based on VSB P110H Performance Properties for C Min. Compression Yield External Pressure Recommended Torque | pe Body 0,760 nimum YIE ernal Yield IC (YS=12 onnectio | psi LD Street Pressur 55~140ks n | 74.21 ngth of Pipe body si) of S.M.Y.S.) of Collapse St | rength |
| Make up loss Pin critics | Number of Threads Deformance Properties for Pi M.I.Y.P. 1 10 Note S.M.Y.S.= Specified Min M.I.Y.P. Minimum Int 1 Based on VSB P110H Performance Properties for C Min. Compression Yield External Pressure Recommended Torque Opti. 17 | pe Body 0,760 nimum YIE ernal Yield IC (YS=12 onnection 747 klps | psi LD Street Pressure 5~140ks n | 74.21 ngth of Pipe body si) of S.M.Y.S.) of Collapse Sti | rength N-m |
| Make up oss | Number of Threads Deformance Properties for Pi M.I.Y.P. 1 10 Note S.M.Y.S.= Specified Min M.I.Y.P. Minimum Int 1 Based on VSB P110H Performance Properties for C Min. Compression Yield External Pressure Opti. 17 | pe Body 0,760 nimum YIE ernal Yield IC (YS=12 onnectio | psi LD Street Pressur 55~140ks n | 74.21 ngth of Pipe body si) of S.M.Y.S.) of Collapse St | rength |

VAM® SFC Make-Up Loss 5.132 **Box Critical Area** 0.361 Wall Pin Critical Connection Pipe O.D. Connection Area **Pipe** O.D. 5.701 I.D. I.D. 5.500 4.719 4.778

O.D. 5.500 WEIGHT 20.00

WALL 0.361 GRADE VST P110EC

Connection OD

DRIFT 4.653

5.701 in

PIPE BODY PROPERTIES

| Material Grade | VST P110EC | | |
|-----------------------|------------|--|--|
| Min. Yield Strength | 125 ksi | | |
| Min. Tensile Strength | 135 ksi | | |

| Outside Diameter | 5.500 in |
|------------------|-------------|
| Inside Diameter | 4.778 in |
| Nominal Area | 5.828 sq.in |

| Yield Strength | 729 kips |
|--------------------|------------|
| Ultimate Strength | 787 kips |
| Min Internal Yield | 14,360 psi |
| *High Collapse | 12,090 psi |

Contact: <u>tech.support@vam-usa.com</u> Ref. Drawing: SI-PD 100414 Rev.B

Date: Time: 14-Jun-16 2:31 PM

CONNECTION PROPERTIES

| Connection ID | 4.719 in |
|--------------------|---------------------------------------|
| Make up Loss | 5.132 in |
| | |
| Box Critical Area | 4.083 sq.in. |
| %PB Section Area | 70.1% |
| | |
| Pin Critical Area | 4.123 sq.in. |
| %PB Section Area | 70.7% |
| Yield Strength | 510 kips |
| Parting Load | 551 kips |
| Min Internal Yield | 14,360 psi |
| | · · · · · · · · · · · · · · · · · · · |
| *High Collapse | 12,090 psi |
| Wk Compression | 357 kips |
| Max Pure Bending | 20 °/100 ft |
| | |

TORQUE DATA ft-lb

| min | opt | max | |
|-------|-------|--------|--|
| 8,700 | 9,700 | 10,700 | |



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PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME: EOG RESOURCES, INC.

LEASE NO.: | NMNM122619

WELL NAME & NO.: DAUNTLESS 7 FED 709H

SURFACE HOLE FOOTAGE: 349'/S & 2609'/W BOTTOM HOLE FOOTAGE 100'/N & 2292'/W

LOCATION: Section 7, T.25 S., R.33 E., NMPM

COUNTY: Lea County, New Mexico

COA

| H2S | ↑ Yes | € No | |
|----------------------|-----------------|--------------|-----------|
| Potash | • None | C Secretary | ↑ R-111-P |
| Cave/Karst Potential | € Low | | ← High |
| Variance | None | Flex Hose | Other |
| Wellhead | Conventional | 6 Multibowl | C Both |
| Other | ☐ 4 String Area | Capitan Reef | □ WIPP |

All previous COAs still apply, except for the following:

A. CASING

- 1. The 9-5/8 inch surface casing shall be set at approximately 1,135 feet (a minimum of 25 feet into the Rustler Anhydrite and 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 will be a minimum of **8** hours or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - 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.

- 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.

In case of lost circulation, operator has proposed to pump down 9 5/8" X 7 5/8" annulus. Operator must include final fluid top verified by Echo-meter and the volume of displacement fluid above the cement slurry in the annulus. Submit results to the BLM.

- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - Cement should tie-back at least **200 feet** into the previous casing. Operator shall provide method of verification.

B. PRESSURE CONTROL

- 1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).
- 2. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 10,000 (10M) psi. Variance approved to use a 5M annular. The annular must be tested to full working pressure (5000 psi).
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

JJP03272019

GENERAL 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)
 - Chaves and Roosevelt Counties
 Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
 During office hours call (575) 627-0272.
 After office hours call (575)
 - Eddy County
 Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822
 - ✓ Lea CountyCall the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)393-3612

A. CASING

- 1. 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.
- 2. Wait on cement (WOC) for Potash Areas: 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 for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing intergrity test can be done (prior to the cement setting up) immediately after bumping the plug.
- 3. 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. The casing intergrity test can be done (prior to the cement setting up) immediately after bumping the plug.

- 4. 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.
- 5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
- 6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- 7. 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.
- 8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. 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 RP 53 Sec. 17.
- 2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. 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.
- 3. 5M or higher 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.
- 4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.

- b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
- c. Manufacturer representative shall install the test plug for the initial BOP test.
- d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
- e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
- 5. 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. In potash areas, 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. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).
 - c. The tests shall be done by an independent service company utilizing a test plug. The results of the test shall be reported to the appropriate BLM office.
 - d. 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.
 - 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. This test shall be performed prior to the test at full stack pressure.
- g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp 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.