

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018**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.*Lease Serial No.  
NMNM86151

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
BLUE QUAIL FED 39. API Well No.  
30-025-39818-00-S110. Field and Pool or Exploratory Area  
SAND DUNES11. County or Parish, State  
LEA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

FOUNDATION ENERGY MANAGEMENT

Contact: JAMES A SMITH  
Email: REGULATORY@FOUNDATIONENERGY.COM

3a. Address

16000 DALLAS PARKWAY SUITE 875  
DALLAS, TX 75248

3b. Phone No. (include area code)

Ph: 918-526-5592

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 7 T23S R32E SESW 660FSL 1980FWL

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

## TYPE OF SUBMISSION

## TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Hydraulic Fracturing☐ New Construction☐ Plug and Abandon☒ Plug Back☐ Production (Start/Resume)☐ Reclamation☒ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other

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 recompleate 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 recompleation 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.

Scope of Work: Abandon Avalon Sand and Re-Complete Well in Brushy Canyon

## Procedure:

- 1) MIRU WO Rig.
- 2) If necessary, kill well with 2% KCl. Keep kill truck on location as needed.
- 3) POOH w/ rods and pump. Inspect for any build up and/or rod damage.
- 4) ND Wellhead, NU BOP.
- 5) Unset TAC, TOOH with tubing. Hydrotest as POOH.
- 6) MIRU Wireline.
- 7) PU and RIH with CIBP, Set at +/- 8500?.
- 8) Dump 2 sx cement on top.
- 9) Pressure test CIBP to 500 psi, and 750 psi for 10 min each.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #460342 verified by the BLM Well Information System  
For FOUNDATION ENERGY MANAGEMENT, sent to the Hobbs  
Committed to AFMSS for processing by PRISCILLA PEREZ on 04/08/2019 (19PP1521SE)

Name (Printed/Typed) JAMES A SMITH

Title HSE-REGULATORY SUPERVISOR

Signature (Electronic Submission)

Date 04/04/2019

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By /s/ Jonathon Shepard

Title Petroleum Engineer  
Carlsbad Field OfficeAPR 11 2019  
Date

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 department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\*

**FOR RECORD ONLY**

KZ NM OGD 6-12-19

**Additional data for EC transaction #460342 that would not fit on the form**

**32. Additional remarks, continued**

- 10) RIH with perf guns and perf 8424-38?, and 8390-8400.
- 11) POOH with guns and RD wireline.
- 12) MIRU acid company.
- 13) Pump 2000 gal 15% HCL, using balls for diversion.
- 14) Swab back acid job and test formation.
- 15) MIRU frac company.
- 16) Frac well following pump schedule.
- 17) Swab test production.
- 18) Release packer and POOH with tubing.
- 19) PU and RIH with gas anchor, pump and rod. Space out, hang on and load and test. Ensure good pump action.
- 20) RDMO

# Foundation Energy Management, LLC

## WELLBORE DIAGRAM

|   |                                |                               |                                   |
|---|--------------------------------|-------------------------------|-----------------------------------|
| Well / Battery<br>Blue Quail Federal #3 | Prospect Name<br>Brushy Canyon | Total Depth<br>8800           | Current Status<br>PRODUCING       |
| API Number<br>30-025-39818              | Sec-Twn-Rng<br>7N-23S-32E      | Producing Horizon<br>DELAWARE | County & State<br>LEA, NEW MEXICO |

### WELLBORE DIAGRAM

#### Tubing Detail

2-7/8" inch(OD)  
8.5 # (weight)  
L-80 grade

#### Surface Casing

13-3/8" inch (OD)  
48 # (weight)  
J-40 grade  
943' depth from KB  
surface cement top  
800' sacks of cement  
17-1/2" inch (OD) HOLE SIZE

#### Intermediate Casing

6-5/8" inch (OD)  
32 # (weight)  
J-55 grade  
4585' depth from KB  
surface cement top  
1230' sacks of cement  
12-1/4" inch (OD) HOLE SIZE

TOC 4000' CBL

#### Production Casing

5-1/2" inch (OD)  
17 # (weight)  
J-55 grade  
8800' depth from KB  
4000' cement top  
660' sacks of cement  
7-7/8" inch (OD) HOLE SIZE

8610-8624' (30 HOLES)  
Avalon Sand

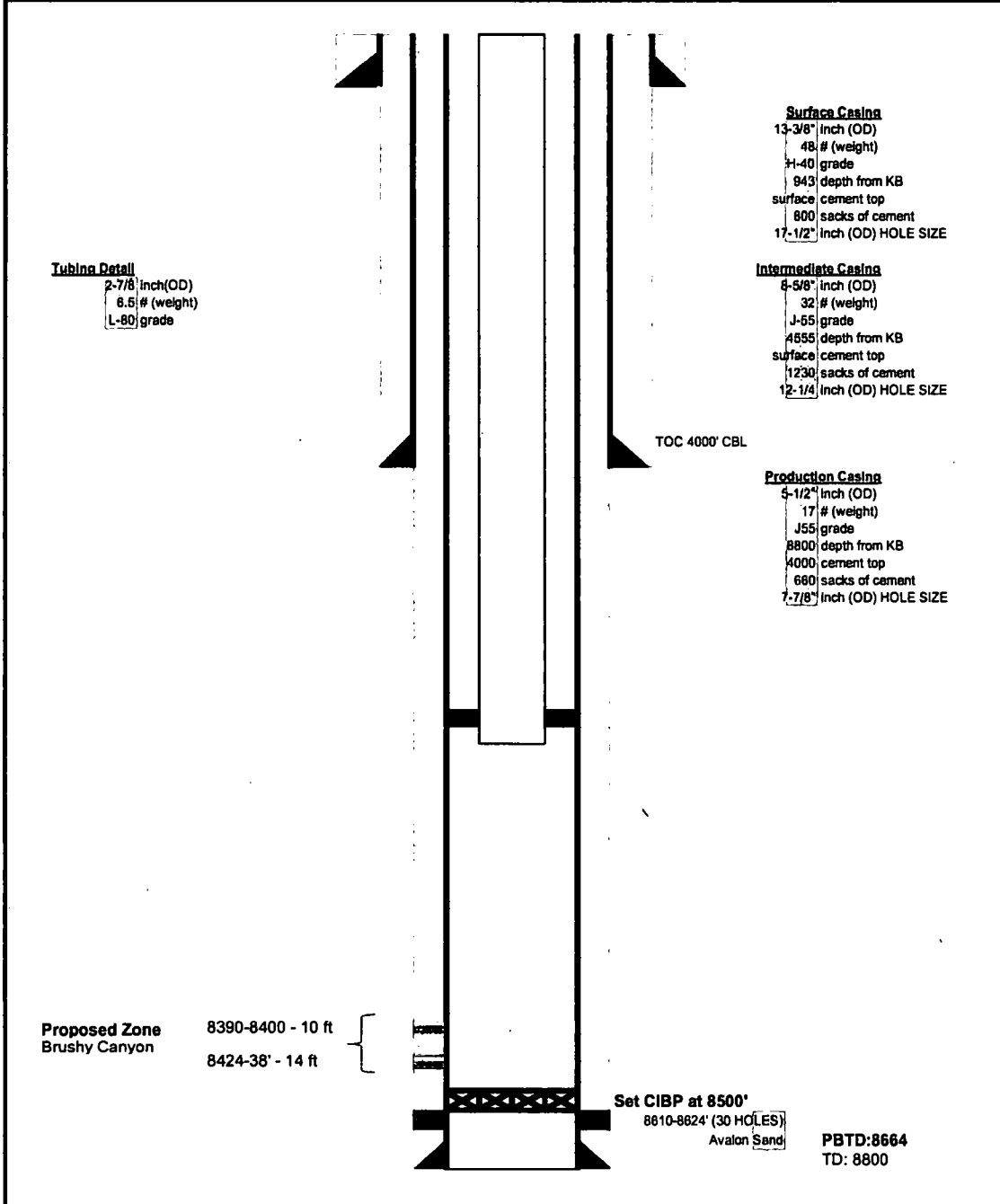
PBTD:8664  
TD: 8800

# Foundation Energy Management, LLC

## WELLBORE DIAGRAM

|   |                                |                               |                                   |
|---|--------------------------------|-------------------------------|-----------------------------------|
| Well / Battery<br>Blue Quail Federal #3 | Prospect Name<br>Brushy Canyon | Total Depth<br>8800           | Current Status<br>PRODUCING       |
| API Number<br>30-025-38818              | Sec-Twn-Rng<br>7N-23S-32E      | Producing Horizon<br>DELAWARE | County & State<br>LEA, NEW MEXICO |

### WELLBORE DIAGRAM



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 & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |   |                                 |  |
|---|---|---------------------------------|--|
| <sup>1</sup> API Number<br>30-025-39818 |   | <sup>2</sup> Pool Code<br>24330 | <sup>3</sup> Pool Name<br>Sand Dunes: Delaware, East |
| <sup>4</sup> Property Code<br>35960     | <sup>5</sup> Property Name<br>Blue Quail Federal                |                                 | <sup>6</sup> Well Number<br>#3                       |
| <sup>7</sup> OGRID No.<br>370740        | <sup>8</sup> Operator Name<br>Foundation Energy Management, LLC |                                 | <sup>9</sup> Elevation<br>3548'                      |

<sup>10</sup> Surface Location

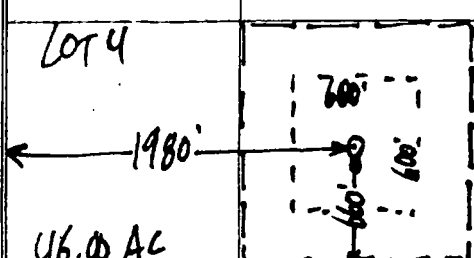
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N             | 7       | 23S      | 32E   |         | 660'          | South            | 1980'         | West           | Lea    |

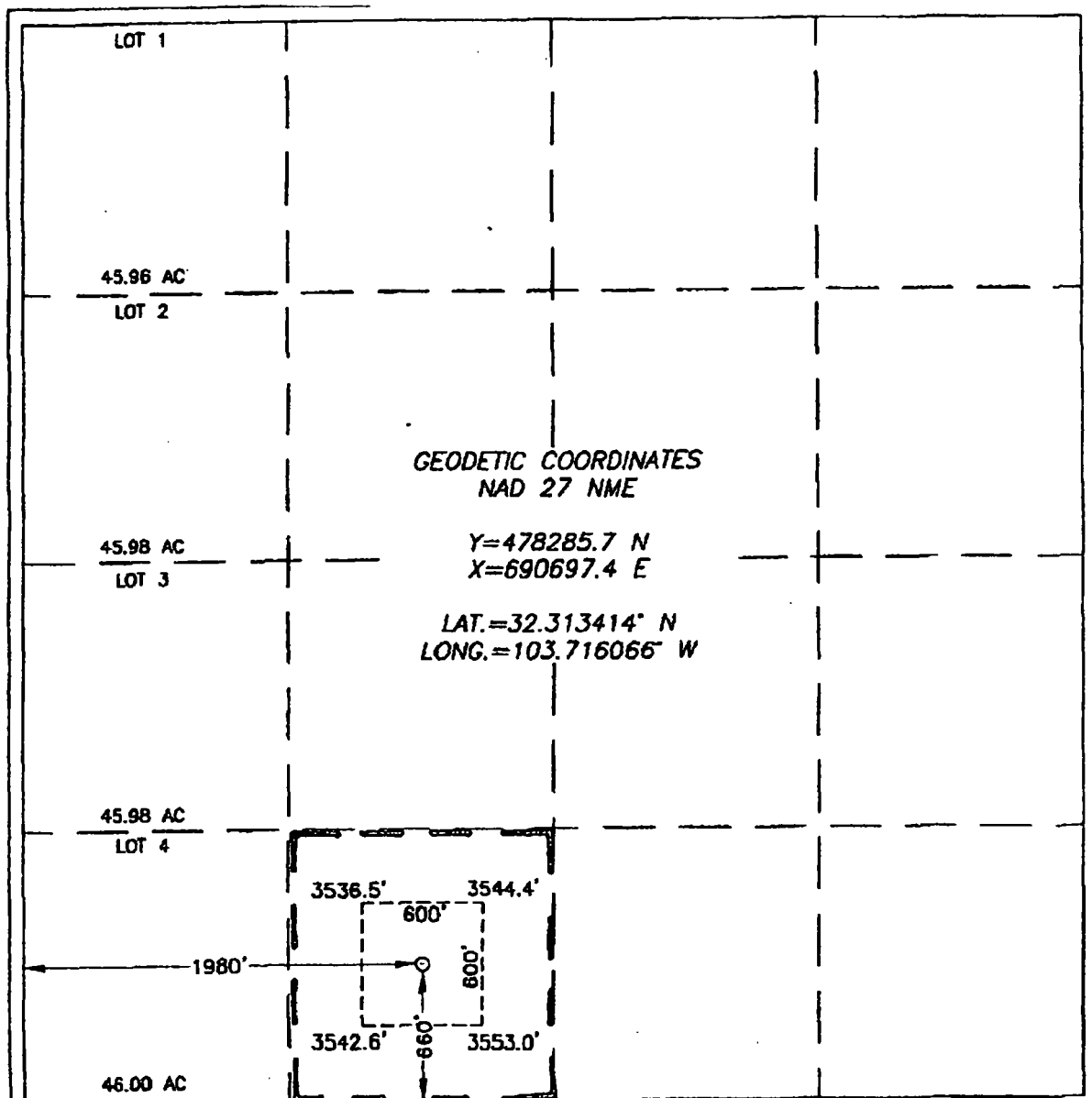
<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                                     |                                    |                                  |                         |
|-------------------------------------|------------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>40 | <sup>13</sup> Joint or Infill<br>Y | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|-------------------------------------|------------------------------------|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

|   |  |  |  |
|---|--|--|--|
| <sup>16</sup><br>Lot 1<br>45.96 ac<br><br>Lot 2<br>45.98 ac<br><br>Lot 3<br>45.98 ac<br><br>Lot 4<br>46.00 ac<br> | <sup>17</sup> OPERATOR CERTIFICATION<br>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order as before entered by the division.<br>Signature: <u>[Signature]</u> Date: <u>4/3/19</u><br>Printed Name: <u>JAMES SMITH</u><br>E-mail Address: <u>j.smith@foundationenergy.com</u> |  |  |
|   | <sup>18</sup> SURVEYOR CERTIFICATION<br>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.<br><br>Date of Survey: _____<br>Signature and Seal of Professional Surveyor: _____<br><br>Certificate Number: _____  |  |  |
|   |  |  |  |
|   |  |  |  |



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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**

|   |   |  |
|---|---|--|
| <sup>1</sup> Operator Name and Address<br><b>Foundation Energy Management, LLC</b><br><b>5057 Keller Springs Rd, Suite 650</b><br><b>Addison, Texas 75001</b> |   | <sup>2</sup> OGRID Number<br><b>370740</b>     |
|   |   | <sup>3</sup> API Number<br><b>30-025-39818</b> |
| <sup>4</sup> Property Code<br><b>35960</b>  | <sup>5</sup> Property Name<br><b>Blue Quail Federal</b> | <sup>6</sup> Well No.<br><b>#3</b>             |

**<sup>7</sup> Surface Location**

|               |              |                 |              |         |                   |                   |                    |                  |               |
|---------------|--------------|-----------------|--------------|---------|-------------------|-------------------|--------------------|------------------|---------------|
| UL - Lot<br>N | Section<br>7 | Township<br>23S | Range<br>32E | Lot Idn | Feet from<br>660' | N/S Line<br>South | Feet From<br>1980' | E/W Line<br>West | County<br>Lea |
|---------------|--------------|-----------------|--------------|---------|-------------------|-------------------|--------------------|------------------|---------------|

**<sup>8</sup> Proposed Bottom Hole Location**

|          |         |          |       |         |           |          |           |          |        |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|

**<sup>9</sup> Pool Information**

|  |   |
|--|---|
| <sup>10</sup> Pool Name<br><b>Sand Dunes; Delaware, East</b> | <sup>11</sup> Pool Code<br><b>53817</b> |
|--|---|

**Additional Well Information**

|   |                                     |  |                                      |  |
|---|-------------------------------------|--|--------------------------------------|--|
| <sup>12</sup> Work Type<br><b>A</b>     | <sup>13</sup> Well Type<br><b>O</b> | <sup>14</sup> Cable/Rotary<br>                           | <sup>15</sup> Lease Type<br><b>S</b> | <sup>16</sup> Ground Level Elevation<br><b>3548 GL</b> |
| <sup>17</sup> Multiple<br><b>No</b>     | <sup>18</sup> Proposed Depth<br>    | <sup>19</sup> Formation<br><b>Delaware</b>               | <sup>20</sup> Contractor<br>         | <sup>21</sup> Spud Date<br><b>4/15/2019</b>            |
| <sup>22</sup> Depth to Ground water<br> |                                     | <sup>23</sup> Distance from nearest fresh water well<br> |                                      | <sup>24</sup> Distance to nearest surface water<br>    |

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

**<sup>25</sup> Proposed Casing and Cement Program**

| Type         | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC   |
|--------------|-----------|-------------|------------------|---------------|-----------------|-----------------|
| Surface      | 17 1/2"   | 13 3/8"     | 48#              | 943'          | 800             | Circ to Surface |
| Intermediate | 12 1/4"   | 9 5/8"      | 32#              | 4555'         | 1230            | Circ To Surface |
| Production   | 7 7/8 "   | 5 1/2"      | 17#              | 8800          | 660             | 4000'           |

**Casing/Cement Program: Additional Comments**

|  |
|--|
|  |
|--|

**<sup>26</sup> Proposed Blowout Prevention Program**

| Type          | Working Pressure | Test Pressure | Manufacturer |
|---------------|------------------|---------------|--------------|
| 3000 # Manual | 1500 psi Max     | 3000 psi      | Cameron      |

|  |  |                                 |
|--|--|---------------------------------|
| <sup>27</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> if applicable.<br>Signature: <i>[Signature]</i> | <b>OIL CONSERVATION DIVISION</b>                                     |                                 |
| Printed name: <b>JOHN S. SMITH</b><br>Title: <b>HSE-Regulatory Supervisor</b><br>E-mail Address: <b>jsmith@oilconservation.com</b><br>Date: <b>4/13/19</b>   | Approved By:<br><br>Title:<br>Approved Date:<br>Expiration Date:<br> | Conditions of Approval Attached |
| Phone: <b>916 526-5592</b>   |  |                                 |

## Blue Quail #3

Sand Dunes

**Scope of Work:** Abandon Avalon Sand and Re-Complete Well in Brushy Canyon

### Well Data:

Location: Section 7, T-23S, R-32E  
660' FSL & 1980' FWL

GR: 3548'

Surface Casing: 13 3/8", 48# H-40 @ 943'  
Cmt w/ 800 sx CMT (circulated)

Intermediate Casing: 8 5/8", 32# J-55 @ 4555'  
Cmt w/ 1230 sx CMT (circulated)

Production Casing: 5 1/2", 17# J-55 @ 8800'  
Cmt w/ 660 sx CMT  
TOC @ 4000', CBL

Current PBTD: 8664'

Perfs: 8610-8624'

Production Tubing: 2 7/8", 6.5# L-80

### Procedure:

- 1) MIRU WO Rig.
- 2) If necessary, kill well with 2% KCl. Keep kill truck on location as needed.
- 3) POOH w/ rods and pump. Inspect for any build up and/or rod damage.
- 4) ND Wellhead, NU BOP.
- 5) Unset TAC, TOOH with tubing. Hydrotest as POOH.
- 6) MIRU Wireline.
- 7) PU and RIH with CIBP, Set at +/- 8500'.
- 8) Dump 2 sx cement on top.
- 9) Pressure test CIBP to 500 psi, and 750 psi for 10 min each.
- 10) RIH with perf guns and perf 8424-38', and 8390-8400.
- 11) POOH with guns and RD wireline.
- 12) MIRU acid company.
- 13) Pump 2000 gal 15% HCL, using balls for diversion.
- 14) Swab back acid job and test formation.
- 15) MIRU frac company.
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- 20) RDMO

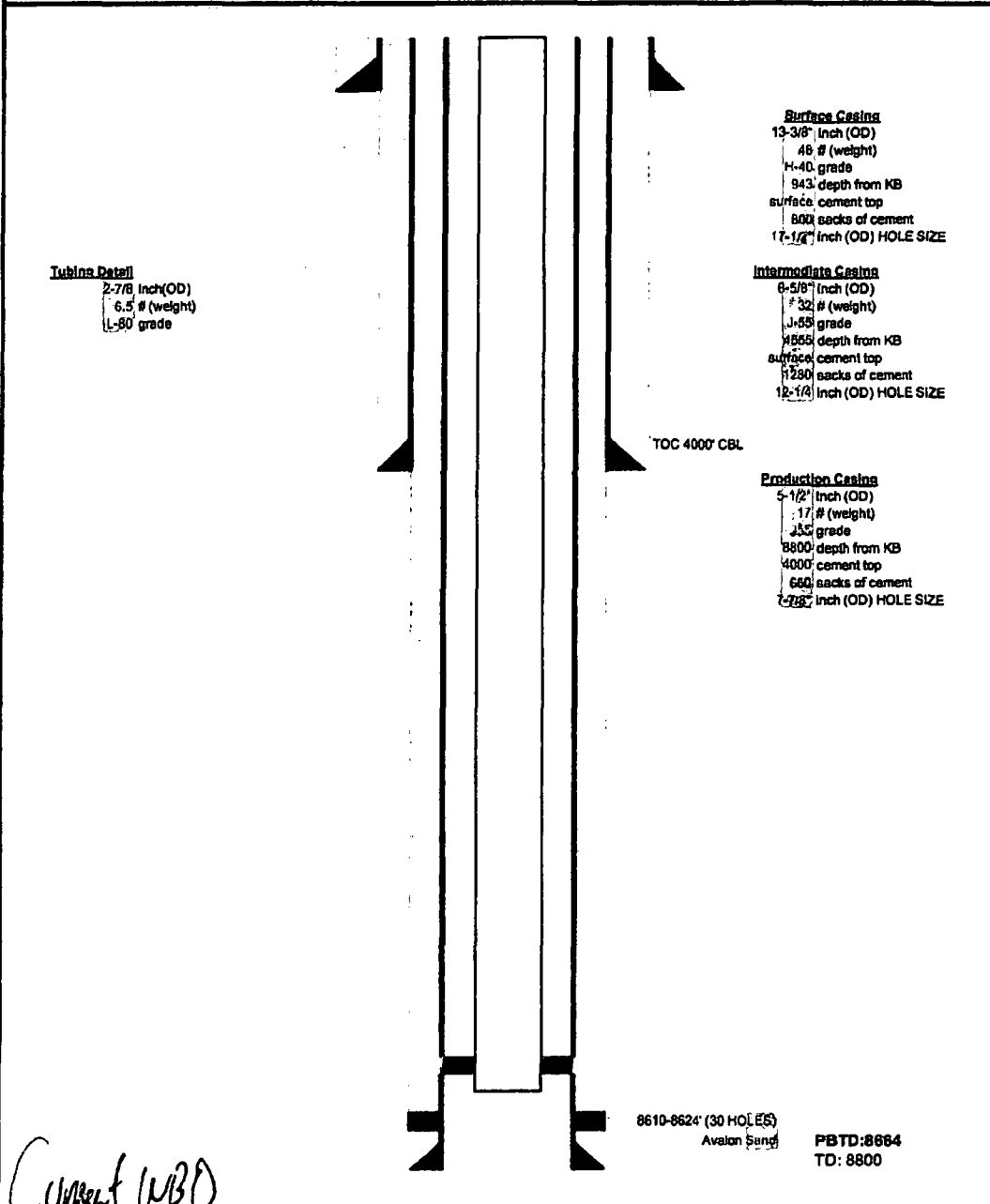


# Foundation Energy Management, LLC

## WELLBORE DIAGRAM

|                       |               |                   |                 |
|-----------------------|---------------|-------------------|-----------------|
| Well / Battery        | Prospect Name | Total Depth       | Current Status  |
| Blue Quail Federal #3 | Brushy Canyon | 8800              | PRODUCING       |
| API Number            | Sec-Twn-Rng   | Producing Horizon | County & State  |
| 30-025-35018          | 7N-23S-32E    | DELAWARE          | LEA, NEW MEXICO |

### WELLBORE DIAGRAM

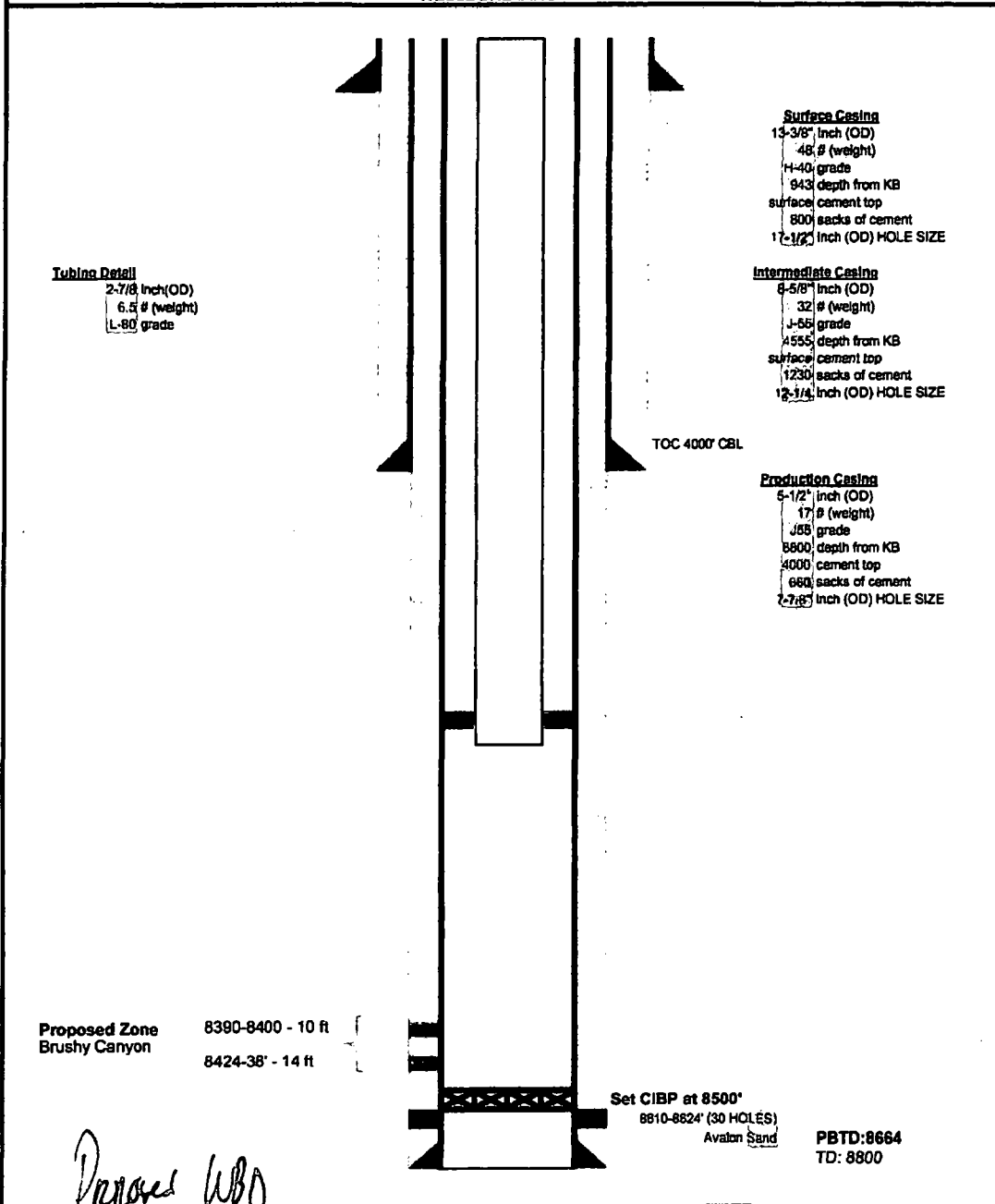


# Foundation Energy Management, LLC

## WELLBORE DIAGRAM

|   |                                |                               |                                  |
|---|--------------------------------|-------------------------------|----------------------------------|
| Well / Battery<br>Blue Quail Federal #3 | Prospect Name<br>Brushy Canyon | Total Depth<br>8800           | Current Status<br>PRODUCING      |
| API Number<br>30-026-15616              | Sec-Twn-Rng<br>7N-23S-32E      | Producing Horizon<br>DELAWARE | County & State<br>LEA NEW MEXICO |

### WELLBORE DIAGRAM



## Blue Quail #3

Sand Dunes

**Scope of Work:** Abandon Avalon Sand and Re-Complete Well in Brushy Canyon

### **Well Data:**

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Intermediate Casing: 8 5/8", 32# J-55 @ 4555'  
Cmt w/ 1230 sx CMT (circulated)

Production Casing: 5 1/2", 17# J-55 @ 8800'  
Cmt w/ 660 sx CMT  
TOC @ 4000', CBL

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Perfs: 8610-8624'

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### **Procedure:**

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- 20) RDMO

## **BUREAU OF LAND MANAGEMENT**

Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972

### **Conditions of Approval for Permanent Abandonment of a Production Zone**

1. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-393-3612
2. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,100 feet, a 3M system for a well not deeper than 13,600 feet, or a 5M system for a well not deeper than 22,700 feet (all depths are for measured well depth).
3. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.
4. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the approved depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours. In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement (or 35 feet with a bailer). Before pumping cement on top of CIBP, a tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary. Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.
5. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file a Subsequent Report (Form 3160-5) to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. Show date work was completed. If plugging back to a new zone submit a Completion Report (Form 3160-4) with the Subsequent Report.
6. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.
7. **If well location is within the Timing Limitation Stipulation Area for Lesser Prairie-Chicken:** From March 1<sup>st</sup> through June 15<sup>th</sup> annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted.