

HOBBS OCD

OCD Hobbs

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JAN 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.*FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 20105. Lease Serial No.
NMNM78273

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.

LAGUNA 23 FED COM 2H

2. Name of Operator

NEARBURG PRODUCING COMPANY

Contact: TIM GREEN

E-Mail: tgreen@nearburg.com

9. API Well No.

30-025-40697-00-X1

3a. Address

3300 NORTH A STREET BLDG 2 STE 120
MIDLAND, TX 79705

3b. Phone No. (include area code)

Ph: 432-818-2940

10. Field and Pool, or Exploratory
LEA

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

Sec 23 T20S R34E SWSW 0175 FSL 0630FWL

11. County or Parish, and State

LEA COUNTY, NM

12. CHECK 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 checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

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 recomplete 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Nearburg Producing Company respectfully requests a variance to set the maximum surface treating pressure of the production casing at 80% of the rated burst pressure.

Production Casing - Casing loading assumptions: Design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.

The table below shows the maximum frac gradient experienced by CIMAREX while completing 3rd Bone Spring horizontal wells within 2 miles of the Laguna 23 Fed 2H.

Hanson 26 Fed #2H - Sec. 26, 20S, 34E - 1.16 psi/ft

Hanson 26 Fed #3H - Sec. 26, 20S, 34E - 1.15 psi/ft

Hanson 26 Fed #4H - Sec. 26, 20S, 34E - 1.21 psi/ft

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

**Electronic Submission #233825 verified by the BLM Well Information System
For NEARBURG PRODUCING COMPANY, sent to the Hobbs
Committed to AFMSS for processing by WESLEY INGRAM on 01/30/2014 (14WWI0093SE)**

Name (Printed/Typed) TIM GREEN

Title MARKETING & PRODUCTION SERVICE

Signature (Electronic Submission)

Date 01/30/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By WESLEY INGRAM

Title PETROLEUM ENGINEER

Date 01/30/2014

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.

Office Hobbs

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.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

FEB 11 2014

Additional data for EC transaction #233825 that would not fit on the form

32. Additional remarks, continued

Laguna 23 Fed Com #1H - Sec. 23, 20S, 34E - 1.20 psi/ft
Lynch 23 Fed 1H - Sec. 23, 20S, 34E - 1.29 psi/ft
Lynch 23 Fed 2H - Sec. 23, 20S, 34E - 1.33 psi/ft

As prudent operators, Nearburg and CIMAREX do take into account the hydrostatic pressure of the fluids within the casing, as well as the hydrostatic pressure created by a fresh water gradient outside the casing.