

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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.*OCD Hobbs
HOBBS
MAR 16 2015**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

RECEIVED

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: UNKNOWN OTH		5. Lease Serial No. NMLC065863
2. Name of Operator DCP MIDSTREAM LP		6. If Indian, Allottee or Tribe Name
3a. Address 370 17TH STREET SUITE 2500 DENVER, CO 80208 5406		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505-842-8000		8. Well Name and No. ZIA AGI 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 19 T19S R32E Lot 3 2100FSL 950FWL 32.644599 N Lat, 103.811145 W Lon		9. API Well No. 30-025-42208-00-X1
		10. Field and Pool, or Exploratory AGI
		11. County or Parish, and State LEA COUNTY, NM

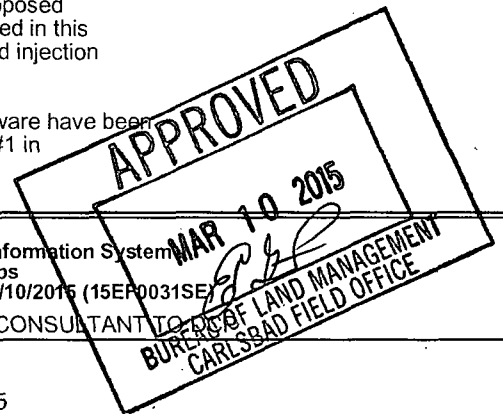
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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	
	<input 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 recompleat 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.)

DCP Midstream is submitting this request for permission to complete its Zia AGI #1 within the NMOCC-approved injection zone within the Brushy Canyon/Cherry Canyon Formations consistent with the approved APD for this well. In order to obtain this approval, DCP is required to assess the recoverable hydrocarbon potential of the approved injection zone. To accomplish this DCP has conducted an extensive analysis of the detailed well logs for the well including a full suite of geophysical logs, mudlogs, and analysis of sidewall core samples retrieved from the proposed injection zone and its caprock. The results of this detailed analysis which are summarized in this form and its two attachments (Attachments A & B) clearly demonstrate that the proposed injection zone does not contain any recoverable hydrocarbons.

The portion of the Lower Cherry Canyon and the Brushy Canyon sands within the Delaware have been extensively analyzed using all available data obtained during the drilling of the Zia AGI #1 in



14. I hereby certify that the foregoing is true and correct. Electronic Submission #293853 verified by the BLM Well Information System For DCP MIDSTREAM LP, sent to the Hobbs Committed to AFMSS for processing by ED FERNANDEZ on 03/10/2015 (15EP0031SE)	
Name (Printed/Typed) ALBERTO A GUTIERREZ	Title GEOLEX CONSULTANT
Signature (Electronic Submission)	Date 03/04/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By EDWARD FERNANDEZ	Title PETROLEUM ENGINEER	Date 03/10/2015
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 **

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

MAR 17 2015

DM

Additional data for EC transaction #293853 that would not fit on the form

32. Additional remarks, continued

December 2014 to February 2015. The results of these analyses indicate that the small indications of residual hydrocarbons detected in portions of the proposed injection zone are not recoverable and the zones are wet with residual water saturations in excess of 40%. Based on the analyses detailed in the attachments to this form, DCP requests BLM approval to perforate the subject well at the depths indicated within the NMOCC-approved injection zone for the Zia AGI #1. DCP intends to initiate completion of the well immediately upon BLM approval of this proposed perforation plan and demonstration of no recoverable hydrocarbons. Following the perforation of the proposed injection zone, DCP will conduct an extensive series of injection tests to confirm and better understand the injection characteristics of the approved injection zone. BLM will be notified of these tests and the test results will also be provided to the BLM following analysis by DCP and their consultants. This work will be conducted under the current BLM bond for this well which is Bond Number 105982905 already on file with the BLM.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

See
CoA

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CONDITIONS OF APPROVAL

Sundry dated 3/4/2015

OPERATOR'S NAME:	DCP Midstream LP
LEASE NO.:	NM0149956
WELL NAME & NO.:	1-Zia AGI
SURFACE HOLE FOOTAGE:	2100'/S & 950'/W
BOTTOM HOLE FOOTAGE:	2305'/N & 750'/W
LOCATION:	Sec. 19, T. 19 S., R. 32 E.
COUNTY:	Lea County, New Mexico

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

CIT / MIT tests

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. Surface disturbance beyond the existing pad must have prior approval.
2. Closed loop-system required.
3. Hydrogen Sulfide has been reported as a hazard in formations in the area. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.
4. 3000 3M BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (3M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
5. The BLM concurs with the operator that the results of the enclosed analyses indicate that there are small indications of residual hydrocarbons detected in the proposed injection zone with water saturations in excess of 40%.
However the BLM will require that swab testing be done on the well for at least one day after all the perforations have been done on the subject well. Report results to the BLM.

6. The Operator shall submit a detail completion procedure on an NOI Sundry with a wellbore diagram and a casing tally of the 7" production casing with the CRA Packer joint(s). The current sundry does not provide a detail completion procedure.
7. The BLM will allow simple injection test to be done on the well once the results of the swab testing has been completed.
8. However, DCP will be required to submit a NOI Sundry to run a Step rate test describing their complete step rate procedure.

WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion 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.

EGF 031015



ATTACHMENT A

RECOVERABLE HYDROCARBON AND INJECTION POTENTIAL EVALUATION

DCP MIDSTREAM LP

ZIA AGI #1

Sec. 19- Twp. 19S-32E

Lea County, New Mexico

Prepared for
DCP Midstream LP

By
Geolex, Inc.
500 Marquette, NW Suite 1350
Albuquerque, NM 87102

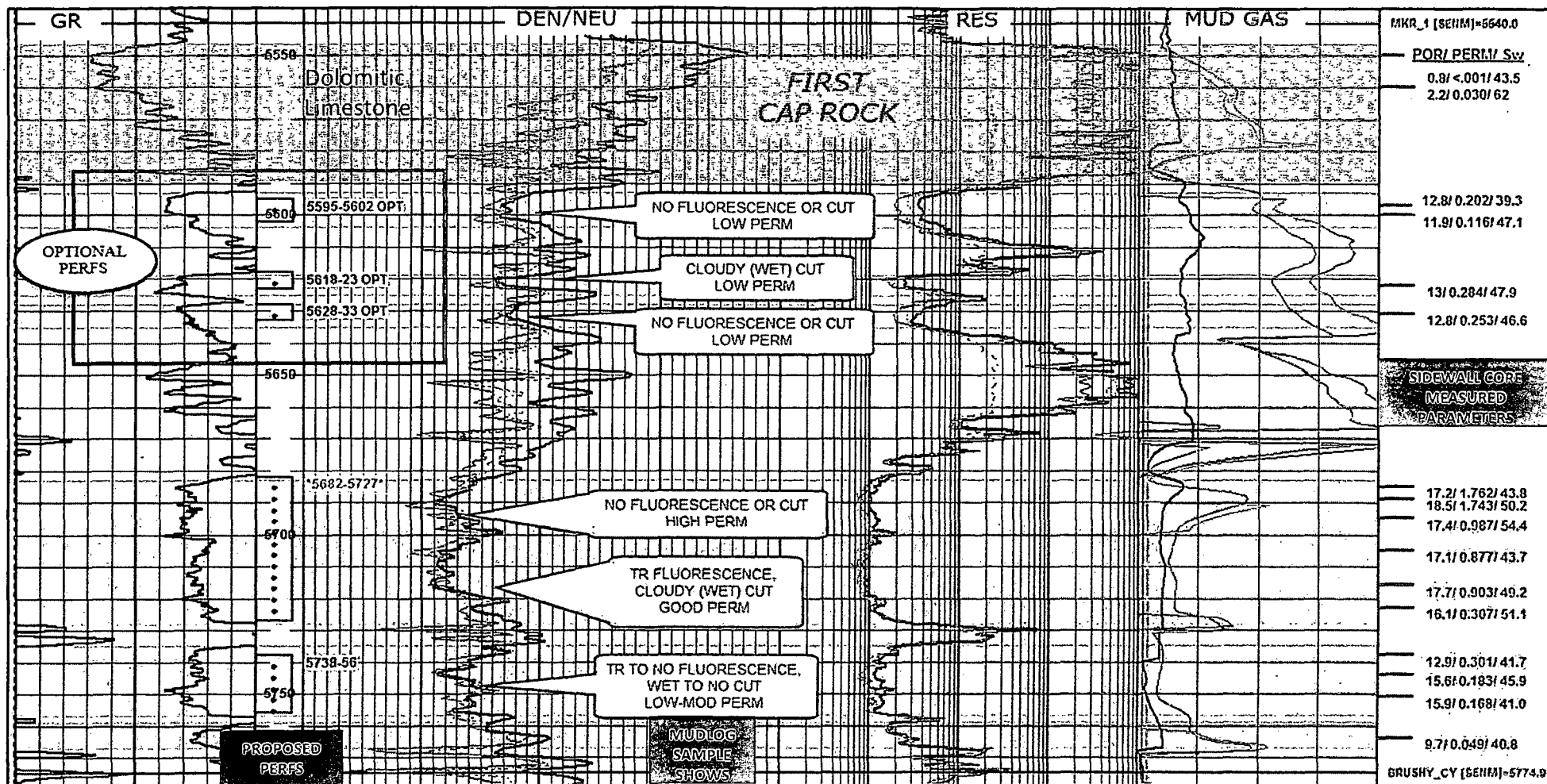
February 24, 2015

The Geolex Incorporated logo, featuring the word "GEOLEX" in a large, bold, sans-serif font, with "INCORPORATED" in a smaller font below it, all enclosed in a rectangular border.

GEOLEX
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SUMMARY OF FACTORS CONSIDERED IN RESERVOIR EVALUATION FOR RECOVERABLE HYDROCARBONS AND INJECTION SUITABILITY

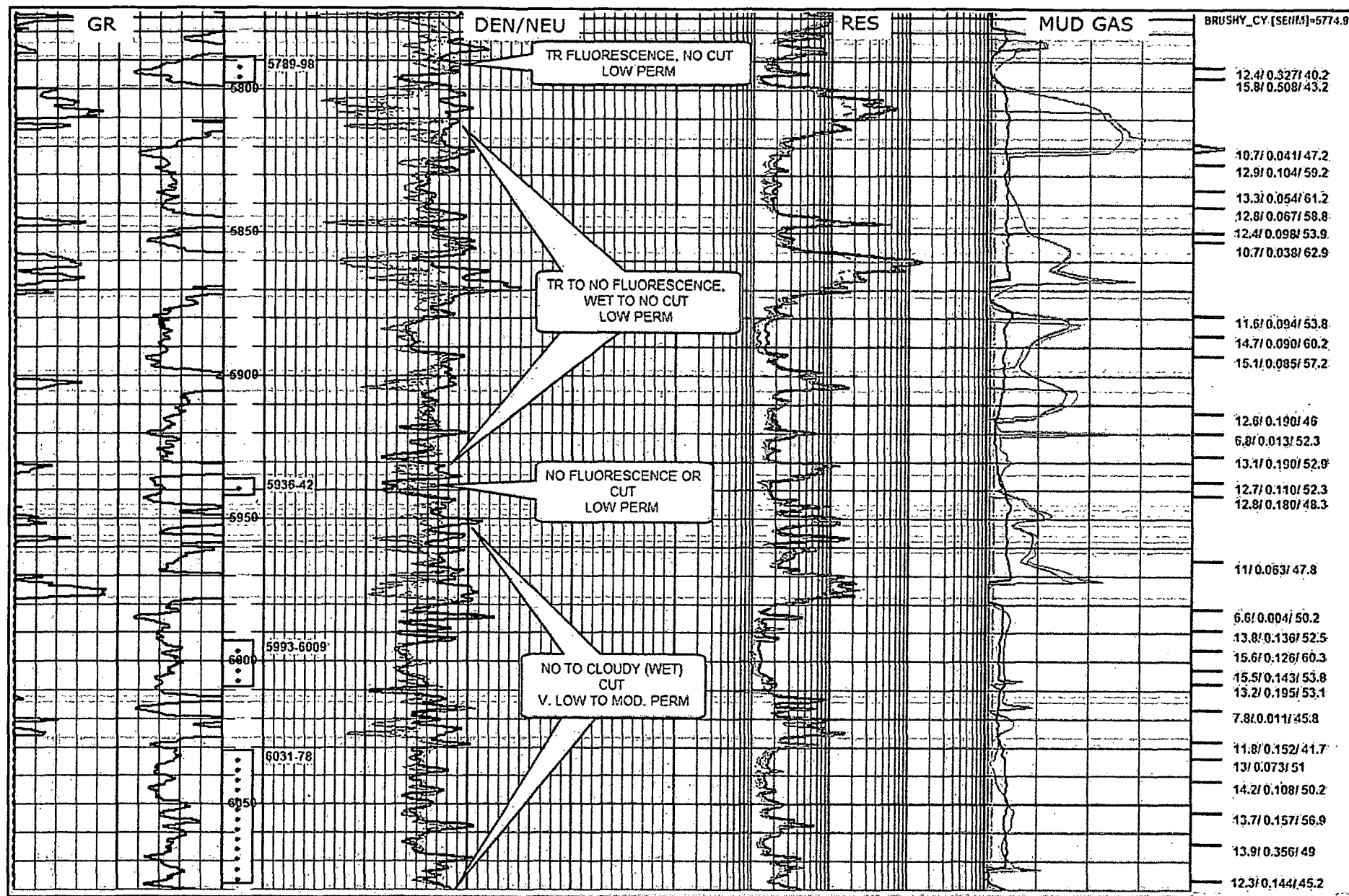
- The successful evaluation of recoverable hydrocarbon potential, and reservoir and cap rock properties, using sidewall cores, requires the careful consideration of the limitations of the samples since each actual sidewall is only representative of a small portion of the formation at each sample location. The overall evaluation of the cap rock and reservoir requires the simultaneous consideration of various data types and sources to arrive at a reasonable conceptual model of predicted injection performance. These data types are evaluated and considered in this analysis, and include the complete geophysical log suite for the well including the triple combo, porosity, and resistivity logs, mudlogs, drilling condition reports, and on-site observations. The overall evaluation and recommendations included herein for completion are the result of the analyses and evaluation of these multiple data types. ***Injection and fall off testing will result in direct observation of injection pressures at varying flowrates and will be considered, in addition to the analyses presented herein, to predict the ultimate injection performance of the reservoir.***
- The facies that were sampled in the lower Cherry Canyon to upper Brushy Canyon Members of the Delaware Mountain Group are dominated by turbiditic clastic sediments, which are variously composed of consolidated shales, siltstones, and sandstones. ***The sandstones, which are the intended injection zones, are generally described in sidewall core samples as fine- to very fine-grained, with occasional low residual (non-recoverable) hydrocarbon shows, and water saturations consistently above 40%.*** Gamma ray log measurements confirm the grain size attributes of the sands. Core-measured permeabilities in these sandstones range from less than 0.10 to 1.7 millidarcies (mD). ***This part of the Delaware section is not productive within or immediately outside of the area of review.***
- Porosity measurements of sidewall cores taken in the Zia AGI #1 generally correspond well to measurements made with the downhole porosity log (Density-Neutron), although relative permeabilities do not show the same correspondence (likely because of varying filtrate invasion during drilling). For this reason it is equally important to consider the corresponding log signatures, drilling notes and experience with the subject formations.
- In the following pages, we have divided the intended gross injection interval into three (3) log composite segments (lower Cherry Canyon, upper Brushy Canyon, and the lower part of the upper Brushy Canyon) to integrate the results of the sidewall core analyses and mudlog monitoring, the lithologic architecture of the interval, and the preliminary proposed injection perforations. ***These consolidated log composites, along with the supporting data, form the basis for the determination of no recoverable hydrocarbons in the proposed injection zone.***



LOWER CHERRY CANYON

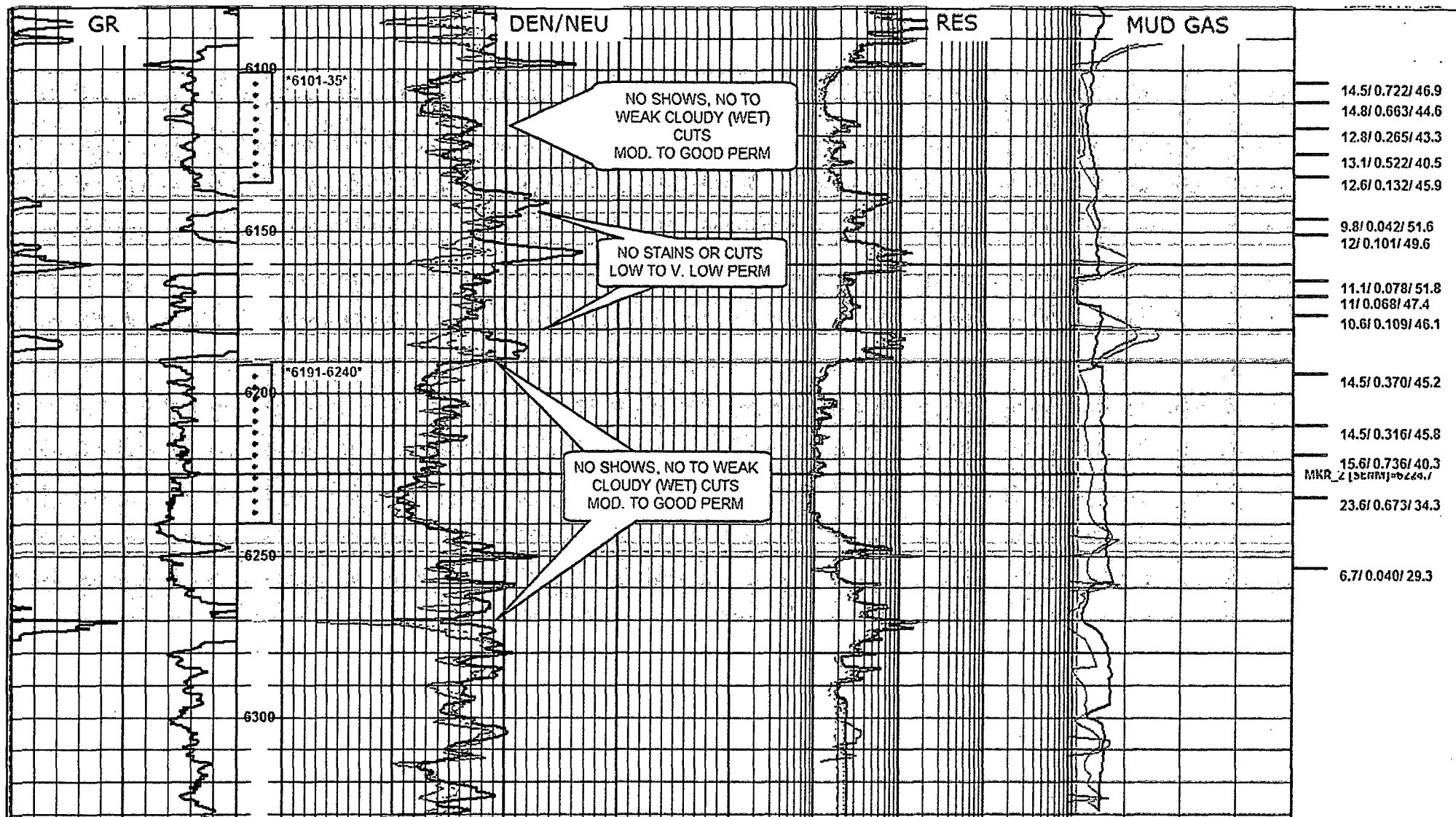
For each of these composite log sections sandstones are shaded in pink. The numbers on the far right (Sidewall Core Measured Parameters) refer to Porosity(%) / Permeability (mD) / Sw(%) values for sidewall cores collected at the dark red tick points. Mudlogger observations are shown in the middle track. Proposed perforations are shown in black (dots) on the depth track. The proposed injection perforations are all in sandstone units throughout the proposed injection interval. Highlighted perforation intervals refer to higher porosity-perm sandstones.

This part of the injection interval is in the lower Cherry Canyon Member of the Delaware, and is characterized by core-measured sandstone porosities ranging from 9.7% to 18.5%, and measured permeabilities ranging between 0.049 to 1.76 mD. Cores showed mineral and residual oil fluorescence, but *no indication of movable hydrocarbons*, which confirmed mudloggers' observations on sample fluorescence and cut. Three thinner-bedded sands at the top of this sequence will be reserved as optional injection zones. The gas seen on the mud gas log represents minor shale gas or residuals in wet sandstones, which is also confirmed by the core measurements.



UPPER BRUSHY CANYON

The upper part of the upper Brushy Canyon injection interval is characterized by sandstones with measured porosities ranging from 6.6% to 15.8%, and measured permeabilities between 0.004 to 0.508 mD. There were *no sample shows above trace levels in cuttings*, and any trace gas was generally confined to the shales. Sidewall cores only showed sporadic to spotty residual oil fluorescence.



UPPER BRUSHY CANYON (Lower Part)

The lower part of the upper Brushy Canyon injection interval is characterized by sandstones with measured porosities ranging from 6.7% to 23.6%, and measured permeabilities between 0.040 to 0.736 mD. There were *no sample shows in cuttings*, and any trace gas was confined to the shales. Sidewall cores show only sporadic and spotty residual oil fluorescence. *The two perforation zones shown here are expected to be two of the three best injection zones in the interval, together with the zone from 5682-5727'.*

SUMMARY OF RESERVOIR CHARACTERISTICS OF THE PROPOSED INJECTION INTERVAL DEMONSTRATES NO RECOVERABLE HYDROCARBONS

- Injection is proposed into fine- to very fine-grained sandstones of the lower Cherry Canyon to upper Brushy Canyon Members of the Delaware Mountain Group in the Zia AGI #1 well. This interval is *not productive of hydrocarbons in the area* (other wells to the south produce from deeper in the Brushy Canyon). *This zone looks so unpromising that it was not even tested in any wells locally.*
- Mudlog sample shows throughout the injection interval are essentially absent and the few shows which were noted were very weak. Sample cuts, in the few places found, were likewise weak and often milky, indicating the prevalence of water-wet sands throughout the entire proposed injection interval. *This clearly indicates the lack of any movable (recoverable) hydrocarbons.*
- Core analysis shows consistent water saturations throughout the injection interval, and spotty to residual fluorescence and mineral fluorescence, which also indicate the lack of recoverable hydrocarbons when combined with the lack and quality of mudlog shows.
- The minor gas shows which were detected within the proposed injection interval are primarily from shales, with some possible residual gas in the upper 40 feet of the injection interval. Gas shows are very sporadic and much weaker below the upper 40 feet of the interval.
- The three primary or best sands in the proposed injection interval (indicated in yellow highlights on previous pages) have the highest permeability of all the proposed injection zones, with no or wet sample cuts, and will be the primary focus of injection testing in this well.

CONCLUSIONS AND RECOMMENDATIONS

- Sidewall core results show consistent lithologies in the sandstone units that are recommended for perforation and use as injection reservoirs. All of the sandstones sampled with sidewall cores are fine- to very fine-grained, sub-angular to sub-rounded, silty, and sporadically laminated, which was also confirmed with the Formation Micro-Imager (FMI) log. Porosity, which is matrix porosity, is generally over 11% in most of the sands, with no tectonic fractures evident on the FMI log. Permeability is the most variable parameter, ranging from very low to high (for these sands).
- While core measurements, compared with log-indicated porosity and permeability, indicate the Delaware sands outlined above for perforations, *DCP may wish to consider perforating the entire proposed injection interval* and observing the differential performance of the various component sands using the DTS and temperature profiles obtained during the injection and falloff testing to be conducted after the zone is perforated.
- Alternatively, if a selective perforation strategy were to be employed, a phased approach to perforating and testing could be used by perforating the injection zone in the depth intervals shown on the following page. This considers that the three highlighted zones identified as higher porosity and permeability sands are likely to be the best potential injection zones, followed by the remaining sands indicated in pink brown and the upper zones indicated as optional immediately below the caprock.

END OF ATTACHMENT A



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SUMMARY OF RECOMMENDED SELECTIVE PERFORATIONS

TVD, Ft.

5595-5602 ¹	Lower Cherry Canyon	Optional- thinner-bedded sandstone, low perm, good caprock
5618-5623 ¹	Lower Cherry Canyon	Optional, low permeability
5628-5633 ¹	Lower Cherry Canyon	Optional, low permeability
5682-5727*	Lower Cherry Canyon	Higher porosity and good to high permeability
5738-5756	Lower Cherry Canyon	Good porosity, low to moderate permeability
5789-5798	Upper Brushy Canyon	Good porosity, low permeability
5936-5942	Upper Brushy Canyon	Good porosity, low permeability
5993-6009	Upper Brushy Canyon	Good to higher porosity, low permeability
6031-6078	Upper Brushy Canyon	Good porosity, very low to moderate permeability
6101-6135*	Upper Brushy Canyon	Good porosity, moderate to good permeability
6191-6240*	Upper Brushy Canyon	Good to high porosity, moderate to good permeability

* Higher porosity-permeability zones

¹ Optional zones

These zones are recommended to be perforated using 6 shots per foot, 60° phasing; however, it may be advisable given the nature of the formation to perforate the entire proposed injection interval. Even if not much additional storage is available and while the proposed zones will almost certainly take most of the fluid, even an additional 10% gain in ease of injection and overall storage due to perforating the entire interval would be desirable even considering the additional perforation expense.

ATTACHMENT B

MUDLOG 5,500' TO TD

APPROXIMATE PROPOSED INJECTION ZONE

5595' – 6240' MD

5443' – 6088' TVD



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AND ASSOCIATES, LTD.

GEOLOGICAL CONSULTING / SURFACE LOGGING SERVICES

CORPUS CHRISTI
TEXASP.O. BOX 81150
MIDLAND
TEXAS 79711ROCK SPRINGS
WYOMING

OFFICE (432) 563-0084 — 24 HOURS (800) 578-1006

**PARSONS
BRINCKERHOFF**

COMPANY: PB ENERGY STORAGE SERVICES, INC.

DRILLING CO: PRECISION

WELL: ZIA AGI #1

RIG #: 107

FIELD: AGI; CHERRY CANYON-BRUSHY CANYON

API: 30-025-42208

LOCATION: 2100' FSL & 950' FWL, SEC. 19, T-19-S, R-32-E

GL (FT): 3550'

COUNTY: LEA STATE: NM LAT: 32.64459881

DF (FT):

INTERVAL: 145' TO: LONG: -103.8111449

KB (FT): 3575'

DATE: 12/22/14 TO: JOB #: 8914

UNIT #: 69

LOGGER(S): D GUZMAN, V CRANDELL, A WORTHEM, D FREELAND, K HACKENBACH, J HANSEN 432-207-2607

**5 INCH IMAGE HYDROCARBON WELL LOG [5" = 100']
TVD DEPTH SCALE****CUTTINGS**

ANHYDRITE



CHERT



DOLOMITE



LIMESTONE



SILTSTONE



BENTONITE



COAL



GRANITE



SALT



SAND



CALCITE



CONGLOMERATE



GRANITE WASH



SHALE



CEMENT

POROSITY - % FLUORESCENCE - TYPE CUT

NONE



TRACE



FAIR



GOOD

SYMBOLS**FOSSIL**

ALGAE



AMPH



BELM



BIOCLST



BRACH



BRYOZOA



CEPHAL



OOLITE



OSTRA



PELEC



PELLET



PISOLITE



PLANT



STROM

MINERAL



CARB



CHTDK



CHLT



DOL



FELDSPAR



FERR



FERRPEL



GLAUC



PYR



SALT



SANDY



SIL



SILT



SULPHUR



TUFF

TEXTURE



MICROXLN



MUDST



PACKST



WACKEST

STRINGER

ANHYSTRG











ARGSTRG



BENTSTRG

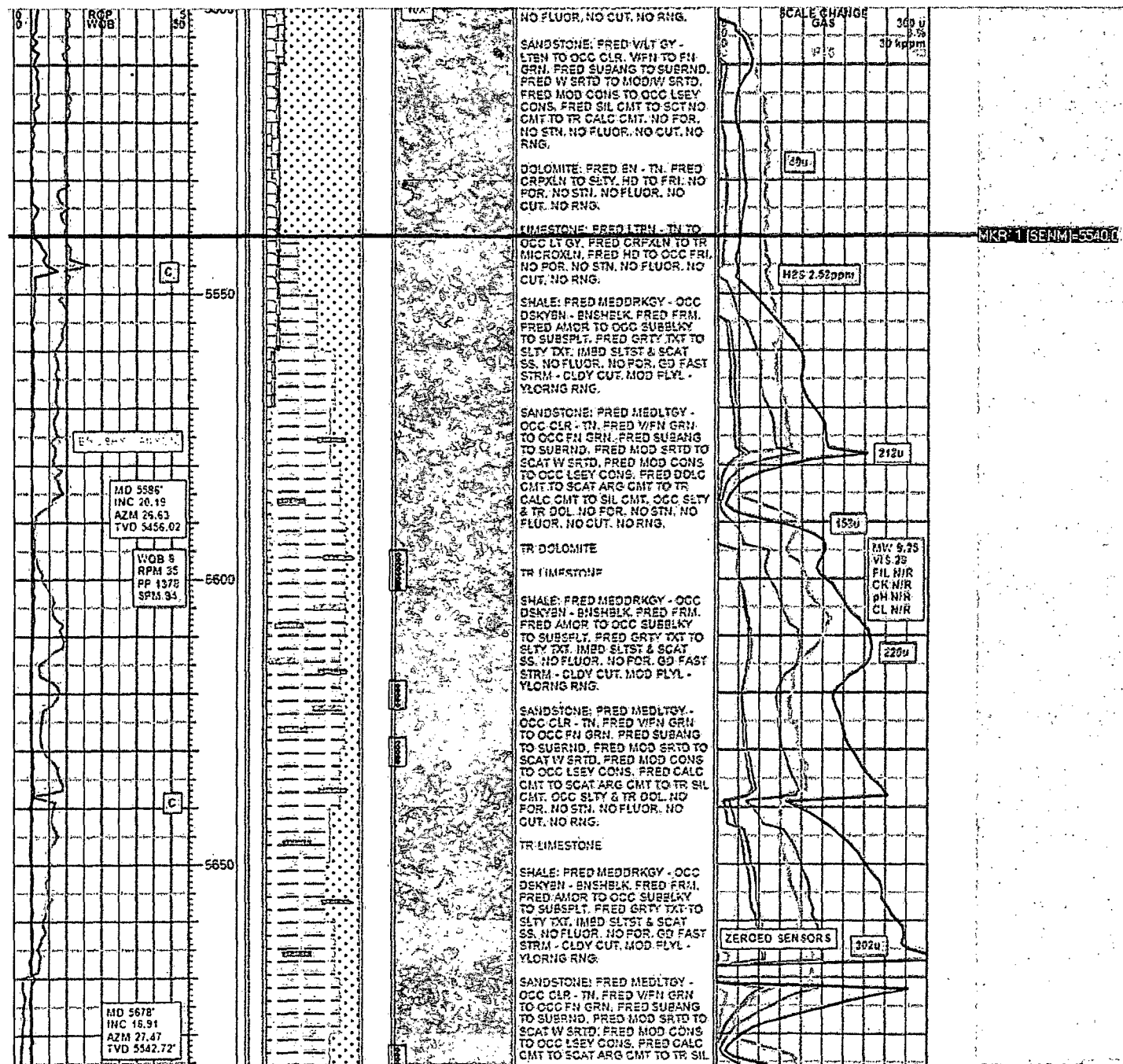
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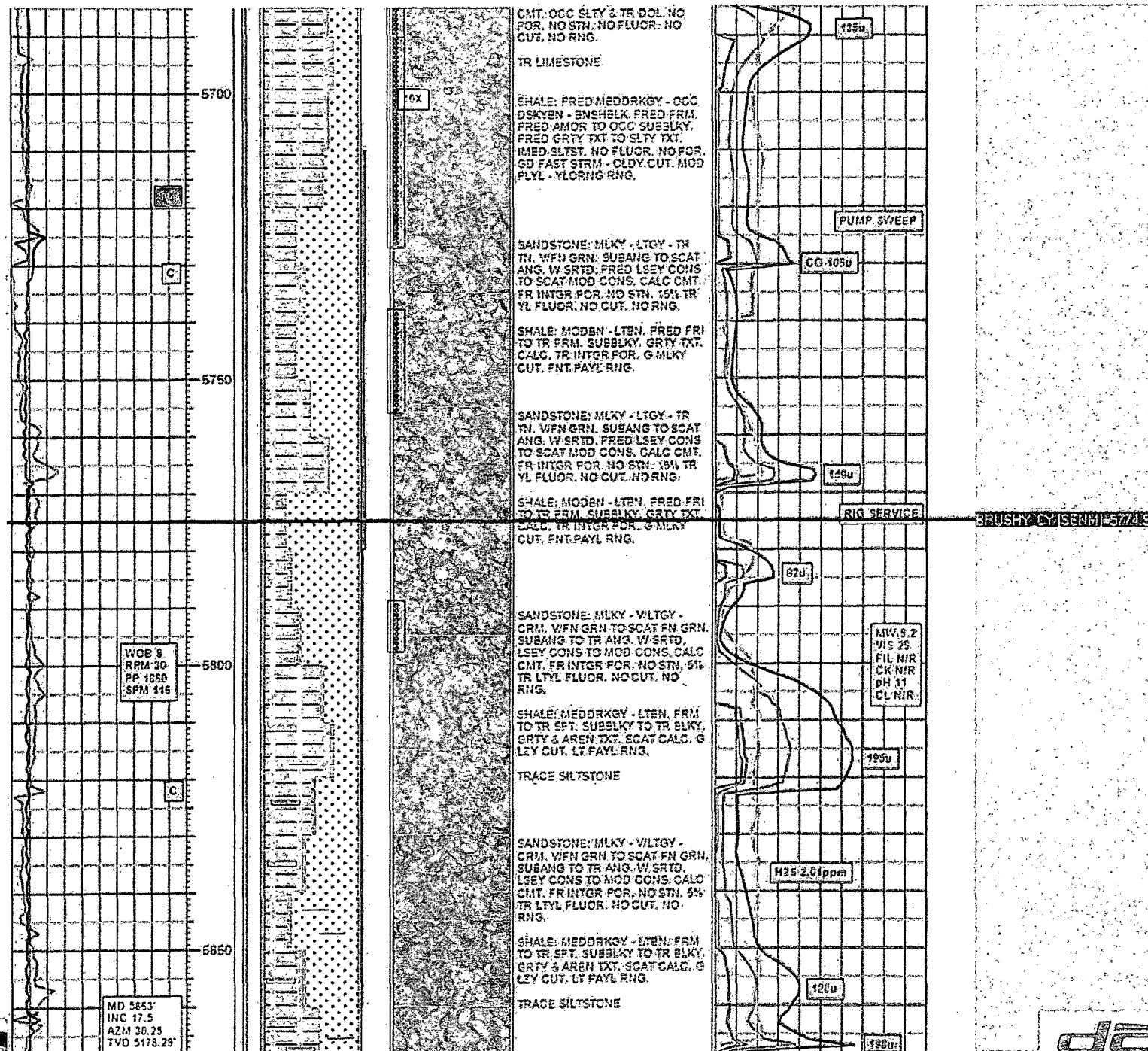
Q	CEPHAL	MINERAL	~	GLAU	TEXTURE		BENTSTRG		
P	CORAL	//	ANHY	GYP	BS	BOUNDST		COALSTRG	
O	CRIN	-	ARG	HVYMIN	C	CHALKY		DOLSTRG	
Q	ECHIN	/	ARGGRN	K	KAOL	GX	CRXLN		GYPSTRG
Q	FISH	B	BENT	M	MARL	E	EARTHY		LSSTRG
Q	FORAM	\	BIT	*	MINXL	FX	FINEXLN		MRST
F	FOSSIL	Q	BRECFRAG	Q	NODULE	GS	GRAINST		SLTSTRG
Q	GASTRO	+	CALC	**	PHOS	L	LITHOGR		SSSTRG

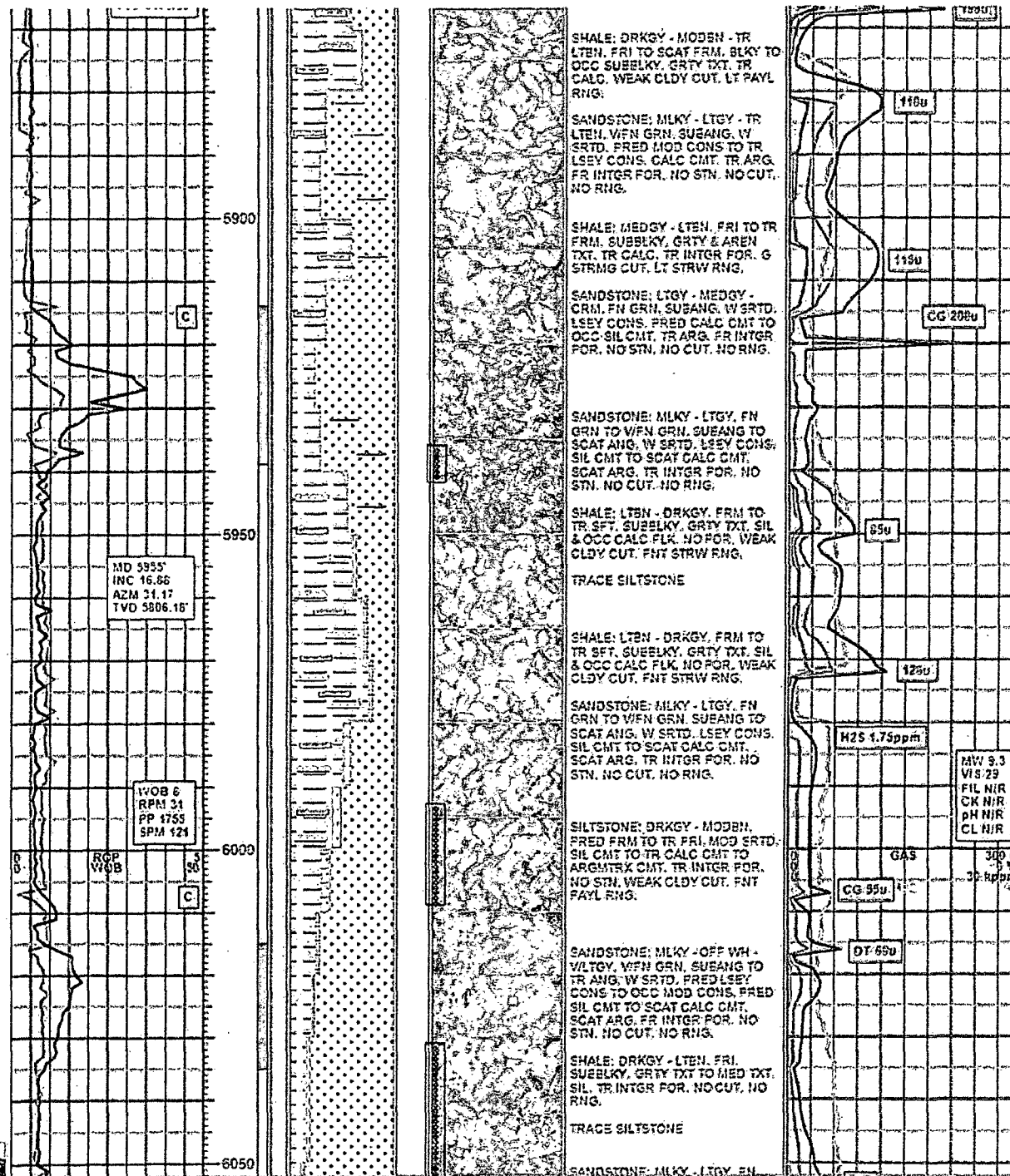
DRILLING INFO						GAS ANALYSIS						
DRILL RATE [MIN/FT]		DEPTH	POROSITY SLIDE/INCH/FT	CUTTINGS [%]	% FLUID TYPE	SampleCam® PHOTOS	LITHOLOGY DESCRIPTIONS AND OTHER REMARKS	TOTAL GAS				
WOB [KLBS]								C1 - METHANE				
								C2 - ETHANE				
								C3 - PROPANE				
								C4 - BUTANE				
								HYDROGEN SULFIDE [PPM]				

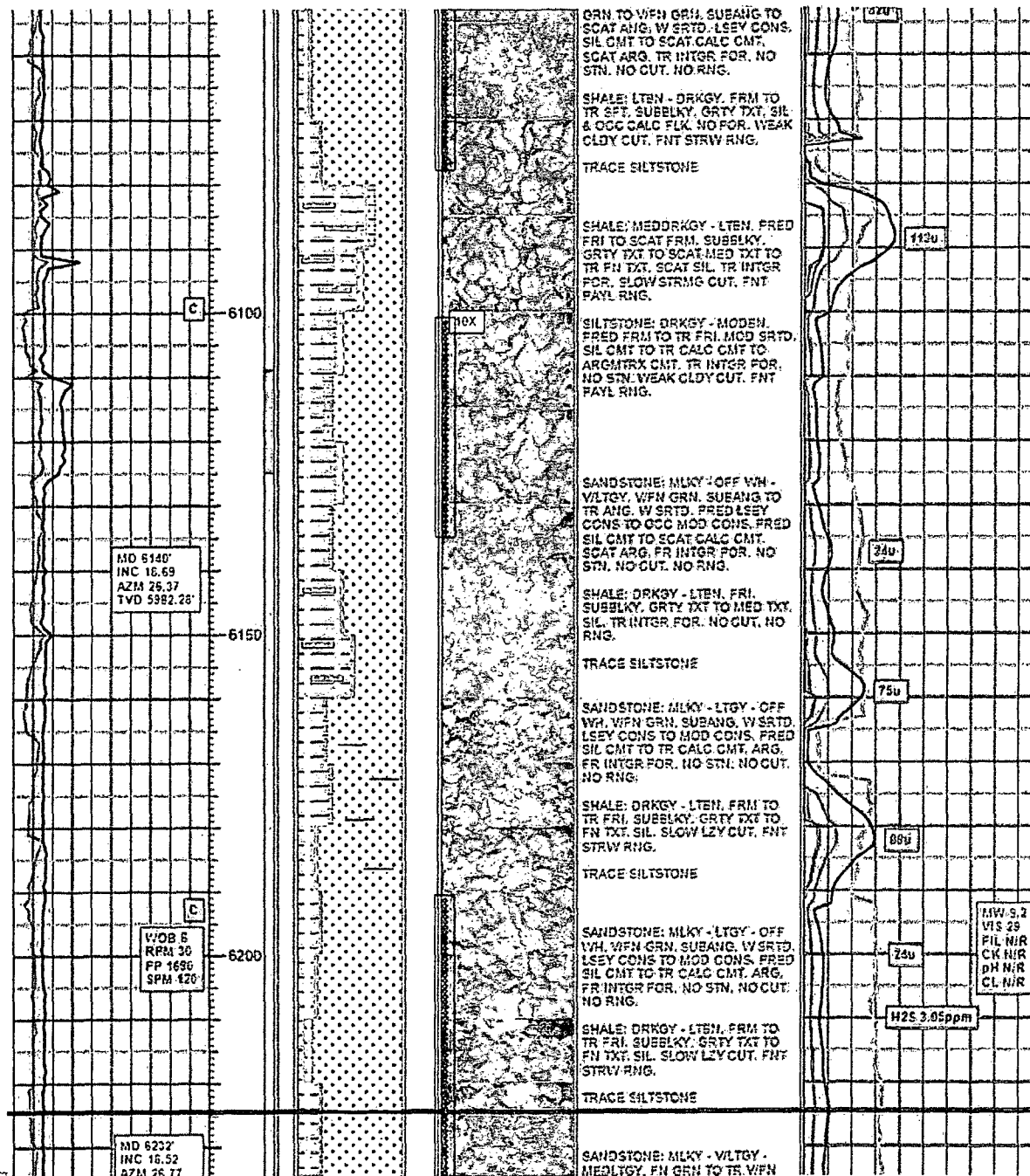
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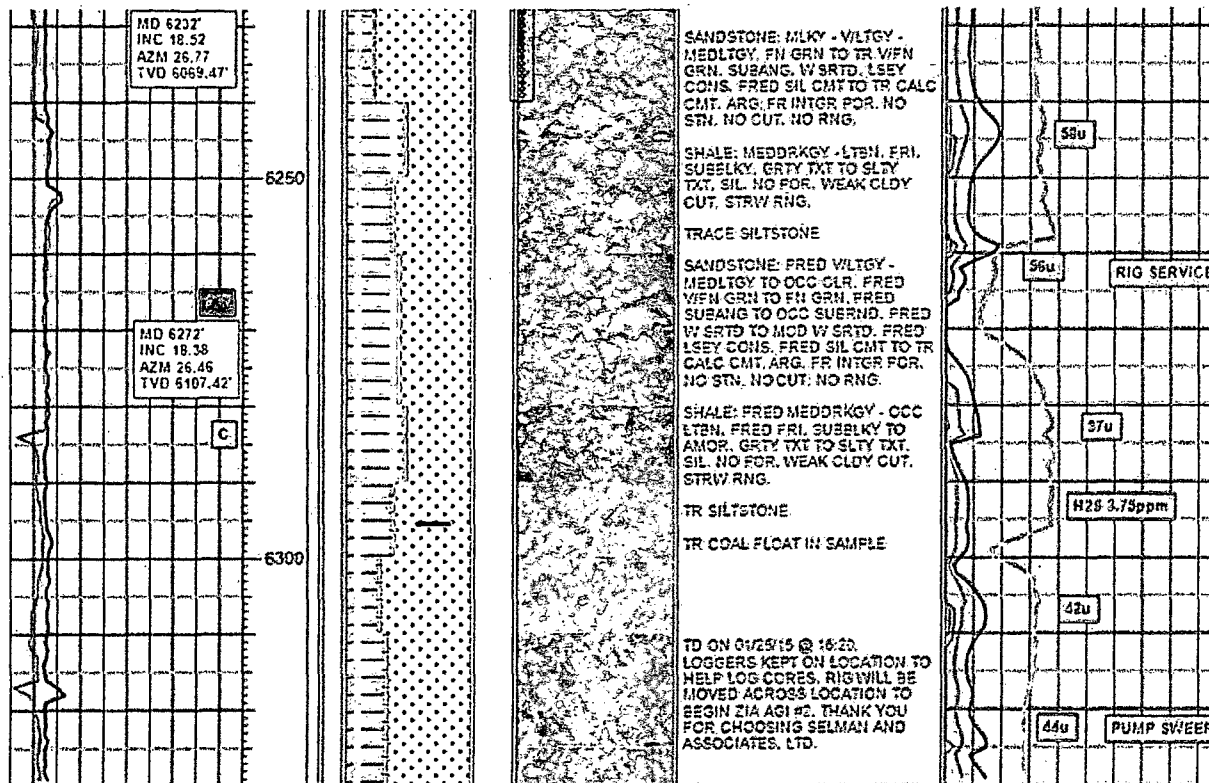








MR-2/SENMI-6224-7



CONDITIONS OF APPROVAL

Sundry dated 3/4/2015

OPERATOR'S NAME:	DCP Midstream LP
LEASE NO.:	NM0149956
WELL NAME & NO.:	1-Zia AGI
SURFACE HOLE FOOTAGE:	2100'/S & 950'/W
BOTTOM HOLE FOOTAGE:	2305'/N & 750'/W
LOCATION:	Sec. 19, T. 19 S., R. 32 E.
COUNTY:	Lea County, New Mexico

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CIT / MIT tests

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