

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM 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.*5. Lease Serial No.
NMLC063798

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
RED HILLS AGI 19. API Well No.
30-025-4044810. Field and Pool or Exploratory Area
EXPLORATORY CHERRY CANYON
AGI11. County or Parish, State
LEA COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on page 2

JAN 16 2018

RECEIVED

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: INJECTION

2. Name of Operator

LUCID ENERGY DELAWARE, LLC

Contact: JARED R SMITH

E-Mail: jsmith@geolex.com

3a. Address

3100 MCKINNON STREET SUITE 800
DALLAS, TX 75201

3b. Phone No. (include area code)

Ph: 505-842-8000

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

Sec 13 T24S R33E Mer NMP 1600FSL 150FEL
32.214695 N Lat, 103.518009 W Lon

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<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 recomple 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 recomple 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.

On December 19, 2017 operations began to recovery the acid treatment load of 551 bbls and an additional 1000 bbls in preparation for the fluid sampling procedure to provide further evidence that the injection zone does not contain commercial recoverable hydrocarbons as specified in part 13 of the conditions of approval. The swabbing operation was interrupted by some problems with the rig but by early on December 23, 2017 the treatment load had been recovered. Just prior to the recovery of the treatment load, a dramatic increase in fine grain sand from the Cherry Canyon formation was observed. This situation was monitored with fluid samples recovered at 485, 522, 560, and 580 barrels during the recovery. No oil was observed with the fluid but a decision was made to terminate the swabbing until the extent of sanding could be evaluated.

Later on December 23, 2017 a slick line was used to tag the top of the sand at 6620 feet, 37 feet below the bottom perforation and 15 feet above the PBTD. Based on the percentage of sand recovered

ACCEPTED FOR RECORD

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

Electronic Submission #399071 verified by the BLM Well Information System
For LUCID ENERGY DELAWARE, LLC, sent to the Hobbs
Committed to AFMSS for processing by PAUL SWARTZ on 01/03/2018 ()

Name (Printed/Typed) JARED R SMITH

Title CONSULTANT TO LUCID ENERGY

Signature (Electronic Submission)

Date 12/27/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By Paul R. Swartz 01/23/2018Title TPEI

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.

Office

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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)

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

KZ

Additional data for EC transaction #399071 that would not fit on the form

32. Additional remarks, continued

from the samples and the amount of damage being seen on the swab mandrel and cups it was determined that continued swabbing might be dangerous to the well.

After consulting with the BLM on call engineer it was determined that the best course of action was to terminate fluid removal, submit the samples recovered to the laboratory for hydrocarbon analysis, and proceed with the completion.