

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

5	Lease Serial No
	NM-99028
6	If Indian, Allottee or Tribe Name
7	If Unit or CA/Agreement, Name and/or No
8	Well Name and No
	DUKE ARP FEDERAL #1
9	API Well No
	30-015-30476
10.	Field and Pool, or Exploratory Area
	EMPIRE, WOLFCAMP (22420)
	AND
	Eddy County, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1	Type of Well
	<input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other
2	Name of Operator
	LRE OPERATING, LLC
3a	Address c/o Mike Pippin LLC
	3104 N Sullivan, Farmington, NM 87401
3b.	Phone No (include area code)
	505-327-4573
4	Location of Well (Footage, Sec, T, R, M., or Survey Description)
	1980' FSL & 990' FWL Unit L
	Sec. 14, T17S, R27E

12. CHECK 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"/> 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 type="checkbox"/> Other Discovered
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Csg Leak
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13 Describe Proposed or Completed Operations (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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleton 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.)

3/30/12: MIRUSU with a plan to recompleate from the Morrow to the Empire, Wolfcamp (22420) Attempted to load csg, but discovered a csg leak. Rig down & released service unit on 4/4/12. Plan to review alternatives to repare csg leak. When plans are finalized, LRE will submit an NOI sundry

After 7-19-12 the well must be online or plans to P & A must be submitted.

RD Date 7/5/12
Accepted for record
NMOCD

RECEIVED

JUN 21 2012

NMOCD ARTESIA

SEE ATTACHED ORDERS

14	I hereby certify that the foregoing is true and correct
Name (Printed/Typed)	Mike Pippin
Signature	<i>Mike Pippin</i>
Title	Petroleum Engineer (Agent)
Date	May 3, 2012

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	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	

Title 18 U.S.C. Section 1001, makes 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

ACCEPTED FOR RECORD

JUN 19 2012

/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Order of the Authorized Officer

LRE Operating, LLC
Duke ARP Federal Com - 01
API 3001530476
June 6, 2012

This well has evidence of loss of wellbore integrity per the subsequent sundry dated 05/03/2012. Submit to BLM; within 30 days, on Form 3160-5, for approval, one of the following:

A procedure to repair the casing so that approval to continue operations can be granted.

A procedure to plug and abandon the well. If a procedure to plug and abandon the well previously has been approved (with a TA option) by the Carlsbad Field Office and the well work conversion has been witnessed by BLM I & E staff, that procedure may be accomplished without delay.

References: 43 CFR 3162.1(a), 43 CFR 3162.3-2, 43 CFR 3162.3-4, 43 CFR 3162.4-1, Onshore Oil and Gas Order #1.X., & Onshore Oil and Gas Order #2.III.G.

Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County 575-361-2822, if there is no response email Paul R. Swartz pswartz@blm.gov If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.

- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) The casing/tubing annulus is required to be monitored for communication with internal tubing pressure or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.
- 9) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 10) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 11) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 12) Gain of annular fluid requires notification within 24 hours. ~~Cease injection and~~ **M**aintain a production casing pressure of 0psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 13) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.