

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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OGD Artesia
JUL 30 2012

FORM APPROVED
OMB No 1004-0137
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.

5. Lease Serial No.
NMNM-0556863

6. Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
XTO Energy Inc.

3a. Address
200 N. Lorraine, Ste 800, Midland, TX 79701

3b. Phone No. (include area code)
432-620-4323

7. If Unit of CA/Agreement, Name and/or No
NM70992X

8. Well Name and No
Nash Unit #51H

9. API Well No.
30-015-38365

10. Field and Pool or Exploratory Area
Nash Draw, Brushy Canyon

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SURFACE LOCATION 660' FSL & 210' FWL Sec 18, T23S, R30-E, UL-M
BOTTOMHOLE LOCATION 1980' FNL & 340' FWL Sec. 14, 23S, 29E (E)

11. Country or Parish, State
Eddy County, New Mexico

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 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 _____
	<input checked="" 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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)

Change in Plans - 7" casing DV Tool placement and cement volume change.

This Sundry is being submitted for approval to place the DV tool at 4750' ± in the 7" casing versus the previous 5500'. XTO Energy proposes this in an attempt to alleviate the loss circulation and annular pack off problems that have occurred on recent wells.

Other changes to the cement program:

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

1. Stage 1 cement around the shoe - the Lead cement volume will be reduced to 400 sks of the CorossaCem-H slurry
2. With Stage 2 cement, through the DV Tool at 4750', the Lead slurry will be eliminated and only the Tail slurry will be pumped. This volume should fill the annulus from 4750' - 4000'
3. Reduce circulating rate through DV Tool to 4 BPM ±

Most recently with the DV Tool at 5500', the volume of Stage 1 Lead cement has been sufficient to place cement above the DV Tool. Once the DV Tool is opened and circulation begins; the cement (above the DV Tool) is lifted towards the surface. During this procedure circulation has been lost with the cement being suspended in the annulus. Stage 2 cement volumes are then pumped and the DV Tool closed. Stage 3 cement can not be pumped down the 7" x 9-5/8" casing because the suspended cement has set up. The end result has been running a CBL and cement squeezing in the 7" to get cement to surface.

XTO Energy recommends these initial steps be taken to alleviate this issue.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)
Chip Amrock

Signature

Chip Amrock

Title Senior Drilling Engineer

Date 07/19/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

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 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)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**



CONDITIONS OF APPROVAL

OPERATOR'S NAME:	XTO Energy Inc.
LEASE NO.:	NMNM556863
WELL NAME & NO.:	Nash Unit #51H
SURFACE HOLE FOOTAGE:	660' FSL & 210' FWL
BOTTOM HOLE FOOTAGE:	660' FSL & 340' FEL
LOCATION:	Section 18, T. 23 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

Original COA still applies with the following changes:**A. DRILLING OPERATIONS REQUIREMENTS**

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

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Due to recent H2S encounters in the salt formation, it is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide prior to drilling out the surface shoe. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

R-111-P Potash

High cave/karst

Possible lost circulation in the Delaware and Bone Spring formations.

1. **The 13-3/8 inch surface casing shall be set at approximately 225 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. This casing must not be set in the salt since that is not a competent formation and Onshore Order II requires casing to be set across a competent formation. If the salt is penetrated the casing is to be set 25 feet above the salt. Fresh water mud to setting depth, brine mud below.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

- d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Casing is required to be set a minimum of 100' below the salt and not more than 600' below the salt. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to R-111-P potash area and cave/karst.**

3. The minimum required fill of cement behind the 7 inch production casing is:

a. First stage to DV tool at, cement shall:

☒ Cement to circulate. **If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.** Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool at, cement shall:

☒ Cement to 4000'. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to R-111-P potash area and cave/karst.**

c. Third stage pump down 7" x 9-5/8", cement shall:

☒ Cement from surface to 4000'. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to R-111-P potash area and cave/karst.**

Operator to shall run a CBL on the 7 inch casing from setting depth to surface to properly evaluate revised cement job

4. The minimum required fill of cement behind the 4-1/2 inch production liner is:

☒ No cement required; operator is using the Halliburton swell packer completion system. **Liner tie-back of 150 feet is approved.**

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

6. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **3000 (3M)** psi. **Operator is using a 5M and testing as a 3M.**
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - a. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) prior to initiating the test.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. 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 072512

