| Form 3160+5   | UNITED STATES  |  |                      | FORM APPROVED  |                              |                   |  |
|---|--|--|----------------------|--|------------------------------|-------------------|--|
| (March 2012) DEP  | ARTMENT OF THE IN  | Expires ; October 31, 2014                     |                      |  |                              |                   |  |
| BURI  | BAU OF LAND MANAG  | 5, Lease Serial No.<br>NM-95620                |                      |  |                              |                   |  |
| SUNDRY N<br>Do not use this fo<br>abandoned well.   | OTICES AND REPOR<br>orm for proposals to (<br>Jse Form 3160-3 (API                                       | 6. If Indian, Allottee or I                    | Tribe Name           |  |                              |                   |  |
| SUBMIT  | IN TRIPLICATE - Other in:  | structions on page 2.                          |                      | 7. If Unit of CA/Agreem                                  | ent, Name and/or No          | ),                |  |
| L. Type of Well   |  |  |                      | Bennett Ranch Unit 28                                    | 8984                         |                   |  |
| 🗌 Oil Well 🛛 🖉 Gas W  | eil 🗌 Other  |  |                      | 8: Well Name and No.<br>Bennett Ranch Unit #2            | 25-1                         |                   |  |
| 2. Name of Operator<br>Harvey E Yates Company (HEYCO)   |  |  |                      | 9. API Well No.<br>30-035-20031                          |                              |                   |  |
| 3a, Address<br>POBOX 1936   | 36   | Phone No. (include a                           | area code).          | 10. Field and Pool or Ex                                 | ploratory Area               | 2 . 1             |  |
| Roswell NM 88202  | 57   | 75-623-6601                                    |                      | Wildcat = 96064 - W                                      | MLDCATT (                    | ANIJON            |  |
| BRU #25-1 localed in S25, T26S, R12F, of Olerc  | County, NM Unit G-1, 1980FNL & 19  | 80 FEL   |                      | Otero County, NM   | ne ,                         | 2978007           |  |
| I2. CHEC  | K THE APPROPRIATE BOX(   | ES) TO INDICATE N                              | ATURE OF NOT         | ICE, REPORT OR OTHER                                     | R DATA                       |                   |  |
| TYPE OF SUBMISSION  | · · · · · · · · · · · · · · · · · · ·  |  | TYPE OF AC           | TION   |                              |                   |  |
| Notice of Intent  |  | Deepen   | Pro                  | duction (Start/Resume)                                   | Water Shut-Off               | Γ                 |  |
|   | Alter Casing   | New Construct                                  |                      | clamation  | Well Integrity               | ction Test        |  |
| Subsequent Report   | Change Plans   | Plug and Aband                                 | Ion Ten              | nporarily Abandon  |                              |                   |  |
| Final Abandonment Notice  | Convert to Injection   | Plug Back                                      | 🗋 Wa                 | ter Disposal   |                              |                   |  |
| determined that the site is ready fo<br>BLM Bond No. NMB000520/Surety<br>1. A known casing integrity issue ex                             | A bandonment Notices must be<br>r final inspection.)<br>Bond No. B004230<br>kists, therefore HEYCO inten | ds to run a 5 1/2 inct                         | ncasing liner in th  | g reclamation, have been o<br>he wellbore prior to perfo | completed and the op         | crator has        |  |
| 2. CIT  |  |  |                      |  |                              |                   |  |
| 3. Production flare test. See attach  | ed Production Test Procedu   | re for specifics.                              |                      | N  | M OIL CONS<br>ARTESIA DI     | STRICT            |  |
|   |  |  | Acceptec<br>NM       | OCD / 101 101  | AUG 14                       | 2014              |  |
| No Marine 10 mm real  |  | lla in   |                      | S.   | RECEI                        | /ED               |  |
| ** NOTE: SE   | e attached   | Condit   | tions of             | 4 Approva  | 1. 193                       | 5.16.14           |  |
| 14. I hereby certify that the foregoing is the catherine Green  | rue and correct. Name (Printed/)   | Typed)   |                      |  |                              |                   |  |
|   |  | T <sub>i</sub> tle F                           | legulatory Analys    | st   |                              |                   |  |
| Signature Cathen  | a Dreen  |  |                      |  |                              |                   |  |
|   | THIS SPACE F   | OR FEDERAL C                                   | R STATE OF           | FICE USE   |                              |                   |  |
| Approved by   |  |  |                      |  | النبرير                      |                   |  |
| Conditions of approval, if any, are attache<br>that the applicant holds legal or equitable<br>entitle the applicant to conduct operations | d. Approval of this notice does n<br>title to those rights in the subject<br>thereon.                    | ot warrant or certify<br>lease which would O   | łe<br>Mice           | Pending BLM a<br>subsequently                            | approvals win<br>be reviewed |                   |  |
| Title 18 U.S.C. Section 1001 and Title 43<br>fictitious or fraudulent statements or repr  | U.S.C. Section 1212, make it a c<br>esentations as to any matter within                                  | rime for any person kno<br>n its jurisdiction, | wingly and willfully | and scanned  |                              | states any false. |  |
| (Instructions on page 2)  |  |  |                      |  |                              |                   |  |

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NMNM71526 NMNM94469A 3100 (L0310)

## MAY 2 0 2014

### CERTIFIED--RETURN RECEIPT REQUESTED 7004 1350 0002 8394 3791

### DECISION

Harvey E. Yates Company Attention: Ms. Catherine Green P.O. Box 1933 Roswell, NM 88202

### SUNDRY NOTICE REQUESTS MECHANICAL INTEGRITY AND FLOW TESTS APPROVED

In April 2014, Harvey E. Yates Company (HEYCO) submitted Sundry Notices for the BRU #1-Y and the BRU #25-1 wells located on the Bennett Ranch Unit in Otero County at:

New Mexico Principal Meridian, New Mexico T. 26 S., R. 12 E., secs. 14 and 25.

The purpose of the sundries is to carry out a Mechanical Integrity Test (MIT) and 30 day production flow test on each well. The sundries are approved subject to all terms and conditions of the existing leases and the Conditions of Approval attached to the sundries.

### **REVIEW AND APPEAL RIGHTS**

A person contesting an order of the authorized office or violation must request a State Director Review of the Order or Incident of Noncompliance. This request must be filed within 20 working days of receipt of the Incident of Noncompliance with the **Bureau of Land Management**, New Mexico State Office, 301 **Dinosaur Trail, Santa Fe, New Mexico 87508** (see 43 CFR 3165.3). The State Director Review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, MS 300-QC, Arlington, Virginia 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

### /s/ Bill Childress

Bill Childress District Manager

L0310:ESeum:cp:5/20/2014:x4375:HEYCO.NM71526.NM94469A.SundryReq.Dec

# Bennett Ranch Unit CIT and 30 Day Production Test Procedure

Bennett Ranch Unit #1-Y well

Bennett Ranch Unite #25-1 well

CIT, Step:Rate Production Test, Bottom Hole Pressure Survey Procedure

| <u>Day #</u> | Task  |
|--------------|---|
|              | · ·   |
| Ì            | Mobilize equipment to location and set up. Safety meeting. All personnel to wear hard   |
| Day 1        | hats, steel toed boots, fire retardant clothing, and observe HEYCO safety procedures.   |
|              | Rig up equipment for CIT. Perform 30 minute test while utilizing chart to capture       |
| Day 1        | pressure data.  |
| Day 1        | If well passes test, then continue with production test procedure.                      |
|              | Rig up flow testing equipment with flare downwind. Flow testing will be manned 24       |
| Day 1        | hours utilizing 2- man crews on each location.  |
|              | Utilize a manifold choke assembly with positive fixed chokes- do not use adjustable     |
| Day 1        | chokes.   |
|              | Appropriate human support services will be required to accommodate 24 hour              |
| Day 1        | operations.   |
|              | Run in hole with bottom hole pressure recorder. Set data recorder for 3 second data     |
|              | capture. Be sure to have enough memory for 40+ days of data recording on BHP,           |
| Day 2        | surface and flow measurement equipment.   |
|              | Open well on minimal choke for first flow period. Record gas flow rates and surface     |
| Day 2        | tubing pressure using 3 second data capture rates.                                      |
|              | Data and reports to be transmitted to HEYCO at 6am and 3pm at a minimum every           |
| Day 2        | day.  |
|              | All personnel to wear hard hats, steel toed boots, fire retardant clothing, and observe |
| Day 2        | safety procedures.  |
| Day 2        | Check worksite including gauges.  |
|              |   |
|              | Change choke setting. Actual choke settings and duration of each interval will be       |
| Day 8        | determined from actual production rates and pressures. Collect natural gas sample.      |
|              | Change choke setting. Actual choke settings and duration of each interval will be       |
| Day 14       | determined from actual production rates and pressures.                                  |
|              | Change choke setting. Actual choke settings and duration of each interval will be       |
| Day 20       | determined from actual production rates and pressures.                                  |
|              | Change choke setting. Actual choke settings and duration of each interval will be       |
| Day 26       | determined from actual production rates and pressures.                                  |
|              | Collect natural gas sample. Shut-in well for a minimum 7 days for a pressure build up   |
| Day 31       | test.   |
| Day 32       | Rig down and move off flow test equipment and flare.                                    |
| Daγ 32       | Shut-in and secure well. Clean location prior to complete de-mob.                       |
| Daγ 38       | Retrieve bottom hole pressure gauges.   |
| ubsequent    | Assemble and evaluate all data.   |
|              | Prepare report and determine next steps.  |
|              | Report to be shared confidentially with BLM.  |
|              |   |

| OBJECTIVE:      | PROCEDURE TO REPAIR CASING LEAK BY RUNNING 5 1/2" LINER                         |
|-----------------|---|
| WELL:           | Bennett Ranch Unit 25 # 1   |
| PROPERTY #:     | 089500-001  |
| API #:          | 30-035-20031  |
| LOCATION:       | 1,980' FNL & 1,980' FEL, Sec. G-25, T26S, R12E, Otero Co., NM                   |
| LATITUDE:       | 32.014923°  |
| LONGITUDE:      | -105.665681°  |
| Surface Csg:    | 11 jts. 13 3/8", 48#, H-40 STC. SET @ 492'. Cap = 0.15704 bbl/ft                |
| Production Csg: | 69 jts. 9 5/8", 36#, STC. SET @ 3,087'. Cap = 0.07730 bbl/ft                    |
| PBTD:           | CIBP @ 2,750' (12/05/01)  |
| PERFS:          | 2,255' - 2,268' (157 HLS)   |
| TBG:            | 70 jts. 2 7/8", 6.5#, N-80 EUE. Cap = 0.005794 bbl/ft, Ann Vol = 0.06927 bbl/ft |

| QTY | DESCRIPTION                   | LENGTH   | TTL DPTH |
|-----|-------------------------------|----------|----------|
| 66  | JTS 2 7/8" TBG                | 2,107.00 | 2,107    |
| 1   | 6' X 2 7/8" PUP J <b>T</b>    | 6.00     | 2,113    |
| 1   | JT 2 7/8" TBG                 | 31.93    | 2,145    |
| 1   | SN @ 2,145'                   | 1.00     | 2,146    |
| 1   | ХО                            | 1.00     | 2,147    |
| 1   | 9 5/8" ARROWSET PKR @ 2,147'  | 4.00     | 2,151    |
| 1   | XO                            | 1.00     | 2,152    |
| 2   | JTS 2 7/8" TBG                | 63.85    | 2,216    |
| 1   | DEB SUB                       | 3.10     | 2,219    |
| 1   | JT 2 7/8" TBG                 | 31.93    | 2,251    |
| 1   | XO                            | 1.00     | 2,252    |
| 1   | EXT FIRING HEAD               | 3.10     | 2,255    |
| 13  | 7" TCP GUNS (2,255' - 2,268') | 13.00    | 2,268    |

### PROCEDURE:

| 1  | MIRU PU/RIG & EQPT.  |
|----|--|
| 2  | KILL WELL W/ BRINE   |
|    | SIWHP = 450 PSI; SIBHP ~ 500 PSI                               |
| 3  | ND WH, NU BOPE   |
| 4  | RELEASE 9 %" PKR   |
| 5  | POOH W/ 2 7/8" TBG & PKR                                       |
| 6  | MIRU SWIVEL & REVERSE UNIT                                     |
| 7  | RIH W/ BIT, SCRAPER, & 2 7/8" TBG TO +/- 2,300', POOH.         |
| 8  | RIH W/9 %" PLUG AND PKR  |
|    | SET CIBP @ +/- 2,240' (PERFS @ 2,255' - 68')                   |
|    | PUH, SET PKR @ +/- 2,200'                                      |
|    | PRESSURE TEST PLUG, POOH W/ PKR                                |
| 9  | MIRU CASING CREW   |
|    | CSG CREW TO PROVIDE SLIPS, ELEVATORS & TONGS FOR 5 1/2" CASING |
| 10 | RIH W/ 5 ½", 17#, J-55 LTC CASING.                             |
|    | SET @ +/- 2,200' (~ 54 JTS)                                    |
| 11 | CMT W/ 63 SX "C" + 2% CaCl                                     |
| ĺ  | WOC 12 HR  |
| 12 | RIH W/ BIT, DC's & TBG. TAG AND RECORD TOC.                    |
| 13 | DO SHOE, MIT CSG   |
| 14 | DO CIBP, CIRC HOLE CLEAN. TOOH, LD.                            |
| 15 | RIH W/ 5 1/2" PKR, SN, & 2 1/6" TBG. SET PKR @ +/- 2,000'.     |
| 6  | ND BOPE, NU WH.  |
|    |  |

17 SECURE WELL, RDMO.

# Bennett Ranch Unit 25 #1

# CASING LEAK REPAIR - CASING & CEMENT CALCULATIONS

| DIA. (IN)               | WEIGHT<br>(LB/FT) | GRADE | THREAD | COLLAPSE<br>(PSI) | INTERNAL<br>YEILD PRESS.<br>(PSI) | BODY YEILD<br>(LBS) | JOINT YEILD<br>(LBS) |
|-------------------------|-------------------|-------|--------|-------------------|-----------------------------------|---------------------|----------------------|
| 5 1/2                   | 17                | J-55  | LT&C   | 4,910             | 5,320                             | 273,000             | 247,000              |
| SETTING                 | DEPTH:            |       |        | 2,200'            |                                   |                     |                      |
| TOP THRE                | AD LOAD:          |       |        | 37,400            | LBS                               | ОК                  |                      |
| MAX ANTICIPATED PRESS.: |                   |       |        | 3,000             | PSI                               | ОК                  |                      |
| DESIRED TOP OF CEMENT:  |                   |       |        | 2,000'            | •                                 |                     |                      |

|            | OD (IN) | WEIGHT<br>(LB/FT) | ID (IN) | ANNULAR<br>DIMENSIONS: | GALLONS /<br>FOOT | FEET / GALLON | BARRELS /<br>FOOT | FEET /<br>BARREL | CUBIC<br>FEET /<br>FOOT | FEET /<br>CUBIC<br>FOOT |
|------------|---------|-------------------|---------|------------------------|-------------------|---------------|-------------------|------------------|-------------------------|-------------------------|
| OUTER CSG  | 9 5/8   | 36                | 8.921   |                        | 2.0128            | 0.4968        | 0.0479            | 20.8661          | 0.2691                  | 3.7164                  |
| INNER CSG  | 5 1/2   | 17                | 4.892   | ·                      |                   |               |                   |                  |                         |                         |
| VOL. CALC. | DEPTH   | тос               | CMT HGT | GALLONS                | BARRELS           | CUBIC FEET    |                   |                  |                         |                         |
|            | 2,200'  | 2,000'            | 200'    | 403                    | 10                | 54            | •                 |                  |                         |                         |

|                     | COMPRESSIVE       |                         |                      |                        |        |                   |                   |
|---------------------|-------------------|-------------------------|----------------------|------------------------|--------|-------------------|-------------------|
| CMT Calc.           | WATER<br>(GAL/SK) | SLURRY<br>DENSITY (PPG) | YIELD<br>(CU.FT./SK) | STRENGTH<br>(PSI-12HR) | SX CMT | EXCESS<br>(%)     | SX CMT<br>TO PUMP |
| CLASS "C" + 2% CaCl | 6.3               | 14.8                    | 1.32                 | 1,285                  | 40.8   | 50.00%<br>100.00% | 61.2<br>81.5      |







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### **Bureau of Land Management**

### CONDITIONS OF APPROVAL FOR SUNDRY NOTICE – NOTICE OF INTENT

### Type of Action: Casing Repair, MIT, and Production Test

Harvey E. Yates Company (HEYCO) Bennett Ranch Unit #25-1 Well API No. 30-035-0031 SWNE, Sec. 25, T26S, R12E, Otero County, NM Unit G-1 Bennett Ranch Unit 28984 Federal Lease NMNM095620 (At proposed production zone) Case Number (PA): NMNM094469B

### **Operations Requirements**

- 1. Approval of this Sundry Notice (Form 3160-5) 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. Neither does BLM approval alleviate the operator from the requirements of obtaining any other necessary state or federal permits prior to conducting operations.
- 2. The operator is responsible for ensuring conformance to the approved SN and Conditions of Approval (COA) by the subcontractors. A copy of the approved SN and COAs must be onsite during well operations.
- 3. Blow Out Prevention Equipment (BOPE) tests must be performed by a test pump with a chart recorder. Tests will be performed using a clear fluid. The tests must be recorded in the daily report record and will include a low pressure test of <u>250 psi</u> held for a minimum ten minutes and a high pressure test of <u>1.000 psi</u>, per OOGO No. 2, III. A. 2. i., and held for a minimum of ten minutes. The 3M BOPE system will be treated as a 2M BOPE system and no remote BOPE controls are required (per OOGO No. 2, III. A. 2. h.).
- 4. Casing repair (of 9-5/8" casing leak at 611' MD) operations must also comply with the requirements of Onshore Oil and Gas Order (OOGO) No. 2. Deviations from the approved SN-NOI require prior approval utilizing Form 3160-5, <u>Sundry Notices and Reports on Wells</u>. It is preferred that HEYCO repair the 9-5/8" casing leak prior to running 5-1/2" casing. Running 5-1/2" casing does not constitute repair of the 9-5/8" casing prior to well abandonment or at any time when significant annular pressure in the 5-1/2" x 9-5/8" casing annulus occurs.
- 5. Due to the continuing leak in the 9-5/8" casing at 611' into the 5-/1/2" x 9-5/8" casing annulus, you will be required to monitor the annular pressure between these two casing strings on a monthly basis and report the pressures to the BLM Las Cruces Field Office. Should the annular pressure increase by 50 psi, further casing repair action may be required. BLM would prefer that this annular pressure monitoring be continuous through the use of SCADA or Well Keeper Inc. system. Manual monitoring and reporting on a monthly basis will be initially acceptable.
- 6. The new 5-1/2" casing string will be required to be tested to 1,500 psi per OOGO No. 2, III. B. 1. h. Test shall be for 30 minutes with pressure decline of not more that 10% (or 150 psi) bleed off.

1

Casing pressure test must be witnessed by a BLM Inspector (contact Paul Swartz and the Carlsbad PET contact numbers).

- 7. A Mechanical Integrity Test (MIT) will be performed on the 5-1/2" production casing down to a depth of 50 feet above the perforations. The production casing will be pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes with less than 10% (50 psi) bleed off. If the pressure test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted to the Las Cruces Field Office within sixty (60) days of the Mechanical Integrity Test. This MIT must be witnessed by a BLM Inspector (contact Paul Swartz and the Carlsbad PET contact numbers).
- 8. Upon a successful MIT, the well will be production tested as per the approved SN-NOI. Volumes of natural gas flared during the production testing operations and flaring duration time will be in compliance with Notices to Lessees and Operators of Onshore Federal and Indian Oil and gas Leases (NTL-4A), Royalty or Compensation for Oil and Gas Lost, Section III., C. and reported on monthly OGORs (Oil and Gas Operations Report, Forms ONRR-4054-A, -B, and -C, per NTL-4A, Section V. A test period exceeding 30 days can be approved by the BLM Authorized Officer if previously authorized by the appropriate State regulatory agency. This MIT must be witnessed by a BLM Inspector (contact Paul Swartz and the Carlsbad PET contact numbers).
- 9. This well work shall commence within 60 days from the approval date of this **Sundry Notice Notice of Intent** as ordered by the Authorized Officer.

### Surface Use Plan of Operations Requirements

The following surface use conditions of approval are in addition to all stipulations associated with your Federal Lease NMNM 095620 (surface location):

- 1. All spills or leakages of oil, gas, produced water, toxic liquids, or waste material, blowouts, fires, personal injuries or fatalities shall be reported by the operator to BLM in accordance with regulations and as prescribed in <u>NTL-3A</u> orders (**per 43 CFR 3162.5-1** (c)).
- 2. Surface disturbance beyond the existing pad shall have prior approval with appropriate Sundry Notice Notice of Intent (Form 3160-5).
- 3. The operator shall regularly monitor and promptly control noxious weeds and other undesirable plant species.
- 4. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over 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 extended well operations or any crew-intensive operations.
- 5. Following the completion of operations on the well, the pad must be made level with the use of gravel and cleared of all debris.
- 6 To reduce areas of disturbance not needed for long-term operations, interim reclamation will be initiated for the area when well testing operations have concluded.

### **Reporting Requirements**

- 1. Operator will submit a revised <u>Sundry Notice</u> (Form 3160-5) for approval prior to deviating from this approved SN-NOI. Oral approval by phone may be given should circumstances warrant; however, this does not waive the written SN requirement which is to be submitted within 5 business days of receiving verbal approval.
- 2. Subsequent well operations will require prior approval before being performed utilizing Sundry Notices and Reports on Wells, Notice of Intent (Form 3160-5).
- Within 30 days of completion of operations, a <u>Subsequent Report</u> of actual operations performed under the original SN-NOI will be filed on Form 3160-5, <u>Sundry Notices and</u> <u>Reports on Wells</u>.
- 4. Any undesirable events are subject to the requirements of <u>NTL-3A</u>: <u>Reporting of Undesirable</u> <u>Events.</u>
- 5. Flaring of gas during production testing operations is subject to the requirements of <u>NTL-4A:</u> <u>Royalty or Compensation for Oil and Gas Lost</u>.
- 6. Any solid and/or liquid wastes resulting from the proposed activity shall be properly disposed of as per Onshore Oil and Gas Order No. 7, <u>Disposal of Produced Waters</u>.

### **Notification Requirements:**

1. All notifications must be reported verbally to all of the contacts listed below:

| <u>Name</u>    | Position                         | Work Phone   | Home Phone      |
|----------------|----------------------------------|--------------|-----------------|
| Edward Seum    | Supvr, LCFO,<br>Lands/Min.       | 575-525-4313 |                 |
| *Tom Zelenka   | Pet. Engineer/<br>Pet. Eng. Tech | 505-954-2110 | 303-807-3161C   |
| *Wesley Ingram | Pet. Engineer                    | 575-234-5982 |                 |
| Carlsbad FO    | Pet. Eng. Tech                   |              | 575-361-2822(C) |

- 2. Notify those (with the \*) above verbally or in writing prior to any change to the **approved Sundry** Notice.
- 3. Notify Carlsbad FO (PET) verbally 24 hours in advance of conducting all BOPE tests.
- 4. Notify Paul Swartz and Carlsbad FO (PET) verbally at least 24 hours in advance of conducting casing and cementing operations.
- 5. Notify Paul Swartz and the Carlsbad FO verbally at least 24 hours in advance of conducting Casing Pressure Test.
- 6. Notify Paul Swartz and the Carlsbad FO at least 24 hours in advance of conducting MIT operations.
- 7. Notify all of the above verbally at least 24 hours in advance of conducting production testing.

Pelenha

Thomas J. Zelenka BLM, Petroleum Engineer

5.16.14 Date

3