

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION
ARTESIA DISTRICT
SEP 06 2016

I&E-CFO 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 abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM81893 ✓

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJECTION WDW		8. Well Name and No. DONAHUE FEDERAL SWD 1
2. Name of Operator YATES PETROLEUM CORPORATION Contact: LAURA WATTS E-Mail: laura@yatespetroleum.com		9. API Well No. 30-015-00087-00-S1 ✓
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-4272 Fx: 575-748-4585	10. Field and Pool, or Exploratory WILDCAT
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 10 T20S R24E SWNW 1980FNL 660FWL ✓		11. County or Parish, and State EDDY 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 Workover Operations
	<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 recomplete 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.)

Yates Petroleum Corporation plans to isolate casing leaks on this well as follows:

- MIRU WSU and all safety equipment necessary.
- Load the hole as necessary with 2 percent KCL water. NU BOP. POOH with 3.5 inch tubing and nickel plated packer, set at 4,220 ft. Lay down the tubing.
- TIH with RBP and packer to isolate casing leaks.
- After leaks have been isolated, set an RBP 150 ft below the leaks and cap it with 5 sacks of sand. Set a retainer 50 ft above the leaks and squeeze with class H cement with a fluid loss additive. If a positive squeeze pressure is not obtained, over displace and re-squeeze.
- WOC 24-36 hours. Drill out the retainer and cement. Pressure test the casing to 1500 psi, if necessary re-squeeze.
- After the casing has pressure tested POOH with all tools. Pick up a new string of 3.5 inch

SUBJECT TO LIKE APPROVAL BY STATE
Accepted for record 9/8/16
SEE ATTACHED FOR NMOC
CONDITIONS OF APPROVAL

SWD-377

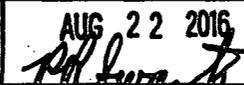
14. I hereby certify that the foregoing is true and correct.

Electronic Submission #346670 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by PRISCILLA PEREZ on 08/04/2016 (16PP1898SE)

Name (Printed/Typed) LAURA WATTS	Title REG REPORTING TECHNICIAN
Signature (Electronic Submission)	Date 08/04/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

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 _____	 AUG 22 2016	

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.

**BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE**

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #346670 that would not fit on the form

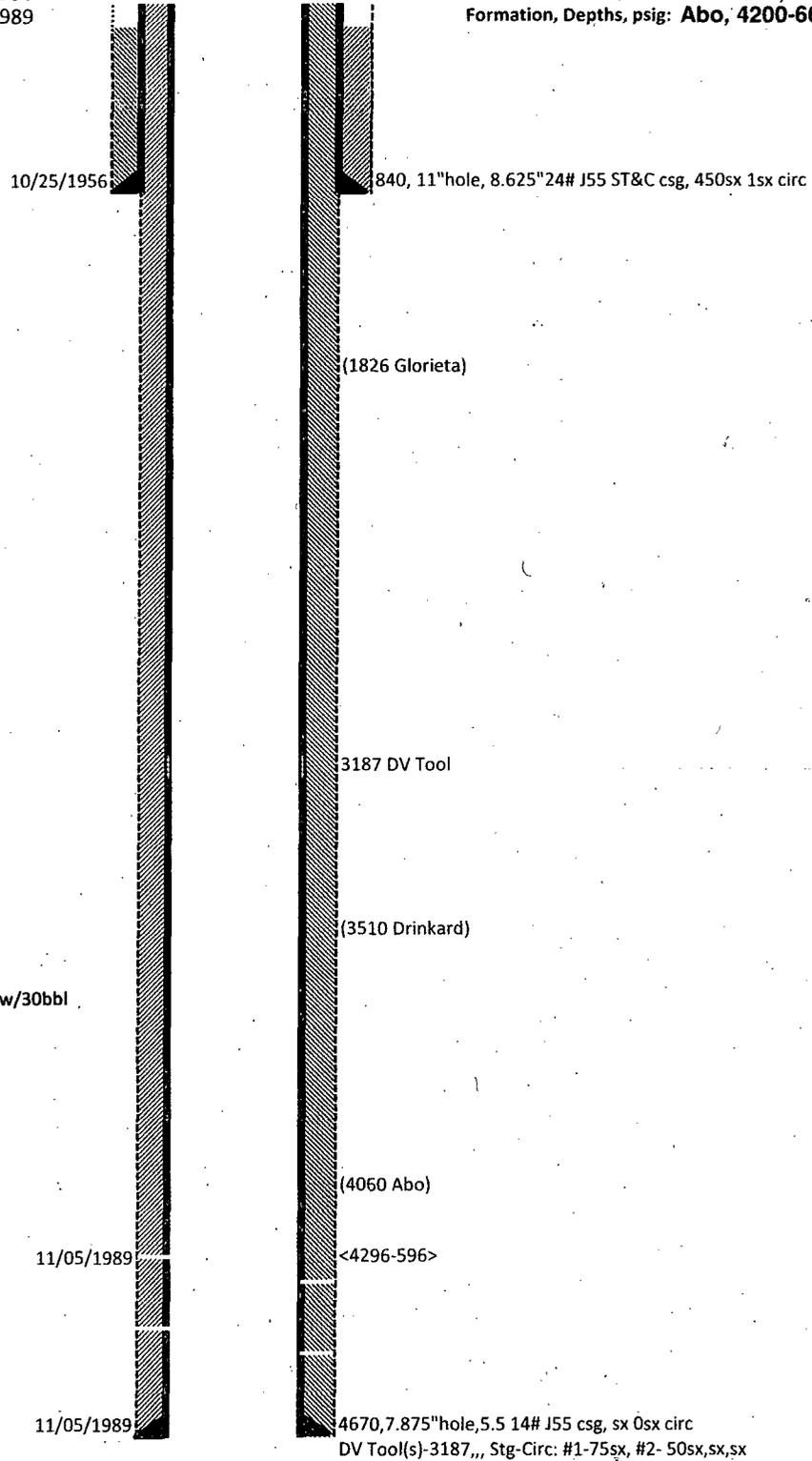
32. Additional remarks, continued

J-55 IPC tubing and TIH with the nickel plated injection packer. Set the packer at +/- 4,220 ft and perform a mechanical integrity test on the annulus by holding 500 psi for 30 minutes. ✓

7. Return the well to production

Operator: Yates Petroleum Corporation
Surface Lease: NM81893 **BHL: NM81893**
Case No: NM81893 **Lease Agreement**
 Subsurface Concerns for Casing Designs: **HiCvKst** **E-42**
 Well Status: **SWD** **KB: 3755**
 Spud date: **10/24/1956** **GL: 3746**
 Plug'd Date: **11/2/1956** **Corr: 9**
 Reentry Date: **12/2/1989**

Well: DONAHUE FEDERAL SWD-1
API: 3001500087
@ Srfce: T20S-R24E,10.1980n660w
@ M TD: T20S-R24E,10.1980n660w
Estate: FV\F
WDW, Rt of Way: 0
Admn Order, date: SWD-377, 09/07/1989
Formation, Depths, psig: Abo, 4200-664, 840psig



11/30/1989 MIT held 560psig 15m
 08/31/1995 MIT held 900psig 30m
 09/15/2005 MIT held 350psig 30m
 07/27/2016 MIT failed to develop psig w/30bbbl

Diagram last updated: 08/22/2016

Conditions of Approval

**Yates Petroleum Corporation
Donahue - 01, API 3001500087
T20S-R24E, Sec 10, 1980FNL & 660FWL
August 22, 2016**

1. **Operator is required to have the BLM approved NOI procedure with applicable conditions of approval on location for this workover operation.**
2. Before casing or a liner is added, replaced, or repaired prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Step 4. of NOI: Use of class "C" (depth less than 7500ft) will be necessary. Class "C" neat squeeze cement is be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water.
5. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 4196 or below to top of cement taken with 0psig casing pressure. The CBL may be attached to a pswartz@blm.gov email or submitted via BLM's WIS.**
6. Surface disturbance beyond the existing pad shall have prior approval.
7. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
8. Functional H₂S monitoring equipment shall be on location.
9. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Blind ram(s) and pipe ram(s) designed to close on all workstring diameters used is required equipment. A manual BOP closure system (hand wheels) shall be available for use regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
10. 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 fracturing operations or any other crew-intensive operations.
11. After drill out, **perform a charted casing integrity test** of 1000psig minimum. Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 35 to 75 per cent of its full range. **Verify all annular casing vents are plumbed to the surface and open during this pressure test. Call BLM 575-361-2822 and arrange for a BLM witness of that pressure test.** Include a copy of the chart in the subsequent sundry for this workover.

12. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.
13. Submit a (BLM Form 3160-5 subsequent report (daily reports) via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP> (email pswartz@blm.gov for operator setup instructions) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include (dated daily) descriptions of the well work and the setting depths of installed equipment: internally corrosive protected tubing, profile nipple, and tubing on/off equipment just above the packer. File the form within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
14. Submit the BLM Form 3160-4 Recompletion Report within 30 days of the date all BLM approved procedures are complete.
15. Enclose a site security diagram for the water disposal facility upstream of this well. Document the lease name and the lease number of the source(s) of production water disposed to that facility with the diagram.

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.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with a minimum 200 psig differential 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). **Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test.** 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 one hour full rotation calibrated (within 6 months) recorder chart registering within 35 to 75 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 phone 575-361-2822. In Lea County phone 575-393-3612. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number.
- 5) The setting depths and descriptions of inside casing injection equipment is to be included in the subsequent sundry.
- 6) Compliance with a NMOCD Administrative Order is required.
 - a) Approved injection pressure compliance is required.

- b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 7) Stimulation injection pressures are not to exceed BLM's permitted wellhead pressure or the well's frac pressure established by a BLM approved step rate test for Class II water injection wells.
 - 8) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
 - 9) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
 - 10) 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.
 - 11) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
 - 12) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
 - 13) Gain of annular fluid pressure requires notification within 24 hours. Cease injection and maintain 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.
 - 14) Class II (production water disposal) wells will not be permitted Stimulation Pressures or "Injectivity Tests" that exceed the NMOCD/BLM generic frac pressure which is: .2 x ft depth to the topmost injection or 50psig below the frac point as clearly indicated by a BLM accepted "Step Rate Test".
 - 15) A NOI sundry shall be submitted to the BLM for the purpose of applying for increased disposal wellhead pressure prior to running a "Step Rate Test". An injectivity test ran to determine the disposal rate at 0.2 x the depth of the top perforation requires no sundry.
 - 16) The subsequent report is to include all stimulation injection pressures. Report maximum/minimum injection rate (BPM) and max/min stimulation injection pressures (psig).
 - 17) Submit a (BLM Form 3160-5 subsequent report (daily reports) via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP> describing (dated daily) all wellbore activity including the Mechanical Integrity Test chart document.