

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.
NMNM0456187

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit or CA/Agreement, Name and/or No.
NMNM71053X

1. Type of Well
 Oil Well Gas Well Other: UNKNOWN OTH

8. Well Name and No.
OBS FEDERAL 1
Washington Ranch Storage Project

2. Name of Operator Contact: ANTHONY P TRINKO
EL PASO NATURAL GAS COMPANY E-Mail: anthony_trinko@kindermorgan.com

9. API Well No.
Washington B
30-015-20576

3a. Address 3b. Phone No. (include area code)
2 NORTH NEVADA AVENUE Ph: 719-520-4557
COLORADO SPRINGS, CO 80903

10. Field and Pool or Exploratory Area
WASHINGTON RANCH

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 35 T25S R24E Mer 6PM SWNW 2080FNL 660FWL

11. County or Parish, State
EDDY COUNTY, NM

12. CHECK THE 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"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input 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 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.

BLM Bond No. on File: 400JF2507.

See attachment for COA Variance Request.

Variance Accepted.

NM OIL CONSERVATION
ARTESIA DISTRICT
JUN 16 2017

RECEIVED
Accepted for record
NMOCD RI
6/19/17

Accepted for record - NMOCD

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #378341 verified by the BLM Well Information System
For EL PASO NATURAL GAS COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by PAUL SWARTZ on 06/08/2017 ()

Name (Printed/Typed) KEVIN W LIVELY Title STORAGE/WELL OPERATIONS SUPERV

Signature (Electronic Submission) Date 06/08/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD
JUN 8 2017
Paul Swartz
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By _____ Title _____
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 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 ****

BLM Bond No. on File: 400JF2507.

El Paso Natural Gas Company's (EPNG) OBS Federal #01 well is a gas storage observation well that is used exclusively for monitoring storage field reservoir pressure. The well is not tied to a flowline/gathering system and therefore cannot be used for injection or withdrawal operations.

The OBS Federal #01 well is equipped with casing, tubing and surface casing pressure transmitters. The pressure readings provided by the pressure transmitters are remotely monitored for changes in pressure that could indicate loss of casing integrity. This monitoring system is an alternative to the annular monitoring system described in the original BLM Conditions of Approval.

Due to the facts stated above, EPNG is requesting variances from the following original Conditions of Approval:

Page 1 of 2: Condition #12.

Page 2 of 2: Conditions #11, #12, #13, #14 and #15 (These conditions are applicable to the use of an annular monitoring system).

Conditions of Approval

El Paso Natural Gas Company
Washington Ranch Storage OBS - 01, API 3001520576
T25S-R24E, Sec 35, 2080FNL & 660FWL
June 06, 2017

Page 1 of 2

12. The well is within the BLM designated Critical Cave Karst Area requiring three casing strings with cement circulated on each. This well completion has only surface and production casings. It is critical to protect the C.C.K.A. The operator shall construct and maintain an annular motoring system (described below).

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Well with a Packer - Operations

8) NMOCD Administrative Order compliance is required. Submit documentation of that authorization.

The following two NMOCD Case/Order Numbers apply to the Washington Ranch Storage Field:

1) CASE NO. 6703 / Order No. R-6175

Page 1 of 2

2) CASE NO. 8137 / Order No. R-6175-B

11) Maintain the annulus full of packer fluid at atmospheric pressure. Installation of equipment that will display continuous open to the air fluid level above the casing vent is required for this critical cave karst area well.

12) Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902) before injection begins to arrange for approval of the annular monitoring system.

13) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.

14) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.

15) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify via phone #575-361-2822.