

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.
NMLC 067230 NMLC 067982B
6. If 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
Marshall & Winston, Inc.

3a. Address
P. O. Box 50880
Midland, TX 79710-0880

3b. Phone No. (include area code)
432-684-6373

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL 400' FSL & 330' FEL, Unit P, Sec. 3, T19S, R32E
BHL 400' FLS & 330' FWL, Unit M, Sec. 3, T19S, R32E

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

8. Well Name and No.
TJG 3 Federal Com #1H

9. API Well No.
30-025-40421

10. Field and Pool or Exploratory Area
Lusk Bone Springs East

11. County or Parish, State
Lea Co., NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☒ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☒ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplate 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 recompletion 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.)

Request to change the production casing:

Due to offset information the need to have 7" casing through the curve for stability during the drilling of the lateral is no longer needed.

We plan on landing our curve and continue drilling an 8 3/4" hole in the lateral to TD. We will then run 5 1/2" casing from TD to 9024' with a crossover at 9024-9022' then 7" casing from 9022' - surface.

Cement will be pumped from TD to 4500' which is 500' into the 9 5/8" intermediate casing string.

All casing information, cement calculations, and new wellbore schematic are attached.

Note: Rig is currently drilling on the well @ 3700'.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

verbal approval 9/30/2013

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

Title Engineer

Signature

Date 09/30/2013

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

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.

NOV 13 2013
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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.

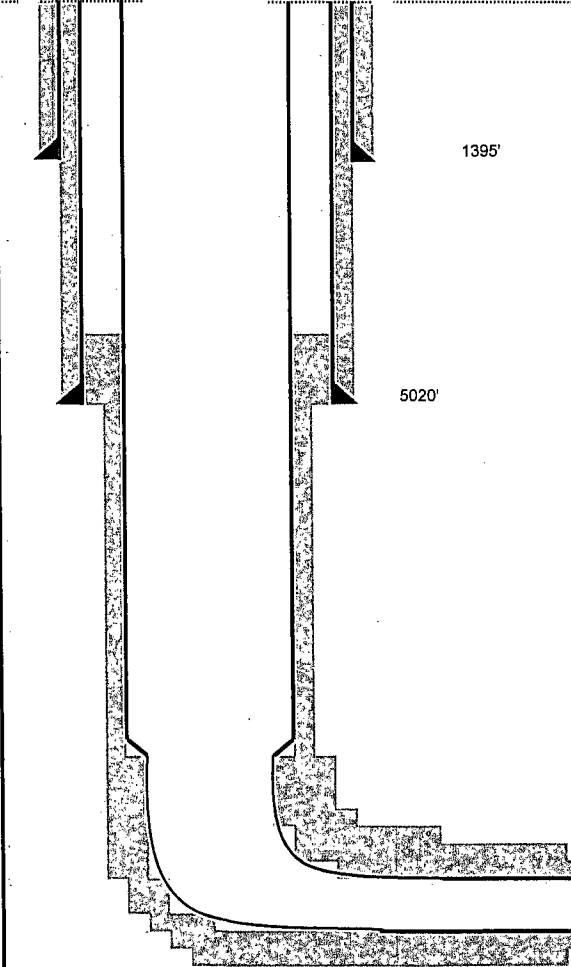
(Instructions on page 2)

NOV 25 2013

Size	Weight	Grade	Connection	Collapse (PSI)	Burst (PSI)	Tensile (K lbs)	Safety Factors		
							Collapse	Burst	Tensile
13-3/8"	54.5	J-55	STC	1,130	2,730	514	1.94	1.31	7.72
9-5/8"	40#	N-80	LTC	3,090	5,750	737	1.17	2.18	3.6
7"	26#	P-110	LTC	5,410	10,690	519	1.3	4.16	2.78
5-1/2"	17#	P-110	Buttress	7,460	10,640	568	1.38	1.43	6.76

Size	SKS	Volume (cuft)	Lead			Type	SKS	Volume (cuft)	Tail			Type
			Weight(ppg)	Water	Yield				Weight(ppg)	Water	Yield	
13-3/8"	1140	1619	13.72	6.76	1.42	C	250	338	14.8	6.34	1.35	C
9-5/8"	1350	1917	13.7	6.76	1.42	C	300	405	14.8	6.34	1.35	C
7"												
5-1/2"	650	1638	11.8	15.12	2.52	H	1600	2656	13.7	8.62	1.66	H

AFE No. API # 30-025-40421 Permit No. Project No.	 TJG 3 Federal Com 1H Lea County, NM Proposed Wellbore Sketch	AFE Information Dry Hole: Days: TD: 13,919' TMD 9,400' TVD v
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Drill 17.5" Hole with 8.4-8.6 Spud Mud
13-3/8" 54.5# J-55 STC Surface at 1395'

Cement to surface
 Drill out with 12-1/4" Bit with 10# Salt Saturated Water

Run '9-5/8" 40# N-80 LTC Casing at 5020' to surface.
 Cement to surface

Drill with 8-3/4" to KOP with 8.4# - 9.5# Cut Brine Vis 28-29 and Water Loss no greater than 12

Kick off with 8-3/4" bit at about 9022'

Land Curve at 9785' TMD 9500' TVD.
 Drill out with 8-3/4" bit to TD
 Run 7" 26# P-110 from surface to 9022' and Xover sub from 9022-9024.
 5-1/2" 17# P-110 from TD to 9024. and cement to 4500'.

5-1/2" P-110 17# Butress Casing

TMD 13919'

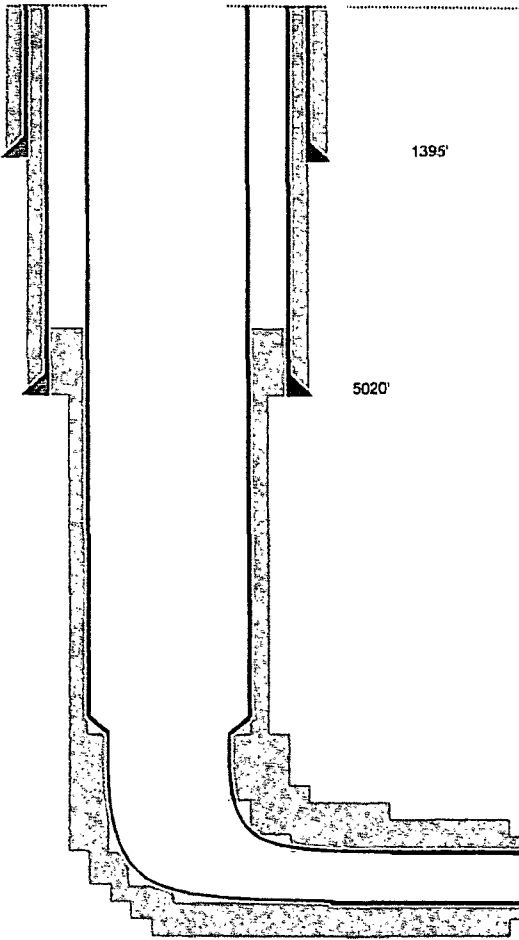
TVD: 9400'

Well Information
 Surface Location: Lea County, NM T19S R32E Section 3

Size	Weight	Grade	Connection	Collapse (PSI)	Burst (PSI)	Tensile (K lbs)	Safety Factors		
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Drill 17.5" Hole with 8.4-8.6 Spud Mud
13-3/8" 54.5# J-55 STC Surface at 1395'

1395'

Cement to surface
Drill out with 12-1/4" Bit with 10# Salt Saturated Water

5020'

Run '9-5/8" 40# N-80 LTC Casing at 5020' to surface.
Cement to surface

Drill with 8-3/4" to KOP with 8.4# - 9.5# Cut Brine Vis 28-29 and Water Loss no greater than 12

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5-1/2" P-110 17# Butress Casing

TMD 13919'

TVD: 9400'

Well Information Surface Location: Lea County, NM T19S R32E Section 3
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**PECOS DISTRICT
CONDITIONS OF APPROVAL**

HOBBS OCD

NOV 20 2013

OPERATOR'S NAME:	Marshall & Winston, Inc.
LEASE NO.:	NMLC067982B
WELL NAME & NO.:	TJG Federal Com #3 1H
SURFACE HOLE FOOTAGE:	400' FSL & 330' FEL
BOTTOM HOLE FOOTAGE:	400' FSL & 330' FWL
LOCATION:	Section 3, T. 19 S., R. 32 E., NMPM
COUNTY:	Lea County, New Mexico
API:	30-025-40421

The original COAs still stand with the following drilling modifications:

I. DRILLING

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 (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the **Yates** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values 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) shall 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. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. 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.

Possible lost circulation in the Artesia group.

Possible water flows in the Salado and Artesia groups.

Possible high pressure in the Wolfcamp. (Pilot hole)

1. **The 13-3/8 inch surface casing shall be set at approximately 1395 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.**
 - 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.**

Not approved for the contingency multi-stage program. Submit a sundry with all details needed to analyze the plan, including weight, yield, number of sacks, and additives for both stages.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

Pilot Hole Requirements

Pilot hole is required to have a class H cement plug at the bottom of the hole. If two plugs are set, the BLM is to be contacted (575-393-3612) prior to tag of bottom plug, which must be set from 10,700-10,400' to isolate the bottom of the hole and the top of the Wolfcamp (approximately 150 sacks of class H cement). The upper plug must be a minimum of 190' long set from 9,200-9,000' (Approximately 100 sx class H cement). The Operator can set one plug from bottom of pilot hole to kick-off point and save the WOC time for tagging the first plug.

3. **The minimum required fill of cement behind the 7 inch production casing is:**
- ☒ **Cement to surface. If cement does not circulate, contact the appropriate BLM office.**

Formation below the 7" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

4. **The minimum required fill of cement behind the 5-1/2 inch production casing is:**

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

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.

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 **3000 (3M)** 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 **5000 (5M)** psi. **5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, 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. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. 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) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. 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.**
- f. 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. This test shall be performed prior to the test at full stack pressure.
- g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD (Pilot Hole)

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Proposed mud weight may not be adequate for drilling through Wolfcamp.

E. DRILL STEM TEST

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

F. 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.

JAM 093013