

Office
 District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-33222
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Blue Quail Federal
8. Well Number 1
9. OGRID Number 370740
10. Pool name or Wildcat Bell Canyon

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
 Foundation Energy Management, LLC

3. Address of Operator
 5057 Keller Springs Rd., Suite 650 Addison, TX 75001

4. Well Location
 Unit Letter O _____: 660 _____ feet from the _____ South _____ line and 1980 _____ feet from the _____ East _____ line
 Section 07 Township 23S Range 32E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3559' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☐
 CLOSED-LOOP SYSTEM ☐
 OTHER: ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐
 OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

NOI to conduct step rate test for the conversion of the subject well from a producer to a UIC well.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE James Smith TITLE: HSE-Regulatory Manager DATE: 08/15/2023

Type or print name: James Smith E-mail address: jsmith@foundationenergy.com PHONE: 972-707-2595

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

BQ1 Step-Rate Test Procedure

1. Notify OCD Hobbs office at least 72 hours prior to SRT
2. MIRU pump truck
3. RU Crystal Engineering XP2I gauge and/or truck mounted chart recorder
4. Perform bradenhead test
5. Upon successful completion of bradenhead test, perform MIT
 - a. 500 psi for 30 minutes (cannot lose more than 50 psi)
6. Perform Step-Rate Test as follows:
 - a. Goal is to identify fracture pressure
 - b. Each step will be held for 30 minutes

STEP-RATE TEST PUMP SCHEDULE										
Stage	Fluid	Vol. (bbls)	Cum Vol. (bbls)	Rate (BPM)	Time (min)	Cum. Time (min)	Max P (psi)	Actual P (psi)	BHP (psi)	Gradient (psi/ft)
Step Rate Stage 1	Fresh water	15.0	15	0.50	30	30	928	500	2,554	0.54
Step Rate Stage 2	Fresh water	22.5	38	0.75	30	60	928	750	2,781	0.58
Step Rate Stage 3	Fresh water	30.0	68	1.00	30	90	928	1,000	3,012	0.63
Step Rate Stage 4	Fresh water	37.5	105	1.25	30	120	928	1,175	3,170	0.67
Step Rate Stage 5	Fresh water	45.0	150	1.50	30	150	928	1,250	3,222	0.68
Step Rate Stage 6	Fresh water	52.5	203	1.75	30	180	928	1,300	3,244	0.68
										8.3# Fresh Water

7. RD Crystal Engineering XP2I gauge and/or truck mounted chart recorder
8. RDMO pump truck
9. Results of SRT to be put in graphical format prior to sending to OCD

NOTES

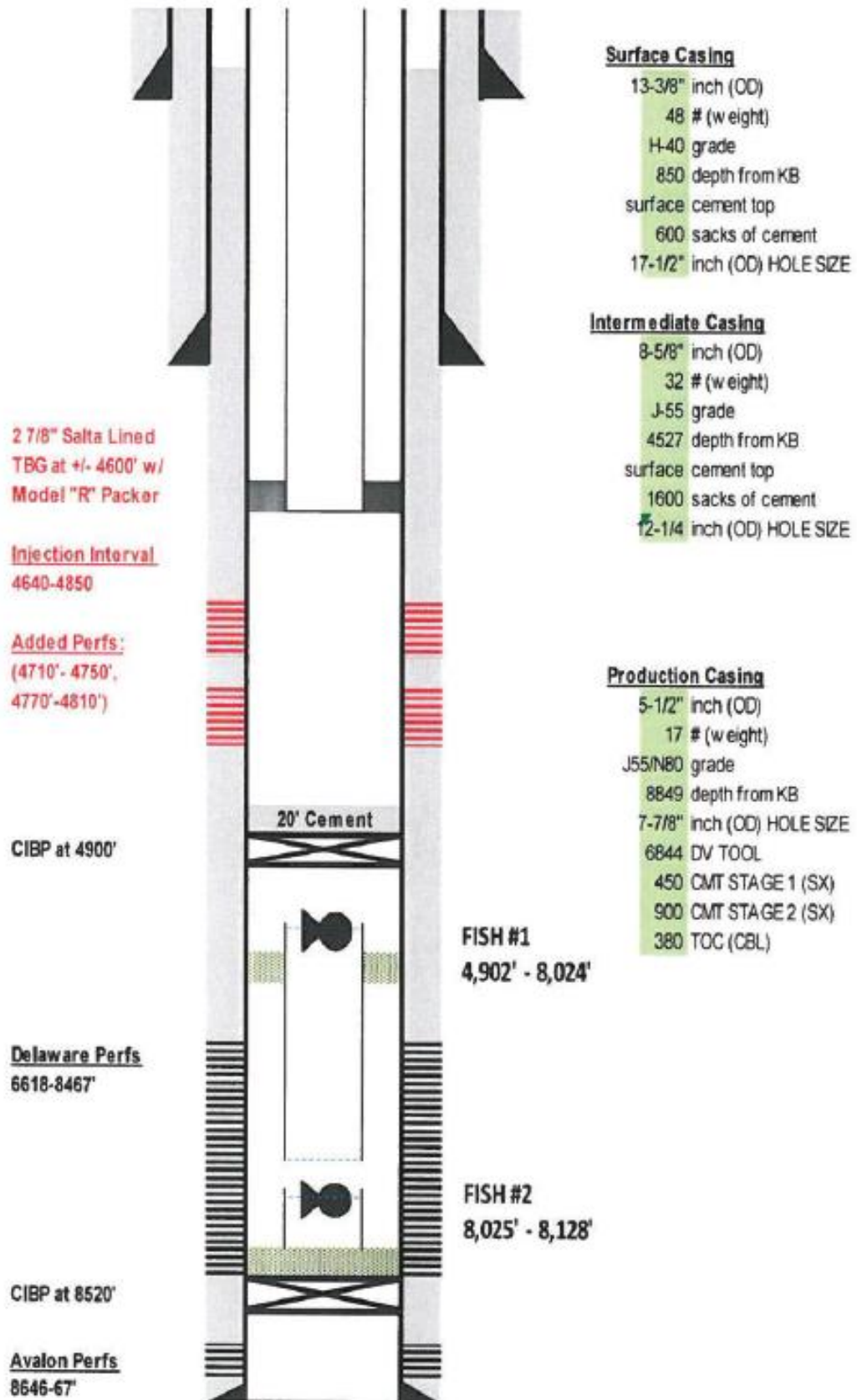
Previous SRT was performed during the conversion from a producer. The results are as follows:

Pump into perfs ¼ BPM @ 800# pressure fell to 600#

Pump into perfs ½ BPM @ 700# pressure fell to 600#

Pump into perfs 1 BPM @ 750# stayed steady. Stopped pumping. ISIP 550#. SI PSI 75#.

WBD



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CONDITIONS

Action 252357

CONDITIONS

Operator: FOUNDATION ENERGY MANAGEMENT, LLC 5057 KELLER SPRINGS RD ADDISON, TX 75001	OGRID: 370740
	Action Number: 252357
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	8/15/2023