

OCD-ARTESIA

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well ☐ Oil Well ☐ Gas Well ☒ Other2 Name of Operator **Beach Exploration, Inc.**3a Address
800 N. Marienfeld, Suite 200, Midland, TX 797013b Phone No (include area code)
432 683 62264 Location of Well (Footage, Sec, T., R., M., or Survey Description)
1,650 FNL, 330 FWL, Sec 20, Unit E, T 16 S, R 29 E

5 Lease Serial No.

6 If Indian, Allottee or Tribe Name

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

NMNM106832X

8 Well Name and No.

WEST HIGH LONESOME UNIT # 27

9. API Well No

30-015-25495

10 Field and Pool, or Exploratory Area

W. HIGH LONESOME QUEEN

11 County or Parish, 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 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 shall 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 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.)

The WHL #27 injector failed a mechanical integrity test on 2/21/12 conducted by Richard Inge (NM OCD). The tubing pressure stayed at 1,050 psi during the test. The casing pressured to 300 psi and then slowly bled to 0 psi. With these indications, we suspect that the tubing and packer have integrity but the casing has a leak. The well is currently shut-in pending repair. Wellbore diagram attached.

Procedure:

- 1 Connect tubing to central battery with poly line and flow back to reduce pressure.
- 2 RU pulling unit. NU BOP. Release packer. Pull packer and Duo-10 tubing and stand back.
- 3 Pick up 5 1/2" bridge plug, packer and 2 3/8" workstring. RIH and set BP at 1700'. Pull up, set packer and test BP to 2000 psi.
- 4 Work packer up hole testing tubing and backside to locate casing leak. RIH w/12 jts tailpipe and packer to casing leak.
- 5 Spot a 25sx balanced cement plug as follows: pump 7.5sx C-neat cmt, 10sx C-neat cmt w/6#/sx blast sand, and 7.5sx C-neat
- 6 Pull up 12 jts, pump 6 BFW, set packer and hesitation squeeze casing leak. WOC
- 7 POOH w/tubing. RU reverse unit. Pickup 4 3/4" bit, drill collars and workstring. Drill out squeeze plug and pressure test casing.
- 8 Drill out 5 1/2" BP at 1700' and clean out hole below perfs 1774 - 1793 (PBD 1920) POOH and laydown drill collars and workstring.
- 9 RIH w/2 3/8" x 5 1/2" PC AD-1 tension packer, PC SN and 53 jts Duo-10 lined tbg. Load backside w/packer fluid and set packer at 1717'.
- 10 Conduct OCD witnessed MIT. Return well to injection.

accept for record
with attached COAs
03/09/2012 PRJ

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

Jack M. Rose

Title Engineer

Signature

Date

03/02/2012

Accepted for record

NMOCD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ JD Whitlock JrTitle LPE1Date 3/19/12

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

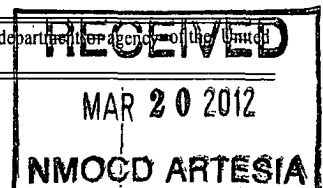
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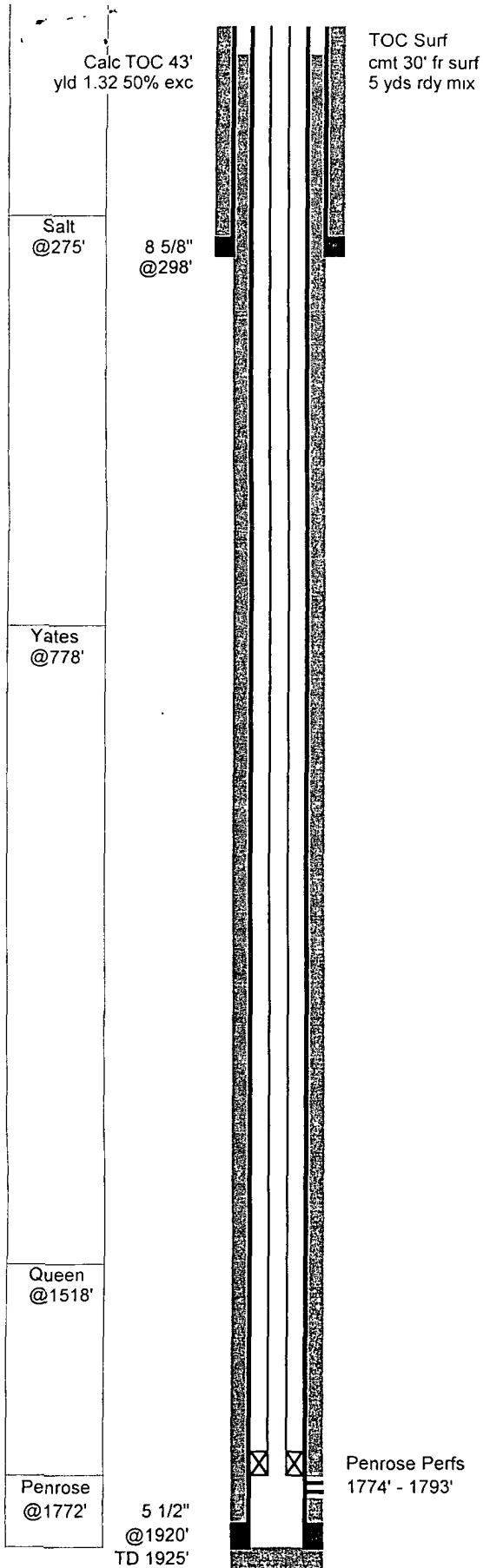
CFO

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL





WHL #27 (Renee Federal #3)

GL: 3,638
KB: 3,644
TD: 1,925
PBD: 1,920
Fr. Wtr: Legal: 330 from W
1,650 from N
Section: 20-E
Township: 16S
Range: 29E
County: Eddy

Status: Active Injection
Perfs: 1774' - 1793'
API: 30-015-25495
NM Lse: NMLC046119A
Field: High Lonesome (Queen)
Logs: GR, Neu, Den
Archeological: none

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8 5/8"	24 00		298	280	12 1/4"	Surf	30'+5yds rdy mx
5 1/2"	14 00		1,920	375	7 7/8"	43	Calc 50% exc

4-Dec-85 Spud well
McClellan Oil Corp. - Renee Federal #3

Penrose Completion
18-Dec-85 Perf (1774'-1793') 9 holes 0.4" (1774,75,77,79,80,81,91,92 and 93)
acid w/1Mgal 10%, frac w/30Mgal gel wtr 16 5M# 20/40+32.5M# 12/20 sand
IP pumping 85 BOPD 5 BWPD 25 MCFPD 294 GOR 34 API

1-Oct-94 Beach purchased well
1-Dec-01 West High Lonesome Unit #27
Convert to Injection
21-May-02 Treated down 2 3/8 x 5 1/2 annulus w/250gal xylene
23-May-02 Pulled and laid down rods and pump Press tst'd tbg to 2500psi. RIH w/bit &
scraper and CO to 1816' Acidized Penrose w/300gal 15% NEFE acid Well on
vacuum. Laid down tbg and sent to Rice Eng for Duo-10 lining
17-Jul-02 RIH w/5 1/2" PC AD-1 pkr, PC SN, 53 jts 2 3/8" J-55 Duo-10 lined tbg Bottom of
pkr 1717'. Loaded backside w/pkr fluid and tested integrity. OK
26-Jul-02 OCD conducted inj well MIT. Passed

TUBING STRING 7/17/2002

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	4.00	0.00	4.00
53	2 3/8" 4.7# J-55 Duo-10 lined	1709.16	4.00	1713.16
1	2 3/8" PC SN	1.10	1713.16	1714.26
1	2 3/8"x5 1/2" PC AD-1 Ten Pkr	2.40	1714.26	1716.66

ROD STRING (none)

# OF JTS	SIZE	TYPE OF RODS	LENGTH
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Conditions of Approval

**Beach Exploration, Inc.
West High Lonesome Unit - 027
API 3001525495**

March 9, 2012

1. Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
2. Provide a cement bond log record from plug back total depth to top of cement and a cement bond log record subsequent to the planned cement squeeze.
3. Surface disturbance beyond the existing pad must have prior approval.
4. Casing added or replaced requires a prior notice of intent (BLM Form 3160-5) approval of the design.
5. Closed loop system required. 2000 2M BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
6. Workover approval is good for 90 days (completion to be within 90 days of approval).

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. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
 - a) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials 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). 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.
 - b) Document the pressure test on a calibrated recorder chart registering within 25 to 85 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.
 - c) At least 24 hours before the test: In Eddy County email Paul R. Swartz pswartz@blm.gov, (phone 575-200-7902). If there is no response phone 575-361-2822. Note the contact notification method, time, & date in your subsequent report.
 - d) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
 - e) Use of tubing internal protection, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
 - f) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**

- 2) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - 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.
 - i) Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 3) Other unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 4) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.
- 5) The annulus is to be maintained full of packer fluid at atmospheric pressure. Installation of equipment that will display on site, continuous open to the air fluid level is required. A BLM inspector may request verification of this fluid level at any time.
- 6) **Submit a subsequent report (Sundry Form 3160-5)** describing the installation of packer fluid level monitoring equipment within 30 days of beginning injection.
- 7) The operator shall keep monthly records documenting that the casing annulus is fluid filled. A suggested format for these records is available from the BLM Carlsbad Field Office. Copies of those records shall be furnished at the request of a BLM authorized officer.
- 8) Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
- 9) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of Opsia. 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.
- 10) Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for planned well work involving a formation change, casing repair/replacement, and injection well fracture treatment for approval by BLM and NMOCD. Verbal approval for the plan may be given by a BLM authorized officer, with the NOI filed within five business days. Packer and tubing repair (normal maintenance procedures) do not require a NOI, but a subsequent sundry needs to be filed. http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html (see CFR § 3162.3-2 43 & CFR § 3160.0-9 (c)(1)).
 - a) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of required equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.