

OCD-ARTESIA

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**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.
NM-0467933

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
Premier Oil & Gas Inc.3a. Address
PO Box 1246
Artesia, NM 88211-12463b. Phone No (include area code)
972-470-0228

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

8. Well Name and No.
Dale H. Parke B Tract C #179. API Well No.
30-015-323964. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330' FNL & 1650' FEL, Sec. 15, T17S, R30E, Unit B10. Field and Pool or Exploratory Area
Loco Hills; Glorieta-Yeso11. Country 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"/> 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 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	

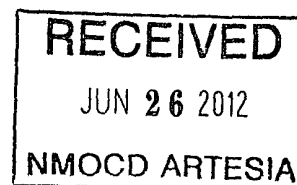
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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.)

Dale H. Parke B Tract C #17 Deepening Program

See Attachment

Accepted for record
NMOCD

6/26/2012

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Daniel Jones

Title Vice President

Signature

Date 03/26/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE**APPROVED**

Approved by

Title

Office

Date JUN 22 2012

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

WESLEY W. INGRAM
PETROLEUM ENGINEER

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)

Dale H. Parke B Tract C #17 Deepening Program

1. Estimated Tops of Important Geologic Markers:

Glorieta - Yeso: 4,374' - TD

2. Estimated Depths of Anticipated Fresh Water, Oil, and Gas

Glorieta - Yeso: 4,374' - TD

This deepening originates in the Yeso and will finish at the base of the Yeso. The entire Yeso group is an oil and gas bearing interval.

3. Casing Program

Hole Size	Interval	OD Casing	Weight	Grade**	Jt./Condition	Burst/Collapse/Tension
4-3/4"	4995 - 6150'	4"	11.6#	L-80	ULT-FJ/New	3.98/4.09/3.21 (L80)

**Due to casing shortages, either L-80 or P-110 will be run. The exact grade is unknown at time of requesting permit.

NOTE: Premier Oil & Gas Inc. requests a variance to the 0.422" stand-off rule between casing and wellbore.

4. Cement Program

4" liner: Class C, 120 sxs, yield 1.37. 100' minimum tie back to production casing.

Note: Premier Oil & Gas Inc. requests a variance to pressure test because the deepened well will be completed in the same zone as the current perfs and the entire interval is recognized by the OCD as one interval (Yeso). Otherwise, casing program will implemented per Onshore Order No. 2 Sect III: Requirements, Part B. Casing and cementing requirements, Subpart b. with a minimum of 100 feet overlap. No test shall be required for liners that do not incorporate or need a seal mechanism.

5. Minimum Specifications for Pressure Control

The BOP equipment will be a 3000 psi double ram type manually operated preventer. This equipment will be nipple up to a 8-5/8" 3K flange. The pipe rams are located above blind rams. There is no choke or kill manifold. The BOP is tested to 1000 psi prior to drilling new formation. Access to the annulus will be through the valves on the 5-1/2" casing head.

6. Types and Characteristics of the Proposed Mud System

This well will be drilled from the end of the existing 5-1/2" casing to TD with fresh water.

7. Auxiliary Well Control and Monitoring Equipment

A full opening drill pipe stabbing valve with proper drill pipe connections will be on the rig floor at all times.

8. Logging, Testing, and Coring

A. The electric logging program will consist of Spectral Gamma Ray, Dual Spaced Neutron, Spectral Density, and Dual Laterolog will be run from TD to 5-1/2" production casing shoe.

B. No Drill Stem tests.

C. No conventional coring anticipated.

D. Further testing procedures will be determined after the 4" liner has been cemented at TD, based on drill shows and log evaluation.

9. Abnormal Conditions, Pressure, Temperatures, and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottomhole temperature at TD is 110 degrees and the estimated maximum bottomhole pressure is 2800 psig. The drilling starts in the Yeso and ends in the Yeso. The section of Yeso being drilled has very low permeability (less than 1 md).

10. Anticipated Starting Date and Duration of Operations

There will be no road or location work required as this is an existing well location. Once commenced, drilling operations should be finished in approximately 14 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made.

11. Centralizer Program

Fixed blade stabilizer subs will be utilized in the casing string to insure adequate isolation and seal throughout the wellbore. These stabilizer subs are positive fixed blade type. These subs will actually be screwed into the casing string. A diagram of the fixed blade stabilizer sub is located at the end of this program.

The standard location of the stabilizers will be the following:

Shoe Location

Guide shoe, 1 jt casing, stabilizer sub, float collar, 1 jt casing, stabilizer sub

Perf Interval Location – between perf intervals

Stabilizer sub, 1 jt casing, stabilizer sub

Top of Liner Location

DV tool, 1 jt casing, stabilizer sub, 1 jt casing, stabilizer sub

12. Summary Drilling and Completion Program

Deepening Procedure

1. MIRU rig.
2. Sqz upper Yeso with +/- 400 sx of Class C neat. Drill out squeeze.
3. PU 4-3/4" bit and drill 4-3/4" hole from 4995 – 6150'.
4. POOH w/ bit and drillstring.
5. RIH w/ logs and log from TD to 4300'
6. RIH w/ 4", 11.3# casing. See Section 11 for general centralizer program.
7. Cement casing from TD to 4908' w/ 120 sxs Class C cmt. Drop plug and open DV tool. Circ cmt off DV tool. Drop plug to close DV tool.
8. PU workstring and RIH and drill out DV tool. POOH and LD workstring.
9. RDMO rig.

Closed Loop Operation & Maintenance Procedure

All drilling fluids are circulated over shakers and through steel work-over tanks.

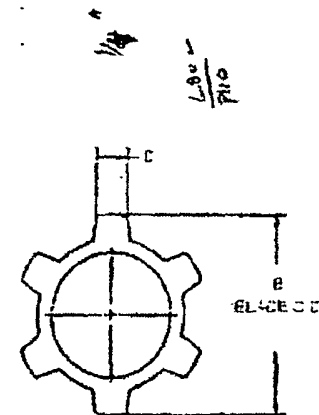
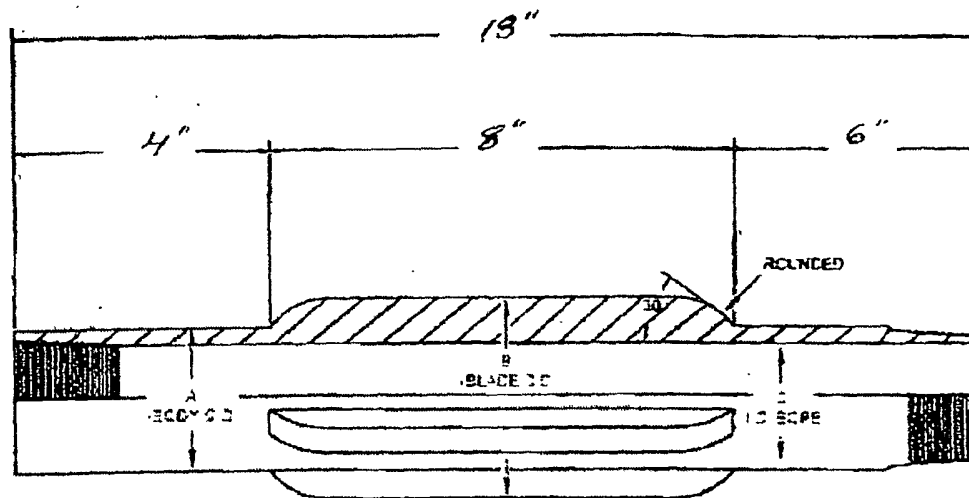
Fines from shaker are dropped into stand by metal tank.

Additional tanks are used to capture unused drilling fluid or cement returns from casing jobs, as necessary.

At end of job, drilling fluid is disposed in a proper off location 3rd party injection well while fines are disposed of at a proper 3rd party waste disposal site.

This equipment will be maintained by rig crews that are on location.

Centralizer Diagram



SIZE	A	B	C	D	E	F	G	DRIFT
4" x 3 1/4" 116"	11.050	4.750	3.347	3/4"				3.303"

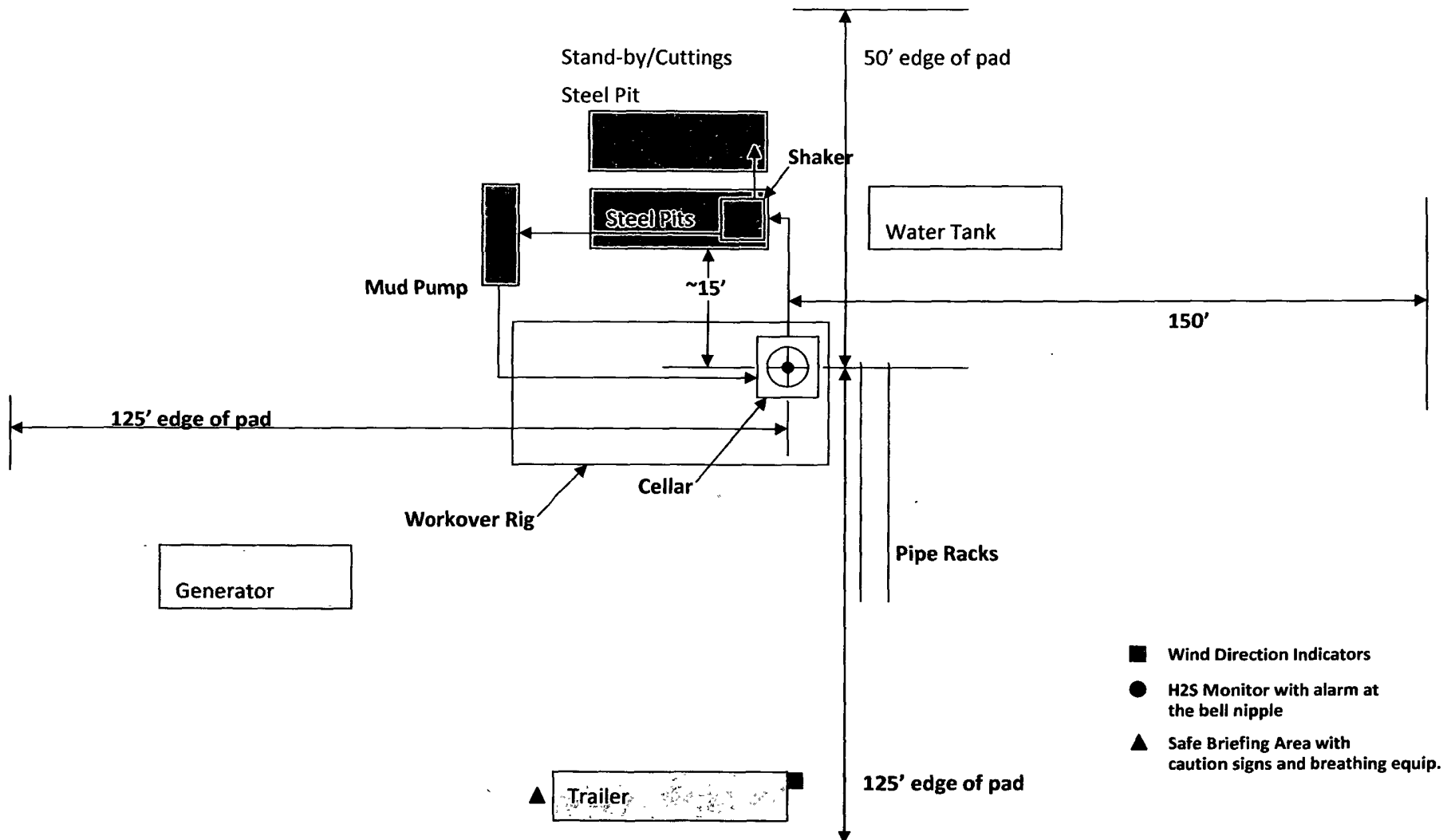
CENTRALIZED INTERCASING	
CLIENT	
WELL NAME & NO	
CASING	4" P115 116"
MATERIAL	4 3/4" x 3 1/4" x 18" Q115
PREPARED BY	10

Premier Oil & Gas Inc.

Closed Loop Equipment Diagram

Yeso Deepening: Dale H Parke B Tract C #17

North



Dale H Parke B Tr C-17

330' FNL, 1650' FEL

B - 15 - 17s - 30e

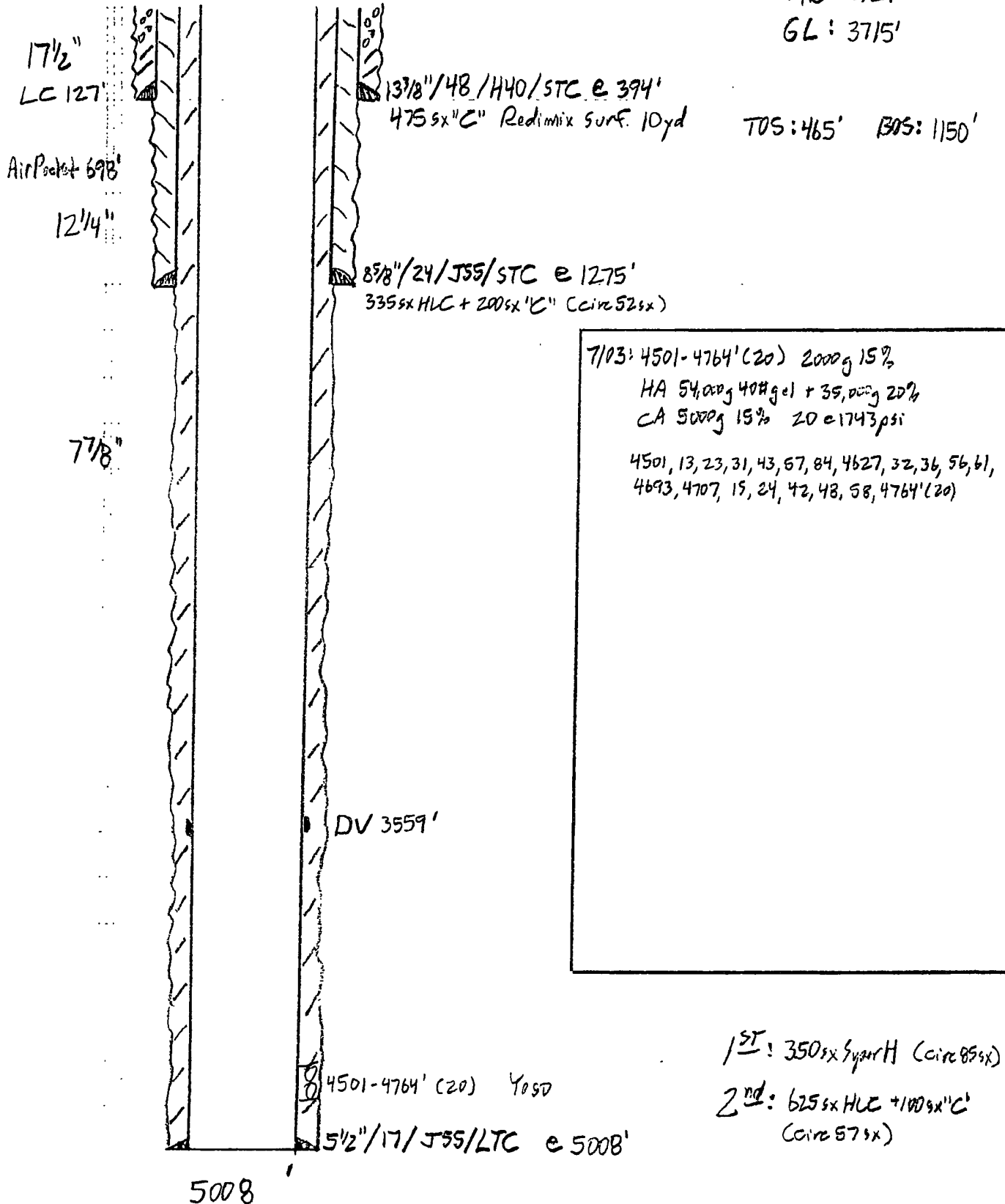
30-015-32396

Eddy, NM

Zero: 9' AGL

KB: 3724'

GL: 3715'



Conditions of Approval

**Premier Oil & Gas Inc.
Dale H. Parke B Tract C #17
API 3001532396**

June 08, 2012

1. The well is within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00 a.m. through 3:00 a.m. for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227 or Bob Ballard <bballard@blm.gov> 575.234.5973.
2. Surface disturbance beyond the existing pad shall have prior approval.
3. 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.
4. Functional H₂S monitoring equipment shall be on location.
5. 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.
6. **Variance for stand-off of less than 0.422" is approved due to NMOCD classifying the formations in the area as the Yeso group,**
7. **Approved for a minimum tie back of 100 feet. When plugged, a cement plug will be required across this tie back and across squeezed perforations.**
8. **Variance for not testing the liner seal is approved based on NMOCD classification of formations in this area as the Yeso group and provided stabilizer subs with positive fixed blades are utilized.**
9. **If cement does not circulate to DV Tool, the BLM CFO on call engineer may be reached at 575-706-2779.**
10. **Test casing as per Onshore Order 2.III.B.1.h. Operator did not state whether they will remove the 4" casing above the DV tool. The subsequent sundry shall include an after well bore schematic.**
11. Subsequent sundry Form 3160-5 detailing work and current well test data shall be submitted within 30 days of completing the work.
12. Workover approval is good for 180 days (completion to be within 180 days of approval). A detailed justification is necessary for extension of that date.

PRS / WWI 062212