

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOCD-ARTESIA
RECEIVED

JUN 21 2012

FORM 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.

5 Lease Serial No
NM 101856

6 Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

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

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other SWD8 Well Name and No
Shell Federal No. 22. Name of Operator
Fasken Oil and Ranch, Ltd.9 API Well No.
30-015-227173a. Address
303 West Wall St., Suite 1800, Midland, TX 797013b. Phone No (include area code)
432-687-177710 Field and Pool or Exploratory Area
SWD; Devonian4 Location of Well (Footage, Sec., T, R, M, or Survey Description)
660' FWL & 3300' FSL, Sec 5, T21S, R24E11 Country or Parish, State
Eddy, 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 Re-enter & Convert to SWD
	☐ 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 recomplete 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.)

1-6-12 - 4-16-12

MIRT. Have rig set in, rigging up backyard and tanks. Will extend pad 35' to the north today and set in closed loop equipment. Drill cement plugs out. Began drilling new 7 7/8" hole from 10,020' - 11,450'. Rig released @ 3:00 a.m. CST on 1/31/2012. RIW w/ 235 jts. total of 5-1/2" 17# L-80 LT&C casing set @ 10,678' w/ two DV Tools @ 10,645' and 7023'. First stage cementing - Set packer and open DV tool, pumped 775 sx Starbond C with 0.5% C-12, 0.55% FL-10, 0.1% C-51, 0.15% C-20, and 0.25% R-38 (s.w. 13.2 ppg, 1.56 yield ft3/sx). Final differential pressure 1150 psi @ 3.5 bpm. Full returns throughout. Close lower DV tool, open top DV tool and circulate for 6 hrs. Did not recover any cement from first stage. Plug down @ 6:00 a.m. CST on 1-30-12. Second Stage cementing - Pumped 700 sx 35/65 "C" with 1/8# Poly-E-Flake, 0.1% C-20, 0.25% R-38, 1% salt, and 6% gel (s.w. 12.4, yield 2.01 ft3/sx), tailed in with 250 sx Class "H" with 0.1% C-20 and 0.25% R-38 (s.w. 15.6 ppg, yield 1.18 ft3/sx). Good returns throughout, circulated 120 sx to surface. Final differential pressure 1890 psi, plug down @ 2:00 p.m. CST on 1-30-12. Ran centralizers on Joints #1, 2, 3, 4, and 5, and above and below the upper DV tool. For a total of 7 centralizers. MORT. Backhoe back dragged and leveled location. Notified Richard Inge w/ the NMOC and Jerry Blakeley w/ the BLM of intent to start completion procedures. Pressure tested casing to 1000 psi for 10" w/ no pressure loss. RIW w/ 171 jts of 2-7/8" tubing and tagged cement @ 7010'. Drilled cement from 7010' to DV tool at 7022' and drilled DV tool @ 7022'. Circulated well clean and pressure tested 5-1/2" casing to 1000 psi for 10" w/ no pressure loss. Ran GR/CCL/CBL from 10,645' (2nd DV tool) to surface under 1000 psi casing pressure. Log indicated intermittent cement from 7042'-7044'. Drilled cement from 10,630' to DV tool at 10,642'. Drilled DV tool and pressure tested the 5-1/2" casing to 1000 psi for 10" w/ no pressure loss. RIW w/ 2-7/8" tubing and tagged @ 10,662'. Established reverse circulation and drilled to float collar and float shoe @ 10,675'-10,677'. RIW w/ 25 jts of tubing and tagged OHTD @ 11,458' and displaced the well with fresh water. Acidize OH perfs from 10,622' - 11,458' w/ 4000 gals 15% NEFE HCL acid. Please see attachment for further details.

SEE ATTACHED ORDER - BLM ORDER NO. 1
AUTHORIZED, NMOC14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Kim Tyson

Accepted for record Analyst

NMOC RI

Date 05/04/2012

Signature

Kim Tyson

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

JUN 18 2012

/s/ JD Whitlock Jr

Approved by

Review NMOC Rule 16.10 for csq PT requirements

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.

Title

Office

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)

Report daily inj rate + pressure

**Fasken Oil and Ranch, Ltd.
Shell Federal No. 2
Re-enter & Convert to SWD
API No. 30-015-22717
Sundry Notice Attachment**

1-6-12 – 4-16-12

RIW w/ 167 jts of 3-1/2" injection tubing and set packer @ 10,628'. Loaded tbg/csg annulus w/ 1/2 bw and tested to 560 psi for 35" on a chart recorder w/ no pressure loss. RIW w/ 325 – jts of 3-1/2" 9.3#/ft EUE 8rd L-80 IPC TK-99 tubing with special clearance couplings @ 10,632' and a 5-1/2" 17# nickel plated Arrowset IX 10K casing packer with IPC wetted parts @ 10,620'. Installed surface facilities. Cleaned location. Began disposing water.

*Non-well POS for reporting sale
of skim oil 2837038*

Order of the Authorized Officer

Faskin Oil and Ranch, Ltd.

Shell Federal No. 2

API 3001522717

June 07, 2012

BLM DOES NOT HAVE AUTHORITY TO
MAKE THESE REQUIREMENTS ON AN SWD
Well with a Packer - Operations WELL. ET-NMOCD

- 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.
- 2) 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.
- 3) 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.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County 575-361-2822, if there is no response email Paul R. Swartz pswartz@blm.gov or phone 575-200-7902. If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 5) 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.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". 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.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization. Approved injection pressure compliance is required. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.

- 9) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 10) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 11) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.
- 12) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 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 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.
- 16) 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 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. The setting depths and descriptions of each are to be included in the subsequent sundry. List daily descriptions of any previously unreported wellbore workover(s).

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.