

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM 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.

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
CHI Operating, Inc.

3a. Address
P.O. Box 1799
Midland, TX 79702

3b. Phone No. (include area code)
432-685-5001

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

M-1-19S-30E 990' FSL & 660' FWL

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.
NM126412X

8. Well Name and No.
Benson Delaware Unit #2

9. API Well No.
30-015-31778

10. Field and Pool or Exploratory Area
Benson Delaware Unit

11. Country or Parish, State
Eddy Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 checked="" 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.)

5/15/12 NDWH, NUBOP LD SN and perf sub, PU notch collar, flappers, ran 14 jts, PU sand bailer and drain nipple, RIH w/remaining tbg, tggd @ 5203 w/165 jts, cleaned dwn to 5243, POOH and LD jts, LD sand bailer, flapper valves and notch collar. PU pkr (Arrow set 1X-2 7/8 x 5 1/2 with 2.25 profile nipple. PU 113 jts IPC pipe, set pkr @ 3695', Circ 110 bbls pkr fluid, latched back on pkr, ND BOP, flanged well up. Press test the pkr @ 500 psi for 30 min, held good, pumped out plug from pkr with 600ps. Close well in, shut down.

Denied By NMOC - Packer NOT SET WITHIN INTERVAL AS REQUIRED BY WFX-897 12/19/12
See Attached Conditions of Acceptance

RECEIVED
DEC 12 2012
NMOC ARTESIA

BLM DOES NOT HAVE AUTHORITY FOR WELL WITH A PACKER - OPERATIONS" CONVENTIONS

ACCEPTED FOR RECORD
DEC 10 2012
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

PAM CORBETT pamc@chienergyinc.com 432-685-5001

Title Regulatory Clerk

Signature

Pam Corbett

Date 04/12/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

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)

Order of Authorized Officer
And
Conditions of Acceptance of
Sundry Subsequent Report dated 04/12/2011

Chi Operating, LLC
Benson Delaware Unit - 02
API 3001531778, T19S-R30E, Sec 01
December 10, 2012

1. Although this **Federal well** is within the boundaries of the Benson Delaware Unit as described by NMOCD order R-13262, it is not listed as one of the nine listed injection wells.
2. Federal Regulation 43CFR 3162.3-2 Subsequent Well Operations requires Bureau of Land Management approval for conversion to injection. **This well lacks that approval and is out of compliance; a Notice of Intent Sundry should have been submitted prior to the conversion.**
3. **The subsequent sundry (04/12/2011) indicates the injection packer was set at 3695'. The reported top perforation is 5082'. Move the packer within 100ft of the uppermost injection perforations or casing shoe as indicated by Order R-13262.**
4. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 4400 or below to top of cement. The CBL may be attached to a pswartz@blm.gov email.**
5. **Available records do not indicate the setting depth of the 5 ½" DV Tool. Report that depth.**
6. Perform a BLM PET witnessed (charted) casing integrity test of 900 psig. Pressure leakoff may require correction for approval. Include a copy of the chart in the subsequent sundry.
7. **The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.**
8. Contact the Authorized Officer: Paul R. Swartz pswartz@blm.gov phone 575-200-7902 to ensure that the following requirements are met and other questions.
9. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
10. See additional requirements below "**Well with a Packer – Operations**" contact Swartz pswartz@blm.gov phone 575-200-7902 for further explanation.

EGF 121012

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.
- 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) At least 24 hours before the test: email Paul R. Swartz pswartz@blm.gov phone 575-200-7902. Note the contact notification method, 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 and a profile nipple just above the packer are required injection equipment. 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.
 - 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. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 10) **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 a full annular fluid level at any time.**
- 11) **Maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is required.**

- 12) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 13) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 14) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. 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.
- 15) 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, profile nipple, and tubing on/off equipment just above the packer. 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.

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.