

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0135 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. NMNM89052

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

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

1. Type of Well [X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No. JAMES RANCH UNIT 138H

2. Name of Operator BOPCO LP Contact: WHITNEY MCKEE E-Mail: wbmckee@basspet.com

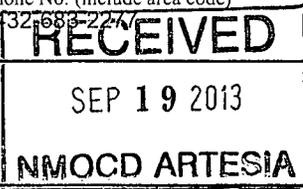
9. API Well No. 30-015-39766

3a. Address P.O. BOX 2760 MIDLAND, TX 79702

3b. Phone No. (include area code) Ph: 432-688-2277

10. Field and Pool, or Exploratory QUAHADA RIDGE;SE;DELAWARE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 25 T22S R30E NESW 2365FSL 2010FWL 32.362247 N Lat, 103.835919 W Lon



11. County or Parish, and State EDDY COUNTY, NM

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

Table with 2 main columns: TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

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 recomplate 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 recomplate 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.)

BOPCO, L.P. would like to change the name of the above captioned well from the James Ranch Unit #138H to James Ranch Unit D12 #138H. Per a meeting between Cody Layton, Range & Wildlife Specialist with the BLM, and BOPCO/L.P. on 8/20/13, Mr. Layton expressed the desire to adopt a standard naming convention for BOPCO, L.P.'s drilling island development. In order to accommodate Mr. Layton's request, the James Ranch Unit #138H and subsequent wells located on the James Ranch Unit Drilling Island 2, will be referred to with a nomenclature inclusive of James Ranch Unit D12 followed by an appropriate well number.

SUBJECT TO LIKE APPROVAL BY STATE

Accepted for record

NMOC D 109/9/2013

BOPCO, L.P. would like to request a change in plans for BOP testing due to the utilization of the Cameron MB-ND wellhead. We request to nipple up and test BOPE on surface casing to 3,000 psi high and 250 psi low which will cover the testing requirements for the duration of the well. Please find attached the wellhead schematic.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #219975 verified by the BLM Well Information System For BOPCO LP, sent to the Carlsbad Committed to AFMSS for processing by JERRY BLAKLEY on 09/16/2013 () Name (Printed/Typed) CHRISTOPHER GIESE Title DRILLING ENGINEER Signature (Electronic Submission) Date 09/12/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Date SEP 17 2013 /s/ Chris Walls 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 a false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

Provide C102 w/ property name change to NMOC D

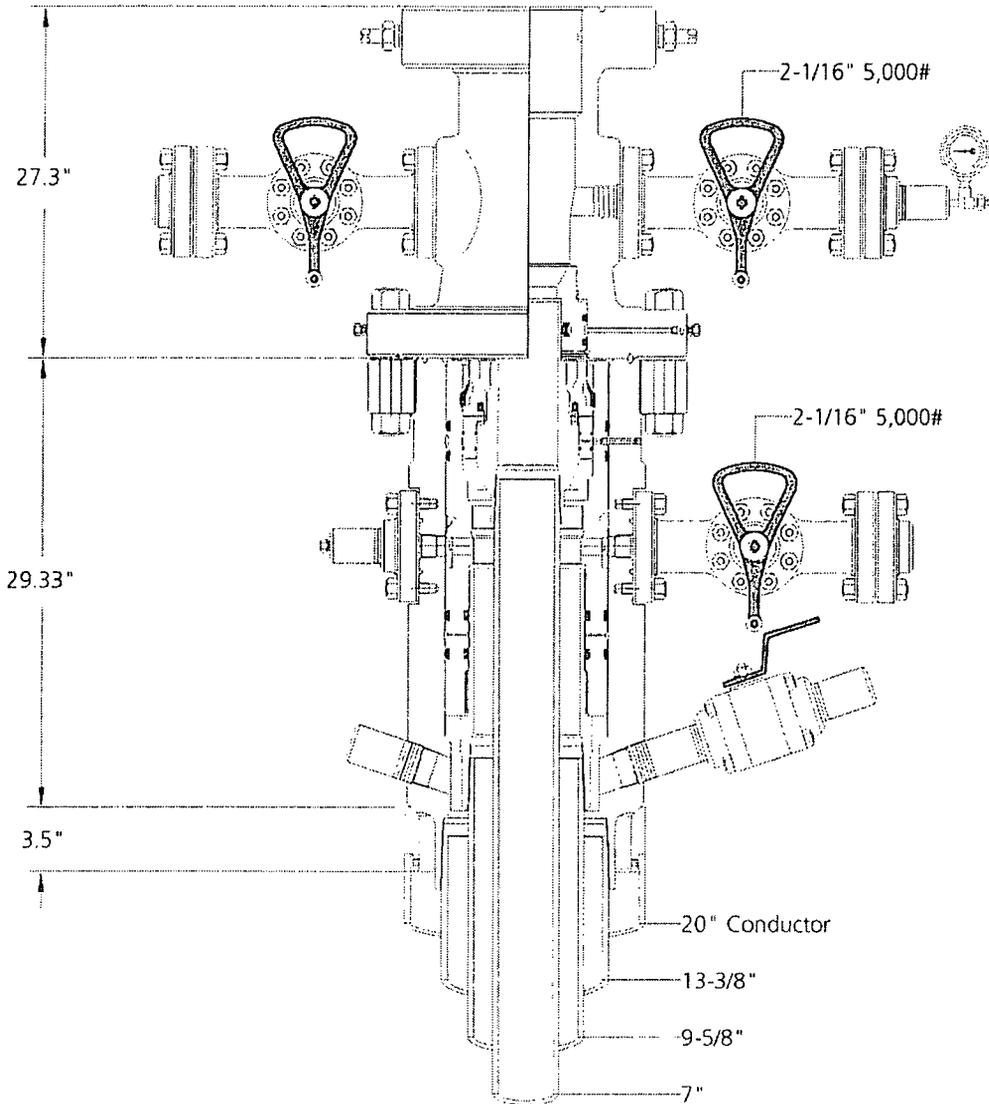
## Additional data for EC transaction #219975 that would not fit on the form

### 32. Additional remarks, continued

BOPCO, L.P. would like to utilize a mineral oil base synthetic mud system in the 6-1/8" hole section after drilling out the 2nd intermediate casing. We will have auxiliary equipment in place and a 24 hour mud engineer during the drilling of the lateral to minimize the risk of a mud spill. In the event of a spill while drilling, BOPCO, L.P. has a spill contingency plan as attached.

BOPCO, L.P. would like to request a variance to use an armored, 3", 5000 psi WP flex hose for the choke line in the drilling of the well if the rig is equip with hose. (See specification for hose that might be used, attached with APD exhibits). This is rig equipment and will help quicken nipple up time thus saving money without a safety problem. The hose itself is rated to 5000 psi, and has 5000 psi flanges on each end. This well is to be drilled to approximately 19,531' MD (7,306' TVD) and max surface pressure should be +/- 1,672 psi as prescribed in Onshore Order #2 shown as max BHP minus 0.22 psi/ft. Thus, 3000 psi BOPE is all that is needed for this well. Please refer to diagrams A, B, or C for choke manifold and closed loop system layout. If an armored flex hose is utilized, the company man will have all of the proper certified paper work for that hose available on location.

Note: Dimensional information reflected on this drawing are estimated measurements only.



BOPCO  
Project: South East New Mexico



Jeanette

7-22-13

#

21077904-A

Well Name: James Ranch Unit DI2 #138



Midwest Hose & Specialty, Inc.

### Internal Hydrostatic Test Graph

April 4, 2012

Customer: Latshaw

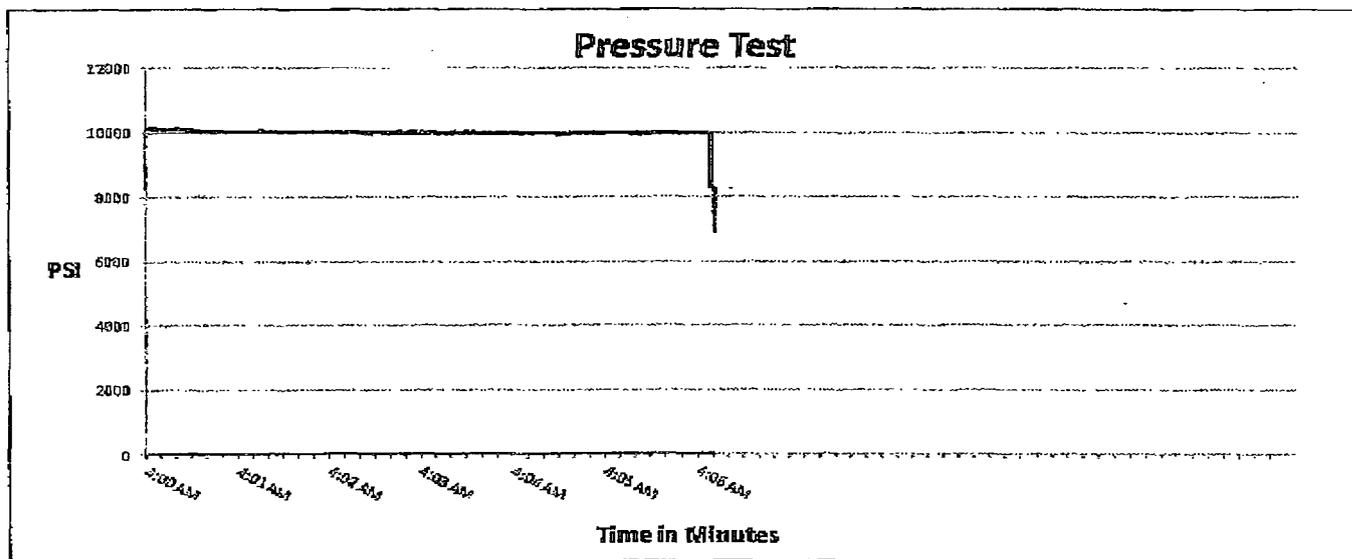
Pick Ticket #: 81610

#### Hose Specifications

<u>Hose Type</u>	<u>Length</u>
D	30'
<u>I.D.</u>	<u>O.D.</u>
3"	4 15/32
<u>Working Pressure</u>	<u>Burst Pressure</u>
5000 PSI	Standard Safety Multiplier Applies

#### Verification

<u>Type of Fitting</u>	<u>Coupling Method</u>
41/16 5K	Swage
<u>Die Size</u>	<u>Final O.D.</u>
5.12"	5.16"
<u>Hose Serial #</u>	<u>Hose Assembly Serial #</u>
6884	81610



Test Pressure  
10000 PSI

Time Held at Test Pressure  
5 1/4 Minutes

Actual Burst Pressure

Peak Pressure  
10195 PSI

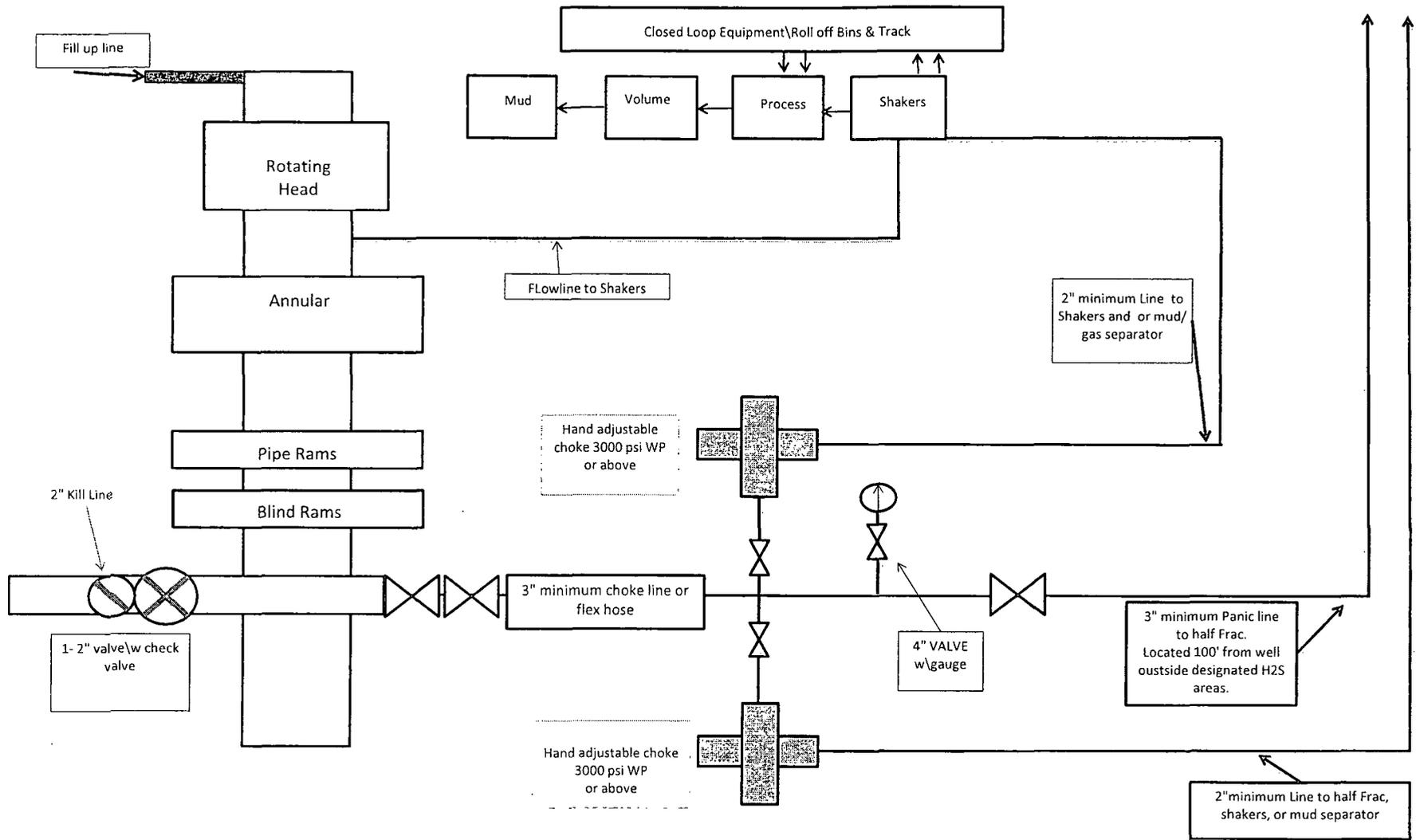
**Comments:** Hose assembly pressure tested with water at ambient temperature.

Tested By: Donnie Mclemore

Approved By: Bobby Fink

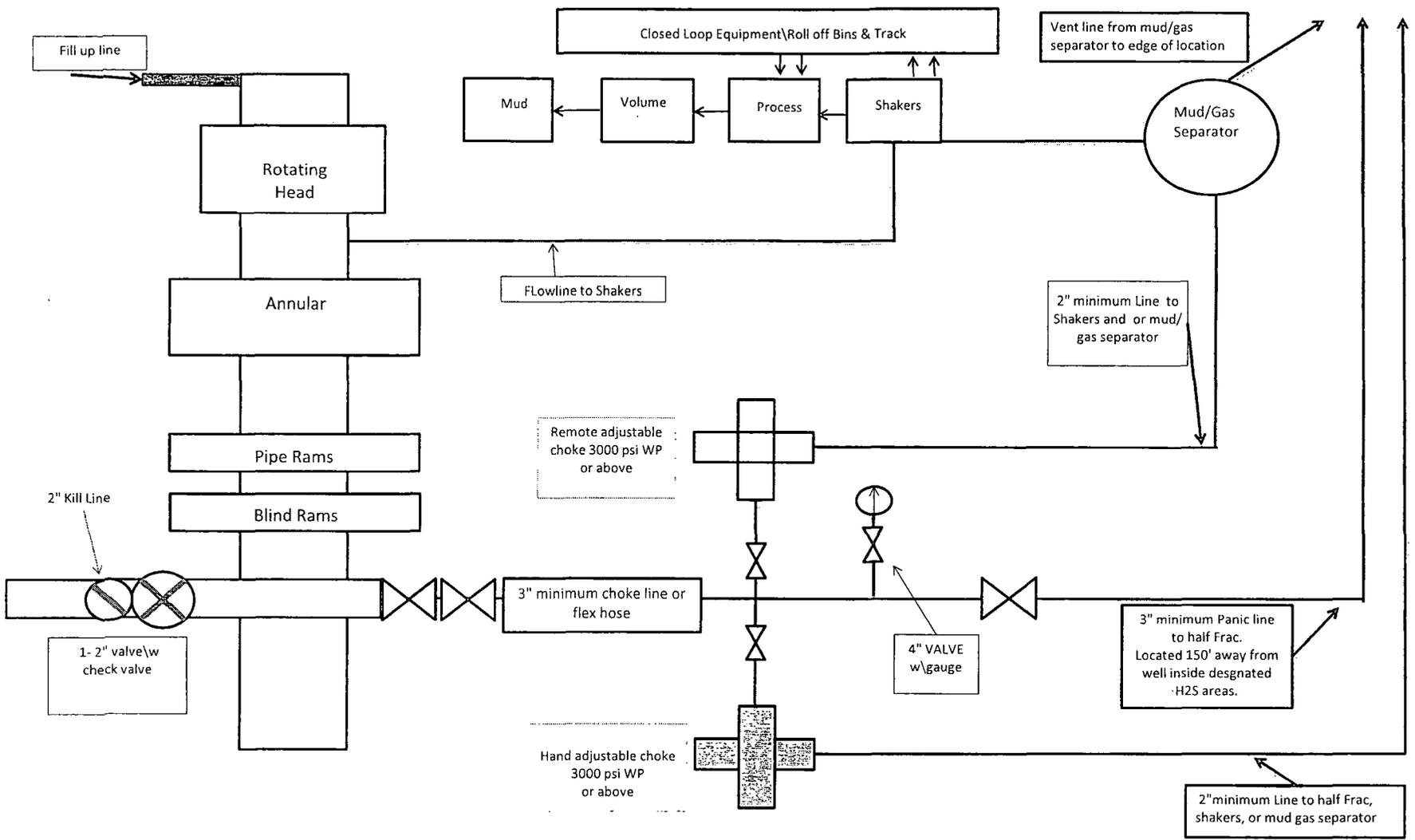
**MIDWEST  
HOSE AND SPECIALTY INC.**

INTERNAL HYDROSTATIC TEST REPORT		
Customer: LATSHAW DRILLING		P.O. Number: RIG#4
HOSE SPECIFICATIONS		
Type: CHOKER LINE	Length: 30'	
I.D. 3" INCHES	O.D. 6" INCHES	
WORKING PRESSURE 5,000 PSI	TEST PRESSURE 10,000 PSI	BURST PRESSURE PSI
COUPLINGS		
Type of End Fitting 4 1/16 5K FLANGE		
Type of Coupling: SWEDGED	MANUFACTURED BY MIDWEST HOSE & SPECIALTY	
PROCEDURE		
<i>Hose assembly pressure tested with water at ambient temperature.</i>		
TIME HELD AT TEST PRESSURE 1 MIN.	ACTUAL BURST PRESSURE: 0 PSI	
COMMENTS: SO#81610 Hose is covered with stainless steel armour cover and wrapped with fire resistant vermiculite coated fiberglass insulation rated for 1500 degrees complete with lifting eyes		
Date: 3/2/2011	Tested By: BOBBY FINK	Approved: MENDI JACKSON



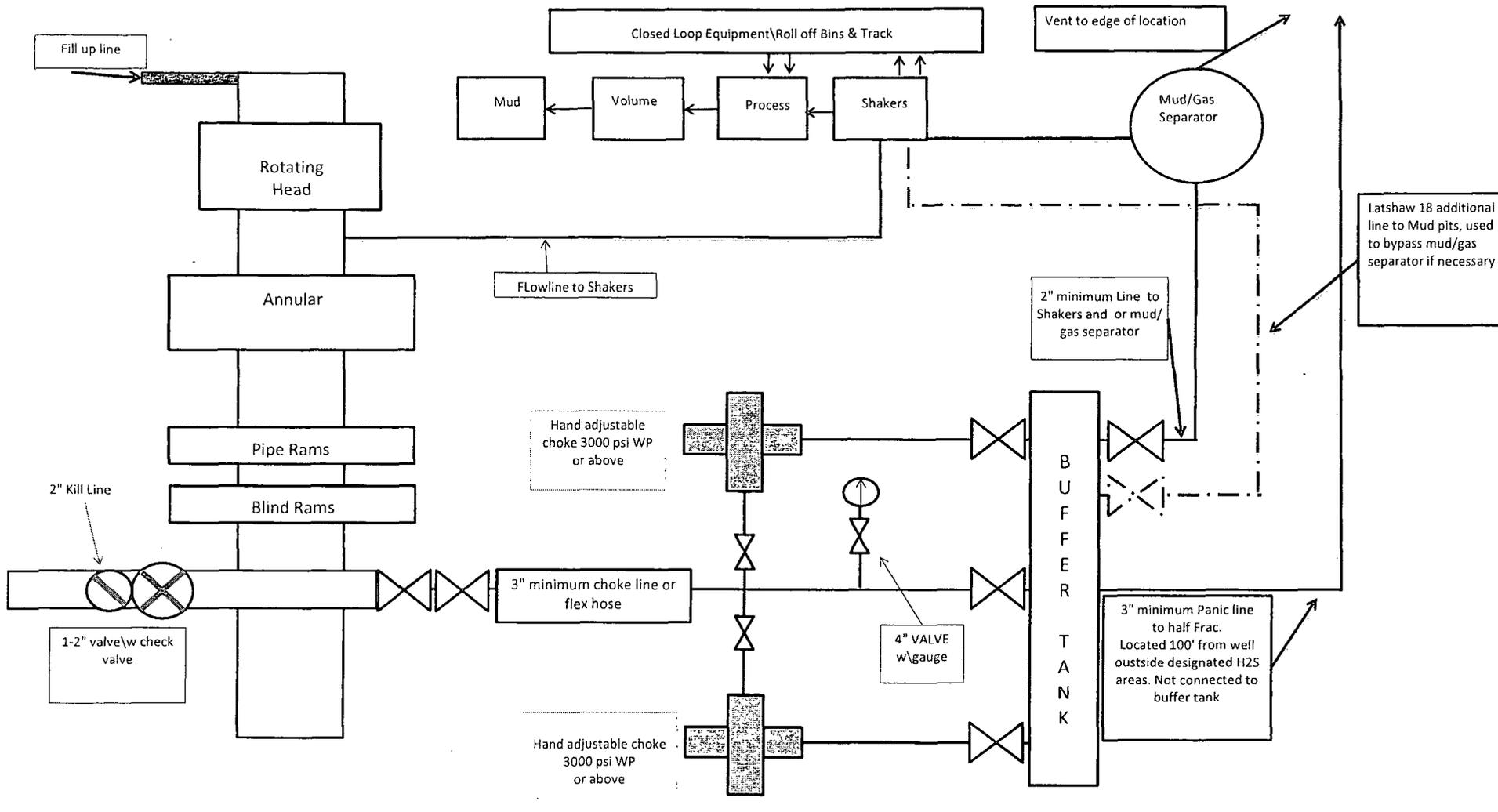
**13-5/8" X 3-M BOPE (2 Rams and Rotating Head) & Closed Loop System Equipment Schematic Diagram A**

Note: all valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.



**13-5/8" X 3-M BOPE (2 Rams and Rotating Head) & Closed Loop System Equipment Schematic H2S contingency Diagram B**

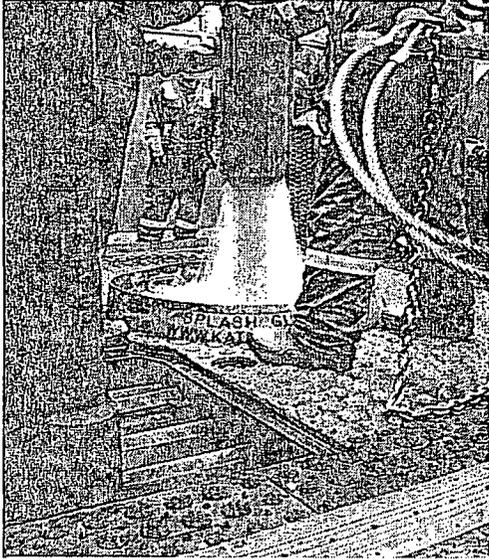
Note: all valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.



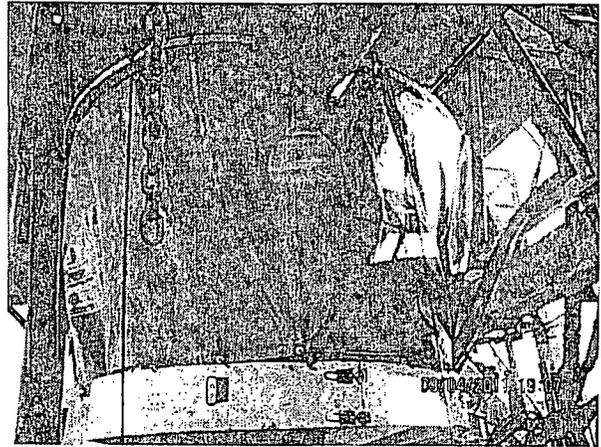
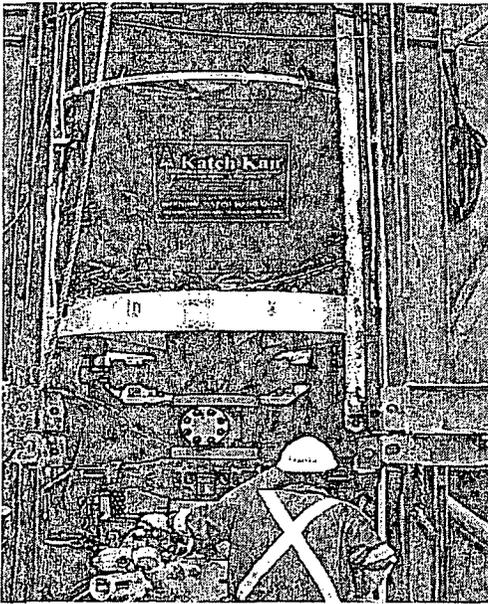
Latshaw 4 closed loop system, with Latshaw 18 addition "clouded."

**Latshaw 13-5/8" X 3-M BOPE (2 Rams and Rotating Head) & Closed Loop System Equipment Schematic Diagram C**

Note: all valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.



Zero Spill System Kelly Kan and Splash guard shown redirecting fluid through rotary table to be captured in Lo-Pro.

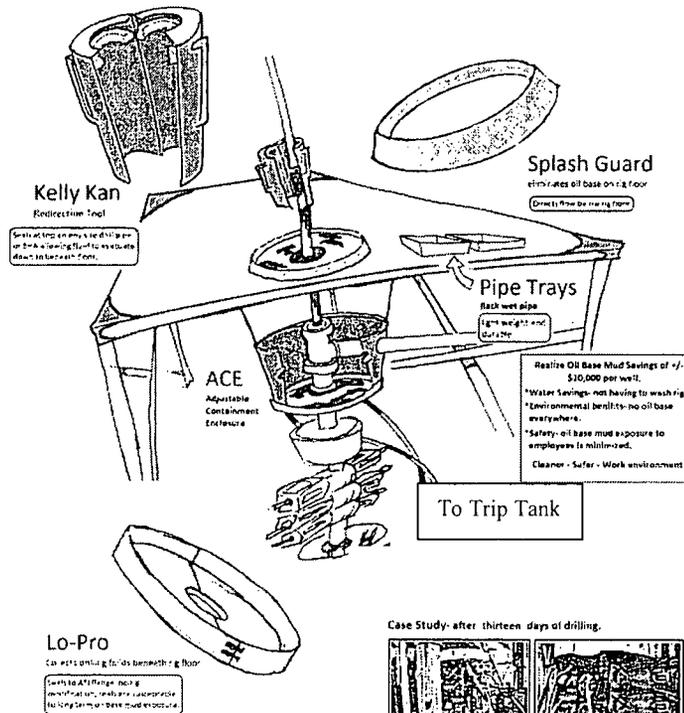


Lo-Pro with ACE mounted on BOP to collect mineral oil based mud redirected by Kelly Kan and any other that drains off rig floor.

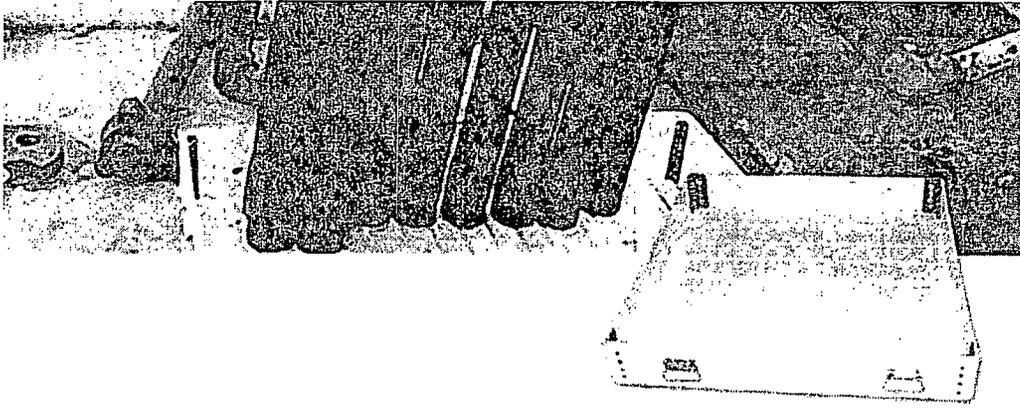
## Oil-Based Drilling Mud Contingency Plan Latshaw Rig #18

This Site Specific Contingency Plan was developed to address the identified risks associated with BOPCO, LP's drilling and production operations. The plan discusses steps to be taken to minimize or prevent spills from occurring during drilling operations.

BOPCO is currently drilling with Latshaw Rig #18 and is requesting to use a mineral oil based mud to improve drilling efficiency in the lateral. To ensure the mineral oil based mud is completely contained while drilling these wells, BOPCO will employ a Zero Spill Technology which will ensure all mineral oil based mud will be contained, captured, and introduced back into the circulating system to save operating costs. This technology will be provided by the company Katch Kan USA. The rig will employ the light weight Kelly Kan, which redirects all the drilling fluid down through a rotary table. This product comes equipped with seals to prevent the fluid from escaping from the top. The fluid is drained downward from the bottom of the Kelly Kan. A Katch Kan Splash Guard will also be used to prevent a fluid spill from the rotary table onto the rig floor. After draining through the rotary table, the fluid is directed to the trip tank. Katch Kan USA will also provide pipe trays for setback areas to collect all fluid that drains out of the drill string and line pipe trays for rig personnel to use to capture all the stray fluid produced while breaking mud, cement, or hydraulic lines during rig operations. A mud vacuum system will be rigged up to remove the mineral oil based mud from pipe trays and any other area where the mud accumulates. All rig personnel will be properly trained on how to use the Zero Spill System and all the system components by Katch Kan USA before the use of the system.



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Drill pipe trays to capture fluid in drill string during trips.

In addition to the Katch Kan USA Zero Spill Technology system, BOPCO will employ other preventative measures to capture as much mineral oil based mud as possible to reduce operating costs. The drill rig is positioned on matting boards and will have a tinhorn cellar with concrete bottom.

All mineral oil based mud will be trucked in from the mud plant to site. A maximum of 500 bbl of base mineral oil will be stored in a tank on site for use in mud maintenance as well as three 500 bbl frac tanks for mud storage. The frac tank area will have a berm surrounding the tanks to contain any spilled fluid so that it may be placed back into storage to reduce the economic impact of lost mineral oil based mud.

**PECOS DISTRICT  
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	BOPCO, L.P.
LEASE NO.:	NM-02952B
WELL NAME & NO.:	James Ranch Unit DI2 # 138H
SURFACE HOLE FOOTAGE:	2365' FSL & 1980' FWL
BOTTOM HOLE FOOTAGE	1980' FSL & 330' FWL Sec. 27, T. 22 S., R. 30 E.
LOCATION:	Section 25, T. 22 S., R. 30 E., NMPM
COUNTY:	Eddy County, New Mexico

**A. PRESSURE CONTROL**

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.**
  - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
  - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
  - c. Manufacturer representative shall install the test plug for the initial BOP test.
  - d. Operator shall perform the 9-5/8" and 7" casing integrity tests to 70% of the casing burst. This will test the multi-bowl seals.
  - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
  - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
  - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
  - d. The results of the test shall be reported to the appropriate BLM office.
  - e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
  - f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

## **B. DRILLING MUD**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling out of the surface shoe and shall be used until production casing is run and cemented.

**The operator shall monitor the mud system for possible gas kicks until such time that the production casing is cemented as the proposed casing program restricts when the BOP can be closed without creating an underground blowout. An underground blowout is considered an undesirable event.**

Operator shall report any mud spill to the BLM within 12 hours of the spill.

### **C. WASTE MATERIAL AND FLUIDS**

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion 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.

### **D. WIPP Requirements**

**The proposed well is located over 330' of the WIPP Land Withdrawal Area boundary. As a result, BOPCO, L.P. is requested, but not required to submit daily logs and deviation survey information to the Department of Energy per requirements of the Joint Powers Agreement. Information from this well will be included in the Quarterly Drilling Report. Information will also be provided to the New Mexico Oil Conservation Division after drilling activities have been completed. Any future entry into the well for purposes of completing additional drilling will require supplemental information.**

**BOPCO, L.P. can email the required information to Mr. Melvin Balderrama at [Melvin.Balderama@wipp.ws](mailto:Melvin.Balderama@wipp.ws) or Mr. J. Neatherlin at [Jimmy.Neatherlin@wipp.ws](mailto:Jimmy.Neatherlin@wipp.ws) fax to his attention at 575-234-6062.**

**CRW 091713**