

Carlsbad Field Office

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJECTION	5. Lease Serial No. NMLC029392A
2. Name of Operator AMERICO ENERGY RESOURCES LLC-Mail: kim.laney@americoenergy.com	6. If Indian, Allottee or Tribe Name
3a. Address 7575 SAN FELIPE SUITE 200 HOUSTON, TX 77063	7. If Unit or CA/Agreement, Name and/or No. 8910115720
3b. Phone No. (include area code) Ph: 713-984-9700 Fx: 713-984-9933	8. Well Name and No. E SHUGART 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T18S R31E SENW 1650FNL 1980FWL	9. API Well No. 30-015-22603-00-S2
	10. Field and Pool, or Exploratory SHUGART
	11. County or Parish, and State EDDY COUNTY, NM

RECEIVED

MAY 19 2014

NMOC D ARTESIA

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 recomple 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 recomple in a new interval, 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.)

Americo Energy Resources, LLC would like to change designation of the Water Supply Well #1 to an active producer and change the well name to East Shugart #90, in order to produce it from the Grayburg 4060' to 4110' perforations and the Delaware 5218' to 5955' perforations. Also for casing repair, we are requesting a variance to Onshore Order 2 requirement to run a 4 1/2" liner instead of 4" due to the following reasons. 4 1/2" flush joint liner is needed to accommodate the ESP equipment which is needed to produce large volumes. 4 1/2" flush joint liner will run from 4050' to surface inside 5 1/2" 17/23# casing and will cement all the way to surface. This will cover the damaged area of 5 1/2" at 4036', also this area is still cemented inside the 9 5/8" casing as shown in the wellbore diagram. Similarly the established 5 1/2" damage zone between 3880'-3970' is also cemented inside the 9 5/8" casing as the wellbore diagram shows: Therefore the 4 1/2" liner to be set and cemented from 4050' to surface will cover both areas. Any damaged casing would only allow greater volume of cement behind this liner and hence would serve our purpose better. The CBL was

4160'

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #244524 verified by the BLM Well Information System For AMERICO ENERGY RESOURCES LLC, sent to the Carlsbad Committed to AFMSS for processing by WESLEY INGRAM on 05/12/2014 (14WWWI0295SE)	
Name (Printed/Typed) KIM LANEY	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 05/05/2014

Accepted for record
NMOC D 109
5-19-2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>WESLEY INGRAM</u>	Title PETROLEUM ENGINEER	Date 05/12/2014
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 Carlsbad

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.

** BLM REVISED **

Additional data for EC transaction #244524 that would not fit on the form

32. Additional remarks, continued

run from 3960' to 3050' and the Borehole Imaging casing Inspection log was run over 3960'-2000', both covering the damaged area of the casing. With the 9 5/8" casing fully cemented from 4600' to surface there should not be any cause for concern. The proposed liner when cemented would provide all the protection that is needed

Plan of operations as follows;

1. MIRU WOR, ND Wellhead, NU BOP (7 1/16" & 3000 PSI)
2. Clean out the well to PBTD
3. Set a 4.24" CIBP at ~~4055'~~ **4165'**
4. Land a 4-1/2", 10.633# flush joint liner just above the CIBP to surface
5. Cement liner to surface: The Cmt program will be estimated 111 sxs (26.1 bbl = 1146.55) of class "C" neat with 17# of retarder. Weight of cmt 14.8 ppg. With a yield of 1.32.
6. Drill out the excess CMT in casing, tag CIBP
7. Perform MIT on 4-1/2" CSG
8. Drill out CIBP
9. Install ESP equipment and TBG string
10. Return the well to active status.

Before WorkOver

WSW #1

API # 30-015-22603

Eddy county, New Mexico.

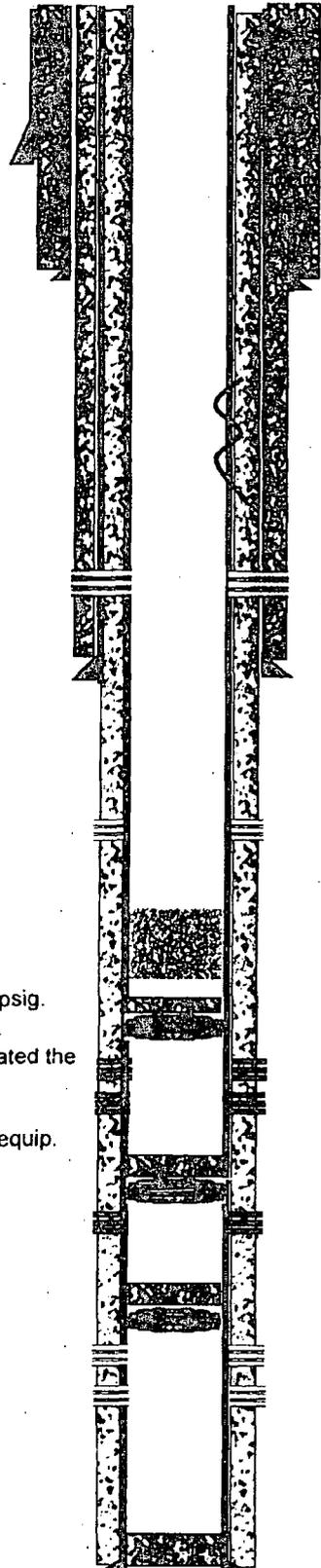
GL 3654'

KB 10' 3638'

D & C 6/2/1979

Location: .

1650' FNL & 1980' FWL,
section 35 - T-18 S- R 31 E, Unit F
Eddy county, New Mexico.



20" Conductor Csg, set at 40' depth.
Ready mix cement to surface.

BLM permitted to complete
the well as water supply well. 7/11/96

13-3/8"x48#, H-40, ST&C set at 765'
w/ 800 sxs. 17-1/2" hole circulated.

Damaged 5-1/2" casing at 3880'

Damaged 5-1/2" casing at 3970'

Perforation Grayburg.
4060' to 4110'

9-5/8"x 36 # K-55 set casing at 4600'
w/ 1750 sxs. 12-1/4" hole circulated.

Perforation: Delaware:
5218'-5955'

Acidized w/ 300 gal. 7.5% HCl.
Frac 43,000 gals x-linked gelled 2%
KCl, 142,000 # 16/30 sand & 21,000 #
RC sand.

CIBP at 9,145' w/ 35 ft. Cement on top

Bone Spring perms.
9,192'-9,230' w/4 JSPF. Squeezed off.
9,274'- 9300 w/2 JSPFSqueezed off.

CIBP at 11,000' w/ 35 ft. Cement on top
Atoka Perfs .squeezed off
11,054'- 11,080' w / 4 JSPF

CIBP at 11,450' w/ 35 ft. Cement on top
Morrow formation
11,492-508' w/ 4 JSPF
11,566' 581' w/ 4JSPF>
11,694' - 11732' w / 4 JSPF

5-1/2"x17 & 20 # N-80 casing set at 11,800'
inside 8-3/4" open hole, w 2700 sx.
of Cement, Top of crmnt at Surface

Re-entering P & A well.

7/1/1996: MI workover rig & removed
dryhole marker & welded on wellhead',
drilled out cement plugs at 0', 815',
& 4486' 4733'. Tested Casing to 1,500 psig.

TIH w/bit to 6000'.

Run correlation log & selectively perforated the

Delaware :5218' - 5055'

Grayburg : 4060' - 4110'

Acidized & Fractured. Ran water prod equip.

Logs: GR/ Sonic

10/7/96:

TIH to 6169' and circulate hole clean

MGB-1-28-2014

PBTD 6169'
TD 11,800'

Post WorkOver

WSW #1

API # 30-015-22603

Eddy county, New Mexico.

GL 3654'

KB 10' 3638'

D & C 6/2/1979

Location:

1650' FNL & 1980' FWL,
section 35 - T-18 S- R 31 E, Unit F
Eddy county, New Mexico.

4160

4-1/2" LinerLiner - 4010' - Surface
on top of a BP, Cemented to surface

Re-entering P & A well.

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dryhole marker & welded on wellhead',
drilled out cement plugs at 0', 815',
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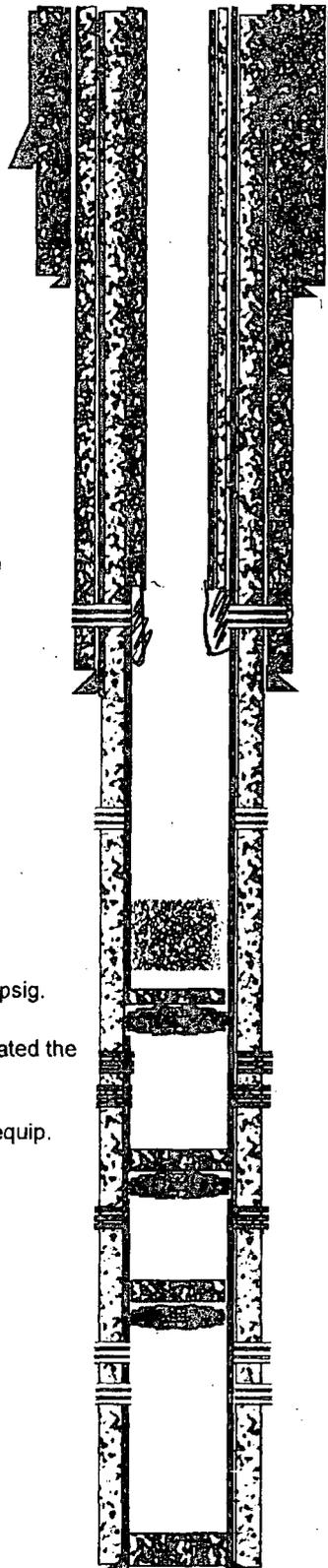
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inside 8-3/4" open hole, w 2700 sx.
of Cement, Top of crmnt at Surface

East Shugart Unit WSW 1
Renamed: East Shugart 90
30-015-22603
Americo Energy Resources, LLC
May 12, 2014
Conditions of Approval

Note: 4.5" casing depth has been changed to 4160' and well is remove from the unit.

Contact BLM, Paul Swartz, a minimum of 24 hours prior to commencing work – 575-200-7902.

- 1. Operator is installing 3M BOP. BOP/BOPE shall be tested to 1000 psi.**
- 2. Variance is approved to run the 4.5" flush joint liner from surface to 4160'. Pursuant to a review of the casing integrity log, there are sections of the 5.5" casing that no longer exist. However, the 9-5/8" casing extends below this proposed area and it was cemented to surface. The CBL is probably showing cement behind the 9-5/8" casing in the sections where it appears that the casing integrity log shows a larger diameter than the outside diameter for the 5.5" casing. In addition, since the well has to be pumped, there will be no pressure on the thin sheath of cement that is between the 4.5" and 5.5" casing except for any hydrostatic head from a standing fluid volume. Third, the fresh water zones are protected by two other casing strings that have been cemented to surface.**
- 3. In a discussion on May 12, 2014, the operator decided to plug off the Grayburg perforations by setting the 4.5' casing deeper to 4160'. This will remove the well from the unit and operator will submit an amendment for the Unit Plan of Development stating that the well will become a producer from only the Delaware formation.**
- 4. Wait on cement time shall be a minimum of 18 hours.**
- 5. CIT shall be performed as required in Onshore Order 2. Test shall be to 1500 psi and witnessed by a BLM inspector.**
- 6. Operator shall submit a completion report 3160-4 for the Delaware formation. Well name will be changed upon submittal of the completion report.**

WWI 051214.