

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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
 Oil Well Gas Well Other

2. Name of Operator **Fair Oil LTD**

3a. Address
P.O. Box 689, Tyler Texas, 75710

3b. Phone No. (include area code)
903-592-3811

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
17-17S-31E NMPM

5. Lease Serial No.
NMLC-054908

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Fair 17 Federal #2

9. API Well No.
30-015-41763

10. Field and Pool, or Exploratory Area
Cedar Lake; Glorieta - Yeso (96831)

11. County or Parish, State
Eddy County, New Mexico

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 checked="" 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 checked="" 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 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.)

We would like to make changes to the casing program due to recent problems in the area with water flows. You will find attached with this notice a copy of what we intend to do along with an alternate plan should our course of plan be altered.

Exhibit A - Is the new plan that will show deviations fro the approved APD

Exhibit B - Is the alternate plan should we encounter problems that cannot be rectafied.

Please see attached to this email exhibits A and B.

**NM OIL CONSERVATION
ARTESIA DISTRICT
SEP 08 2014**

**Accepted for record SEE ATTACHED FOR
NMOCD-107 8914 CONDITIONS OF APPROVAL**

RECEIVED

14. I hereby certify that the foregoing is true and correct
 Name (Printed/Typed) **JAY W. BYNUM** Title **SUPERINTENDENT**

Signature *Jay W. Bynum* Date **07-03-14**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____
 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 _____

Date **JUL 2 2014**
WESLEY W. INGRAM
 PETROLEUM ENGINEER

(Instructions on page 2)

Approved via email

Fair17 Federal 2 Casing Design Plan A

CASING PROGRAM Surface

Depth	Size	Weight	Grade	Thread	Hole Size
0-520'	13 3/8"	48	H-40	STC	17 1/2"

Casing Collapse: 770 psi (NO SAFETY FACTOR)
 Casing Collapse: 616 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 1,730 psi (NO SAFETY FACTOR)
 Casing Burst: 1,384 psi (WITH SAFETY FACTOR 20%)

Cement: 564 sx Class C W/2% CaCl. Wt - 14.8 Yield - 1.34 TOC - surface

Depth	Size	Weight	Grade	Thread	Hole Size
0 - 3,100'	9 5/8"	36	J-55	LTC	12 1/4"

Depth	Size	Weight	Grade	Thread	Hole Size
3,600' - 3,100'	9 5/8"	40	J-55	LTC	12 1/4"

Casing Collapse: 2,020 psi (NO SAFETY FACTOR)
 Casing Collapse: 1,616 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 3,520 psi (NO SAFETY FACTOR)
 Casing Burst: 2,816 psi (WITH SAFETY FACTOR 20%)

Cement: Lead: 760 sx 35:65:6 Class C Wt: 12.5 Yield 2.04

Tail: 200 sx Class C Neat Wt- 14.8 Yield - 1.33 TOC - surface

Depth	Size	Weight	Grade	Thread	Hole Size
0-6,117'	5 1/2"	17	N-80	LTC	7 7/8"

Casing Collapse: 6,280 psi (NO SAFETY FACTOR)
 Casing Collapse: 5,024 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 7,740 psi (NO SAFETY FACTOR)
 Casing Burst: 6,192 psi (WITH SAFETY FACTOR 20%)

Cement: Lead: 561 sx of 50:50:10 Class C Wt- 11.9 Yield 2.38

Tail - 200 sx 50:50:2 Class C Wt- 14.2 Yield - 1.26 TOC - minimum 200' overlap

Note: If Minor problems arise a DV Tool will be utilized. DV Tool will be placed above the problem zone. Setting depth and cement volumes will be approved by the BLM before casing run by submitting a sundry and requesting approval.

Should we encounter major water flows or loss of returns that cannot be recovered, we will go with the alternate casing design below. (Plan B)

Fair17 Federal 2 Casing Design Plan B

CASING PROGRAM Surface

Depth	Size	Weight	Grade	Thread	Hole Size
0-520'	13 3/8"	48	H-40	STC	17 1/2"

Casing Collapse: 770 psi (NO SAFETY FACTOR)
 Casing Collapse: 616 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 1,730 psi (NO SAFETY FACTOR)
 Casing Burst: 1,384 psi (WITH SAFETY FACTOR 20%)

Cement: 564 sx Class C W/2% CaCl. Wt - 14.8 Yield - 1.34 TOC - surface

Depth	Size	Weight	Grade	Thread	Hole Size
0 - Unknown	9 5/8"	36	J-55	LTC	12 1/4"

This casing if needed will be set between 520' and 3100' with the cement adjusted proportionately based on Plan A cement blends and a fluid caliper. Tail will remain at 200 sacks. TOC - surface.

Casing Collapse: 2,020 psi (NO SAFETY FACTOR)
 Casing Collapse: 1,616 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 3,520 psi (NO SAFETY FACTOR)
 Casing Burst: 2,816 psi (WITH SAFETY FACTOR 20%)

Depth	Size	Weight	Grade	Thread	Hole Size
0-3,600'	7"	26	P-110	LTC	8 3/4"

Operator will use the same cement blends as proposed for the 9-5/8" casing. Lead 320 sacks, tail 200 sacks. Operator will adjust based on fluid caliper. TOC - surface

Casing Collapse: psi 6,210(NO SAFETY FACTOR)
 Casing Collapse: 4,968 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 9,960 psi (NO SAFETY FACTOR)
 Casing Burst: 7,968 psi (WITH SAFETY FACTOR 20%)

Depth	Size	Weight	Grade	Thread	Hole Size
0- 6117'	4 1/2"	11.6	N-80	LTC	6 1/8"

Operator will use same cement blends as proposed for the 5-1/2" casing shown in Plan A. TOC - minimum of 200' overlap into previous casing. Lead 160 sacks, Tail 125 sacks. Operator will adjust based on fluid caliper.

Casing Collapse: psi 7,010(NO SAFETY FACTOR)
 Casing Collapse: 5,608 psi (WITH SAFETY FACTOR 20%)
 Casing Burst: 7,780 psi (NO SAFETY FACTOR)
 Casing Burst: 6,224 psi (WITH SAFETY FACTOR 20%)

Should plan B be implemented cement volumes will be adjusted and approved by the BLM

Fair 17 Federal 2
30-015-41763
Fair Oil LTD
July 1, 2014
Conditions of Approval

1. The 13-3/8 inch surface casing shall be set at approximately 520 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If the salt is encountered, operator shall set casing a minimum of 25' above the salt. Conditions of Approval for surface casing still apply.**

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:
 Cement to surface. If cement does not circulate see B.1.a, c-d in original Conditions of Approval..

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Contingency program

1. The minimum required fill of cement behind the 7 inch intermediate casing is:
 Cement to surface. If cement does not circulate see B.1.a, c-d in original Conditions of Approval.

2. The minimum required fill of cement behind the 4-1/2 inch production casing is:
 Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

If operator uses a DV tool on any casing string, operator shall submit sundry for approval with cement details.

Remainder of original Conditions of Approval still apply.

WWI 070214