

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION
ARTESIA DISTRICT

APR 20 2017

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

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.

Artesia
RECEIVED

- 5. Lease Serial No.
NMMN0115465A
- 6. If Indian, Allottee or Tribe Name
- 7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. TOLES FEDERAL 1
2. Name of Operator READ & STEVENS INCORPORATED Contact: KELLY BARAJAS E-Mail: kbarajas@read-stevens.com		9. API Well No. 30-005-60782-00-S1
3a. Address P.O. BOX 1518 ROSWELL, NM 88202	3b. Phone No. (include area code) Ph: 575-622-3770	10. Field and Pool or Exploratory Area DIAMOND MOUND-MORROW
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T15S R27E SWSE 660FSL 1980FEL		11. County or Parish, State CHAVES COUNTY, NM

12. CHECK THE 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"/> Hydraulic Fracturing	<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 checked="" 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 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. In December 2016 casing leaks were isolated with a bridge plug/packer combination from 2374' to 2657'. Circulated up intermediate casing during cement job. The cement drilled out after the cement job was from 2402'-2552'. A CBL will be ran to confirm where cement is behind casing and confirm the quality of the bond. If CBL does not confirm cement is at 2402'-2552' then a cement squeeze will be done.
2. Dump/Bail an additional 165' cement on top of the 35' of cement and CIBP as required by the BLM above the Atoka-Morrow perfs.
3. The CIBP is at 8660' +/-.
4. Current top of cement is at 8625' +/-.

2 DONE w/out approval. must have approval for cement remediation.

Accepted for record - NMOCD

DC 4-20-17

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.		Electronic Submission #373057 verified by the BLM Well Information System For READ & STEVENS INCORPORATED, sent to the Roswell Committed to AFMSS for processing by JENNIFER SANCHEZ on 04/17/2017 (17JS0052SE)	
Name (Printed/Typed)	RORY MCMINN	Title	PRESIDENT
Signature	(Electronic Submission)	Date	04/17/2017
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	

APPROVED
 APR 17 2017
 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)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #373057 that would not fit on the form

32. Additional remarks, continued

5. Anticipate the new top of cement above CIBP #1 will be at 8460' +/-.
6. SD to allow for cement to cure.
7. Run packer and set at 7560'.
8. Swab the Penn-Strawn formation. If testing is not encouraging we will set CIBP above Penn-Strawn together with 200' of cement above the next CIBP #2.
9. Move forward with testing Grayburg-Premier Sand (Grayburg Top @ 1255') Premier Sand perforations at 1710'-1720'. San Andres (Top 1736') and the Glorieta (Top 2924') with perforations at 2930'-2935'.
10. If testing is encouraging we will return well to production. If unfavorable we will plug and abandon the well.

must have an approved sundry to P-S-A
the well.

Revisions to Operator-Submitted EC Data for Sundry Notice #373057

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	RCMPL NOI	RCMPL NOI
Lease:	NMNM0115465A	NMNM0115465A
Agreement:		
Operator:	READ & STEVENS P. O. BOX 1518 ROSWELL, NM 88202 Ph: 575-622-3770	READ & STEVENS INCORPORATED P.O. BOX 1518 ROSWELL, NM 88202
Admin Contact:	KELLY BARAJAS REPORT PREPARER E-Mail: kbarajas@read-stevens.com Ph: 575-622-3770	KELLY BARAJAS REPORT PREPARER E-Mail: kbarajas@read-stevens.com Ph: 575-622-3770
Tech Contact:	RORY MCMINN PRESIDENT E-Mail: rmcminn@readoperating.com Ph: 575-624-3754	RORY MCMINN PRESIDENT E-Mail: rmcminn@readoperating.com Ph: 575-624-3754
Location:		
State:	NM	NM
County:	CHAVES	CHAVES
Field/Pool:	DIAMOND MOUND-MORROW	DIAMOND MOUND-MORROW
Well/Facility:	TOLES FEDERAL 1 Sec 34 T15S R27E 660FSL 1980FEL	TOLES FEDERAL 1 Sec 34 T15S R27E SWSE 660FSL 1980FEL

**Toles Federal 1
30-005-60782
Read and Stevens, INC.
April 17, 2017
Conditions of Approval**

Notify BLM at 575-627-0205 a minimum of 24 hours prior to commencing work.

Work to be completed by July 17, 2017.

- 1. If CBL shows cement less than 500' above top most desired perf (1710'). Contact BLM.**
- 2. Operator shall add 165' of Class H cement on top of the CIBP at 8660' to seal the Morrow formation. WOC and TAG.**
- 3. If Penn-Strawn is uneconomic, operator will set a CIBP 50'-100' above top most perf and place 200' Class H Cement on top as proposed.**
- 4. Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails**
- 5. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.**
- 6. Surface disturbance beyond the originally approved pad must have prior approval.**
- 7. Closed loop system required.**
- 8. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over 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.**
- 9. Operator to have H2S monitoring equipment on location.**

10. A minimum of a **3000 (3M)** BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

11. Subsequent sundry required detailing work done. Operator to include well bore schematic of current well condition when work is complete.

12. If operator desires to P&A the well, submit NOI to P&A with current and proposed wellbore diagram.

13. See attached for general requirements.

JAM 041717

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-393-3612

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.