Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD
Rule 4?

FORM APPROVED
OM B No 1004-0137
Expires: March 31, 2007

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.

5. Lease Serial No.
NM109642

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

SEP 29 2008

2. Name of Operator **St. Mary Land & Exploration Company**

OCD-ARTESIA

8. Well Name and No.
Connie 19 Fed Com E, #001

3a. Address
3300 N. A. St., Bldg 7, Ste. 200, Midland, TX 79705

3b. Phone No. *(include area code)*
432-688-1789

9. API Well No.
30-015-36395

10. Field and Pool, or Exploratory Area
Und.Crow Flats; Wolfcamp

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

At Surface : 2000' FNL & 100' FWL (E)
At Proposed Prod. Zone 2000' FNL & 330' FEL (H)

19-16S-29E

11. County or Parish, State
Eddy Co. , N.M.

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other **Change proposed csg plans for New Drill & to Closed Loop Sy**
	☑ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 shall 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 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.)

A C-144 CLEZ form for a Closed-Loop System Permit submitted on 9/3/08. Also, we are proposing a change in original casing plans.

The Surface and Intermediate casing will be the same as approved on APD and we propose to run a 2nd intermediate casing as follows: 8 ¾" hole w/ 7" 26# N-80 LTC NEW csg set @ 7150 ft. Burst – 7240 psi. Collapse – 5410 psi. Tensile – 519,000#. Cement - Lead w/ 325 sx 50 50 Poz Cmt mixed at 11.9 ppg & 2.45 cu ft / sx. Tail w/ 200 sx Cl H mixed at 13.0 ppg & 1.67 cu ft /sx. TOC @ 2300 ft. Safety Factors - Burst – 2.3. Collapse – 1.7. Tensile – 3.2.

Production will change from 5 ½' casing to:
6 1/8" hole w/ 4 ½" 11.6# L-80 LTC liner from 6800 ft to 10,976 ft. Burst – 7780 psi. Collapse – 6350 psi. Tensile – 212,000#. The production liner will not be cemented to facilitate an open hole completion. ECP's will be run on the outside of the casing. They will be run every 1000 ft from the 7" casing shoe to TD. Estimated placement is 8500 ft & 9750 ft. The exact placement and number of ECP's could vary based on shows encountered during drilling. Safety Factors - Burst – 3.0. Collapse – 2.1. Tensile – 5.0.

Original APD approved 6/27/08.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

ACCEPTED FOR RECORD

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

Title **Production Tech**

Signature Donna Huddleston

Date **09/03/2008**

SEP 29 2008
Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
SEP 11 2008
WESLEY W. INGRAM
PETROLEUM ENGINEER

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)

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	St. Mary Land & Exploration Company
LEASE NO.:	NM 109642
WELL NAME & NO.:	Connie 19 Fed Com E #001
SURFACE HOLE FOOTAGE:	2000' FNL & 0100' FWL
BOTTOM HOLE FOOTAGE	2000' FNL & 0330' FEL
LOCATION:	Section 19, T. 16 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Hydrogen Sulfide has been reported as a hazard, but no measurements have been recorded. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

High cave/karst.
Possible lost circulation in the Grayburg and San Andres formations.
High pressure expected in the Wolfcamp and Cisco formation. Cisco formation may be penetrated by the pilot hole.

1. The 13-3/8 inch surface casing shall be set **at approximately 320 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If the salt is penetrated, the casing is to be set 25 feet above the salt. Additional cement will be required for the surface casing due to high cave/karst area. Recommend that 100% excess be onsite prior to cementing.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

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 above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst concerns.**

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the second intermediate casing must come to surface.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

Pilot hole to be plugged back to kick-off point.

3. The minimum required fill of cement behind the 7" inch second intermediate casing is:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Formation below the 7" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

4. The minimum required fill of cement behind the **4-1/2** inch production casing is:

   ☒ No cement required as operator is using a packer liner.

Packer liner is to be tested per Onshore Oil and Gas Order 2.III.B.1.b. Call BLM for witness of seal test.

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8"** intermediate casing shoe shall be **5000 (5M)** psi. **BOP/BOPE rating based on operator expected BHP and BLM geologist estimated bottom hole pressure.**

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. 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.

    d. 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.

    e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days.** This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

    f. A variance to test the BOP/BOPE **(entire system)** to the reduced pressure of **2400** psi after setting the surface casing is approved. **Full pressure test to be performed after setting intermediate casing.**

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 091108