

Scoggins #1

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATORS NAME Sun Expl. & Prod. Co. WELL NO. & NAME Scoggins Draw Federal Com. No. 1
 LOCATION T1980 F N L & 1980 F W L SEC. 22, T. 18 S., R. 27 E.
 LEASE NO. NM-13987 COUNTY Eddy

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- ☐ Lesser Prairie Chicken (Stips attached) ☐ San Simon Swale (Stips attached)
☐ Floodplain (Stips attached) ☐ Other _____

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

☒ The BLM will monitor construction of this drill site. Notify the Carlsbad Resource Area Office, BLM at least 2 working days prior to commencing construction at (505) 887-6544

☒ Roads and the drill pad for this well must be surfaced with 4 inches of compacted Caliche.

☐ All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

☐ Other _____

III. DRILLING OPERATIONS REQUIREMENTS

The Bureau of Land Management office is to be notified at (505) _____, in sufficient time for a representative to witness: 6 HRS.

- ☒ 1. Spudding ☒ 2. Cement casing 13 3/8 inch 8 5/8 inch 5 1/2 inch
☒ 3. BOP tests ☐ Other _____

IV. CASING

☒ 13 3/8 surface casing should be set at 500 feet and cement circulated to the surface. If cement does not circulate to the surface this BLM office will be notified and a temperature survey or cement bond log will be run to verify the top of the cement. Remedial cementing will be done prior to drilling out of that string.

☒ Minimum required fill of cement behind the 8 5/8 intermediate casing is to circulate to surface.

☒ Minimum required fill of cement behind the 5 1/2 production casing is to 600 feet above PAD.

V. PRESSURE CONTROL

☒ Before drilling below the 8 7/8" casing, the blowout preventer assembly will consist of a minimum of:

☒ One Annular Preventer ☒ Two RAM-Type Preventers ☐ Other _____

☒ After setting the 8 7/8" casing string, and before drilling into the GLORIETA Formation, the blowout preventers and related control equipment shall be pressure-tested as described in General Requirements. Any equipment failing to test satisfactorily will be repaired or replaced.

- ☒ The test will be conducted by an independent service company.
- ☒ The results of the test will be reported to the appropriate BLM office.
- ☒ The Bureau of Land Management office is to be notified in sufficient time for a representative to witness the test.

☒ Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, will be installed and operating before drilling into the WOLF CAMP Formation, and will be used until production casing is run and cemented. Monitoring equipment will consist of the following:

- ☒ 1. A recording pit level indicator to determine pit volume gains and losses.
- ☒ 2. A mud-volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
- ☒ 3. A flow-sensor on the flow-line to warn of any abnormal mud returns from the well.

☐ A Hydrogen Sulfide Contingency Plan will be approved by this BLM office before drilling below the _____ Formation. A copy of the plan will be posted at the drilling site.

☐ Other _____

VI. WELL COMPLETION REQUIREMENTS

☐ A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the Bureau of Land Management. The effective date of the agreement must be prior to any sales.

☒ Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

☒ A. Seed Mixture 1 (Loamy Sites)
Lehmanns Lovegrass (Eragrostis lehmanniana) 1.0
Side Oats Grama (Bouteloua curtipendula) 5.0
Sand Dropseed (Sporobolus cryptandrus) 1.0

☐ B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (Sporobolus cryptandrus) 1.0
Sand Lovegrass (Eragrostis trichodes) 1.0
Plains Bristlegrass (Setaria macrostachya) 2.0

☐ C. Seed Mixture 3 (Shallow Sites)
Sideoats Grama (Bouteloua curtipendula) 1.0
Lehmann's Lovegrass (Eragrostis lehmanniana) 1.0
or Boer Lovegrass (E. chloromelas)

☒ D. Seed Mixture 4 ("Gyp" Sites)
Alkali Sacaton (Sporobolus airoides) 1.0
Four-Wing Saltbush (Artriplex canescens) 5.0

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

☐ Other _____

IF A BLM TECHNICIAN IS NOT AVAILABLE WHEN CEMENTING, AN ACOUSTIC CEMENT BOND LOG AND/OR A TEMPERATURE SURVEY LOG WILL BE RUN APPROPRIATE.