Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

c151

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

5. Lease Serial No.

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

8. Well Name and No.
Avalon 1 Federal #2

2. Name of Operator
Bonneville Fuels Corporation

9. API Well No.
30 015 31104

3a. Address
1700 Braodway, Ste 1150, Denver CO 80290

3b. Phone No. *(include area code)*
303 863-1555 est 213

10. Field and Pool, or Exploratory Area
Foster Draw Delaware Gas

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
2686' FSL 1999' FEL Sec 1 T21S, R26E NMPM

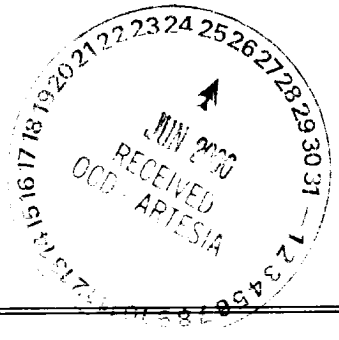
11. County or Parish, State
Eddy County, NM

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 Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operations (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.)

Bonneville Fuels Corp requests approval of revised point 3 of the 8 point drilling plan per previous conversation with Alexis Swoboda, petroleum engineer at BLM Roswell.
See attached revised point 3 of the 8 point plan.



14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)* R. A. Schwering P.E.

Title Operations Engineer

Signature

Date June 22, 2000

THIS SPACE FOR FEDERAL OR STATE USE

Approved by (ORIG. SGD.) ALEXIS C. SWOBODA

Title PETROLEUM ENGINEER

Date JUN 23 2000

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, makes 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 jurisdictio

(Instructions on reverse)

3. MINIMUM SPECS FOR PRESSURE CONTROL:

a. A diagram of the Surface Blowout Preventer Stack and Wellhead Equipment is presented in Exhibit #1a & 1b. The wellhead equipment for the production hole (12-1/4" @ 2,422 ' MD: 2360' TVD) is altered only by the replacement of the 13-5/8" 3000 psi WP starting head with an 11" or 9" 3000 psi WP starting head for the drilling of the 7-7/8" production hole. A diagram of the Choke Manifold is presented in Exhibit #2. All BOP & Choke Manifold equipment will be rated to 3000 psi Working Pressure(WP)minimum (min).

b. Surface Casing Wellhead Equipment will consist of:

i. A 13-5/8" slip-on weld-on 3000 psi WP(min) braiden head w/ 2: 2" SE outlets with 2:2" SE XXHVY nipples and 2:2" SE FO 3000 psi WP(min) ball valves. This braiden head will be welded-on & nippled-up after the 700' MD (700' TVD) of 13-3/8" Surface Casing is set and cemented. This starting head will be removed after the 8-5/8" protective casing has been set and successfully cemented tc surface.

ii. All wellhead and BOP equipment and the 13-3/8" Surface Casing will be pressure tested to 1000 psi with the rig pumps pricr to drilling out.

c. Protective Casing Wellhead Equipment will consist of:

i. An 11" slip-on weld-on 3000 psi WP(min) braiden head w/ 2: 2" SE outlets with 2: 2" SE XXHVY Nipples and 2: 2" SE FO 3000 psi WP(min) ball valves. This braden head will be welded onto the 8-5/8" Protective Casing as soon as the 13-5/8" Braden head has been cut-off the 13-3/8" surface casing and ONLY after the 8-5/8" protective casing at 2422' MD (2360' TVD) has been set and successfully cemented to surface.

ii. All wellhead and BOP equipment and the 8-5/8" Protective Casing will be pressure tested to 2500 psi prior to drilling-out the 7-7/8" Production Hole.

d. The BOP Equipment, nippled-up on the 13-5/8" 3000 psi starting head for the 12-1/4" Intermediate Hole will be as follows:

i. A 13-5/8" Nom. 3000 psi WP(min) mud cross with a 2" 3000 psi WP(min)FO FE kill-side inlet and a 4" 3000 psi WP(min) FO FE choke-side outlet.

ii. A 13-5/8" Nom. 3000 psi WP(min) hydraulic annular preventer.

iii. A 13-5/8" Nom. rotating head with fill-up and flow-line connections. The flow-line will tie-in to a gas buster.

3. MINIMUM SPECS FOR PRESSURE CONTROL (CONTINUED):

e. The BOP Equipment, nippled-up on the 11" 3000 psi starting head for the 7-7/8" Production Hole will be as follows:

i. An 11" Nom. 3000 psi WP(min) mud cross with a 2" 3000 psi WP(min)FO FE kill-side inlet and a 4" 3000 psi WP(min) FO FE choke-side outlet.

ii. An 11" Nom. 3000 psi WP(min) double gate (or dual equivalent single gate) hydraulic ram-type preventer with Pipe Rams over Blind Rams. Pipe rams are anticipated to be 4-1/2".

iii. An 11" Nom. 3000 psi WP(min) hydraulic annular preventer.

iv. A 13-5/8" or 11" Nom. rotating head with fill-up and flow-line connections. The flow-line will tie-in to a gas buster.

f. The BOP Choke and Kill Line Equipment nippled-up on the 13-5/8" and 11" 3000 psi. BOP stacks will consist of:

i. A choke manifold consisting of an inside 4" 3000 psi WP(min) FO FE master gate valve run in the CLOSED position (at the wellhead) with an outside mounted 4" 3000 psi WP(min) Hydraulic FO FE Master Valve run in the OPEN position, a 4"(min nom) x 3,000 psi WP(min) FE welded choke line between the master valves and the choke manifold - consisting of a 2 x 4" and 2 x 2" 3000 psi WP[min] FE cross with a 4" 3000 psi WP(min) FO FE gate valve immediately upstream, and a 4" 3000 psi WP(min) ball/gate valve immediately downstream, of the manifold cross. Between the downstream 4" 3000 psi WP(min) FO FE ball/gate valve and the manifold cross will be a 4" x 4" x 2" 3000 psi WP(min) FO FE tee with a 2" 3000 psi WP(min) FO FE ball/gate valve with a 2" 3000 psi WP(min) Gauge Assembly for monitoring pressure at the choke manifold. The choke manifold will have 2: 2" 3000 psi FO FE ball/gate valves between the manifold cross and the 2: 2" FO FE 3000 psi(min) adjustable chokes (a total of 4: 3" 3000 psi ball/gate valves - 2 on each wing). One of these adjustable chokes will be hydraulically operated. Provision will be made to tie in DST surface lines to the choke manifold thru an optional 2" 3000 psi WP(min) FO FE tee above the 2" 3000 psi WP(min) ball/gate valve down stream of the choke manifold cross. The 4" blooey line downstream of the choke manifold will be staked down and targeted in the flare pit. The 2: 2" lines downstream of the chokes will be appropriately staked down to return mud to the mud tanks via a gas buster, fluids to a test tank, and gas to a flare pit.

ii. A gas buster will be installed to de-gas fluid returns during drilling/well control operations and to return de-gassed fluid to the mud pits and to convey gas to a flare pit.

3. MINIMUM SPECS FOR PRESSURE CONTROL (CONTINUED):

f. The BOP Choke and Kill Line Equipment nippled-up on the 13-5/8" and 11" 3000 psi. BOP stacks will consist of: Continued:

iii. A 3000 psi WP(min) FO safety valve and a 3000 psi WP(min) dart valve, with drill pipe threads and subs to meet other drill string threads, will be kept on the drill floor after the 13-3/8" surface casing is set. A 3000 psi(min) WP Upper Kelly valve and a 3000 psi WP(min) Lower Kelly valve will be kept on the kelly throughout drilling operations. All valves, and the wrenches to operate these valves, will be maintained on the floor in good order throughout drilling operations.

iv. An accumulator with sufficient capacity to operate the BOPE against a 2000 psi well pressure(min) will be used to operate the BOP system. It shall contain the fluid capacity calculated to open and close the Hydraulic inside master valve, pipe rams, and annular preventer 1 time each, and then to close the pipe rams and annular preventer 1 additional time(min) and retain accumulator pressure at 200 psig over the pre-charge pressure OR THE MINIMUM CAPACITY OF WORKING FLUID REQUIRED BY ON-SHORE ORDER NO. 2 - whichever is the lesser. The accumulator working pressure shall be 1,500 psi(minimum) with a pre-charge pressure between 900 - 1,200 psi(minimum). A Nitrogen bottle system shall provide independent (reserve) power to operate the system in the event rig motors must be shut down.

v. The kill-side manifold will consist of 2:2" 3000 psi WP(min) FO FE master valves with an outside 2" 3000 psi(min) FO FE check valve. The inside valve will be kept in the closed position. The outside 2" master valve will be kept in the open position. The kill line will be connected to the stand-pipe by a 2" 3000 psi WP(min) welded or co-flexip type kill line. THE KILL LINE WILL IN NO CASE BE USED FOR THE FILL-UP LINE.

g. BOPE Stack Testing Procedures and Operational Test Frequency:
NOTE: ALL pressure tests and operational/function tests and drills will be recorded/described on the IADC tour sheets.

i. Stack Test for the 12-1/4" Intermediate Hole: Use Rig Pumps: ALL of the pressure side BOP Equipment specified in Part d. above will be nippled-up on the 13-3/8" surface casing. All of the drill collars and a single joint of drill pipe will be run in the hole and each component will be hydraulically tested for ten(10) minutes(min) to 1000 psi and five(5) minutes(min) to 300 psi prior to drilling out cement. After the float collar is drilled out of the surface casing, and prior to drilling out the shoe, the surface casing will again be pressure tested to 1,000 psi for ten(10) minutes(min) against the Annular Preventer.

3. MINIMUM SPECS FOR PRESSURE CONTROL (CONTINUED):

g. BOPE Stack Testing Procedures and Operational Test Frequency: Continued:

ii. Operational checks while drilling the 12-1/4" intermediate hole: Pipe rams will be operationally checked each 24 hour period, and the Blind rams operationally checked each time that pipe is pulled from the hole. BOP drills will be run and recorded for each tour at least once every seven(7) days.

iii. Stack Test for the 7-7/8" Production Hole: 3rd Party Test: The 8-5/8" casing, Blind Rams and all choke manifold lines and valves to the chokes and panic line, all kill side valves and the kill line will be nippled-up on the casing spool and each component will be hydraulically tested for ten(10) minutes(min) to 3,000 psi and five(5) minutes(min) to 300 psi. The Upper and Lower Kelly Valves will be hydraulically tested on the kelly for ten(10) minutes(min) each to 3,000 psi and for five(5) minutes(min) to 300 psi. All of the drill collars and at least 1,000' of drill pipe will then be run in the hole and then the Pipe Rams and the 8-5/8" casing will then be tested to 3,000 psi for thirty(30) minutes(min). After the float collar is drilled out of the intermediate casing, and prior to drilling out the shoe, the intermediate casing and the Annular Preventer will again be pressure tested to 1,500 psi for ten(10) minutes(min) prior to drilling out the shoe.

iv. Operational checks while drilling the 7-7/8" Production Hole: Pipe rams will be checked each day. Blind rams will be checked each time that the drill string is pulled from the hole. A packer will be installed and the surface BOP equipment will be pressure tested every 30 operating days after the initial stack pressure test. BOP drills will be run and recorded for each tour at least once every seven(7) days.

3. MINIMUM SPECS FOR PRESSURE CONTROL (CONTINUED):

h. Tripping and production casing procedures for well control:

i. For the 12-1/4" intermediate hole:
A mud weight of 8.4 PPG to 9.5 PPG is anticipated at a depth of 2,422' MD (2,360' TVD). The well will be drilled by a triple-derrick rig (92' avg. length per stand). The well will be monitored each 5 stands to insure that the BHA is not swabbing the well in. The well will be filled after each 20 stands of drill pipe, 3 stands of 7" drill collars, and as each stand of large outside diameter drill collars (8" O.D. or larger) are pulled from the hole. Pits will be monitored in order to insure that the well is taking fluid on trips if the well will stand full of fluid. In the event that the bit is plugged on a trip the well will be filled after each 7 stands of drill pipe are pulled from the well and as each stand of drill collars are pulled from the well. Swabbing will be checked each 3 stands. NOTE: If returns are lost completely while drilling this interval (AS IS LIKELY) then 25 Bbl. of mud containing at least 10 PPB of Lost Circulation Material will be pumped in the well each 30 minutes(min) on trips out of the hole.

ii. For the 7-7/8" production hole:
The anticipated maximum bottom-hole formation pressures are 1,500 psig @ 3,349' MD (TOP of EPF Sand #1 in Cherry Canyon Member of Delaware Fm. @ 3,113' TVD). The anticipated mud weight in this Production Hole Interval is 10.0 to 10.2 PPG. A mud weight sufficient to provide a 100 psig overbalance against the pay sands in the Delaware Fm. will be maintained in the well. The well will be drilled by a triple-derrick rig (92' avg. length per stand). The well will be monitored each 2 stands on trips to insure that the BHA is not swabbing the well in. The well will be filled after each 9 stands of drill pipe and as each stand of drill collars are pulled from the hole. Pits will be monitored in order to insure that the well is taking fluid on the trip. In the event that the bit is plugged on a trip then the well will be filled after each 2 stands of drill pipe are pulled from the well and as each stand of drill collars are pulled from the well. Swabbing will be checked each stand.

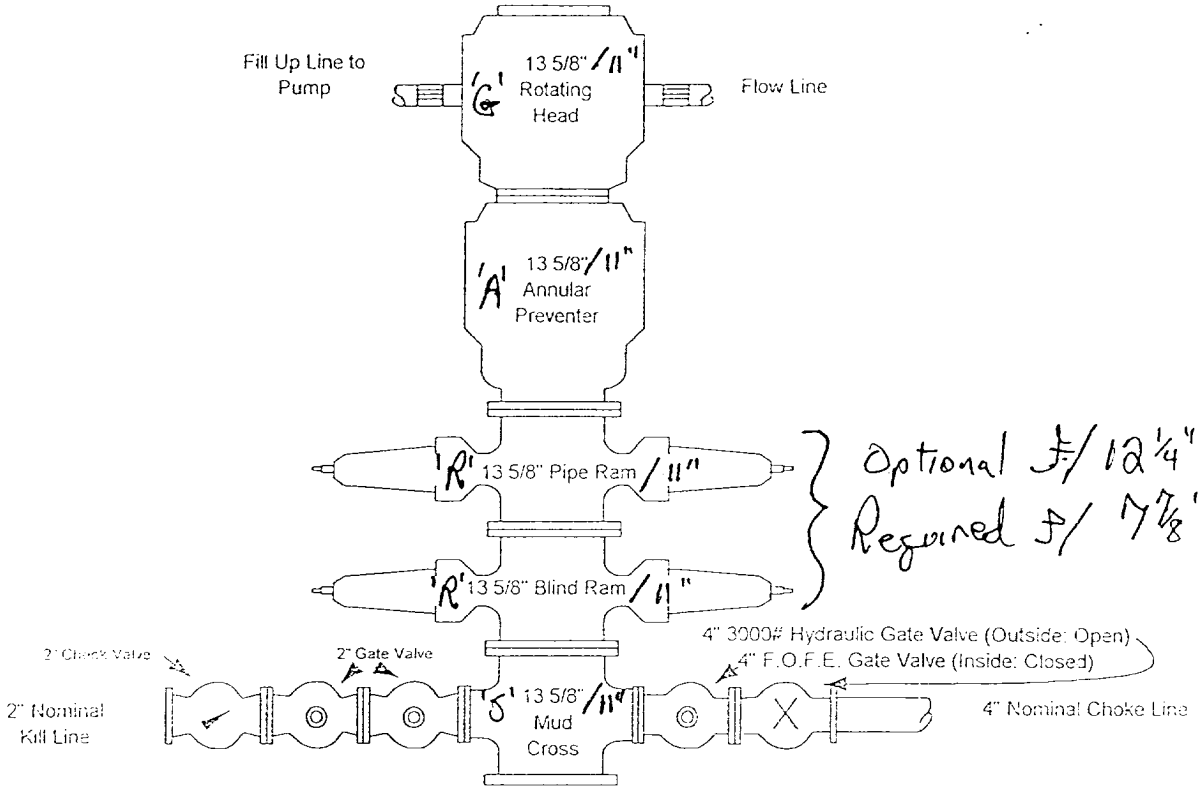
iii. Procedures for running production casing:
Prior to running production casing the hole will be filled. The blind rams will be closed and the well will be monitored for flow while a set 5-1/2" casing rams will be installed in the BOP to replace the pipe rams. Casing will then be run and cemented. The BOPE will remain nippled up UNTIL the well is cemented.

Exhibit #1

Avalon 1 Federal #2
Minimum Blow-Out Preventer Requirements
All 3000 PSI WP Equipment
(Except Casinghead & Spools as Noted Below)

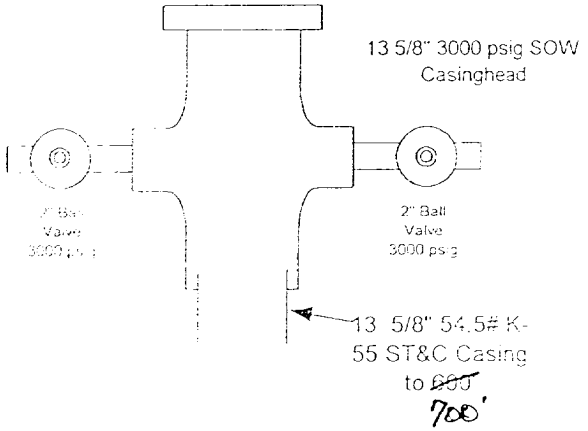
13 5/8" 3000 psi Preventer (SAG)
Required f/ 12¼" Hole.

11" 3000 psi preventer (SRRAG)
Required f/ 7⅞" Hole.



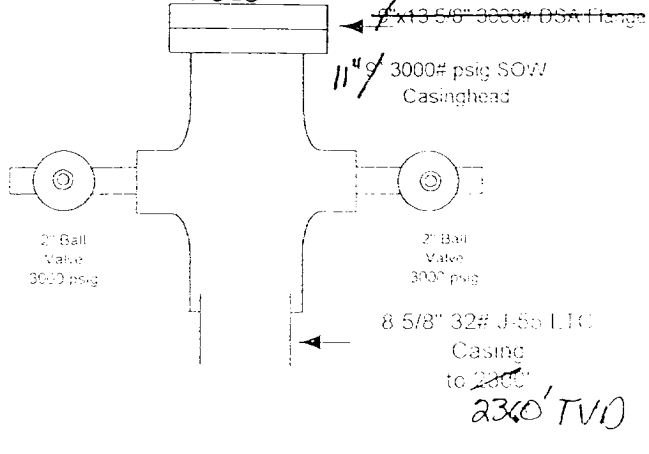
Wellhead Equipment
Protective Profile:

~~600'-2300'~~
700'-2360' : TVD



Wellhead Equipment
Production Profile:

~~2300'~~ TD
2360'



Avalon 1 Federal #2
Choke Manifolds
All 3000 PSI WP Equipment

Exhibit #2