

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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. **HOBBS OCD**

SUBMIT IN TRIPLICATE - Other instructions on reverse side. JUL 07 2015

| | | | |
|--|--|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8. Well Name and No. 8105 JV-P MESA 3H | |
| 2. Name of Operator BTA OIL PRODUCERS | | Contact: PAM INSKEEP E-Mail: pinskeep@btaoil.com | 9. API Well No. 30-025-41290-00-X1 |
| 3a. Address 104 SOUTH PECOS STREET MIDLAND, TX 79701 | | 3b. Phone No. (include area code) Ph: 432-682-3753 Ext: 139 Fx: 432-683-0325 | 10. Field and Pool, or Exploratory JENNINGS |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T26S R32E SWSW 265FSL 205FWL | | 11. County or Parish, and State LEA COUNTY, NM | |

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 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 checked="" type="checkbox"/> Other Drilling Operations |
| | <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 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.)

BTA respectfully request the following changes to the original APD, as approved:

Original: Prod Csg 5-1/2" 20# P-110 LTC
Change to: Prod Csg 5-1/2" 17# P-110 LTC

Original: 5000 BOP
Change to: 3000 BOP

Amended Drilling Program pg 1-2 and BOP schematics are attached.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

**Electronic Submission #305163 verified by the BLM Well Information System
For BTA OIL PRODUCERS, sent to the Hobbs
Committed to AFMSS for processing by JENNIFER SANCHEZ on 07/01/2015 (15JAS0067SE)**

| | |
|--|--------------------------------|
| Name (Printed/Typed) PAM INSKEEP | Title REGULATORY ADMINISTRATOR |
| Signature (Electronic Submission) | Date 06/16/2015 |
| APPROVED | |
| JUL 1 2015 | |
| Approved By _____ | Title _____ |
| BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE | |
| Office _____ | |

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.

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.

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

JUL 14 2015

jm

APPLICATION FOR DRILLING

BTA OIL PRODUCERS, LLC
8105 JV-P Mesa #3H
265' FSL & 205' FWL
UL -M-, Sec. 1, T26S, R32E Surface
330' FNL & 430' FWL
UL -D-, Sec. 1, T26S, R32E Bottom
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, BTA Oil Producers submits the following 10 items for pertinent information in accordance with BLM requirements:

1. Geologic surface formation is Quaternary.
2. Top of geologic markers & depths of anticipated fresh water, oil or gas:

| | | |
|-----------------|--------|-----|
| Anhydrite | 708' | |
| Top of Salt | 1,348' | |
| Base of Salt | 4,438' | |
| Delaware | 4,698' | Oil |
| Bell Canyon | 4,738' | Oil |
| Cherry Canyon | 5,958' | Oil |
| Brushy Canyon | 7,248' | Oil |
| Bone Spring | 8,913' | Oil |
| Avalon Target 1 | 9,618' | Oil |

No other formations are expected to yield oil, gas, or fresh water in measurable volumes. Depth to fresh water, in this area, is 175'. The surface fresh water sands will be protected by setting 13-3/8" csg at ^{780'}750', cemented back to surface.

All shows of fresh water and minerals will be reported and protected. A sample will be taken of any water flows and furnished to the BLM, Division of Minerals. All oil and gas shows will be adequately tested for commercial possibilities, reported and protected.

3. Proposed Casing and Cementing Program:

| <u>Hole Size</u> | <u>OD Casing</u> | <u>Setting From</u> | <u>Depth to</u> | <u>Weight</u> | <u>Grade</u> | <u>Joint</u> |
|------------------|------------------|---------------------|-----------------|---------------|--------------|--------------|
| 17-1/2" | 13-3/8" | 0' | 780' | 54.5# | J55 | STC |
| 12-1/4" | 9-5/8" | 0' | 4,650' | 40# | J55 | LTC |
| 8-3/4" | 5-1/2" | 0' | 14,119' | 17# | P110 | LTC |

Minimum Casing Design Factors:

| | |
|----------|-------|
| Collapse | 1.125 |
| Burst | 1.0 |
| Tensile | 1.8 |

Depending upon availability at the time that the casing is run, equivalent weights and grades may be substituted. All casing will be new.

4. Cement Program:

I. Surface Casing:

- Lead: 500 sx ExtendaCem-CZ.
 - Yield 1.68 ft³/sk
- Tail: 340 sx HalCem – C with 2% Calcium Chloride.
 - Yield 1.35 ft³/sk
- Cement circulated to surface. 100% Excess.

II. Intermediate Casing:

- Lead: 1,320 sx EconoCem – HCL with 5 lbm/sk Kol-Seal and 5% Salt.
 - Yield 1.89 ft³/sk
- Tail: 250 sx HalCem – C.
 - Yield 1.33 ft³/sk
- Cement circulated to surface. 100% excess.

III. Production Casing:

- Lead: 1,730 sx VersaCem – PBSH2 with 0.5% Halad (R)-344, 0.3% CFR-3, 1 lbm/sk Salt, 0.4% HR-601.
 - Yield 1.61 ft³/sk
- Tail: 485 sx SoluCem – H with 0.25 lbm/sk D-Air 5000, 0.75% HR-601.
 - Yield 2.63 ft³/sk.
 - Weight 15.0 lbm/gal.
 - Top of Tail Cement: 9,574' MD.
- Cement calculated to tie back 500 ft into intermediate casing. 50% Excess above KOP, 10% excess TD to KOP.

Note: All casing strings will be pressure tested to 0.22 psi/ft. of setting depth or 1500 psi (whichever is greater) after cementing and prior to drillout.

5. Pressure Control Equipment:

The 13-5/8" blowout preventer equipment (BOP) shown in Exhibit A will consist of a (3M system) double ram type (3000 psi WP) preventor and a bag-type (Hydril) preventor (3000 psi WP). Will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. The BOP's will be installed on the 13-3/8" casing and utilized continuously until TD is reached. All BOP's and associated equipment will be tested as per BLM drilling Operations Order No. 2.

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily driller's log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines, and choke manifold having a 3000 psi WP rating.

The 13-5/8" blowout preventer equipment (BOP) shown in exhibit A will consist of a (3M system) double ram type (3000 psi WP) preventer and a bag type (Hydril) preventer (3000 psi WP). Will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and 4-1/2" drill pipe rams on bottom. The BOP's will be installed on the 13-3/8" casing and utilized continuously until TD is reached. All BOP's and associated equipment will be tested as per BLM drilling operations order No 2.

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3,000 psi BOP Schematic

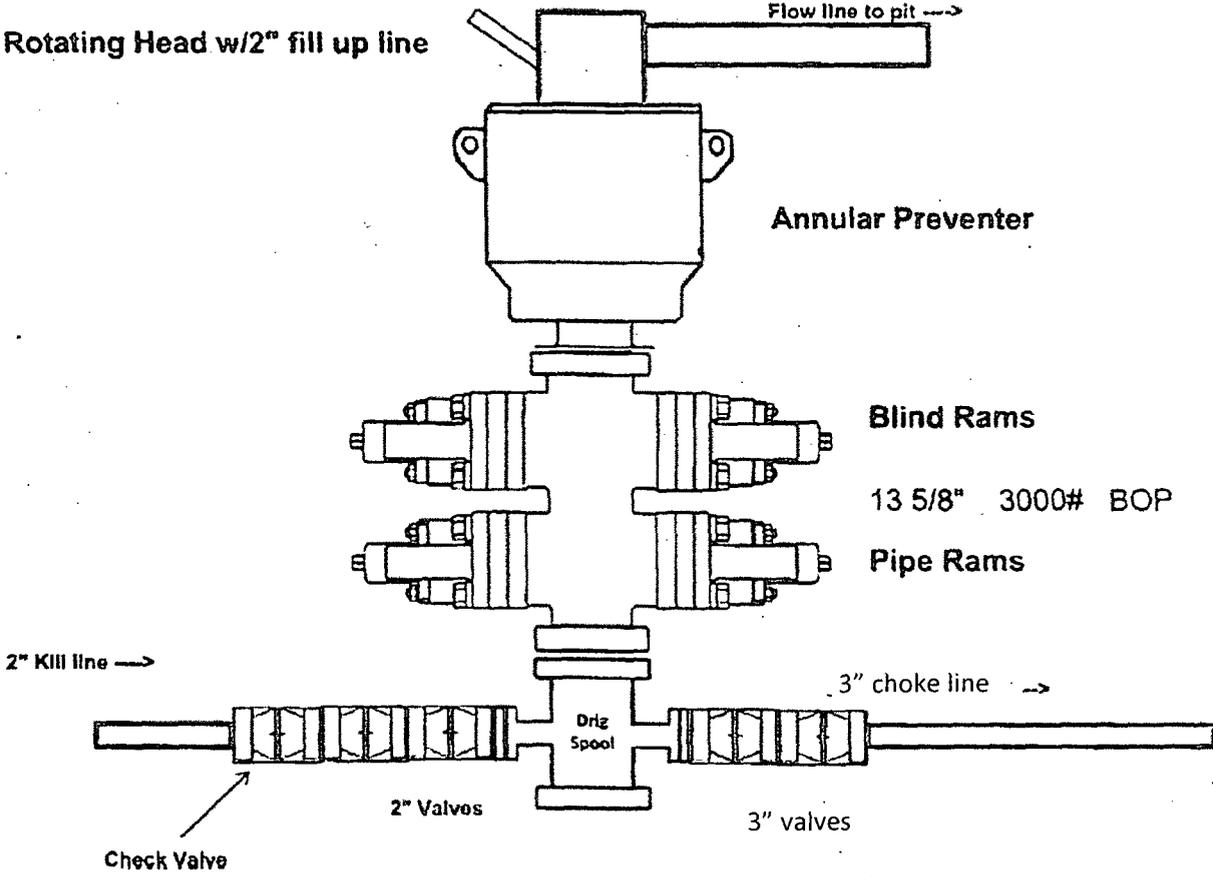
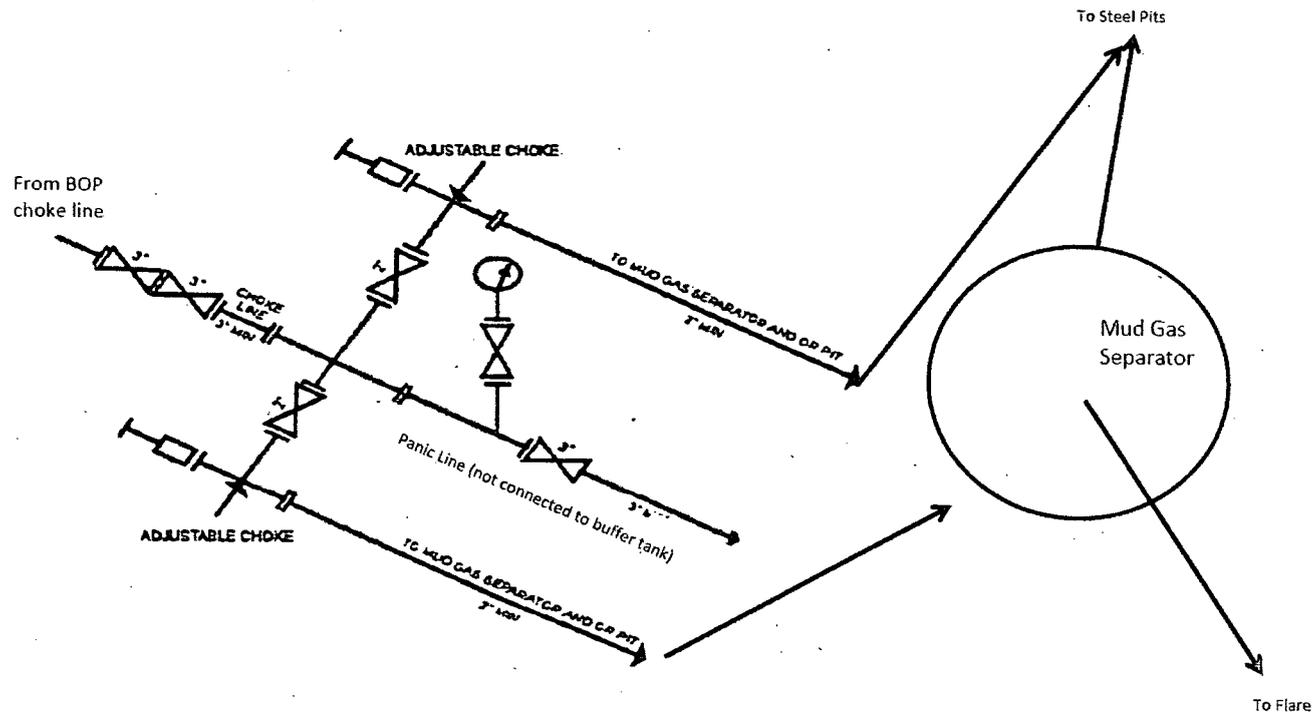


Exhibit A



3M choke manifold design

Exhibit A1

PECOS DISTRICT
CONDITIONS OF APPROVAL

| | |
|-----------------------|------------------------------------|
| OPERATOR'S NAME: | BTA Oil Producers, LLC |
| LEASE NO.: | NMNM-14492 |
| WELL NAME & NO.: | 8105 JV-P Mesa 3H |
| SURFACE HOLE FOOTAGE: | 0265' FSL & 0205' FWL |
| BOTTOM HOLE FOOTAGE: | 0330' FNL & 0430' FWL |
| LOCATION: | Section 1, T. 26 S., R 32 E., NMPM |
| COUNTY: | Lea County, New Mexico |
| API: | 30-025-41290 |

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

- 1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, report measured amounts 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
- 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 is located, this does not include the dog house or stairway area.

4. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

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

Wait on cement (WOC) for Water Basin:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least **8 hours**. WOC time will be recorded in the driller's log. 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.

Medium Cave/Karst

Possible water and brine flows in the Salado, Castile, Delaware, and Bone Springs Formations.

Possible lost circulation in the Red Beds, Delaware, and Bone Springs Formations. Recent research revealed that the Bone Springs may be over pressured in the 1st and 3rd sand units near NM-TX borders. Be cautious and notify BLM if any abnormal pressures are encountered in this interval.

1. The 13-3/8 inch surface casing shall be set at approximately 780 feet (**in a competent bed below the Magenta Dolomite, which is a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt**) and cemented to the surface.
 - 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - 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.

Intermediate casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

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.**

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.
4. 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 **3000 (3M)** psi.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.

- e. 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.**
- f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion 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.

JAM-070115