

Submit 1 Copy To Appropriate District  
Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
Revised July 18, 2013

WELL API NO. 30-015-03187	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. B-1266	
7. Lease Name or Unit Agreement Name State I	
8. Well Number #16	
9. OGRID Number 328947	
10. Pool name or Wildcat GRBG Jackson, SR-Q-GRBG-SA	
SUNDY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Spur Energy Partners, LLC	
3. Address of Operator 9655 Katy Freeway, Suite 500, Houston TX 77024	
4. Well Location Unit Letter <u>P</u> : <u>990</u> feet from the <u>S</u> line and <u>330</u> feet from the <u>E</u> line Section <u>29</u> Township <u>17S</u> Range <u>29E</u> NMPM County <u>Eddy</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3584' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1. Drill out surface plug @ 0' - 100'. Circulate well and pressure up on plug @ 600' - 175'.
2. Drill out plug @ 175' - 600'. Tag next plug @ 620'. Circulate hole clean. Pressure test plug @ 1050' - 620'.
3. Drill out plug @ 620' - 1050'. Tag next plug @ 1275'. Circulate hole clean. Pressure test plug @ 1275' - 1500'.
4. Drill out plug @ 1275' - 1500'. Tag next plug @ 1547'. Circulate hole clean. Pressure test plug @ 1547' - 1800'.
5. Drill out plug @ 1547' - 1800'. Tag plug @ 2290'. Circulate hole clean. Pressure test plug @ 2290' - 2545'.
6. Drill out cement and CIBP @ 2290' - 2545'. Circulate hole clean. Tag next CIBP @ 4450. Pressure test plug.
7. Run temperature, CBL & Noose Logs.
8. Spot 25 sx on top of CIBP @ 4450' - 4250'.
9. Set 5 1/2" CIBP @ 2546'. Circulate hole w/ MLF. Pressure test csg & verify perms @ 2344-2494 were squeezed.
10. Spot 25 sx class C cmt @ 2545-2345'. WOC & Tag.
11. Spot 25 sx cmt @ 1750-1650'. (Queen)
12. Spot 25 sx cmt @ 900-700'. (B/Salt)
13. Perf & Sqz 130 sx cmt @ 586-Surface.
14. Cut off well head, verify cmt to surface, weld on Above Ground Dry Hole Marker.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*Todd Me*

TITLE

EXP-Op

DATE

11/6/2021

Type or print name

Todd Me

E-mail address:

todd@spurenergy.com

PHONE:

281.795.2286

For State Use Only

APPROVED BY:

*[Signature]*

TITLE

Special Projects

DATE

1/7/21

Conditions of Approval (if any):

Conditions of approval attached.

## **Conditions of Approval**

**Re-entry and re-plugging of State I #16  
API 30-015-03187**

**Approved January 7, 2021**

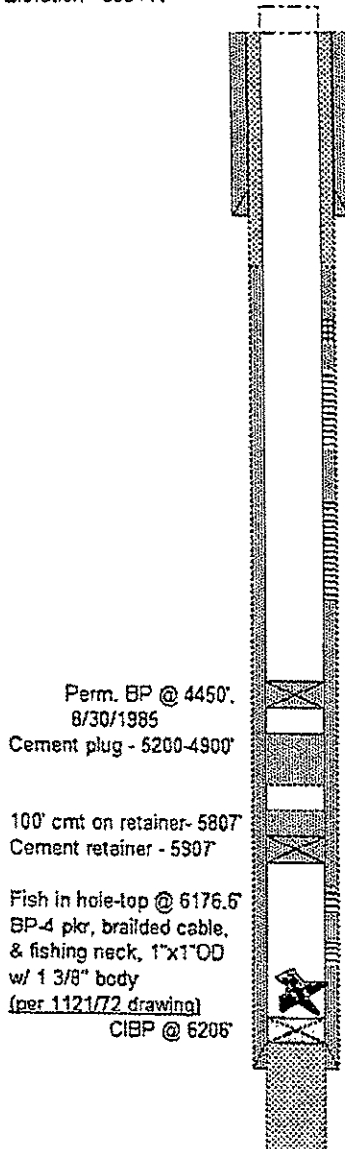
1. A properly tested and functioning blowout preventer must be used.
2. Operations must adhere to an H<sub>2</sub>S plan.
3. Must use a closed-loop system for cuttings and drilling fluids with additional tanks on location for fluid control.
4. Re-plugging shall not commence until the OCD grants written approval after review of the logs and pertinent investigation information.
5. Based upon the investigation information received, the re-plugging depths and the number of plugs may be changed by OCD as needed.

Wellbore Diagram:

Lease & Well # State I #16

Elevation - 3584 K

KB -



8 5/8" 20# @ 536', 100 sx cmt, circ.

Top of cmt @ 1859', CBL 1/26/85

GB/SA

2344-2630 20 holes, 4/2/85

Acidized 1000 gal 15% NEFE

Squeezed 2344-2494' w/150 sx 4/3/85,

(according to field reports, but not reported on C-105)

2591-2655 10 holes, 4/5/85

Frac w/20,000 gal GW, 218 sx sd

2733-3358, 40 holes 3/28/85

Acidized w/2000 gal 15% NEFE

Frac 2733-2940 w/20,000 gal GW, 35,000# Sd

Paddock:

3955-4270

Acidized w/2000 gal 15% NEFE

Frac w/42,000 gal GW, 45,500 # sd

Abo?

6152-57, 6160-65 8/26/1963

Acidized w/500 gal 15% NEFE

6178-88 7/3/1962

Acidized w/3000 gal 15% NEFE

5 1/2" 15.5# csg @ 6223', c/w 570 sx TOC @ 2900'

Completed natural, 6/1/62.

Open Hole to 6235

30-015-03187  
32.8009605  
-104.0894394

# Wellbore Diagram:

Lease & Well# State #16

Elevation - 3584 K

KB -

30-015-03187

32.8009605

-104.0894394

Top of cmt @ 1859', CBL 1/26/85

GB/SA

2344-2530 20 holes, 4/2/85

Acidized 1000 gal 15% NEFE

Squeezed 2344-2494 w/150 ex 4/3/85

(According to field reports, but not reported on C-105)

2531-2655 10 holes, 4/5/85

Frac w/20,000 gal GW, 218 ex sd

2733-3358, 46 holes 3/26/86

Acidized w/2000 gal 15% NEFE

Frac w/20,000 gal GW, 35,000# Sd

Perm. BP @ 4450',

6/30/1985

Cement plug - 5200-4300'

100' cmt on retainer- 5807

Cement retainer - 5507'

Fish in hole-top @ 6176.5

BP-4 pkr, braided cable,

& fishing neck, 1"x1"OD

w/ 1 3/8" body

(per 112172 drawing)

CIBP @ 6205'

8 3/8" 200' @ 535', 100 ex cmt. cmt.

13. Perf & Sqz 130 sx cmt @ 586-Surface.

12. Spot 25 sx cmt @ 900-700'. (B/Salt)

11. Spot 25 sx cmt @ 1750-1650'. (Queen)

10. Spot 25 sx classC cmt @ 2545-2345'. WOC & Tag.

9. Set 5 1/2" CIBP @ 2546'. Circulate hole w/ MLF. Pressure test csg & verify perfs @ 2344-2494 were squeezed.

Paddock:

3955-4270

Acidized w/2000 gal 15% NEFE

Frac w/42,000 gal GW, 45,500 # sd

8. Spot 25 sx on top of CIBP @ 4450' - 4250'.

7. Run Temperature, CBL, & Noise Logs

6. Tag CIBP @ 4450'.

Abo?

6152-57, 5160-85 8/26/1983

Acidized w/500 gal 15% NEFE

6176-58 7/3/1982

Acidized w/3000 gal 15% NEFE

5 1/2" 15.5# csg @ 5223', c/w 570 sx TOC @ 2500'

Completed natural, 6/1/82.

Open Hole to 5235

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Michelle Lujan Grisham  
Governor

Sarah Cottrell Propst  
Cabinet Secretary

Todd E. Leahy, JD, PhD  
Deputy Cabinet Secretary

Adrienne Sandoval  
Director, Oil Conservation Division



December 31, 2020

**By Electronic Mail**

Mr. Todd Mucha  
Executive Vice President – Operations  
Spur Energy Partners  
9655 Katy Freeway, Suite 500  
Houston, Texas 77024  
todd@spurepllc.com

RE: Updated Request for Confirmation of Compliance with 19.15.29 NMAC

Mr. Mucha,

On December 24, 2020 the New Mexico Oil Conservation Division (OCD) sent a request for confirmation of Spur Energy's (Spur) compliance with OCD Rule 19.15.29 regarding substantial volumes of produced water and hydrogen sulfide gas reaching the surface at latitude 32.801639°, longitude -104.088583° in Eddy County west of Loco Hills, New Mexico. The concentration of H<sub>2</sub>S has been detected at concentrations exceeding 100 ppm. This release has the potential to impact people, animals, and the property at and around the location. Per 19.15.29.7(2) NMAC, this is considered a "major release" possibly subject to an OCD emergency order per 19.15.2.11 NMAC.

The OCD has found information on nearby wells that could be a potential source of the release:

- State I #16, API#30-015-03187. This well recently had fluid identified around the plugged casing with no apparent source. Based on field information received by the OCD, a release to surface has happened previously in the same area.
- Blue Streak Fed #1, API #30-015-21308. OCD documents show this well had fluid flowing from the casing to the surface in 2009. There was a subsequent shallow repair performed which appears to have isolated the flow to the surface but may not have isolated the source of the flow.

Pursuant to 19.15.29.8 NMAC, Spur Energy must immediately take the following actions:

1. Rig up and start reentry of the State I #16, API#30-015-03187 no later than **January 11, 2020**.
  - a. Re-enter the well to a depth of at least 4000'.

December 31, 2020

Page 2

- b. Perform cement bond, temperature, and noise logs as an assessment of the well once it has been re-entered.
  - c. All investigation information must be immediately provided to the OCD.
  - d. All downhole remedial workplans must be submitted to the OCD for review and approval prior to performing the work. Spur must provide verbal notification of any submittals at their time of submission, so they can be expedited.
  - e. A final re-plugging plan will need to be submitted to the OCD for review and approval prior to performing the work.
2. If the State I #16 is determined not to be the source of the flow to surface, Spur must have a plan in place to start reentry of the next most likely source of the release identified by the OCD as Blue Streak Fed #1, API #30-015-21308 within 10 days following the determination.

As requested in the December 24, 2020 letter, Spur Energy has not provided some of the information requested and is required to immediately rectify these deficiencies or potentially face further actions. The deficient areas are:

- 1. Failure to provide a H<sub>2</sub>S Plan to the OCD.
  - a. Spur must perform the calculations required by 19.15.11.8 NMAC by no later than **January 6th, 2021.**
  - b. If the calculations determine an H<sub>2</sub>S contingency plan is required pursuant to 19.15.11 Spur must submit one by **January 11<sup>th</sup>, 2021.**
- 2. Failure to provide consistent 24 hours updates via email.
  - a. Spur is requested to provide updates by no later than 12 PM for the prior day's information.

For any questions, submittals or further direction, please contact Jim Griswold at 505-660-1067 and [jim.griswold@state.nm.us](mailto:jim.griswold@state.nm.us).

Respectfully,



Adrienne Sandoval  
Director

cc: Jerry Mathews, Spur; [jmathews@spurepllc.com](mailto:jmathews@spurepllc.com)