

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires: January 31, 2004

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.

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

2. Name of Operator **SOUTHWEST ROYALTIES INC.**

3a. Address **W. Westa Dr Ste 300** 3b. Phone No. (include area code)
MIDLAND, TX 79705 432-688-3267

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650 FNL 660 FEL; H-11-21S-27E

5. Lease Serial No.
16282

6. If Indian, Allottee or Tribe Name

7. If Unit or C/A Agreement, Name and/or No.

8. Well Name and No.
Wilderspin Federal #3

9. API Well No.
30-015-25501

10. Field and Pool, or Exploratory Area
Fenton; Delaware, Northwest

11. County or Parish, State
Eddy County, New Mexico

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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" 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 recompleat 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.)

We will be setting a CIBP at 3000' and dumping 35' of cement on top of the plug. We will be setting the plug above the perfs from 3084'-3138' and will only be producing from the perfs from 2852'-2870'.

**NM OIL CONSERVATION
ARTESIA DISTRICT**

APR 26 2016

**SEE ATTACHED FOR RECEIVED
CONDITIONS OF APPROVAL**

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

GRIFFIN HAYS

Title **REGULATORY ANALYST**

Signature

Date

03/31/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

APR 19 2016

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

BUREAU OF LAND MANAGEMENT

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)

Accepted for record - NMOCD

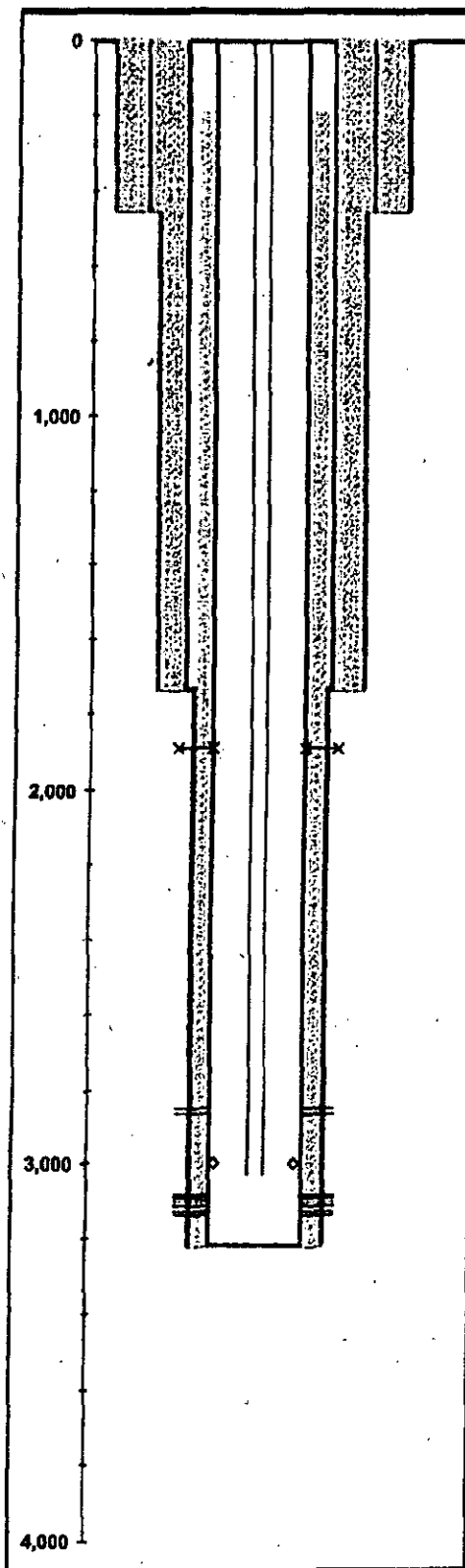
Current
Wellbore Schematic (From Surface to TD)

Printed: 3/30/2016

Wilderspin Federal # 3

Well ID: 101576-003

API # 30-015-25501



1650' FNL & 660' FEL	GL Elev: 3,254.00	KOP:
Sec.Blk.Sur(Lbr.Lgs.Sur)or(Sec.Twn,Rng): 11, T21S/R27E.	Fill Depth:	
County, State: Eddy, NM	PBTD:	3,193.00
Aux ID:	TD:	3,221.00
KB = 6; DF = ; All Depths Corr To: KB	BOP:	

Hole Size

Diameter	Top At	Btm At	Date Drilled
17.5000	0.00	450.00	12/20/1985
12.2500	450.00	1,730.00	12/29/1985
7.8750	1,730.00	3,221.00	1/8/1986

Surface Casing

Date Ran: 12/20/1985

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing		13.3750	54.50	K55	442.00	8.00	450.00

Intermediate Casing

Date Ran: 12/29/1985

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing		8.6250	24.00	K55	1,722.00	8.00	1,730.00

Production Casing String 1

Date Ran: 1/8/1986

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing		5.5000	17.00	J55	3,212.00	8.00	3,220.00

Cement

# Sx	Class	Weight	I D	O D	Top At	Btm At	TOC Per
600			13.375	17.500	100.00	450.00	Est
DNC							
50			13.375	17.500	0.00	100.00	Circ
Cement w/ 50 sx down 1"							
850			8.625	12.250	450.00	1,730.00	Est
DNC							
550			8.625	13.375	0.00	450.00	Circ
Cement w/ 550 sx down 1"							
450			5.500	7.875	1,890.00	3,220.00	TS
400			5.500	7.875	191.00	1,890.00	TS
Squeezed 4 holes @ 1890' w/ 400 sx.							

Zone and Perfs

Delaware, Northwest

Perforations

Top	Bottom	Formation	Status	Opened	Closed	# / Ft	TU #
1,890.00	1,890.00	Squeeze Holes	PA	3/3/1986		4	4
Squeezed w/ 400 sx cement							
2,852.00	2,870.00	Delaware	A	1/31/1986		1	19
3,084.00	3,090.00	Cherry Canyon	A	10/29/2002		1	7
3,084.00	3,102.00	Cherry Canyon	A	10/29/2002		1	8
3,110.00	3,118.00	Cherry Canyon	A	10/29/2002		1	7
3,132.00	3,138.00	Cherry Canyon	A	10/29/2002		1	7

Tubing String 1

Date Ran: 10/29/2015

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Tbg Sect 1	98	2.8750	8.50	J55	2,993.04	8.00	3,001.04
Mud Anchor	1	2.8750			31.00	3,001.04	3,032.04

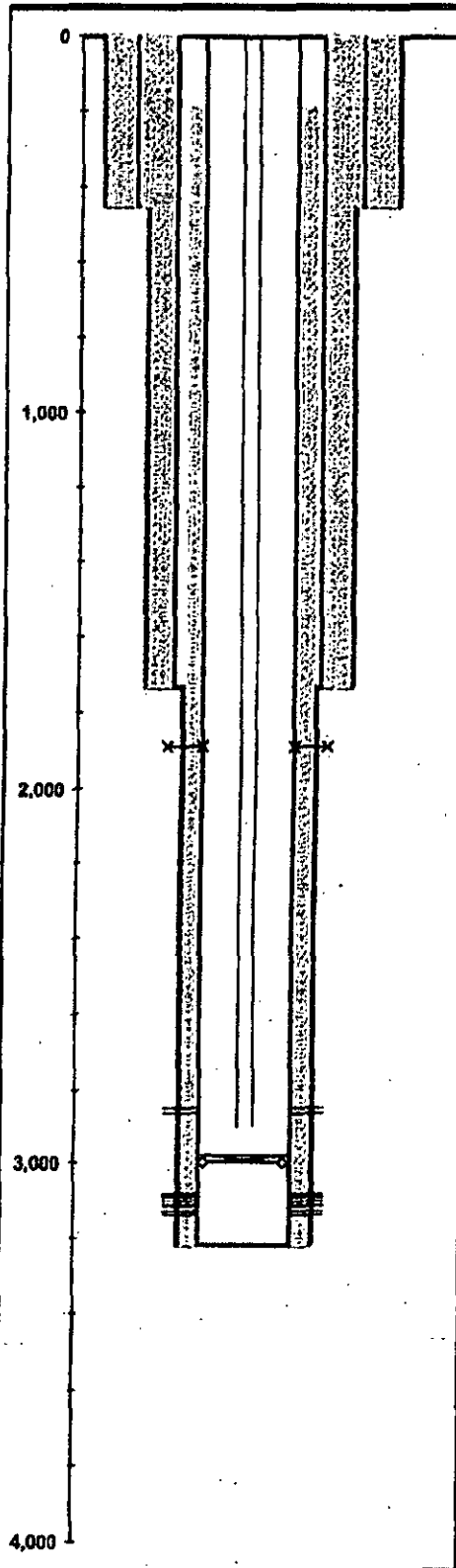
Proposed **Wellbore Schematic (From Surface to TD)**

Printed: 3/30/2016

Wilderspin Federal # 3

Well ID: 101576-003

API # 30-015-25501



1850' FNL & 660' FEL	GL Elev: 3,254.00	KOP:
Sec, Blk, Sur(Lbr, Lge, Sur) or (Sec, Twn, Rng): 11, T21S/R27E,	Fill Depth:	
County, State: Eddy, NM	PBTD:	2,980.00
Aux ID:	TD:	3,221.00
KB = 8; DF = ; All Depths Corr To: KB	BOP:	

Hole Size

Diameter	Top At	Btm At	Date Drilled
17.5000	0.00	450.00	12/20/1985
12.2500	450.00	1,730.00	12/29/1985
7.8750	1,730.00	3,221.00	1/6/1986

Surface Casing

Date Ran: 12/20/1985

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing		13.3750	54.50	K55	442.00	8.00	450.00

Intermediate Casing

Date Ran: 12/29/1985

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing		8.6250	24.00	K55	1,722.00	8.00	1,730.00

Production Casing String 1

Date Ran: 1/6/1986

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing		5.5000	17.00	J55	3,212.00	8.00	3,220.00

Cement

# Sx	Class	Weight	ID	OD	Top At	Btm At	TOC Per
600			13.375	17.500	100.00	450.00	Est

DNC

50			13.375	17.500	0.00	100.00	Circ
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Cement w/ 50 sx down 1"

650			8.625	12.250	450.00	1,730.00	Est
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DNC

550			8.625	13.375	0.00	450.00	Circ
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Cement w/ 550 sx down 1"

450			5.500	7.875	1,890.00	3,220.00	TS
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400			5.500	7.875	181.00	1,890.00	TS
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Squeezed 4 holes @ 1890' w/ 400 sx.

Zone and Perfs

Delaware, Northwest

Perforations

Top	Bottom	Formation	Status	Opened	Closed	# / Ft	Td #
1,890.00	1,890.00	Squeeze Holes	PA	3/3/1986		4	4

Squeezed w/ 400 sx cement

2,852.00	2,870.00	Delaware	A	1/31/1986		1	19
3,084.00	3,090.00	Cherry Canyon	A	10/29/2002		1	7
3,094.00	3,102.00	Cherry Canyon	A	10/29/2002		1	8
3,110.00	3,118.00	Cherry Canyon	A	10/29/2002		1	7
3,132.00	3,138.00	Cherry Canyon	A	10/29/2002		1	7

Wellbore Plugs and Junk

Top	Bottom	Type	Diameter	Solid	Date
2,980.00	3,000.00	CIBP	5.500	Yes	

Proposed CIBP @ 3000' + 20' cement

Tubing String 1

Date Ran: 10/29/2015

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Tbg Sect 1	92	2.8750	6.50	J55	2,868.33	8.00	2,876.33
Mud Anchor	1	2.8750			31.00	2,876.33	2,907.33

**Wilderspin Federal 3
30-015-25501
Southwest Royalties Inc.
April 19, 2016
Conditions of Approval**

Work to be completed by July 19, 2016.

- 1. Operator shall set a CIBP at 3,000' with a minimum of 35' class C cement on top. TAG required.**
- 2. Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**
3. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
4. Surface disturbance beyond the originally approved pad must have prior approval.
5. Closed loop system required.
6. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over 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.
7. Operator to have H2S monitoring equipment on location.
8. A minimum of a 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
- 9. Subsequent sundry required detailing work done: Operator to include new well plat and well bore schematic of current well condition when work is complete.**
10. See attached for general requirements.

JAM 041916

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR.3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-393-3612

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.