Form 3160-5 (June 2015)

# UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

| BUREAU OF LAND MANAGEMENT |  |
|---------------------------|--|
|                           |  |

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 page 2

| FORM APPROVED             |   |
|---------------------------|---|
| OMB NO. 1004-0137         |   |
| Expires: January 31, 2018 |   |
|                           | - |

7. If Unit or CA/Agreement, Name and/or No.

| Expires: January |
|------------------|
| Lease Serial No. |
| NMNM102911       |

| 6. | If Indian | Allottee | or Tribe | Name |
|----|-----------|----------|----------|------|

| <ol> <li>Type of Well</li> <li>Gas Well</li> <li>Oth</li> </ol>  | <ol><li>Well Name and No.<br/>KYLE 34 FEDERA</li></ol>   | L 3H                                   | 318232  |                                     |  |                            |  |
|--|--|--|---|-------------------------------------|--|----------------------------|--|
| 2. Name of Operator BC OPERATING INC Man   |  | JENNIFER E                             | VAN CUREN   |                                     | 9. API Well No.<br>30-015-43405-00   | )-X1                       | <u> </u>   |
| 3a. Address  |  | 3b. Phone No.                          | (include area code)   |                                     | 10. Field and Pool or E<br>WILLOW LAKE-                                    | xplorato                   | ry Area  |
| MIDLAND, TX 79710  |  | Ph: 713-29                             | 0-2500  | !                                   | VVILLOVV LAKE-I  | OUNE                       | SPRING, SE   |
| 4. Location of Well (Footage, Sec., T  | ., R., M., or Survey Description)  |  |   | -                                   | 11. County or Parish, S  | tate                       |  |
| Sec 34 T24S R28E SESW 15<br>32.166800 N Lat, 104.077993  |  | •.                                     |   | EDDY COUNTY                         | NM<br>-  |                            |  |
| 12. CHECK THE A  | PPROPRIATE BOX(ES)   | TO INDICA                              | ΓE NATURE OI  | F NOTICE,                           | REPORT, OR OTH   | ER DA                      | AТА  |
| TYPE OF SUBMISSION   |  |  | TYPE OF   | ACTION                              |  |                            |  |
| ■ Notice of Intent   | ☐ Acidize  | 🗖 Deep                                 | en  | ☐ Product                           | ion (Start/Resume)   | o w                        | ater Shut-Off  |
|  | ☐ Alter Casing   | ☐ Hyd                                  | raulic Fracturing   | ☐ Reclam                            | ation  | $\square$ W                | ell Integrity  |
| ☐ Subsequent Report  | Casing Repair  | ☐ New                                  | Construction  | ☐ Recomp                            | lete   | Ø Ot                       | her  |
| ☐ Final Abandonment Notice   | ☐ Change Plans   | Plug                                   | and Abandon   | □ Tempor                            | arily Abandon  | Change to Original A<br>PD |  |
|  | Convert to Injection   | ☐ Plug                                 | Back  | ☐ Water I                           | Disposal   |                            |  |
| OCD  | pandonment Notices must be file inal inspection.  LC REQUESTS TO MAK  G A NAME CHANGE FRO SUNDRY BUT THE SUN DMPLETED BY BC OPER  Field Office Artesia | E CHANGES  OM KYLE 34 DRY FOR THATING. | TO THE ORIGINATION TO THE ORIGINATION TO THE ORIGINATION TO THE NAME CHAN Accepted for ATTACH | NAL PERMI<br>D KYLE 34<br>GE TO ADD | IT APPROVED IN OF 318232. FEDERAL COM 3H. D'COM' AS PER CO NMOCD NM OIL AR | THIS A'S IN  CON TESIA     | perator has ER 2014 WAS AAPD  ISERVATION DISTRICT 9 2017 |
|  | Electronic Submission #3   | PERATING IN                            | C, sent to the Car<br>TA STEVENS on   | isbad<br>11/07/2017 (               | n System   |                            | IVED   |
| Traine(TranewTypea) JEINNIFE   | L VAIN CUREIN  |  | THE OR. KE  | GOLATORI                            | CONFLIANCE REP   |                            |  |
| Signature (Electronic S  | Submission)  |  | Date 11/02/20   | 017                                 |  |                            |  |
|  | THIS SPACE FO  | R FEDERA                               | L OR STATE  | OFFICE U                            | SE   |                            |  |
|  |  |  |   |                                     |  |                            |  |
| Approved By ZOTA STEVENS   |  |  | TitlePETROLE  | <u>UM ENGIN</u>                     | EER  |                            | Date 11/07/2017  |
| Conditions of approval, if any, are attache certify that the applicant holds legal or equivalent would entitle the applicant to conduct the conductive to the applicant to conduct the applicant the applicant to conduct the applicant to conduct the applicant the applicant to conduct the applicant to conduct the applicant the | uitable title to those rights in the   |  | Office Carlsbac   | <u> </u>                            |  |                            |  |
| Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent   |  |  |   | willfully to m                      | ake to any department or   | agency (                   | of the United  |
| (Instructions on page 2)  ** BI M REV  | ISED ** BI M REVISED   | ) ** BI M RF                           | VISED ** BI M   | REVISE                              | ) ** BLM REVISE  | ) **                       |  |

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (\$75) 748-1283 Fax; (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV

1220 S. St. Francis Dr., Santa Fe. NM 87505 Phone; (505) 476-3460 Fax; (505) 476-3462 State of New Mexico

Energy, Minerals & Natural Resources Department CONSESTIATION to appropriate OIL CONSERVATION DIVISION ARTESIA DISTRICT 1220 South St. Francis Dr.

NOV 09 2017 AMENDED REPORT

Form C-102

District Office

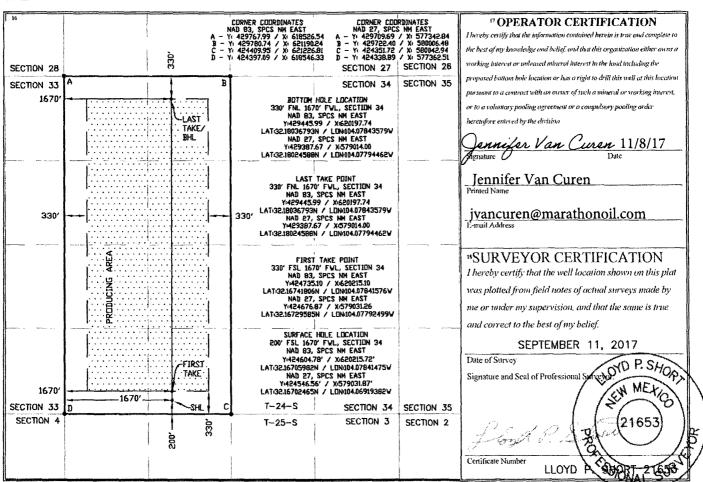
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION

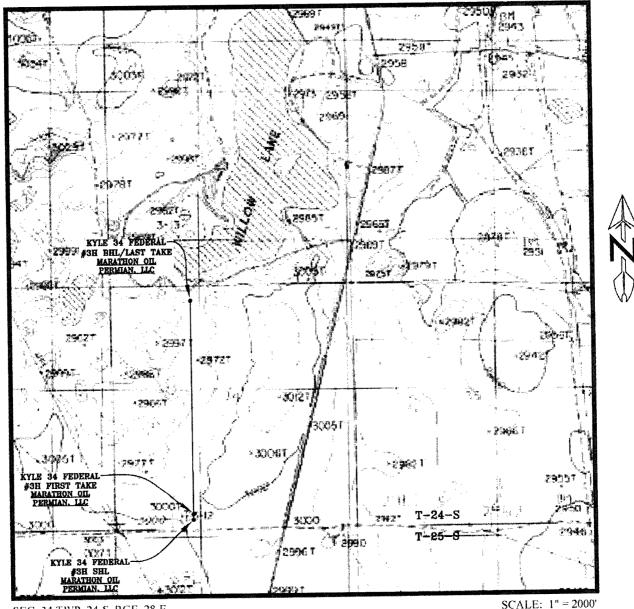
|               | API Numbe<br>-015—4              |          |                 | <sup>1</sup> Pool Code<br>9641 | i i          | <sup>3</sup> Pool Name PURPLE SAGE; WOLFCAMP |                        |                          |            |        |
|---------------|----------------------------------|----------|-----------------|--------------------------------|--------------|--|------------------------|--------------------------|------------|--------|
| Property Code |                                  | ·        | 5 Property Name |                                |              |  |                        | <sup>6</sup> Well Number |            |        |
| 2659          | 26599 3/8232 KYLE 34 FEDERAL COM |          |                 |                                |              |  | 3H                     |                          |            |        |
| 7 OGRID       | OGRID No. Operator Name          |          |                 |                                |              |  | <sup>9</sup> Elevation |                          |            |        |
| 1556          | 155615 MARATHON OIL PERMIAN, LLC |          |                 |                                |              |  | 3000                   |                          |            |        |
|               | <sup>10</sup> Surface Location   |          |                 |                                |              |  |                        |                          |            |        |
| UL or lot no. | Section                          | Township | Range           | Lot Ida                        | Feet from th | e North/South line                           | Feet from the          | East                     | /West line | County |
| N             | 34                               | T24S     | R28E            |                                | 200          | SOUTH  | 1670                   | WE                       | ST         | EDDY   |

"Bottom Hole Location If Different From Surface East/West line UL or lot no. Lot Idn Feet from the North/South line Feet from the County Section Township Range 34 T24S NORTH 1670 WEST **EDDY** C **R28E** 330 12 Dedicated Acres <sup>13</sup> Joint or Infill 14 Consolidation Code <sup>15</sup> Order No. 320

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



# LOCATION VERIFICATION MAP



SEC. 34 TWP. 24-S RGE. 28-E

SURVEY: N.M.P.M. COUNTY: EDDY

DESCRIPTION: 200' FSL & 1670' FWL

ELEVATION: 3000'

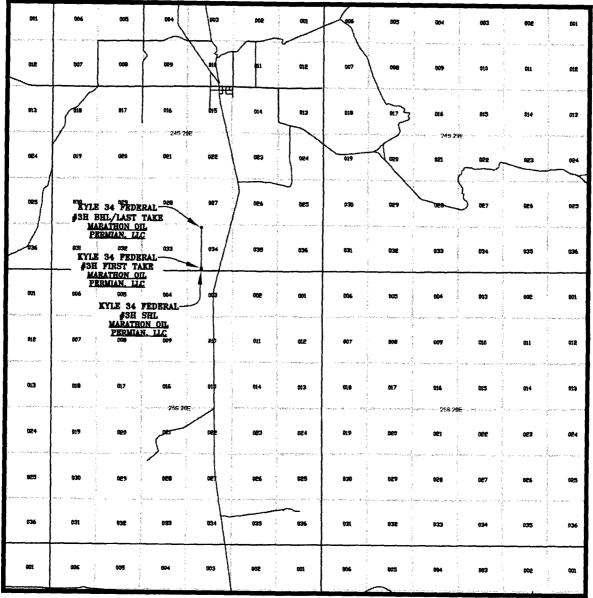
OPERATOR: MARATHON OIL PERMIAN, LLC

LEASE: KYLE 34 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP: MALAGA, N.M.

CONTOUR INTERVAL = 20'

# VICINITY MAP





SEC. 34 TWP. 24-S RGE. 28-E

SURVEY: N.M.P.M. COUNTY: EDDY

DESCRIPTION: 200' FSL & 1670' FWL

ELEVATION: 3000'

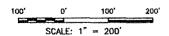
OPERATOR: MARATHON OIL PERMIAN, LLC

LEASE: KYLE 34 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP: MALAGA, N.M.

SCALE: 1" = 2 MILES

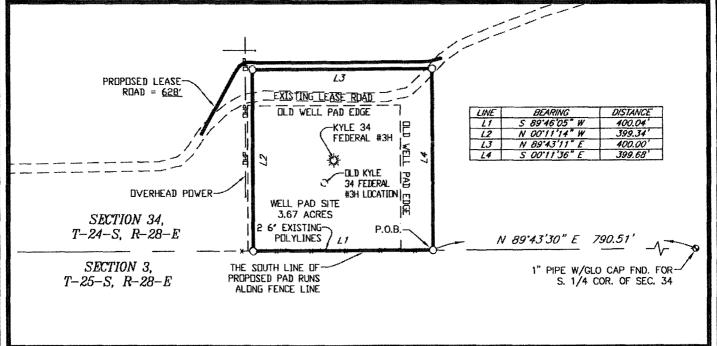
# WELL PAD SURFACE



SEC. 34 TWP. 24-S RGE. 28-E SURVEY: N.M.P.M. COUNTY: EDDY

U.S.G.S. TOPOGRAPHIC MAP: MALAGA, N.M.





#### FIELD NOTES DESCRIBING

A tract of land being 3.67 acres. Said tract being located in Section 34, Township 24 South, Rauge 28 East, New Mexico Principal Meridian, Eddy County, New Mexico

Being more particularly described by metes and bounds as follows

BEGINNING at a point from which a 1" pipe with a GLO cap—found for the South quarter corner of said Section 34 bears, N 89°43'30" E a distance of 790.51 feet.

#### THENCE

S 89°46'05" W a distance of 400.04 feet to the Southwest corner of this tract, and N 00°11'14" W a distance of 399.34 feet to the Northwest corner of this tract, and N 89°43'11" E a distance of 400.00 feet to the Northeast corner of this tract, and S 00°11'36" E a distance of 399.68 feet to the POINT OF BEGINNING.

O MONUMENT

The total area of the herein described tract contains 3.67 acres of land

All bearings and coordinates refer to NAD 83, New Mexico State Plane Coordinate System, East Zone, U.S. Survey Feet. (All bearings and distances are grid measurements)

Title information furnished by Marathon Oil Permian, LLC

Reference accompanying Certificate of Survey prepared in conjunction with this legal description for easement.

#### STATE OF NEW MEXICO COUNTY OF EDDY

1. Lloyd P. Short, New Mexico Professional Surveyor No. 21653, do hereby certify that this casement survey plat and the actual survey on the ground upon which it is based were performed by me or under my direct supervision; that I am responsible for this survey; that this survey meets the minimum standards for surveying in New Mexico and that it is true and correct to the best of my knowledge and behef. I further certify that this survey is not a land division or subdivision as defined in the New Mexico Subdivision Act and that this instrument is an easement survey plat crossing an existing tract or tracts



LLOYD P. SHORT, PS No. 21653 DATE: SEPTEMBER 11, 2017

# Marathon Oil

PLAT FOR A SURFACE SITE ON THE PROPERTY OF SCOTT AND VALERIE BRANSON EDDY COUNTY, NEW MEXICO

BASIS OF BEARING ALL BEARINGS AND COURDINATES REFER TO NAD 83, NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZINE, U.S. SURVEY FEET. (ALL BEARINGS AND DISTANCES ARE GRID MEASUREMENTS.)

LEGEND P.O.B. POINT OF BEGINNING PROPOSED ROAD SURFACE SITE EDGE EXIST. PIPELINE

O POVER POLE

R3752\_001 ARCH LIMITS FENCE SECTION LINE OVERHEAD POWER QUARTER SPLIT

1 8/17/2017 ADDED OLD WELL INFORMATION DEF LPS REV. DATE SHEET 4 DF 7 DRAWN BY: DEF DATE: 06/20/2017

CHECKED BY: LPS

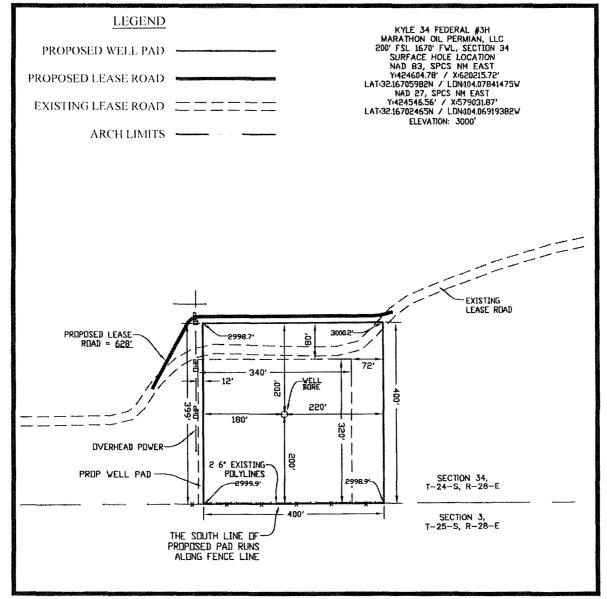


DESCRIPTION BY CHKD 1309 LOUISVILLE AVE. MONROE, LA 71201 (318) 323-6900 FAX (318) 362-0064

# **WELL PAD TOPO**

SEC. 34 TWP. 24-S RGE. 28-E SURVEY: N.M.P.M. COUNTY: EDDY

U.S.G.S. TOPOGRAPHIC MAP: MALAGA, N.M.

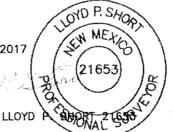


### DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF U.S. HIGHWAY 62/WEST GREENE STREET AND U.S. 180 W./U.S. 62 W./S. CANAL STREET IN CARLESBAD, NEW MEXICO, TRAVEL SOUTH ON U.S. 180 W./U.S. 62 W./S. CANAL STREET TOWARD W. TANSILL ST. FOR 2.0 MILES TO A SLIGHT LEFT TURN ONTO U.S. 285 S. FOR 18.8 MILES TO A LEASE ROAD ON THE RIGHT, TRAVEL WEST ON LEASE ROAD FOR 0.3 MILES TO A LEASE ROAD ON THE LEFT. TRAVEL SOUTH ON LEASE ROAD FOR 0.4 MILES TO PROPOSED WELL 150 FEET TO THE LEFT.

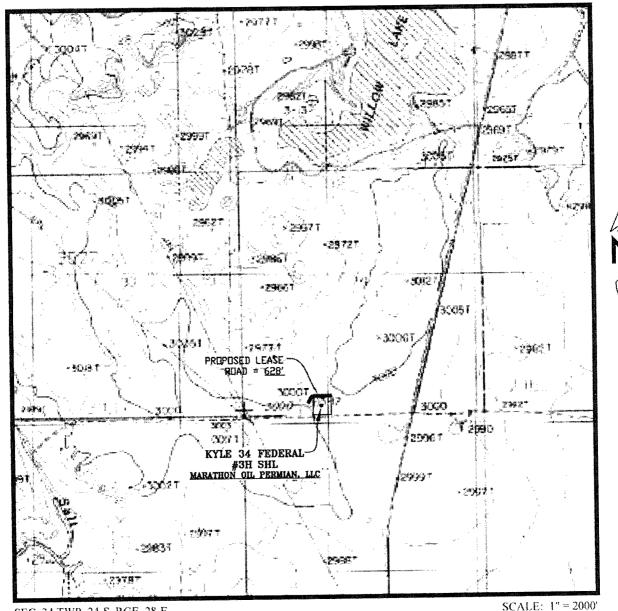
NOTE:
THIS IS NOT A BOUNDARY SURVEY,
APPARENT PROPERTY CORNERS AND
PROPERTY LINES ARE SHOWN FOR
INFORMATION DNLY. BOUNDARY DATA
SHOWN IS FROM STATE OF NEW MEXICO
DIL CONSERVATION DIVISION FORM C-102
INCLUDED IN THIS SUBMITTAL.

100' 0' 100' 200' SCALE: 1" = 200' SEPTEMBER 11, 2017



PREPARED BY:
R-SQUARED GLOBAL, ILC
1309 LOUISVILLE AVENUE, MONROE, LA 71201
318-323-6900 OFFICE
JOB No. R3752\_001

# WELL PAD LOCATION VERIFICATION MAP



SEC. 34 TWP. 24-S RGE. 28-E

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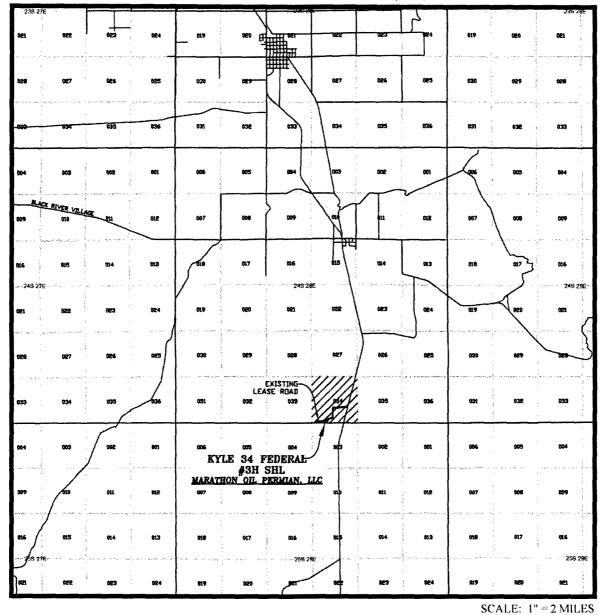
PREPARED BY:
R-SQUARED GLOBAL, LLC
1309 LOUISVILLE AVENUE, MONROE, LA 71201
318-323-6900 OFFICE
JOB No. R3752\_001

CONTOUR INTERVAL = 20'

# EXISTING ACCESS ROAD VICINITY MAP

KYLE 34 FEDERAL #3H 200' FSL & 1670' FWL SEC. 34 TWP. 24-S RGE. 28-E SURVEY: N.M.P.M.

COUNTY: EDDY U.S.G.S. TOPOGRAPHIC MAP: MALAGA, N.M.



# PECOS DISTRICT CONDITIONS OF APPROVAL

NM OIL CONSERVATION ARTESIA DISTRICT

NOV 09 2017

RECEIVED

OPERATOR'S NAME:

MARATHON OIL PERMAIN,LLC

LEASE NO.: | NM130

WELL NAME & NO.: | 3H-Kyle 34 Federal COM

SURFACE HOLE FOOTAGE:

150'/S & 1650'/W

BOTTOM HOLE FOOTAGE

330'/N & 1650'/W

COUNTY: |

LOCATION: | Section 34, T. 24 S., R. 28 E., NMPM

Eddy County, New Mexico

## All previous COAs still apply expect the following: TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

#### I. DRILLING

#### Α. **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)

# **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

- 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. Operator has stated that they will have monitoring equipment in place prior to drilling out of the surface shoe.
- 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 Potash Areas:

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 for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.

### 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.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.

## **HIGH Cave/Karst**

Possibility of water flows in the top of salt and the Castile.

Possibility of lost circulation in the Rustler, Red Beds and Delaware.

- 1. The 13-3/8 inch surface casing shall be set at approximately 400 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt.
  - 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.
- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing, which shall be set at approximately 2500 feet, 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 7 inch production casing is:
  - Cement should tie-back to the 200 ft from pervious casing shoe. If cement does not circulate see B.1.a, c-d above. Operator shall provide method of verification.
- 4. The minimum required fill of cement behind the 4-1/2 inch production liner is:
  - Cement should tie-back to the 100 ft from pervious casing shoe. Operator shall provide method of verification.
- 5. 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.

Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi.

- a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
- b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
- c. Manufacturer representative shall install the test plug for the initial BOP test.
- d. Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.
- e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
- 2. 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. Any test against the casing must meet the WOC time for water basin (18 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.

### ZS 110711