Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

Carlsbad Field Office
OCD Artesia

5. Lease Serial No.
NMNM104730

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: INJECTION

8. Well Name and No.
SAND DUNES SWD 1

2. Name of Operator
MESQUITE SWD INCORPORATED
Contact: MELANIE WILSON
E-Mail: mjp1692@gmail.com

9. API Well No.
30-015-44612-00-X1

3a. Address
CARLSBAD, NM 88220

3b. Phone No. (include area code)
Ph: 575-914-1461

10. Field and Pool or Exploratory Area
SWD-DEVONIAN

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 5 T24S R31E SESW 260FSL 2053FWL
32.239822 N Lat, 103.801743 W Lon

11. County or Parish, State
EDDY COUNTY, NM

12. CHECK THE 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	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original APD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Mesquite SWD, Inc. requests a variance for the use of a 10M BOP system with a 5M annular preventer.
Please see attached Well Control Plan.

RECEIVED

SEP 06 2018

DISTRICT II-ARTESIA O.C.D.

GC 9-7-18
Accepted for record - NMOCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #432508 verified by the BLM Well Information System
For MESQUITE SWD INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by MUSTAFA HAQUE on 08/27/2018 (18MH0055SE)

Name *(Printed/Typed)* MELANIE WILSON — Title REGULATORY ANALYST

Signature (Electronic Submission) — Date 08/23/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By MUSTAFA HAQUE — Title PETROLEUM ENGINEER — Date 08/27/2018

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 Carlsbad

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)

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

Mesquite SWD, Inc.
Well Control Plan

A. Component and Preventer Compatibility Table

Component	OD	Preventer	RWP
Drill Pipe	5"	Upper VBR: 4" - 7" Lower: 5" fixed	10M
Heavyweight Drill Pipe	5"	Upper VBR: 4" - 7" Lower: 5" fixed	10M
Drill Collars & MWD Tools	6 1/2"	Upper VBR: 4" – 7"	10M
Mud Motor	6 1/2"	Upper VBR: 4" – 7"	10M
Production Casing	5 1/2"	Upper VBR: 4" – 7"	10M
All	0 – 13 5/8"	Annular	5M
Open Hole		Brind Rams	10M

B. Well Control Procedures

I. <u>General Procedures While Drilling</u>:

a. Sound alarm – alert crew
b. Space out drill string
c. Shut down pumps and stop rotary
d. Open HCR
e. Shut well in, utilizing upper VBRs
f. Close choke
g. Confirm shut in
h. Notify rig manager and Mesquite SWD, Inc. company representative
i. Call Mesquite SWD, Inc. engineer
j. Read and record:
    i. Shut in drill pressure and shut in casing pressure
    ii. Pit gain
    iii. Time
k. Regroup, identify forward plan

II. <u>General Procedures While Tripping</u>:

a. Sound alarm – alert crew
b. Stab full opening safety valve and close
c. Space out drill string
d. Open HCR
e. Shut well in, utilizing upper VBRs
f. Close choke
g. Confirm shut in
h. Notify rig manager and Mesquite SWD, Inc. company representative
i. Call Mesquite SWD, Inc. engineer
j. Read and record:
    i. Shut in drill pressure and shut in casing pressure
    ii. Pit gain
    iii. Time
k. Regroup, identify forward plan

III. General Procedures While Running Casing:

a. Sound alarm – alert crew
b. Stab full opening safety valve and close
c. Space out drill string
d. Open HCR
e. Shut well in, utilizing upper VBRs
f. Close choke
g. Confirm shut in
h. Notify rig manager and Mesquite SWD, Inc. company representative
i. Call Mesquite SWD, Inc. engineer
j. Read and record:
    i. Shut in drill pressure and shut in casing pressure
    ii. Pit gain
    iii. Time
k. Regroup, identify forward plan

IV. General Procedures With No Pipe in Hole (Open Hole):

a. Sound alarm – alert crew
b. Open HCR
c. Shut well in with blind rams
d. Close choke
e. Confirm shut in
f. Notify rig manager and Mesquite SWD, Inc. company representative
g. Call Mesquite SWD, Inc. engineer
h. Read and record:
    i. Shut in drill pressure and shut in casing pressure
    ii. Pit gain
    iii. Time
i. Regroup, identify forward plan

V. General Procedures While Pulling BHL Through BOP Stack:

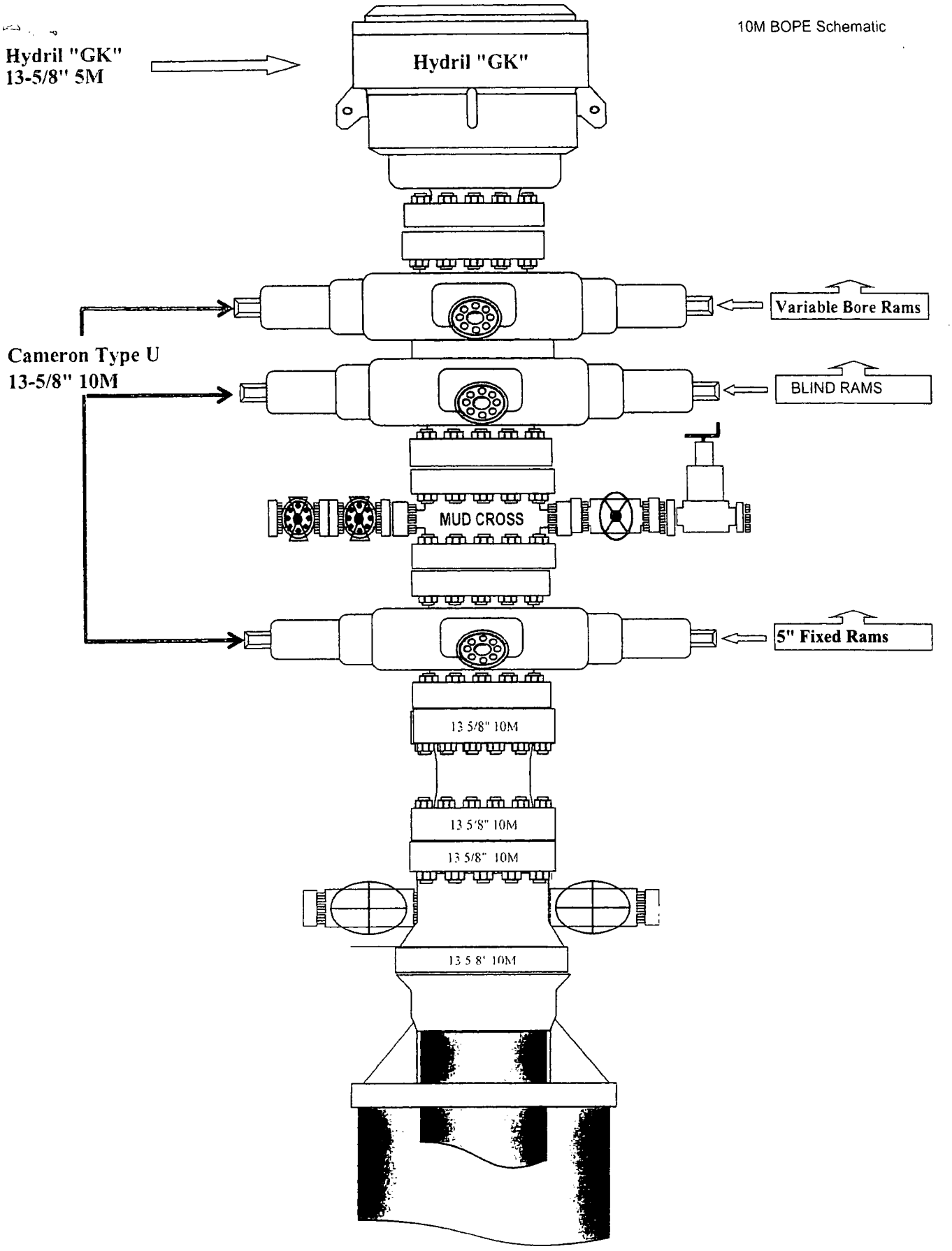
1. Prior to pulling last joint of drill pipe through stack
    A. Perform flow check and if flowing:
        a. Sound alarm – alert crew
        b. Stab full opening safety valve and close
        c. Space out drill string with tool joint just beneath upper pipe ram
        d. Open HCR
        e. Shut well in utilizing upper VBRs
        f. Close choke
        g. Confirm shut in
        h. Notify rig manager and Mesquite SWD, Inc. company representative
        i. Call Mesquite SWD, Inc. engineer
        j. Read and record:
            i. Shut in drill pressure and shut in casing pressure
            ii. Pit gain
            iii. Time
        k. Regroup, identify forward plan

2. With BHL in the BOP stack and compatible ram preventer and pipe combo immediately available.
   a. Sound alarm – alert crew
   b. Stab full opening safety valve and close
   c. Space out drill string with tool joint just beneath upper pipe ram
   d. Open HCR
   e. Shut well in utilizing upper VBRs
   f. Close choke
   g. Confirm shut in
   h. Notify rig manager and Mesquite SWD, Inc. company representative
   i. Call Mesquite SWD, Inc. engineer
   j. Read and record:
      i. Shut in drill pressure and shut in casing pressure
      ii. Pit gain
      iii. Time
   k. Regroup, identify forward plan

3. With BHA in the BOP stack and no compatible ram preventer and pipe combo immediately available
   a. Sound alarm – alert crew
   b. If possible to pick up high enough, pull string clear of the stack and follow Open Hole scenario (III)
   c. If impossible to pick up high enough to pull the string clear of the stack:
      i. Stab crossover, make up one joint/stand of drill pipe and full opening safety valve and close
      ii. Space out drill string with tool joint just beneath the upper pipe ram
      iii. Open HCR
      iv. Shut in utilizing upper VBRs
      v. Close choke
      vi. Confirm shut in
      vii. Notify rig manager and Mesquite SWD, Inc. company representative
      viii. Read and record:
         1. Shut in drill pipe pressure and shut in casing pressure
         2. Pit gain
         3. Time
   d. Regroup and identify forward plan

** If annular is used to shut in well and pressure build to or is expected to get to 50% of RWP, confirm space-out and swap to upper VBRs for shut in.

10M BOPE Schematic



PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Mesquite SWD Inc
LEASE NO.:	NM104730
WELL NAME & NO.:	Sand Dunes SWD – 1
SURFACE HOLE FOOTAGE:	260'/S & 2053'/W
BOTTOM HOLE FOOTAGE	260'/S & 2053'/W
LOCATION:	Sec. 5, T. 24 S, R. 31 E
COUNTY:	Eddy County

Potash	○ None	◉ Secretary	○ R-111-P
Cave/Karst Potential	◉ Low	○ Medium	○ High
Variance	◉ None	○ Flex Hose	○ Other
Wellhead	◉ Conventional	○ Multibowl	
Other	☐4 String Area	☐Capitan Reef	☐WIPP

All previous COAs still apply except for the following:

A. PRESSURE CONTROL

1. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9 5/8"** second intermediate casing shoe shall be **10,000 (10M)** psi. **Variance is approved to use a 5M Annular which shall be tested to 5000 psi.**

MHH 08272018

GENERAL 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)

☒ Chaves and Roosevelt Counties
Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
During office hours call (575) 627-0272.
After office hours call (575)

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

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

A. 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. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.

3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:

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. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
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.

5. 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. In potash areas, 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. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

c. 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).

d. 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.

e. The results of the test shall be reported to the appropriate BLM office.

f. 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.

g. 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.

h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.