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.

NM OIL CONSERVATION
ARTESIA DISTRICT

SUBMIT IN TRIPLICATE - Other instructions on page 2

MAR 11 2019

RECEIVED

5. Lease Serial No.
NMNM03677

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

8. Well Name and No.
STEBBINS 19 FED 204H

2. Name of Operator
MATADOR PRODUCTION COMPANY

Contact: CADE LABOLT
E-Mail: cade.labolt@matadorresources.com

9. API Well No.
30-015-44167-00-X1

3a. Address
ONE LINCOLN CENTER 5400 LBJ FREEWAY SUITE 1500
DALLAS, TX 75240

3b. Phone No. (include area code)
972-629-2158

10. Field and Pool or Exploratory Area
BURTON FLAT
Wolfcamp, East (gas)

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 19 T20S R29E SESE 210FSL 110FEL
32.552177 N Lat, 104.105633 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 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.

Matador requests the option to cut off 20? SOW wellhead and run 13-3/8? SOW multi-bowl wellhead system once 1st intermediate string is run and cemented.

Matador requests the option to run a DV tool with annular packer as contingency in the intermediate sections of casing if lost circulation is encountered. If losses occur the DV tool with packer will be placed at least 100? above the loss zone to give the option to pump cement as either a single stage or two stage.

Carlsbad Field Office
OCD Artesia

Matador requests to change BHL on Stebbins 19 Fed Com 204H from 240? FWL to 100? FWL

Please see the attached table design changes showing casing changes from 5 string to 4 string.

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

Electronic Submission #452349 verified by the BLM Well Information System
For MATADOR PRODUCTION COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 01/30/2019 (19PP0896SE)

Name *(Printed/Typed)* TYLER BROOKING — Title PETROLEUM ENGINEER

Signature (Electronic Submission) — Date 01/29/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By MUSTAFA HAQUE — Title PETROLEUM ENGINEER — Date 02/21/2019

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 ****

Additional data for EC transaction #452349 that would not fit on the form

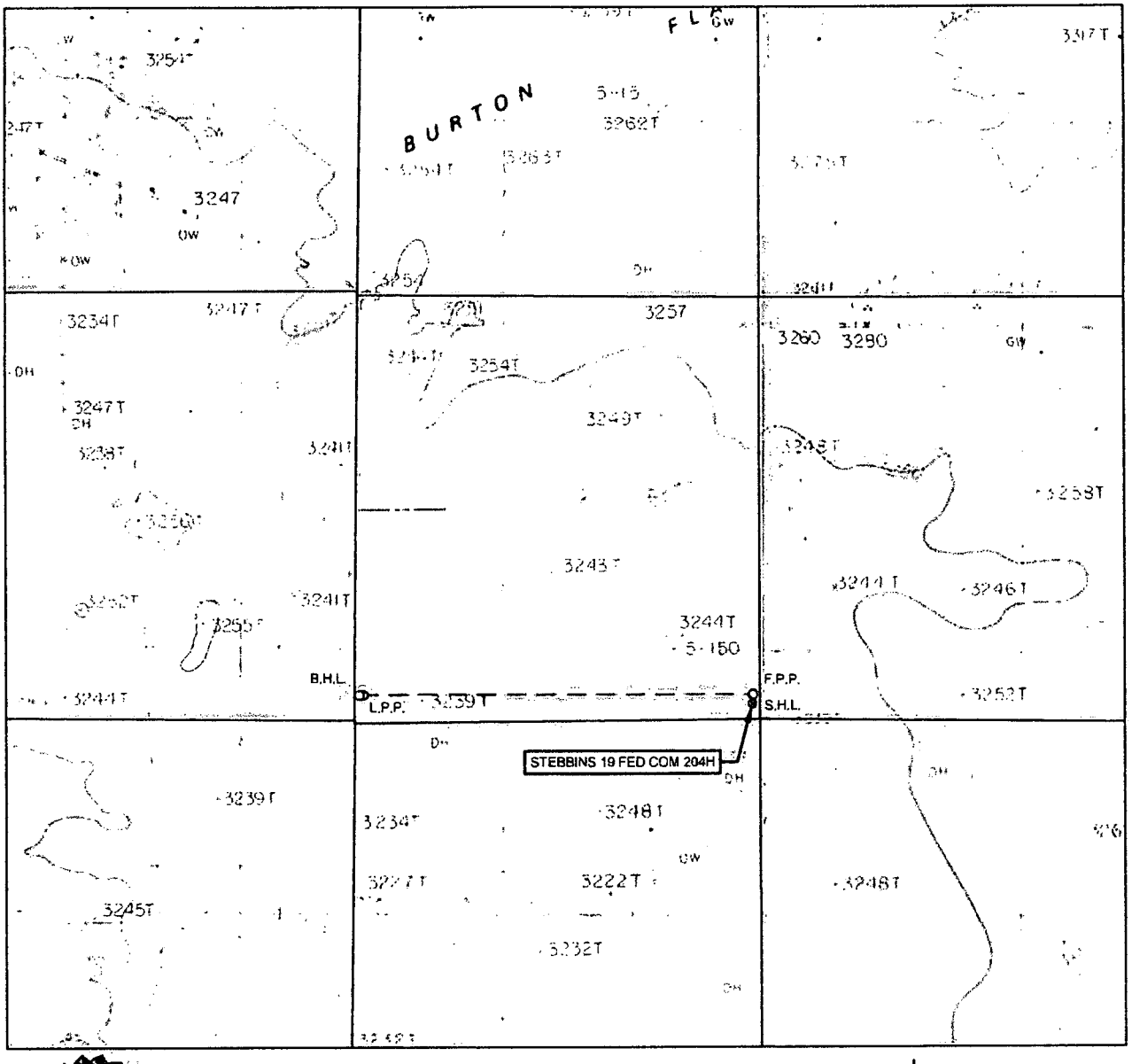
32. Additional remarks, continued

Please do not hesitate to contact Tyler Brooking (Drilling) at 972-371-5493 if you have any questions

Revisions to Operator-Submitted EC Data for Sundry Notice #452349

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	CSG-ALTER NOI	CSG-ALTER NOI
Lease:	NMNM03677	NMNM03677
Agreement:		
Operator:	MATADOR PRODUCTION COMPANY 5400 LBJ FREEWAY SUITE 1500 DALLAS, TX 75240 Ph: 972-629-2158	MATADOR PRODUCTION COMPANY ONE LINCOLN CENTER 5400 LBJ FREEWAY SUITE 1500 DALLAS, TX 75240 Ph: 972.371.5200
Admin Contact:	CADE LABOLT ASSOCIATE LANDMAN E-Mail: cade.labolt@matadorresources.com Ph: 972-629-2158	CADE LABOLT ASSOCIATE LANDMAN E-Mail: cade.labolt@matadorresources.com Ph: 972-629-2158
Tech Contact:	TYLER BROOKING PETROLEUM ENGINEER E-Mail: TBrooking@matadorresources.com Ph: 972-371-5493	TYLER BROOKING PETROLEUM ENGINEER E-Mail: TBrooking@matadorresources.com Ph: 972-371-5493
Location: State: County:	 NM EDDY	 NM EDDY
Field/Pool:	PURPLE SAGE; WOLFCAMP	BURTON FLAT
Well/Facility:	STEBBINS 19 FED COM 204H Sec 19 T20S R29E Mer NMP 420FSL 130FEL	STEBBINS 19 FED 204H Sec 19 T20S R29E SESE 210FSL 110FEL 32.552177 N Lat, 104.105633 W Lon

LOCATION & ELEVATION VERIFICATION MAP



LEASE NAME & WELL NO.: STEBBINS 19 FED COM 204H

SECTION 19 TWP 20-S RGE 29-E SURVEY N.M.P.M.
COUNTY EDDY STATE NM ELEVATION 3242'
DESCRIPTION 210' FSL & 110' FEL

LATITUDE N 32.5522963 LONGITUDE W 104.1061383

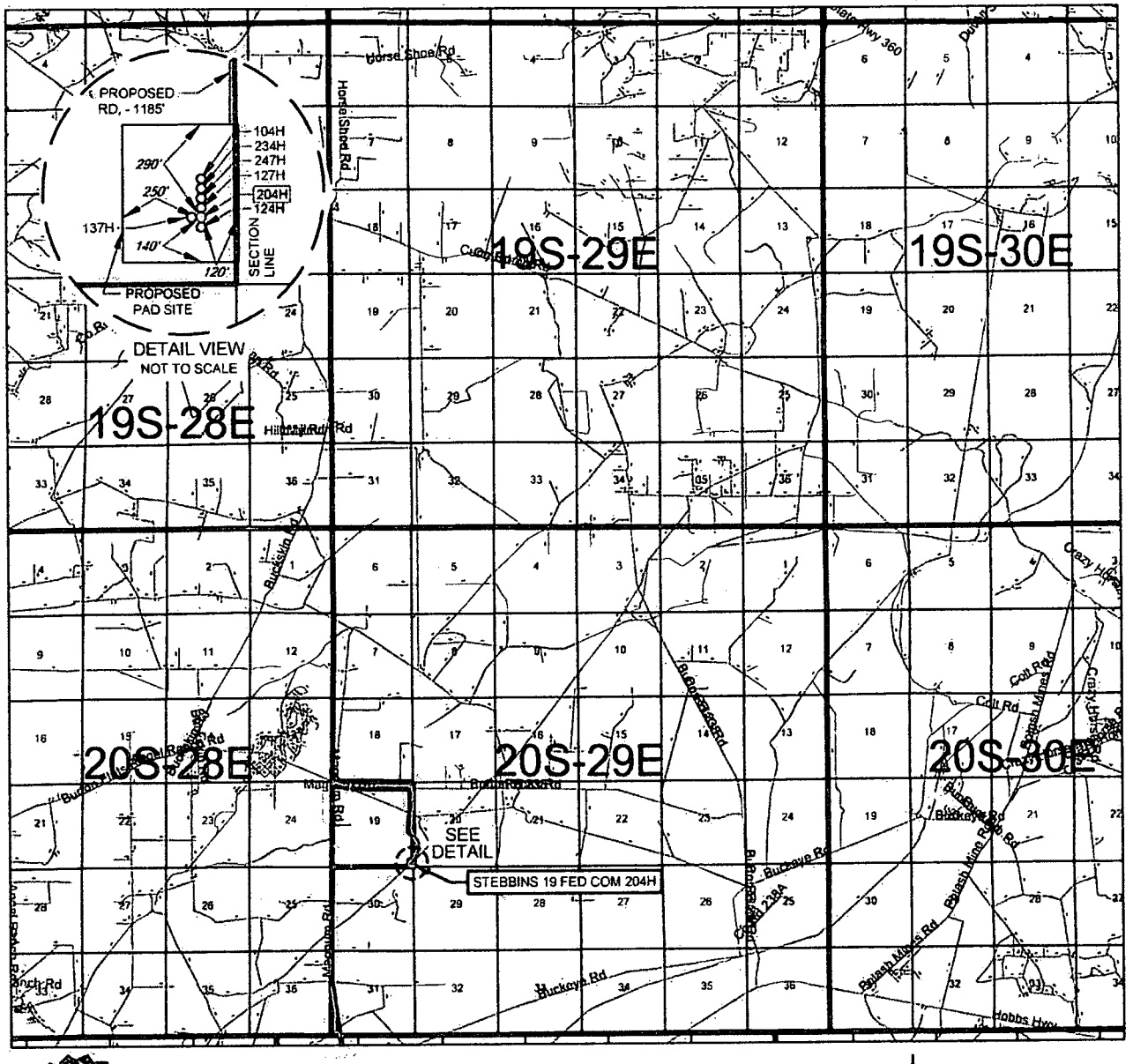
SCALE: 1" = 2000'
0' 1000' 2000'

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
1400 EVERMAN PARKWAY, Ste. 148 - FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 - FAX (817) 744-7554
2903 NORTH BIG SPRING - MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 - FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

VICINITY MAP



Matador PRODUCTION COMPANY

LEASE NAME & WELL NO.: STEBBINS 19 FED COM 204H

SECTION 19 TWP 20-S RGE 29-E SURVEY N.M.P.M.
COUNTY EDDY STATE NM
DESCRIPTION 210' FSL & 110' FEL

DISTANCE & DIRECTION

FROM INT. OF US-285 AND US-180/US-62 E/W GREENE ST. GO EAST ON US-180 E/US-62 E/W ±8.3 MILES, THENCE NORTH (LEFT) ON MAGNUM RD. ±5.9 MILES, THENCE SOUTHEAST ON BURTON FLATS RD. ±1.0 MILES, THENCE SOUTH (RIGHT) ON A PROPOSED RD. ±4701 FEET TO A POINT ±300 FEET NORTH OF THE LOCATION

SCALE: 1" = 10000'

0' 5000 10000'

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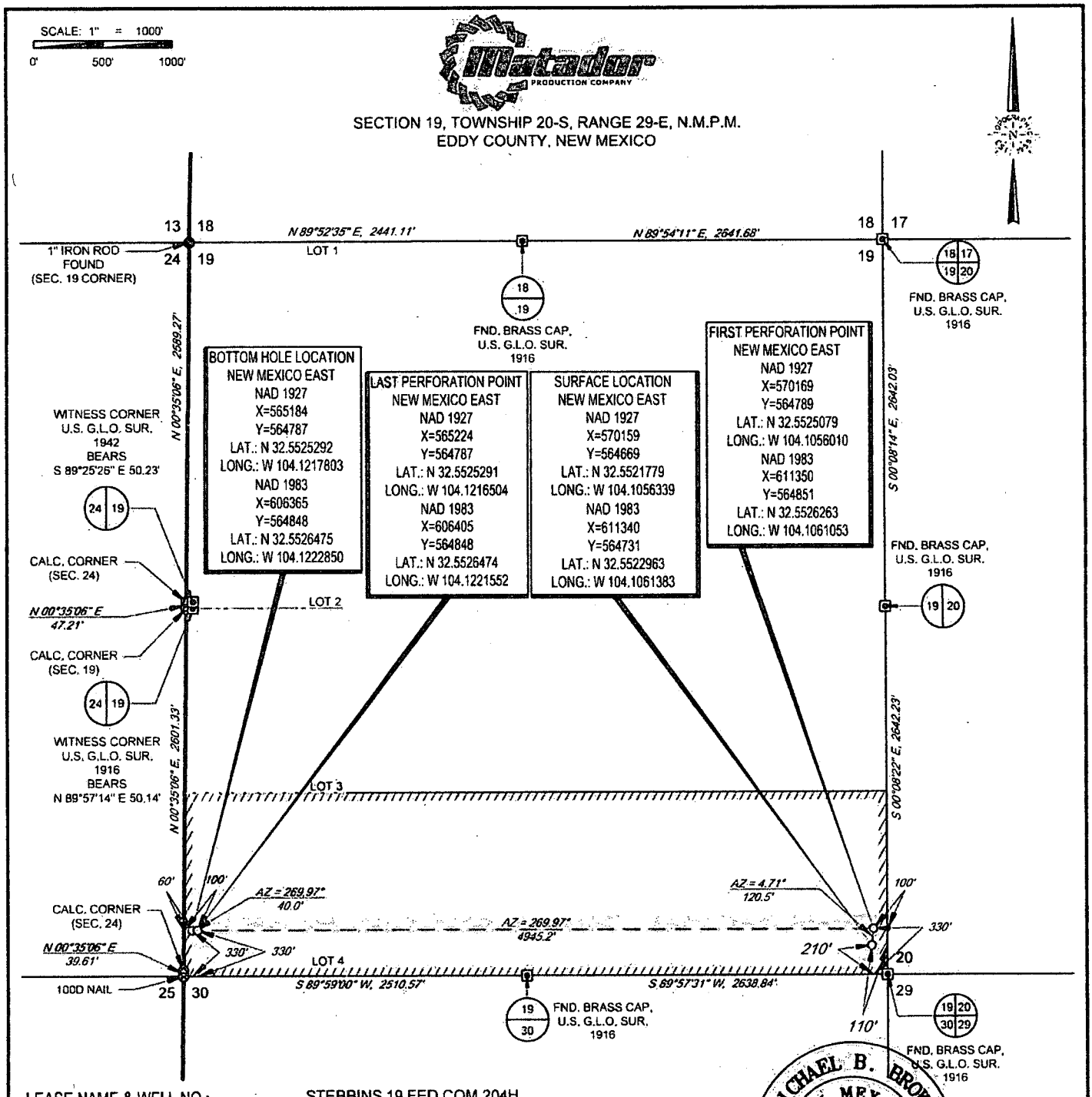

LEASE NAME & WELL NO.: STEBBINS 19 FED COM 204H

SECTION 19 TWP 20-S RGE 29-E SURVEY N.M.P.M.

COUNTY EDDY STATE NM

DESCRIPTION 210' FSL & 110' FEL

DISTANCE & DIRECTION

FROM INT. OF US-285 AND US-180/US-62 E/W GREENE ST. GO EAST ON US-180 E/US-62 E/W ±8.3 MILES, THENCE NORTH (LEFT) ON MAGNUM RD. ±5.9 MILES, THENCE SOUTHEAST ON BURTON FLATS RD. ±1.0 MILES, THENCE SOUTH (RIGHT) ON A PROPOSED RD. ±4701 FEET TO A POINT ±300 FEET NORTH OF THE LOCATION

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AS OF THE DATE OF SURVEY, ALL ABOVE GROUND APPURTENANCES WITHIN 300' OF THE STAKED LOCATION ARE SHOWN HEREON.

Michael Blake Brown, P.S. No. 18329

JANUARY 10, 2019

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
1400 EVERMAN PARKWAY, Ste. 148 - FT. WORTH, TEXAS 76140
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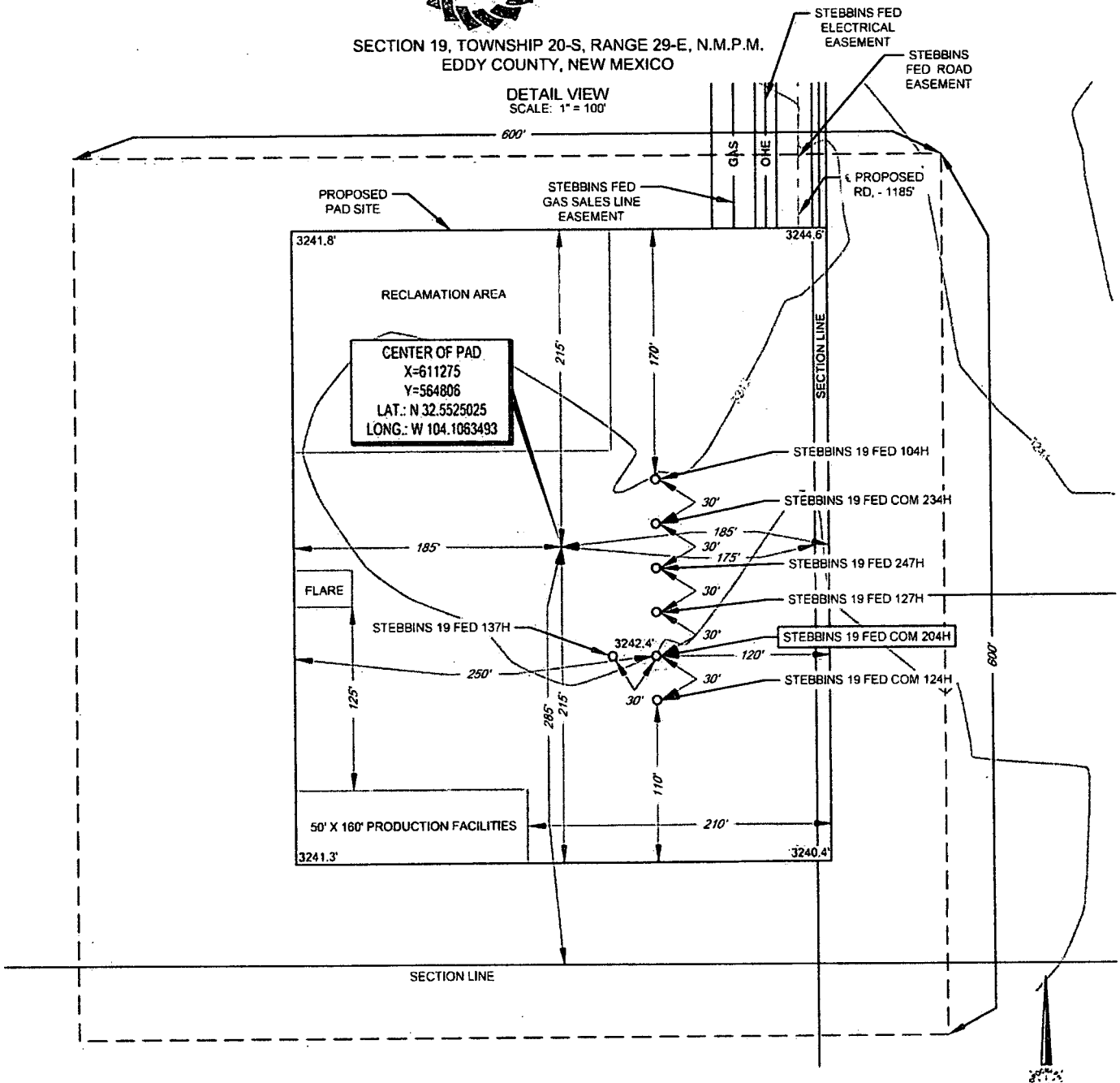
SECTION 19, TOWNSHIP 20-S, RANGE 29-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO

DETAIL VIEW
SCALE: 1" = 100'



LEGEND

- EXISTING ROAD
- ARCH SURVEY
- GAS — PROPOSED GAS LINE
- OHE — PROPOSED OVERHEAD ELECTRIC
- PROPOSED ROAD

LEASE NAME & WELL NO.: STEBBINS 19 FED COM 204H

204H LATITUDE N 32.5522963 204H LONGITUDE W 104.1061383

CENTER OF PAD IS 285' FSL & 175' FEL

SCALE: 1" = 100'
0' 50' 100'

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET

THIS PROPOSED PAD SITE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY. AND DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

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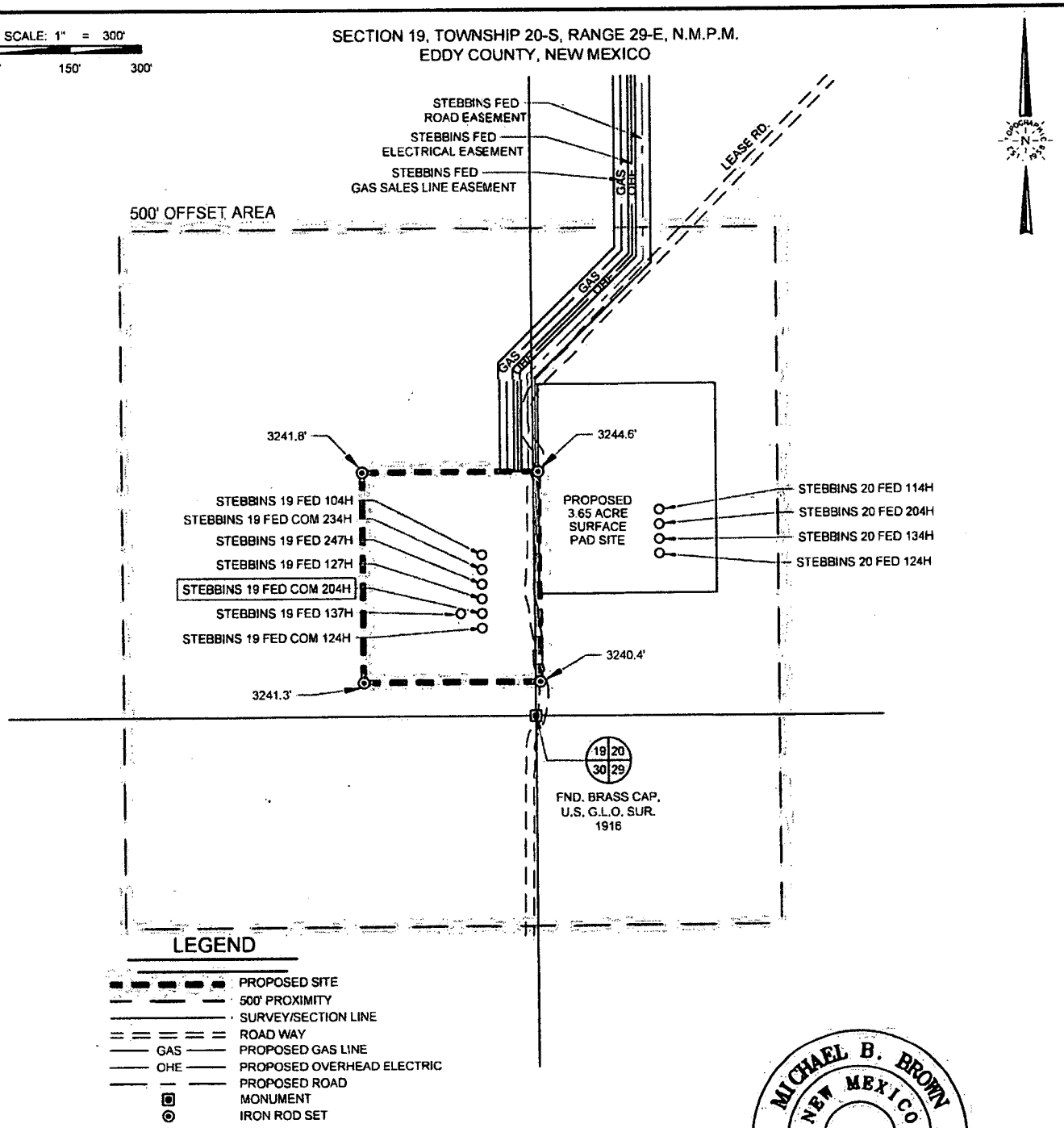
WWW.TOPOGRAPHIC.COM

ORIGINAL DOCUMENT SIZE: 8.5" X 11"

SCALE: 1" = 300'

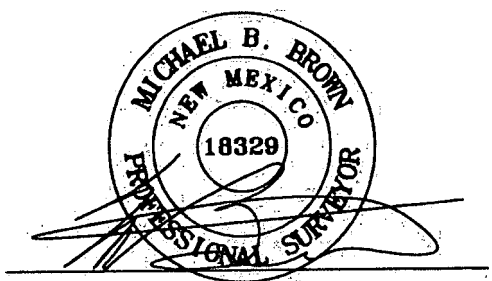
0' 150' 300'

SECTION 19, TOWNSHIP 20-S, RANGE 29-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO



LEGEND

- PROPOSED SITE
- 500' PROXIMITY
- SURVEY/SECTION LINE
- ROAD WAY
- GAS — PROPOSED GAS LINE
- OHE — PROPOSED OVERHEAD ELECTRIC
- PROPOSED ROAD
- MONUMENT
- IRON ROD SET



Michael Blake Brown, P.S. No. 18329
JANUARY 10, 2019

Matador PRODUCTION COMPANY

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WWW.TOPOGRAPHIC.COM

STEBBINS 19 FED COM 204H PROXIMITY	REVISION:	
	GJU	01/10/19
DATE: 08/07/17		
FILE: LO_STEBBINS_19_FED_COM_204H_REV5		
DRAWN BY: MML		
SHEET: 7 OF 7		

NOTES:
1. ORIGINAL DOCUMENT SIZE: 8.5" X 11"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE, U.S. SURVEY FEET.
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY MATADOR PRODUCTION COMPANY. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.

S:\SURVEY\MATADOR_RESOURCES\STEBBINS_FED_19 & 20-20S-29E\FINAL_PRODUCTS\LO_STEBBINS_19_FED_COM_204H_REV5.DWG 1/11/2019 5:05:57 PM cgafford

Casing

Name	Hole Size	Casing Size	Wt/Grade	Thread Collar	Setting Depth	Top Cement
Surface	26"	20" (new)	94# J-55	BTC	400	Surface
Intermediate 1	17-1/2"	13-3/8" (new)	54.5# J-55	BTC	1200	Surface
Intermediate 2	12-1/4"	9-5/8" (new)	40# J-55	BTC	3100	Surface
Production	8-3/4"	5-1/2" (new)	20# P-110	DWC/C	14100	1180'

Spec sheet for 5-1/2" 20# P-110 DWC/C is attached.

Mud

Name	Hole Size	Mud Weight	Visc	Fluid Loss	Type Mud
Surface	20"	8.40	28	NC	FW Spud Mud
Intermediate 1	17-1/2"	10.00	30-32	NC	Brine Water
Intermediate 2	12-1/4"	8.4-8.6	28-30	NC	FW
Production	8-3/4"	9.00	30-32	NC	FW/Cut Brine

Cement

Name	Type	Sacks	Yield	Weight	Blend
Surface	Tail	873	1.38	14.8	Class C + 5% NaCl + LCM
TOC = 0'		100% Excess			Centralizers per Onshore Order 2.III.B.1f
Intermediate 1	Lead	637	1.73	13.5	Class C + Bentonite + 1% CaCL2 + 8% NaCl + LCM
	Tail	309	1.35	14.8	Class C + 5% NaCl + LCM
TOC = 0'		100% Excess			2 on btm jt, 1 on 2nd jt, 1 every 4th jt to surface
Intermediate 2	Lead	715	1.73	13.5	Class C + Bentonite + 2% CaCL2 + 3% NaCl + LCM
	Tail	288	1.35	14.8	Class C + 5% NaCl + LCM
TOC = 0'		100% Excess			2 on btm jt, 1 on 2nd jt, 1 every 4th jt to surface
Production	Lead	943	2.22	11.5	TXI + Fluid Loss + Dispersant + Retarder + LCM
	Tail	1574	1.37	13.2	TXI + Fluid Loss + Dispersant + Retarder + LCM
TOC = 1180'		35% Excess			2 on btm jt, 1 on 2nd jt, 1 every 5th jt to top of tail cement (1000' above TOC)

Matador requests the option to cut off 20" SOW wellhead and run 13-3/8" SOW multi-bowl wellhead system once 1st intermediate string is run and cemented.

Matador requests the option to run a DV tool with annular packer as contingency in the intermediate 1 or 2 section on 13-3/8" or 9-5/8" casing if lost circulation is encountered. If losses occur, the DV tool with packer will be placed at least 100' above the loss zone to give the option to pump cement as either a single stage or two stage.

Example:

Assuming DV tool is set at 1500' MD but if the setting depth changes, cement volumes will be adjusted proportionately.

Stage 1:

Lead	695	1.78	13.5	Class C + Bentonite + 2% CaCL2 + 3% NaCl + LCM
Tail	288	1.35	14.4	Class C + 5% NaCl + LCM
100% excess, TOC = 0' MD				

Stage 2:

Lead	350	1.78	13.5	Class C + Bentonite + 2% CaCL2 + 3% NaCl + LCM
100% excess, TOC = 0' MD				

Matador requests to change BHL on Stebbins 19 Fed Com 204H from 330' FSL & 240' FWL to 330' FSL & 100' FWL.

Please see the attached table design changes showing casing changes from 5 string to 4 string.

Technical Specifications

Connection Type:	Size(O.D.):	Weight (Wall):	Grade:
DWC/C-HT-IS PLUS Casing	**5.500in**	**20.00 lb./ft. (0.361in)**	**P110RY**
STANDARD			

Material

P110RY	Grade
110,000	Minimum Yield Strength (psi.)
125,000	Minimum Ultimate Strength (psi.)

Pipe Dimensions

5.500	Nominal Pipe Body O.D. (in.)
4.778	Nominal Pipe Body I.D.(in.)
0.361	Nominal Wall Thickness (in.)
20.00	Nominal Weight (lbs./ft.)
19.83	Plain End Weight (lbs./ft.)
5.828	Nominal Pipe Body Area (sq. in.)

Pipe Body Performance Properties

641,000	Minimum Pipe Body Yield Strength (lbs.)
11,100	Minimum Collapse Pressure (psi.)
12,640	Minimum Internal Yield Pressure (psi.)
11,600	Hydrostatic Test Pressure (psi.)

Connection Dimensions

6.300	Connection O.D. (in.)
4.778	Connection I.D. (in.)
4.653	Connection Drift Diameter (in.)
4.13	Make-up Loss (in.)
5.828	Critical Area (sq in.)
100.00	Joint Efficiency (%)

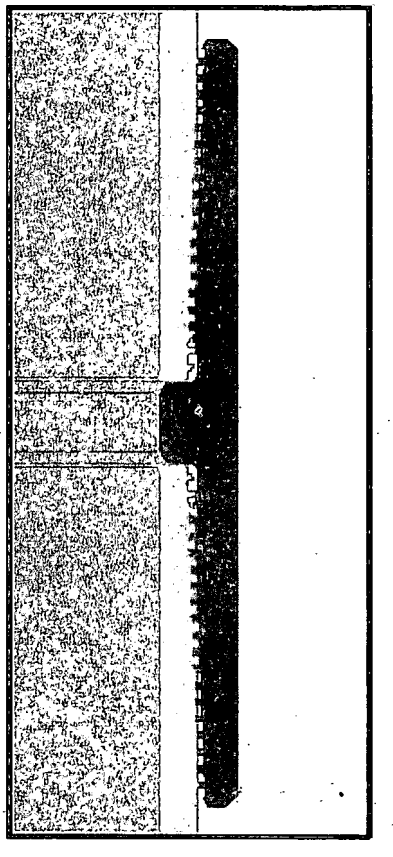
Connection Performance Properties

641,000	Joint Strength (lbs.)
22,890	Reference String Length (ft.) 1.4 Design Factor
667,000	API Joint Strength (lbs.)
641,000	Compression Rating (lbs.)
11,100	API Collapse Pressure Rating (psi.)
12,640	API Internal Pressure Resistance (psi.)
91.7	Maximum Uniaxial Bend Rating [degrees/100 ft]

Appoximated Field End Torque Values

15,900	Minimum Final Torque (ft.-lbs.)
18,200	Maximum Final Torque (ft.-lbs.)
24,700	Connection Yield Torque (ft.-lbs.)

VAM USA
4424 W. Sam Houston Pkwy. Suite 150
Houston, TX 77041
Phone: 713-479-3200
Fax: 713-479-3234
E-mail: VAMUSAsales@vam-usa.com

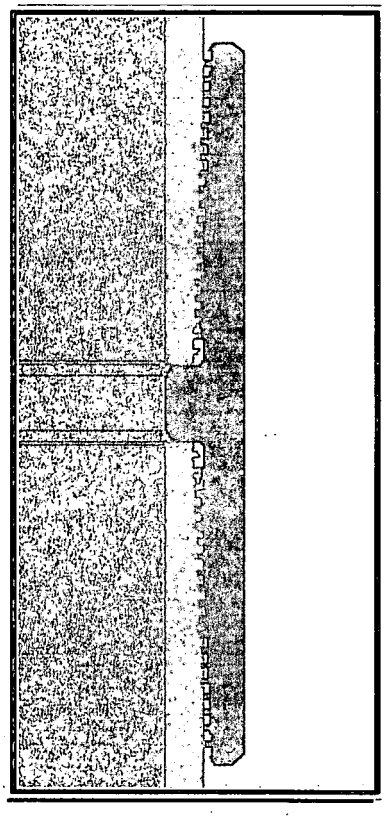


For detailed information on performance properties, refer to DWC Connection Data Notes on following page(s).

DWC Connection Data Notes:

1. DWC connections are available with a seal ring (SR) option.
2. All standard DWC/C connections are interchangeable for a give pipe OD. DWC connections are interchangeable with DWC/C-SR connections of the same OD and wall.
3. Connection performance properties are based on nominal pipe body and connection dimensions.
4. DWC connection internal and external pressure resistance is calculated using the API rating for buttress connections. API Internal pressure resistance is calculated from formulas 31, 32, and 35 in the API Bulletin 5C3.
5. DWC joint strength is the minimum pipe body yield strength multiplied by the connection critical area.
6. API joint strength is for reference only. It is calculated from formulas 42 and 43 in the API Bulletin 5C3.
7. Bending efficiency is equal to the compression efficiency.
8. The torque values listed are recommended. The actual torque required may be affected by field conditions such as temperature, thread compound, speed of make-up, weather conditions, etc.
9. Connection yield torque is not to be exceeded.
10. Reference string length is calculated by dividing the joint strength by both the nominal weight in air and a design factor (DF) of 1.4. These values are offered for reference only and do not include load factors such as bending, buoyancy, temperature, load dynamics, etc.
11. DWC connections will accommodate API standard drift diameters.

VAM USA
4424 W. Sam Houston Pkwy. Suite 150
Houston, TX 77041
Phone: 713-479-3200
Fax: 713-479-3234
E-mail: VAMUSAsales@vam-usa.com



PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Matador Production Company
LEASE NO.:	NMNM03677
WELL NAME & NO.:	204H-Stebbins 19 Fed Com
SURFACE HOLE FOOTAGE:	420'/S & 130'/E
BOTTOM HOLE FOOTAGE	330'/S & 100'/W
LOCATION:	Section 19, T.20 S., R.29 E., NMPM
COUNTY:	Eddy County, New Mexico

COA

H2S	○ Yes	◉ No	
Potash	◉ None	○ Secretary	○ R-111-P
Cave/Karst Potential	○ Low	○ Medium	◉ High
Variance	○ None	◉ Flex Hose	○ Other
Wellhead	○ Conventional	◉ Multibowl	○ Both
Other	☑ 4 String Area	☑ Capitan Reef	☐ WIPP
Other	☐ Fluid Filled	☐ Cement Squeeze	☐ Pilot Hole
Special Requirements	☐ Water Disposal	☑ COM	☐ Unit

ALL PREVIOUS COAs STILL APPLY

A. CASING

Casing Design:

1. The **20** 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.

    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 will be a minimum of **8 hours** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
    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 **13-3/8** inch intermediate casing is:

Option 1 (Single Stage):

- 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 or potash.**

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office.
  Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

❖ In High Cave/Karst Areas if cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.

❖ **Special Capitan Reef requirements.** If lost circulation (50% or greater) occurs below the Base of the Salt, the operator shall do the following:

- Switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.

- Daily drilling reports from the Base of the Salt to the setting of the intermediate casing are to be submitted to the BLM CFO engineering staff via e-mail by 0800 hours each morning. Any lost circulation encountered is to be recorded on these drilling reports. The daily drilling report should show mud volume per shift/tour. Failure to submit these reports will result in an Incidence of Non-Compliance being issued for failure to comply with the Conditions of Approval. If not already planned, the operator shall run a caliper survey for the intermediate well bore and submit to the appropriate BLM office.

3. T The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

Option 1 (Single Stage):

- 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 or potash.**

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

c. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.

d. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Excess calculates to 18% - additional cement may be required.**
  Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

❖ In High Cave/Karst Areas if cement does not circulate to surface on the first two casing strings, the cement on the 3rd casing string must come to surface.

❖ **Special Capitan Reef requirements.** If lost circulation (50% or greater) occurs below the Base of the Salt, the operator shall do the following:

- Switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.

- Daily drilling reports from the Base of the Salt to the setting of the intermediate casing are to be submitted to the BLM CFO engineering staff via e-mail by 0800 hours each morning. Any lost circulation encountered is to be recorded on these drilling reports. The daily drilling report should show mud volume per shift/tour. Failure to submit these reports will result in an Incidence of Non-Compliance being issued for failure to comply with the Conditions of Approval. If not already planned, the operator shall run a caliper survey for the intermediate well bore and submit to the appropriate BLM office.

4. The minimum required fill of cement behind the **5-1/2** inch production casing is:

    - Cement should tie-back **500 feet** into the previous casing. Operator shall provide method of verification.

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

1. 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.

   a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
   b. When the operator proposes to set surface casing with Spudder Rig
      - Notify the BLM when moving in and removing the Spudder Rig.
      - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
      - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.

2. 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 are located, this does not include the dog house or stairway area.

3. 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.

A. CASING

1. 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.

2. 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.

3. 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.

4. 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.

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

6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

7. 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.

8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. 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.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. 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.