

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

NOV CONSERVATION DIVISION
1220 South St. Francis Dr.
DISTRICT IV - ARTESIA, N.M. 87505

WELL API NO. 30-015-44600
5. Indicate Type of Lease STATE [] FEE [X] FEDERAL []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Cottonwood Fee SWD
8. Well Number #1
9. OGRID Number 372603
10. Pool name or Wildcat SWD; Devonian-Silurian
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,483 (GR)

SUNDRY 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 [] Gas Well [] Other: Saltwater Injection Well [X]
2. Name of Operator 3Bear Energy LLC
3. Address of Operator 1512 Larimer St., Ste. 540, Denver, CO 80202
4. Well Location Unit Letter O : 330 feet from the SOUTH line and 1,662 feet from the EAST line
Section 19 Township 26S Range 26E NMPM County Eddy

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

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: Mechanical Integrity Test [X]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work).

The MIT was conducted on Wednesday, November 13, 2019 at 2:00 pm (MT). Dan Smolik, (NMOCD) was on site to provide oversight and approve the test. Below is a step-by-step summary of the MIT and the observed results:

- 1. The annular space pressure between casing and tubing was approximately 400 psi prior to the start of the MIT. Disposal was not occurring at the time of the test; the tubing pressure was on vacuum (crown sensor).
2. The annular space pressure was opened to a freshwater line (pump) and a calibrated chart recorder was installed.
3. The annular pressure was bled down to 0 psi and the chart recorder was started at 2:06 pm.
4. At 2:08 pm the pressure was slowly increased by pumping freshwater from the truck to achieve a pressure of 560 psi.
5. The chart recorder and well were isolated from the pump truck and the MIT began at 2:10 pm.
6. At 2:43 pm (33 minutes) the annulus pressure was 560 psi, a loss of 0 psi (0% decrease).
7. The freshwater was bled from the annulus to reduce the pressure to 0 psi and the chart recording was stopped.
8. Prior to disconnection from the truck, the annular pressure was increased to 50 psi for normal operations.

Before the start of the MIT, a Bradenhead test was conducted by the NMOCD by opening the surface/intermediate casing and production casing/tubing annulus valves to the atmosphere in order to observe and document the flow, if present.

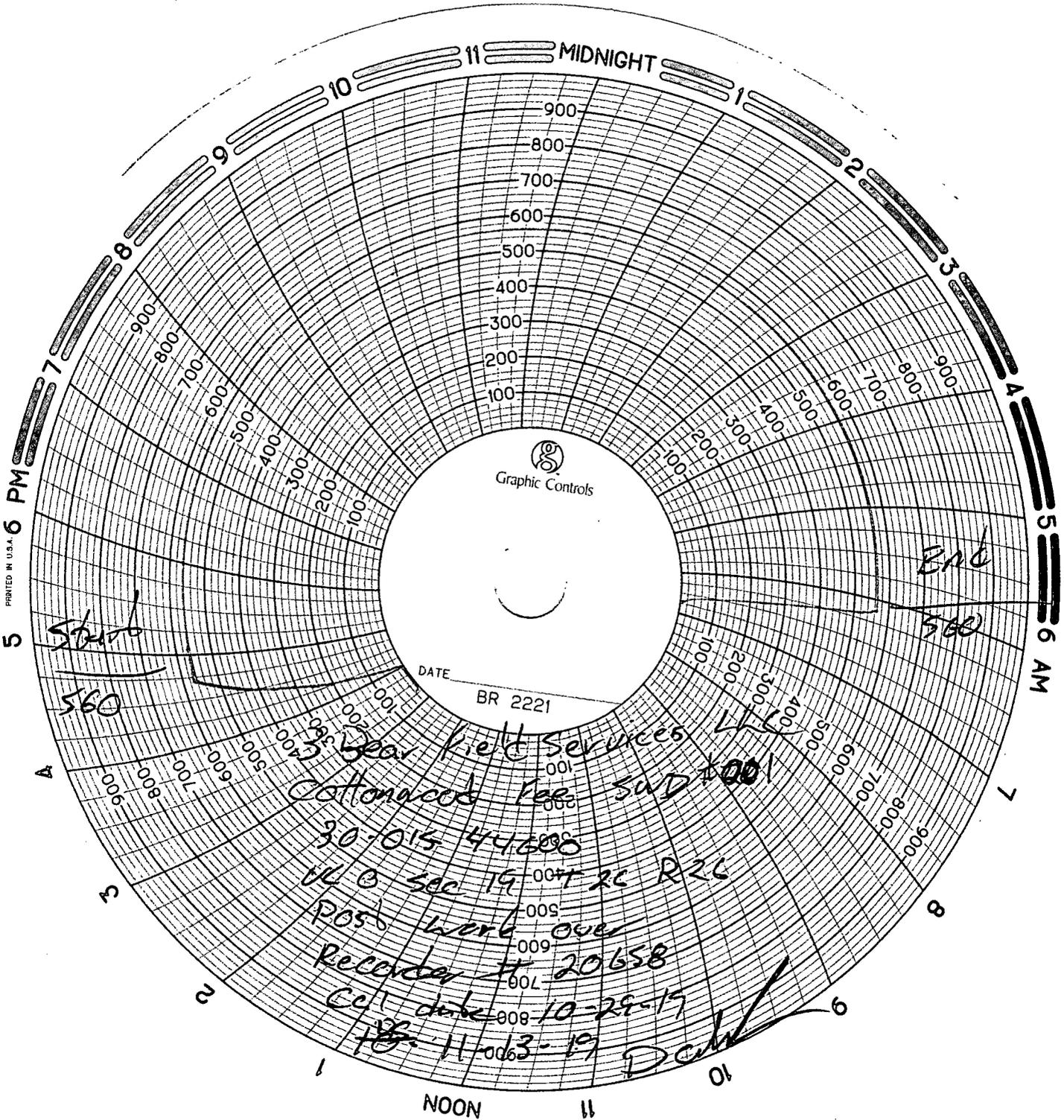
Please see the attached MIT pressure chart, NMOCD approval form, calibration sheet, and Bradenhead test documentation.

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

SIGNATURE Dale T Littlejohn TITLE Consultant to 3Bear Energy DATE 11/15/19
Type or print name Dale T Littlejohn E-mail address: dale@geolex.com PHONE: 505-842-8000

For State Use Only
APPROVED BY: [Signature] TITLE Compliance Officer DATE 11-19-19
Conditions of Approval (if any):

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State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



Date: 11-13-19

API# 30-015-44600

A Mechanical Integrity Test (M.I.T.) was performed on, Well Cottonwood Fee SWD # 001

M.I.T. is successful, the original chart has been retained by the Operator on site. Send a legible scan of the chart with an attached **Original C-103 Form** indicating reason for the test, via post mail to District NMOCD field office. A scanned image will appear online via NMOCD website, www.emnrd.state.nm.us/ocd/OCDOnline.htm 7 to 10 days after postdating.

M.I.T. is unsuccessful, the original chart is returned to the Operator. Repairs will be made, Operator is to schedule for a re-test within a 90-day period. If this is a test of a repaired well currently in non-compliance, all dates and requirements of the original are still in effect.
No expectation of extension should be construed because of this test.

M.I.T. for Temporary Abandonment, shall include a detailed description on Form C-103, including the location of the CIBP and any other tubular goods in the well including the Operator's request for TA status timeline.

M.I.T. is successful, after the secondary request of a scheduled M.I.T. is performed. Therefore, Operator has within a 30-day period from the M.I.T. to submit a current C-103 along with a legible scan of the Chart, including a detailed description of the repair(s). **Only after receipt of the C-103 will the non-compliance be closed.**

M.I.T. is successful, Initial of an injection well, you must submit a form C-103 to NMOCD within 30 days. A C-103 form must include a detailed description of the work performed on this well including the position of the packer, tubing information, the date of first injection, the tubing pressure and injection volume.

Please contact Rusty Klein at 575-748-1283 x109 for verification to ensure documentation requirements are in place prior to injection process.

If I can be of additional assistance, please feel free to contact me at (575) 748-1283 ext.

Thank You,

A handwritten signature in black ink, appearing to read "Dan Smolik".

Dan Smolik, Compliance Officer

EMNRD-O.C.D.

District II - Artesia, NM

American Valve & Meter, Inc.

1113 W. BROADWAY

P.O. BOX 166 HOBBS, NM 88240

T0: TRM

DATE: 10/29/19

This is to certify that:

I, Justin Harris, Technician for American Valve & Meter Inc. Has checked the calibration of the following instrument.

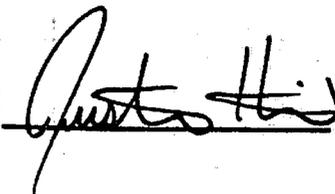
08" Pressure recorder

Ser#20658

at these points.

Pressure #			Temperature *or Pressure #		
Test	Found	Left	Test	Found	Left
- 0	-	-0	-	-	-
- 500	-	- 500	-	-	-
- 700	-	- 700	-	-	-
- 1000	-	- 1000	-	-	-
- 200	-	- 200	-	-	-
- 0	-	- 0	-	-	-

Remarks:

Signature: 

District II - Artesia

811 S. 1st Street, Artesia, NM 88210

Phone: (575) 748-1283 - Fax: (575)-748-9720

**State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division Artesia District Office**

BRADENHEAD TEST REPORT

Operator Name <i>3 Bears Field Service</i>	API Number <i>30-015-44600</i>
Property Name <i>Cottonwood Fee SWD</i>	Well No. <i>001</i>

7. Surface Location

UL - Lot	Section	Township	Range	Feet from	NS Line	Feet From	E/W Line	County
<i>0</i>	<i>19</i>	<i>26</i>	<i>26</i>	<i>330</i>		<i>1663</i>		<i>Eddy</i>

Well Status

TA'D Well	SHUT-IN	INJECTOR	PRODUCER	DATE
YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	INJ <input type="checkbox"/> SWD <input checked="" type="checkbox"/>	OIL <input type="checkbox"/> GAS <input type="checkbox"/>	<i>11-13-19</i>

OBSERVED DATA

	(A) Surf-Interm.	(B) Interm. (1)	(C) Interm. (2)	(D) Prod Casing	(E) Tubing
Pressure					
Flow Characteristics	<i>OK NO pressure</i>				
Puff	Y/N	Y/N	Y/N	<input checked="" type="checkbox"/> Y/N	CO2 _____
Steady Flow	Y/N	Y/N	Y/N	Y/N	WTR _____
Surges	Y/N	Y/N	Y/N	Y/N	GAS _____
Down to nothing	Y/N	Y/N	Y/N	Y/N	If applicable type
Gas or Oil	Y/N	Y/N	Y/N	Y/N	fluid injected for
Water	Y/N	Y/N	Y/N	Y/N	Waterflood

If Braden head flowed water, check all the descriptions that apply:

CLEAR	FRESH	SALTY	SULFUR	BLACK
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Remarks: Please state for each string (A, B, C, D, E) pertinent information regarding bleed down or continuous build up if applies.

Signature: <i>Danny Smolik</i>	OIL CONSERVATION DIVISION
Printed name: Danny Smolik	Entered RBDMS
Title: Compliance Office O	Re-test
E-mail Address: danny.smolik@state.nm.us	
Date: <i>11-13-19</i>	Phone: 575-626-0836
Witness:	



Cottonwood Fee SWD 1
API # 30-015-44600

TVD ft-RKB	Geological Tops	Wellbore Sketch	Hole Size	Casing	Drilling Fluids	Cement	Notes	
2,000'			17-1/2"	Surface: 13-3/8" 54.5# J55 BTC	FW Spud Mud 8.5 - 9.2 ppg 38 - 40 Viscosity 8 - 10 PV 8 - 10 YP NC-API Filtrate	Lead - Class C 12.8 ppg 1.90 cuft/sk TOC Surface 545 Scks Tail - Class C 14.8 ppg 1.35 cuft/sk TOC - 1,100'	60 bbls Cement to Surface	
4,000'			12-1/4"	Intermediate: 9-5/8" 43.5# L80HC BTC	550' - 1,600': Saturated Brine 10.0 - 10.2 ppg 28 - 29 Viscosity PV, YP - NA 1,600' - 8,500': Diesel/Brine Emulsion 8.9 - 9.3 ppg 40 - 45 Viscosity 14 - 21 PV 11 - 20 YP	Stage 1 Lead - Class C 12.7 ppg 2.19 cuft/sk TOC 1,600' 1,380 Sks Tail - Class C 14.8 ppg 1.38 cuft/sk TOC 8,500' 635 Sks Stage 2 Lead - Class C 12.9 ppg 2.19 cuft/sk TOC Surface 270 Sks Tail - Class C 14.8 ppg 1.33 cuft/sk TOC 1,300' 180 Sks	60 bbls Cement to Surface	
6,000'			8-1/2"	Liner: 7" 29# P110 FJ	Saturated Brine 10.0 - 12.0 ppg 36 - 38 Viscosity 10 - 18 PV 8 - 12 YP 6 - 8 API Filtrate	Tail - Class M 14.5 ppg cuft/sk 7,568' Sks	1.23 TOC - 480	40 bbls Cement off top of Liner
8,000'								
9,000'								
10,000'								
11,000'								
12,000'								
13,000'								
			6-1/8"	Injection String: 4-1/2" EUE L-80 IPC	CG Brine 8.9 - 9.2 ppg 29 - 30 Viscosity 3 PV 3 YP NC-API Filtrate			