

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 **Fair Oil, LTD**

3a. Address
PO Box 689, Tyler, Texas 75710

3b. Phone No. (include area code)
903 592-3811

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1792' FNL & 727' FWL, Sec 17-T17S-R31E, Unit E

5. Lease Serial No.

NMLC054980

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Fair 17 Federal #1

9. API Well No.

30-015-28969

10. Field and Pool, or Exploratory Area

Cedar Lake; Glorieta-Yeso

11. County or Parish, State

Eddy Co., NM

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 checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

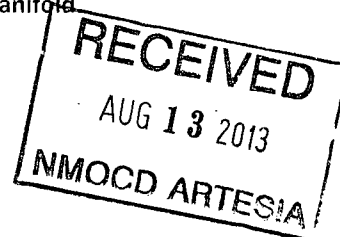
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 recompleat 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.)

LRDale 8/19/13
Accepted for record
NMOCD

See attached, revised drilling procedure.

Install new 5-1/2" riser and 3K wellhead & 3K Manual BOP for workover Rig and no choke manifold
Will drill out plugs and cleanout to approximately 6700 feet
Run CBL and Casing Integrity Log and evaluate and report finding to BLM ASAP
Run a Casing Integrity Test to be witness by a BLM PET (charted) and test to 700psig.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**



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

Signature

Title

Date

TJS Petroleum consultants (Agent)
8/9/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

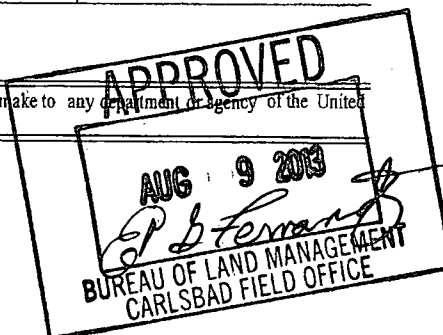
Date

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

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)



CONDITIONS OF APPROVAL

Sundry dated August 9, 2013

OPERATOR'S NAME:	FAIR OIL, LTD
LEASE NO.:	LC054908
WELL NAME & NO.:	1-FAIR 17 FEDERAL
SURFACE HOLE FOOTAGE:	1792'/N. & 727'/W.
LOCATION:	Section 17, T. 17 S., R. 31 E., NMPM
COUNTY:	Eddy County, New Mexico

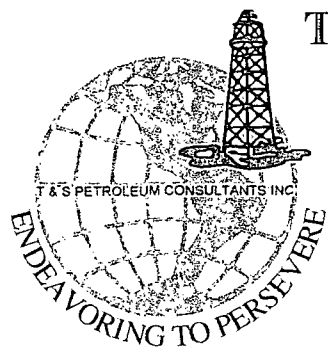
Original COA still applies with the following changes:

Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) psi**.
Operator will test BOP as soon as it is installed and prior to drilling plug at 2600 feet. (Operator to install a 3K wellhead & 3K Manual BOP for workover Rig and no choke manifold)

All blowout preventer (BOP) equipment shall comply with reasonable well control requirement and follow basic requirements in Onshore Order #2.

1. **Operator to tag the plug set at approximately 6665 feet to verify and report results on a subsequent sundry; this plug was set on 02/28/2008.**
2. **Operator to run a CBL and Casing Integrity Log from approximately 6600 feet to surface; and submit to the BLM as soon as possible. (note if casing determined to be un-repairable all plans will change)**
3. **After setting proposed CIBP at 6300' and top off with 50 sx of cement and WOC and before perforating. Operator will be required to do a casing integrity test (CIT). The CIT will be witness by a BLM PET (charted) and test to 700psig. Report result to BLM Engineer and on a subsequent sundry. Pressure leak off may require corrective action prior to perforating in zone of interest.**
4. **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.**
5. **Submit a subsequent sundry and Form 3160-4 completion report within 30 days of the date all BLM approved procedures are complete.**

EGF 080913



T & S PETROLEUM CONSULTANTS, INC.

9400 Highway 377 South
Brookesmith, Texas 76827
325-646-3400 (Office)
325-646-3411 (Fax)

United States
Department of the Interior
Bureau of Land Management
Oil Conservation Division
811 South First Street
Artesia, NM 88210-2834

To whom it may Concern,

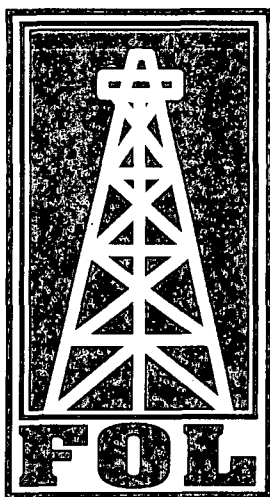
Please review and accept for record the attached 3160-5 Sundry Notice for Fair Oil, LTD-- Fair 17 Federal #1. Changes are being made to the drilling program because the reentry will stop short of any prior perforations as to not disturb the lower portion of the well; and the original schematic was done showing a full blown drilling rig, when in fact the work will be done with a work over/completions rig. The rig is set to move onto location as early as Tuesday, July 30, 2013. Your prompt attention to this matter will be greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Tibbitts', with a stylized flourish at the end.

Donnie Tibbitts
Owner

FAIR OIL, LTD.



Fair 17 Federal #1
1792' FNL & 727' FEL
Lot E ,Sec. 17, T. 17 S., R. 31 E.
Eddy County, New Mexico

Fair 17 Federal #1

SAFETY REQUIREMENTS

HOLD SAFETY MEETING BEFORE EVERY EVENT THAT OCCURS WHILE ON FAIR OIL, LTD. COMPANY DRILL SITE.

BE SURE THAT WINDSOCK ON RIG IS IN PLACE AT ALL TIMES AND ALL PERSONEL ARE TRAINED IN H2S.

ALL PERSONNEL WILL WEAR HARD HATS, SAFETY GLASSES AND STEEL TOE BOOTS

NO SMOKING EXCEPT IN DESIGNATED AREAS

LOCATION INFORMATION

Lovington Highway 82 to County Road 221
Turn North on 221 for 1 mile to lease road on right.
Pass Fair 18-1 location on right, **Fair 17 Federal #1** is located on right.

WELL OBJECTIVES

Basic Rig 35 will drill out cement plugs. TD of 6,730' and clean out hole to The permitted depth is 6,300'. (There is a 25 sack plug @ 6,730')

SPECIAL DRILLING CONSIDERATIONS

- **This well has been plugged since February 28, 2008. No perforations are open above 6,730' This does not mean that proper well control should not be observed. H2S is present in the area therefore H2S measures will be observed as well. Make sure that rig is spotted over the hole properly. Make sure that all environmental measures are completed and in full working order.**

DRILLING CONSIDERATIONS

1. Set 6'X6' cellar.
2. Install new 5 ½" riser and 3 K Well head & 3 K manual B.O.P.
3. Pressure test Well head & B.O.P to 3,000 PSI for 20 min.
4. Rig up H2S equipment
5. Pick up 3 ½" bit & 4 - 3" Drill collars and Trip in hole, Cleaning out any cement or debris to 6,730'
6. Circulate hole Clean.
7. Trip out of the hole & pick up 5 ½" Casing scraper & trip in to 6,730'
8. Circulate hole clean
9. Trip out of hole

See COA
10. Rig up wire line unit & R.I.H W/ CIBP to 6,300' and set.

see COA

11. Pull out of hole with wire line & pick up Casing integrity log and log from 6,300' to surface.

12. Once logs are interrupted T.I.H. open ended and spot 50 BBL cement on top of CIBP. (Note: BLM will need to witness setting of cement plug & said plug will need to be tested to 700 Psi.

13. Reverse out and clean string of all cement debris.

14. Displace hole with 2% KCL

15. Trip out & Pick up 5 ½ packer and test casing to 6,000 Psi. (If leak is found report to Fair & T&S Office immediately (Test will need to be charted & BLM will need to witness.

16. Trip out of hole laying down all tubular's.

17. Install 5 ½ Dry hole tree

18. Clean Pits & release drilling rig

CASING PROGRAM

Depth	Size	Weight	Grade	Tread	Torque
0-6,300'	5 ½"	17	P-110	LTC	Maximum 5780 Optimum 4620 Minimum 3470

Casing Collapse: 7,460 psi (NO SAFETY FACTOR)

Casing Collapse: 6,112 psi (WITH SAFETY FACTOR 20%)

Casing Burst: 12,640 psi (NO SAFETY FACTOR)

Casing Burst: 10,112 psi (WITH SAFETY FACTOR 20%)



T-S Petroleum Consulting
600 Fisk, Suite 124
Brownwood, TX 76801

**Fair 17 Federal #1
Workover & Prep for Frac Recommendation**

**1792' FNL & 727' FEL
Lot E, Sec 17, T17S, R31E
API: 30-015-39189
Eddy County, NM**

**For: Jay Bynum, Superintendent
Fair Oil LTD
P. O. Box 689
Tyler, TX 75710
(903) 592-3811
(903) 510-6525**

July 24, 2013

Prepared by: Prentice Creel, PE
T-S Petroleum Consulting
Iphone: 432-770-2265
Home: 432-362-1101
p.creel@t-sconsulting.com

Safety Requirements:

Hold safety meetings before every event that occurs while on Fair Oil, LTD. Company Workover Well Site.

Insure that windsock on workover unit is in place at all times and all personnel are trained in H₂S Safety.

All personnel will wear Hard Hats, Safety Glasses, and Steel Toe Boots.

No Smoking except in designated areas.

Location Information:

East of Loco Hills, NM 3 miles to CO Rd 221.

Turn North on Co Rd 221 for 1 mile to lease road on right.

Pass Fair 18 Federal #1 & #2 on right, South to Fair 17 Federal #1 on left

Workover Objectives:

Basic Rig 35 will drill out cement plugs set in well above the depth of 6,730'. TD the well at 6,730' and then clean out hole to the permitted depth of 6,300'. (NOTE: Currently there exists a 25 sack plug @ 6,730' to 6,850').

Special Drilling Considerations:

This well has been plugged since February 28, 2008. No perforations are open above 6,730'. This does not mean that proper well control should not be observed. H₂S is present in the area therefore H₂S measures will be observed. Make sure that workover unit is spotted over the hole properly, Make sure that all environmental measures are completed and in full working order. Full contained measures will be in place.

Drill-Out Considerations:

Set 6' X 6' cellar.

Install new 5-1/2" riser and 3K Well Head & 3K manual B.O.P.

BOP w/ No Choke Manifold.

Pressure test Well head & B.O.P. 3,000 psi for 20 mins.

Rig up H₂S monitoring equipment. Placard and place H₂S notices.

Mobilize workover pulling unit (Basic 35), reverse unit with reverse tank and swivel, frac tanks (10), and Blast tanks (2). Move-in 2-7/8" WS tubing, racks and cat walk. Load Fresh Water into frac tanks spotted on location.

Make arrangements for safety monitoring and PPE requirements. Make safety meetings standard.

RIH w/ 4-3/4" rock bit, four (4) 3-1/2" or (4) 4" Drill Collars, and 2-7/8" WS to drill out the plugs set at 0-60', Ret & Sq @ 550-650', Plug @ 2500-2600', and Plug @ 4650-4750'.

Trip to the top of PBD of 6730'-6850' with bit to clean out hole. Clean out any cement or debris to a depth of 6,730'.

Trip out of hole. Pick up a 5-1/2" scrapper and trip in to 6,730'.

Circulate clean with FW using kill truck or reverse unit.

Rig up Wireline unit and RIH with CIBP to 6300' and set.

— See COA

Rig to run casing integrity log from 6,300' to surface. RIH w/ Casing Integrity Log with a CBL to 6300' and determine casing integrity back to surface. The CIT will be witnessed by a BLM PET (charted) and test to 700 psig. A pressure leak off test is also required and if greater than allowable, repaired.

Once logs are interpreted, TIH open ended and spot 50 sks (12 bbls) of Class C cement on top of CIBP @ 6,300' – WOC before perforating 24 hrs. **Form 3160-4 is to be completed within 30 days and turned in to the BLM.** (NOTE: BLM will need to witness setting of cement plug and said plug will need to be tested to 700 psi.

Once hole circulated, load with treated 2% KCL water with scale inhibitor and clay stabilizer.

Pick up 5-1/2" packer and test casing to 6,000 psi. (If leak is found, report to Fair Oil & T&S Offices immediately.) Test will need to be charted & BLM will need to witness.

Report To BLM - ASAP

Trip out of hole laying down all tubulars.

Install 5-1/2" Dry hole Tree. Rig up 7-1/16" 5M Frac valve & 10-02 4-way cross with 5-1/2" HP wireline connections on top after removing the BOP.

Clean Pits and release workover unit, reverse unit, & B.O.P.

RIH with WL and perforate the Lower Brinebry perms. Once shot and guns checked for proper firing, TOH and prep for frac treatment on Lower Brinebry. Following intervals will be isolated by placing a Composite Plug above treated intervals and Perforating next interval to frac. Once all intervals fraced, - well will be prepped for drill-out of composite plugs and rigged for recovery.

WL can be released if frac day is extended.

Well Data:

Field Cedar Lake, Glorietta-Yeso
County Eddy
State NM
Frac Formations: Lower Blinebry, Middle Blinebry, Upper Blinebry, & Paddock
Reference Pay Yeso @ 4670'
KB 16.5'
KB Elev 3736.5 (12')
Ground Level 3720'
BHT: $\pm 101^{\circ}\text{F}$ - 95°F
Drilled TD: 11,500 ft
PBD 6,730 ft - 25 sk cmt plug down to 6850 ft
Casing Depth 11,492 ft
Casing Grade M-95 & P-110
Casing Wt. 17#
TOC on 5-1/2" 2,500 ft inside 8-5/8" Intermediate set @ 4700 ft

Casing Information:

Casing String	Depth	PBT Depth	Size	Weight	Grade	Thread
Surface	600		13-3/8"	48#	H-40	STC
Intermediate	4700		8-5/8"	32#	J-55	
Production	11492	6730	5-1/2"	17#	M-95 & P-110	LTC

Casing Strength		
Casing Collapse	7,460 psi	(No Safety Factor)
Casing Collapse	6,112 psi	With 20% Safety Factor
Casing Burst	12,640 psi	(No Safety Factor)
Casing Burst	10,112 psi	With 20% Safety Factor

*Re-Submit
A Plugging Sundry*

Well plugged for abandonment:

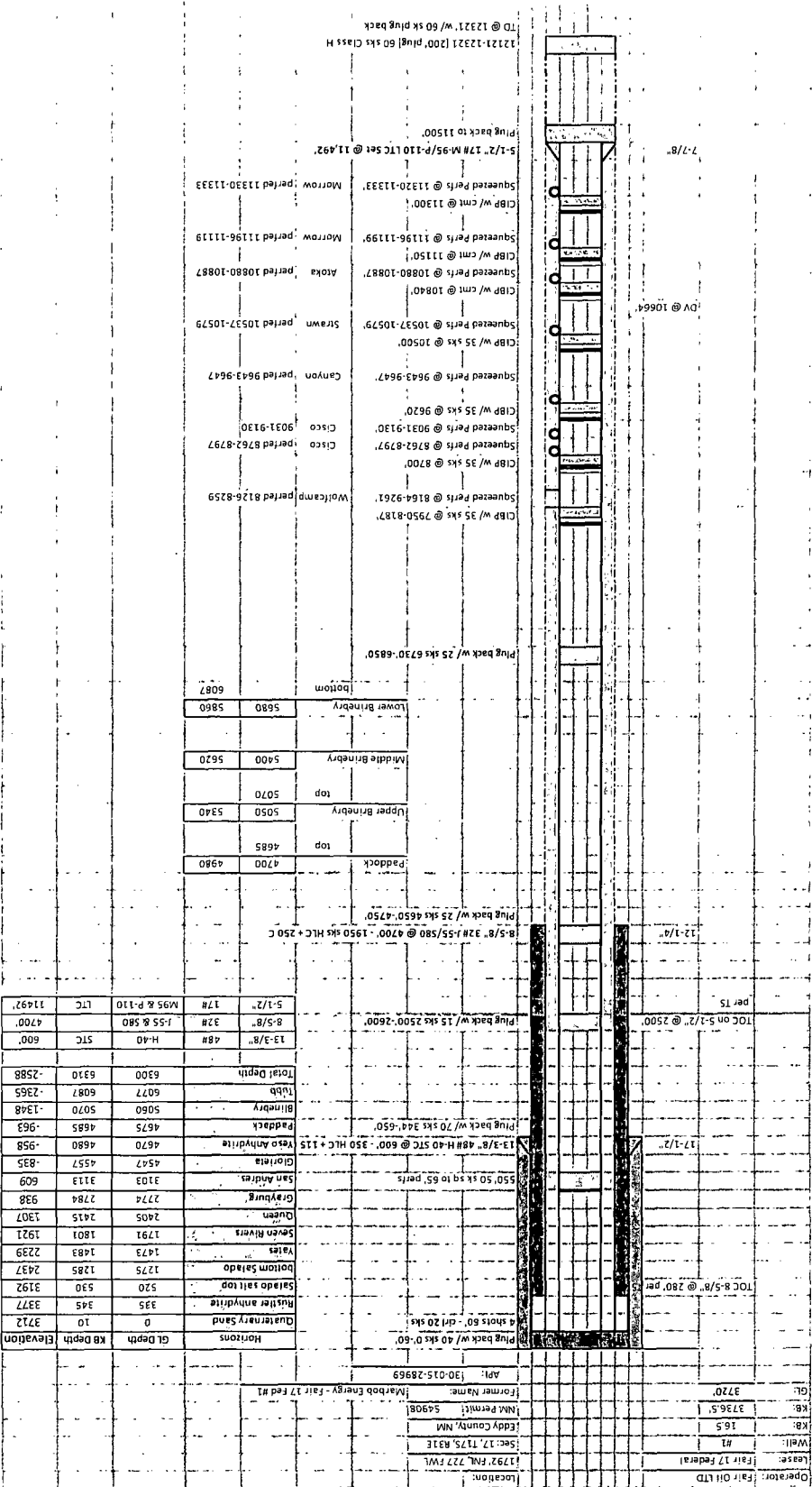
8187-7950-: CIBP w/ 30 sks @ 8100'
Squeezed Perfs @ 8164-9261'
CIBP w/ 35 sks @ 8700'
Squeezed Perfs @ 8762-8797'
Squeezed Perfs @ 9031-9130'
CIBP w/ 35 sks @ 9620'
Squeezed Perfs @ 9643-9647'
CIBP w/ 35 sks @ 10500'
Squeezed Perfs @ 10537-10579'
DV @ 10664'
CIBP w/ cmt @ 10840'
Squeezed Perfs @ 10880-10887'
CIBP w/ cmt @ 11150'
Squeezed Perfs @ 11196-11199'
CIBP w/ cmt @ 11300'
Squeezed Perfs @ 11320-11333'

Plugs requiring drilling out:

1. Plug back w/ 40 sks from surface to 60' - having had 4 shots @ 60' made thru the Production & Intermediate casings – circulating 20 sks cement out both strings.
2. Cement squeeze under ret @ 550' w/ perfs @ 650' 50 sks
3. Cement Plug back w/ 25 sks Class C 2500'-2600'
4. Cement Plug back w/ 25 sks Class C 4650'-4750'

Plug not requiring a drill-out:

5. Plug back w/ 25 sks 6730'-6850'. If plug leaks, it will be required to set a CIBP or Composite Plug.
6. [Will Not be drilled out] - Cement Plug back w/ 25 sks Class C 6830 -6665'
7. [Will Not be drilled out] – CIBP, Plugging Mud, & Cement Plug back w/ 30 sks Class C 8187 -7950'



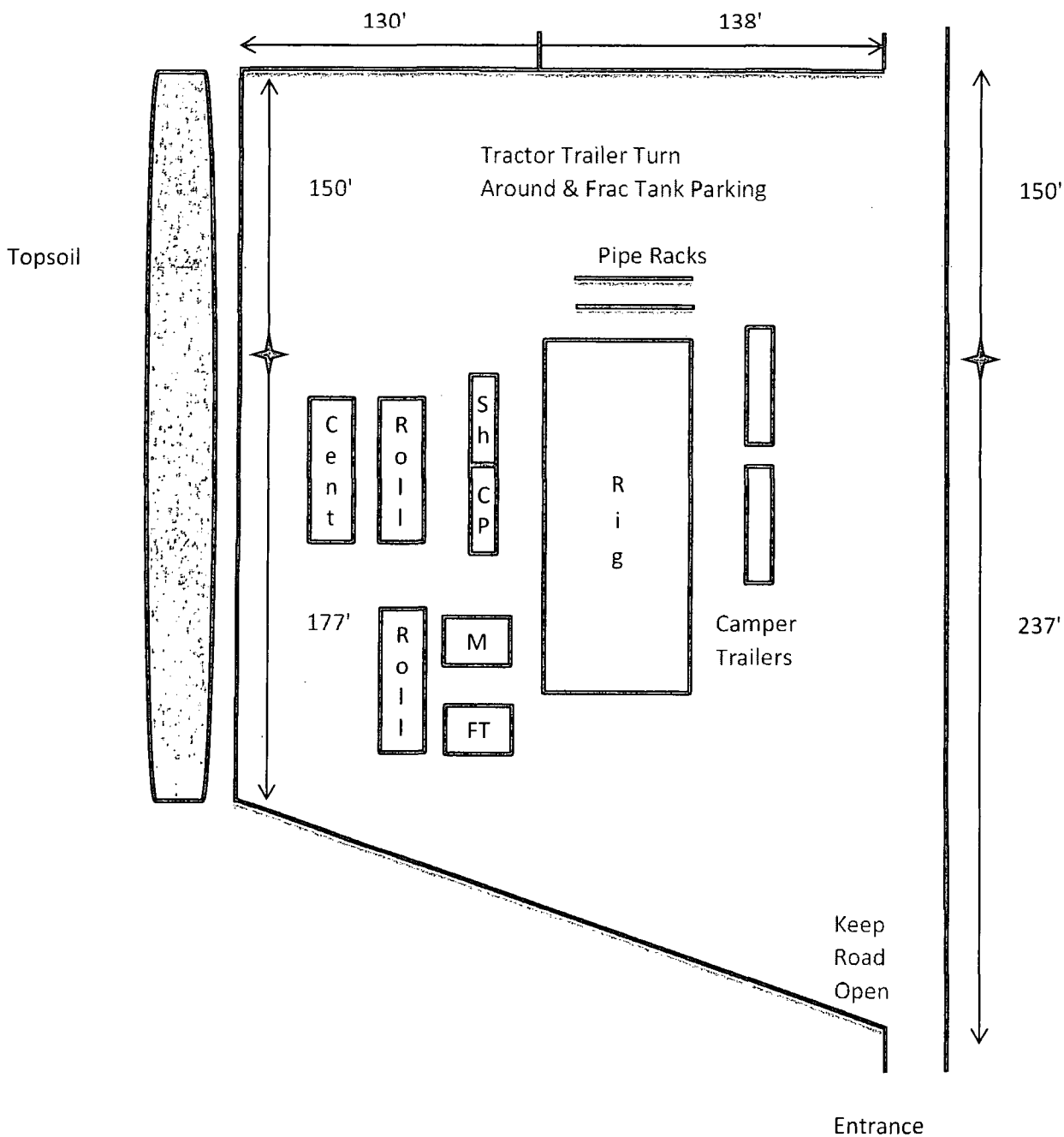
Planned Perforations for Frac:

Zone	Upper pay	Lower Pay	SPF	Orientation	Size
Lower Brinebry	5680	5860	48	60°	0.42
Middle Brinebry	5400	5620	56	60°	0.42
Upper Brinebry	5050	5340	72	60°	0.42
Paddock	4700	4980	72	60°	0.42

Fair Oil, LTD.
Fair 17 Fed #1
1792' FNL & 727' FWL
Sec. 17, T. 17 S, R. 31 E.
Eddy County, New Mexico



North



CONDITIONS OF APPROVAL

Sundry dated August 9, 2013

OPERATOR'S NAME:	FAIR OIL, LTD
LEASE NO.:	LC054908
WELL NAME & NO.:	1-FAIR 17 FEDERAL
SURFACE HOLE FOOTAGE:	1792'/N. & 727'/W.
LOCATION:	Section 17, T. 17 S., R. 31 E., NMPM
COUNTY:	Eddy County, New Mexico

Original COA still applies with the following changes:

Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) psi**. **Operator will test BOP as soon as it is installed and prior to drilling plug at 2600 feet.** (Operator to install a 3K wellhead & 3K Manual BOP for workover Rig and no choke manifold)

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1. **Operator to tag the plug set at approximately 6665 feet to verify and report results on a subsequent sundry; this plug was set on 02/28/2008.**
2. **Operator to run a CBL and Casing Integrity Log from approximately 6600 feet to surface; and submit to the BLM as soon as possible. (note if casing determined to be un-repairable all plans will change)**
3. **After setting proposed CIBP at 6300' and top off with 50 sx of cement and WOC and before perforating. Operator will be required to do a casing integrity test (CIT). The CIT will be witness by a BLM PET (charted) and test to 700psig. Report result to BLM Engineer and on a subsequent sundry. Pressure leak off may require corrective action prior to perforating in zone of interest.**
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