

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RECEIVED
MAY 4 2018
SUNNYVALE, CO

SUNDRY NOTICES AND REPORTS
Carlsbad Field Office
Old Artesia

Serial No.
NM114356

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. SANDY 1
2. Name of Operator STRATA PRODUCTION COMPANY Contact: GRACE CHARBONEAU E-Mail: GRACE@STRATANM.COM	9. API Well No. 30-015-21126-00-S1
3a. Address ROSWELL, NM 88202-1030	3b. Phone No. (include area code) Ph: 575-622-1127 Ext: 20 Fx: 575-623-3533
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T23S R30E SWNW 1979FNL 660FWL	10. Field and Pool or Exploratory Area FORTY NINER RIDGE
	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
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Hydraulic Fracturing
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input checked="" type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back

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 recomplate 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 recomplate 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.

BLM RETURNED A PREVIOUS SUNDRY ON 07/20/17 WHICH WAS "ACCEPTED FOR RECORD" BUT THE WELL WAS DEEMED "NON COMPLIANT" BY MR. SWARTZ. SEVERAL CONVERSATIONS AND MORE INFORMATION INCLUDING DRILLING REPORTS AND DAILY REPORTS FROM OLD RECORDS WERE SUPPLIED TO MR. SWARTZ WHO AGREED THAT THE PLUGS SET BELOW THE BONE SPRINGS CAST IRON BRIDGE PLUG WERE COMPETENT AND THE WELL IS COMPLIANT.

ON AUGUST 1, 2017 NMOCD REQUESTED THE SANDY #1 EITHER BE RETURNED TO PRODUCTION OR TEMPORARILY ABANDONED SINCE THE WELL HAS NOT PRODUCED IN SEVERAL MONTHS AND IS CURRENTLY CLASSIFIED AS AN INACTIVE WELL. THEREFORE, STRATA RESPECTFULLY REQUESTS THAT THE WELL BE CLASSIFIED AS TEMPORARILY ABANDONED. A WELL BORE DIAGRAM IS ATTACHED AND ALL PRODUCING PERFS HAVE BEEN SQUEEZED. THE CASING AND SQUEEZE PERFS HAVE BEEN TESTED TO 500 PSIG FOR 30 MINUTES, HOWEVER, STRATA IS WILLING TO REPEAT THE PRESSURE TEST FOR THE BLM TO WITNESS.

Accepted for record
NMOCD PE 5/13/18

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

Electronic Submission #384416 verified by the BLM Well Information System
For STRATA PRODUCTION COMPANY, sent to the Carlsbad
Committed to AFMS for processing by PRISCILLA PEREZ on 09/20/2017 (17PP0912SE)

Name (Printed/Typed) PAUL RAGSDALE	Title OPERATIONS MANAGER
Signature (Electronic Submission)	Date 08/11/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>/s/ Jonathon Shepard</u>	Title <u>PE</u>	Date <u>5/10/2018</u>
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 <u>CFO</u>

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.

Additional data for EC transaction #384416 that would not fit on the **Carlsbad Field Office**
OCD Artesia

32. Additional remarks, continued

STRATA IS REQUESTING TA STATUS FOR THIS WELL FOR AT LEAST 1 YEAR OR UNTIL COMMODITY PRICES IMPROVE TO ECONOMICALLY JUSTIFY THE RE-ENTRY AND DRILLING OF A HORIZONTAL LATERAL IN THE LOWER BRUSHY CANYON FORMATION.

Carlsbad Field Office

Operator: Strata Production Company
 Surface Lease: NM114356 BHL: NM114356
 Case No: NM114356 Lease Agreement
 Subsurface Concerns for Casing Designs:
 Well Status: OSI
 Spud date: 3/29/1974
 Plug'd Date:
 Reentry Date:

Well: SANDY FEDERAL
 API: 3001521126

@ Srfce: T23S-R30E,24.1979n660w
 @ MTD: T23S-R30E,24.1979n660w

KB: 3290 Estate: FFF
 GL: 3267 CWDW, R of W:
 Corr: 23 OCD Admn Order, date:

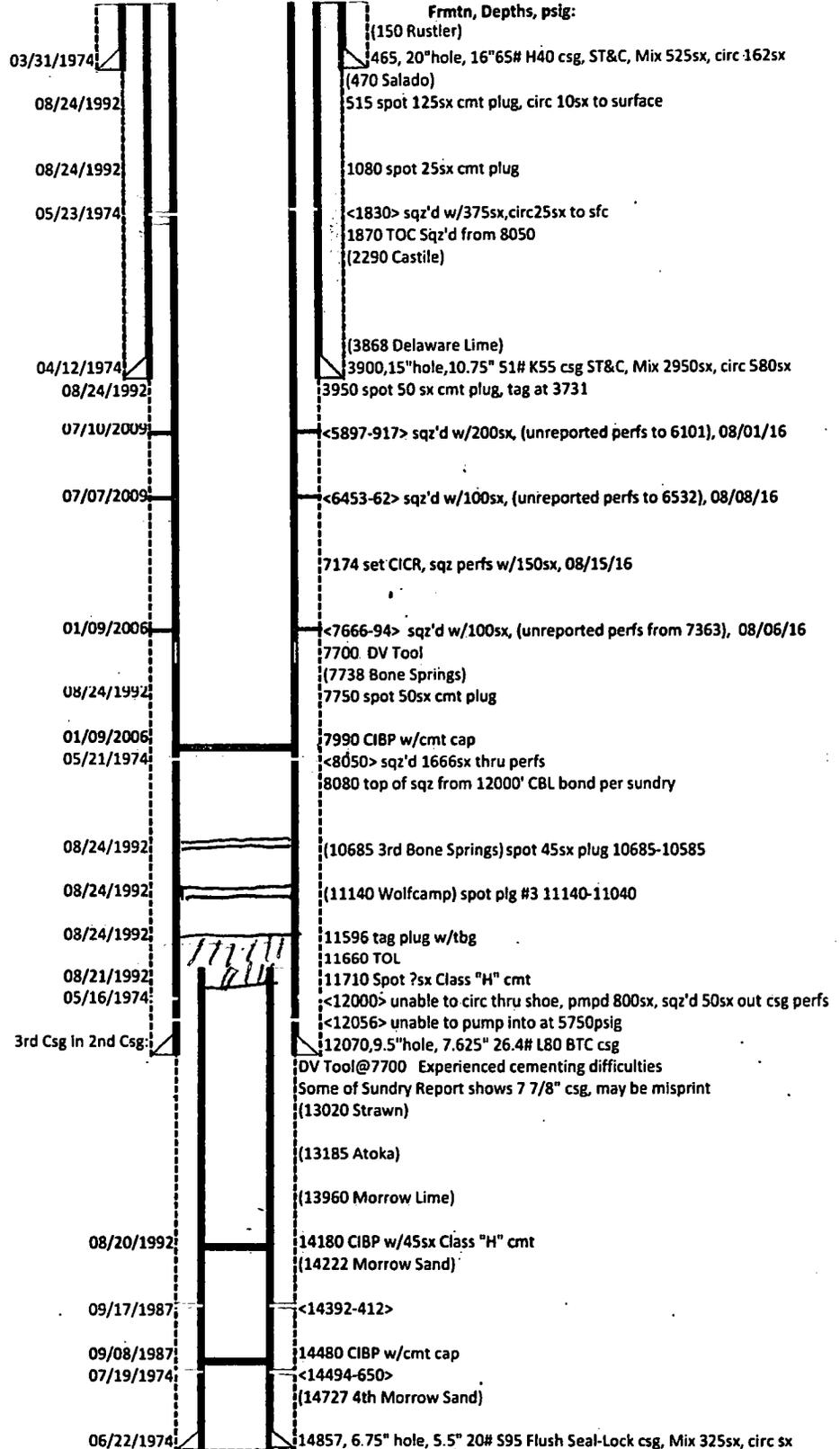


Diagram last updated: 07/20/2017

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Carlsbad Field Office
OCD Artesia

Temporary Abandonment of Wells on Federal Lands
Conditions of Approval

A temporarily abandoned well is defined as a completion that is not capable of production in paying quantities but which may have value as a service well. Pursuant to 43 CFR 3162.3-4 (c), no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer.

Temporary Abandonment (TA) status approval requires a successful mechanical or casing integrity test as follows:

1. A Notice of Intent (NOI) Sundry Notice (Form 3160-5) requesting approval to run a mechanical integrity test (MIT) or casing integrity test (CIT).
2. A description of the temporary abandonment procedure.
 - a. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible. If a cement plug is used, the top of the cement must be verified by tagging. CIBP must be capped with minimum 25 sacks cement, placed with tubing, or 35 feet of cement if placed with bailer.
 - b. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes. Any leak-off will be evaluated.
 - c. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
 - d. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (90) days of the test.
 - e. Contact the appropriate BLM office at least 24 hours prior to the scheduled Casing Integrity Test. For wells in Eddy County, 575-361-2822; Lea County 575-393-3612.
3. **Provide justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date that the well will be returned to beneficial use or plugged and abandoned. 43 CFR 3162.3-4 (a) The operator shall promptly plug and abandon...wells in which oil or gas is not encountered in paying quantities...**

Wells that successfully pass the casing integrity test may be approved for Temporary Abandonment (TA) status provided that the operator:

1. **Submits a subsequent Sundry Notice (Form 3160-5) requesting TA approval with well bore diagram with all perforations and CIBP's and tops of cement on CIBP's.**
2. Describes the temporary abandonment procedure.
3. Attaches a clear copy or the original of the pressure test chart.
4. Give justification to allow well to be place in TA status and plan for future use of well with time frame that well will be place back on line or plans to P&A well will be submitted.

If the well does not pass the casing integrity test, then the operator shall within 30 days submit to BLM for approval one of the following:

1. A procedure to repair the casing so that a TA approval can be granted.
2. A procedure to plug and abandon the well.