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

5. Lease Serial No.
NMNM86024

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.
BLUE STEEL 21 WA FEE 9H

2. Name of Operator
MARATHON OIL PERMIAN LLC
Contact: MELISSA SZUDERA
E-Mail: mszudera@marathonoil.com

9. API Well No.
30-015-45895-00-X1

3a. Address
5555 SAN FELIPE ST
HOUSTON, TX 77056

3b. Phone No. (include area code)
Ph: 713-296-3179

10. Field and Pool or Exploratory Area
PURPLE SAGE-WOLFCAMP (GAS)

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 28 T23S R29E NWNW 270FNL 1225FWL
32.282478 N Lat, 103.994514 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.

Marathon Oil respectfully requests to update the proposed casing plan for the above listed well. Attached is the updated drilling and operations plan which includes two possible casing scenarios, one for 4 string and the other for 3 string casing. Marathon will deploy the proposed 3 string casing assuming hole conditions are favorable with cut bring and planned mud weight.

NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 21 2019

RECEIVED
OCD-ARTESIA

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #475007 verified by the BLM Well Information System
For MARATHON OIL PERMIAN LLC, sent to the Carlsbad
Committed to AFMSS for processing by CANDY VIGIL on 07/25/2019 (19CV0095SE)

Name *(Printed/Typed)* MELISSA SZUDERA — Title REGULATORY COMPLIANCE REP

Signature (Electronic Submission) — Date 07/24/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By NDUNGU KAMAU — Title PETROLEUM ENGINEER — Date 07/31/2019

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 ****

RP 10-25-19

Revisions to Operator-Submitted EC Data for Sundry Notice #475007

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	APDCH NOI	APDCH NOI
Lease:	NMNM119272	NMNM86024
Agreement:		
Operator:	MARATHON OIL PERMIAN 5555 SAN FELIPE STREET HOUSTON, TX 77056 Ph: 713-296-3179	MARATHON OIL PERMIAN LLC 5555 SAN FELIPE ST HOUSTON, TX 77056 Ph: 713.629 6600
Admin Contact:	MELISSA SZUDERA ADV REGULATORY COMPLIANCE REP E-Mail: mszudera@marathonoil.com Ph: 713-296-3179	MELISSA SZUDERA REGULATORY COMPLIANCE REP E-Mail: mszudera@marathonoil.com Ph: 713-296-3179
Tech Contact:	MELISSA SZUDERA ADV REGULATORY COMPLIANCE REP E-Mail: mszudera@marathonoil.com Ph: 713-296-3179	MELISSA SZUDERA REGULATORY COMPLIANCE REP E-Mail: mszudera@marathonoil.com Ph: 713-296-3179
Location: State: County:	 NM EDDY	 NM EDDY
Field/Pool:	PURPLESAGE; WOLFCAMP	PURPLE SAGE-WOLFCAMP (GAS)
Well/Facility:	BLUE STEEL 21 WA FEE 9H Sec 28 T23S R29E Mer 5PM NWNW 270FNL 1225FWL 32.282478 N Lat, 103.994516 W Lon	BLUE STEEL 21 WA FEE 9H Sec 28 T23S R29E NWNW 270FNL 1225FWL 32.282478 N Lat, 103.994514 W Lon

PECOS DISTRICT
DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME: MARATHON OIL PERMIAN LLC
LEASE NO.: NMNM86024
COUNTY: EDDY

BLUE STEEL 21 WA FEE 2H
LOCATION: Section 28, T.23 S., R.29 E., NMPM
SURFACE HOLE FOOTAGE: 270'/N & 1105'/W
BOTTOM HOLE FOOTAGE: 330'/N & 330'/W

BLUE STEEL 21 WXY FEE 6H
LOCATION: Section 28, T.23 S., R.29 E., NMPM
SURFACE HOLE FOOTAGE: 270'/N & 1195'/W
BOTTOM HOLE FOOTAGE: 330'/N & 990'/W

BLUE STEEL 21 WXY FEE 8H
LOCATION: Section 28, T.23 S., R.29 E., NMPM
SURFACE HOLE FOOTAGE: 270'/N & 1255'/W
BOTTOM HOLE FOOTAGE: 330'/N & 2311'/W

BLUE STEEL 21 WA FEE 9H
LOCATION: Section 28, T.23 S., R.29 E., NMPM
SURFACE HOLE FOOTAGE: 270'/N & 1225'/W
BOTTOM HOLE FOOTAGE: 330'/N & 1650'/W

ALL PREVIOUS COAs STILL APPLY.

A. CASING

Primary Casing Design:

1. The **13-3/8** inch surface casing shall be set at approximately **400** feet (a minimum of **70 feet (Eddy County)** 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 **24 hours in the Potash Area** 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 **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.

    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 Medium 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.

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

Option 1 (Single Stage):

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

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 should tie-back at least **500 feet** into previous casing string. Operator shall provide method of verification.

Alternate Casing Design:

3. The minimum required fill of cement behind the **7** inch 2nd 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.
  Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

❖ In Medium 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.

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

- Cement should tie-back **100 feet** into the previous casing. Operator shall provide method of verification.

B. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).'

2.

Option 1:

a. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.

Option 2:

1. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.

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

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. The casing intergrity test can be done (prior to the cement setting up) immediately after bumping the plug.

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. The casing intergrity test can be done (prior to the cement setting up) immediately after bumping the plug.

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, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).

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.

NMK7302019

MARATHON OIL PERMIAN LLC

DRILLING AND OPERATIONS PLAN

WELL NAME / NUMBER: BLUE STEEL 21 WA FEE 9H

API: 30-015-45895 **STATE:** NEW MEXICO **COUNTY:** EDDY

	NS-Foot	NS Indicator	EW-Foot	EW Indicator	TWSP	Range	Section	Aliquot/Lot/Tract	Latitude (NAD 83)	Longitude (NAD 83)	County	State	Meridian	Lease Type	Lease Number	Elevation (ftSS)	MD (RKB)	TVD (RKB)
SHL	270	FNL	1225	FWL	23S	29E	28	NWNW	32.28247805	-103.9945164	EDDY	NM	NMP	F	NMNM086024	3001	0	0
EXIT	0	FNL	1542	FWL	23S	29E	28	NENW	32.28321813	-103.993493	EDDY	NM	NMP	F	NMNM086024	-1103	4139	4104
KOP	100	FSL	1659	FWL	23S	29E	21	SESW	32.28349242	-103.9931137	EDDY	NM	NMP	Fee		-6571	9619	9572
PPP1	330	FSL	1659	FWL	23S	29E	21	SESW	32.28412465	-103.9931104	EDDY	NM	NMP	Fee		-7030	10151	10031
PPP2	0	FNL	1650	FWL	23S	29E	16	SESW	32.29784163	-103.9929966	EDDY	NM	NMP	State	V040750	-7087	15154	10088
BHL	330	FNL	1650	FWL	23S	29E	16	NENW	32.3115586	-103.9928828	EDDY	NM	NMP	State	V040750	-7144	20157	10145

1. **GEOLOGIC NAME OF SURFACE FORMATION**
   a. Permian/Quatenary Alluvium

2. **ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS**

Formation	True Vertical Depth (ft)	Measured Depth (ft)	Lithologies	Mineral Resources	Producing Formation
Salado	374.0	374.0	Salt/Anhydrite	BRINE	N
Base of Salt	2964.0	2981.4	Limy Sands	BRINE	N
Lamar	3010.0	3028.2	Sand/Shales	OIL	Y
Bell Canyon	3045.0	3063.7	Sands/Shale	OIL	Y
Cherry Canyon	3918.0	3950.2	Sands/Shale	OIL	Y
Brushy Canyon	5075.0	5122.2	Sands/Carbonates	OIL	Y
Bone Spring	6704.0	6751.3	Sands/Carbonates	OIL	Y
Wolfcamp	9942.0	10021.5	Carbonates/Shales/Sands	OIL	Y

DEEPEST EXPECTED FRESH WATER: 275' TVD

ANTICIPATED BOTTOM HOLE PRESSURE: 6,594 psi

ANTICIPATED BOTTOM HOLE TEMPERATURE: 195°F

ANTICIPATED ABNORMAL PRESSURE: N

ANTICIPATED ABNORMAL TEMPERATURE: N

3. CASING PROGRAM

String Type	Hole Size	Csg Size	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Weight (lbs/ft)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
Surface	17 1/2	13 3/8	0	400	0	400	54.5	J55	STC	5.52	2.5	2.5
Intermediate I	12 1/4	9 5/8	0	3020	0	3002	40	J55	LTC	1.74	1.15	2.19
Intermediate II	8 3/4	7	0	10520	0	10145	29	P110	BTC	2.21	1.18	1.9
Production Liner	6 1/8	4 1/2	10220	20157	10069	10145	13.5	P110	BTC	1.33	1.56	1.88

Minimum safety factors: Burst 1.125 Collapse 1.125 Tension 1.8 Wet/1.6 Dry

OR:

String Type	Hole Size	Csg Size	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Weight (lbs/ft)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
Surface	17 1/2	13 3/8	0	400	0	400	54.5	J55	STC	5.52	2.5	2.5
Intermediate I	12 1/4	9 5/8	0	3020	0	3002	40	J55	LTC	1.74	1.15	2.19
Production	8 3/4	5.5	0	20157	0	10145	20	P110	BTC	1.65	1.29	2.08

Minimum safety factors: Burst 1.125 Collapse 1.125 Tension 1.8 Wet/1.6 Dry

Will deploy 3 string casing assuming hole conditions are favorable with cut brine and planned mud weight.

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2nd string set 100' to 600' below the base of salt?	

Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

4. CEMENT PROGRAM:

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity (sks)	Yield (ft3/sks)	Density (ppg)	Slurry Volume (ft3)	Excess (%)	Cement Type	Additives
Surface	Lead	--	0	0	0	1.75	13.5	0	100	Class C	
Surface	Tail	--	0	400	407	1.33	14.8	556	100	Class C	0.02 Gal/Sk Defoamer + 0.5% Extender + 1% Accelerator
Intermediate I	Lead	--	0	2000	634	1.75	12.8	1096	75	Class C	0.02 Gal/Sk Defoamer + 0.5% Extender + 1% Accelerator
Intermediate I	Tail	--	2000	3020	360	1.33	14.8	479	50	Class C	0.3 % Retarder
Intermediate II	Lead	--	2720	9500	642	2.7	11	1733	70	Class C	0.85% retarder + 10% extender + 0.02 gal/sk defoamer + 2.0% Extender + 0.15% Viscosifier
Intermediate II	Tail	--	9500	10520	183	1.09	15.6	199	30	Class H	3% extender + 0.15% Dispersant + 0.03 gal/sk retarder
Production Liner	Tail	--	10220	20157	997	1.22	14.5	1217	30	Class H	0.1% retarder + 3.5% extender + 0.3% fluid loss + 0.1% Dispersant

Stage tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. Stage tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Or:

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity (sx)	Yield (ft3/sx)	Density (ppg)	Slurry Volume (ft3)	Excess (%)	Cement Type	Additives
Surface	Lead	--	0	0	0	1.73	13.5	0	100	Class C	LCM
Surface	Tail	--	0	400	407	1.33	14.8	556	100	Class C	Accelerator
Intermediate I	Lead	--	0	2000	634	2.21	12.8	1096	75	Class C	Extender, Accelerator
Intermediate I	Tail	--	2000	3020	360	1.33	14.8	479	50	Class C	Retarder
Production	Lead	--	0	9700	1543	3.21	11	4165	70	Class H	Viscosifier, Retarder
Production	Tail	--	9700	20157	2815	1.22	14.5	3434	30	Class H	Extender, Fluid Loss, Dispersant

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity (sx)	Yield (ft3/sx)	Density (ppg)
Surface	Lead	--	0	0	0	1.747	13.5
Surface	Tail	--	0	400	407	1.364	14.8
Intermediate I	Lead	--	0	2000	634	1.73	12.8
Intermediate I	Tail	--	2000	3020	360	1.33	14.8
Production	Lead	--	2720	7280	725	2.807	11
Production	Tail	--	7280	12788	1659	1.223	14.5

Pilot hole depth: N/A TVD/MD
KOP: N/A TVD/MD

Plug top	Plug Bottom	Excess (%)	Quantity (sx)	Density (ppg)	Yield (ft3/sx)	Water gal/sk	Slurry Description and Cement Type

Attach plugging procedure for pilot hole.

N/A

5. PRESSURE CONTROL EQUIPMENT

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12 ¼"	13 5/8	5000	Annular	x	70% of working pressure
			Blind Ram	x	5000
			Pipe Ram		
			Double Ram	x	
			Other*		
8 ¾"	13 5/8	5000	Annular	x	70% of working pressure
			Blind Ram	x	5000
			Pipe Ram		
			Double Ram	x	
			Other *		
6 1/8"	13 5/8	5000	Annular	x	70% of working pressure
			Blind Ram	x	5000
			Pipe Ram		
			Double Ram	x	
			Other *		

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock, full opening safety valve / inside BOP and choke lines and choke manifold. See attached schematics.

Y	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or 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. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
Y	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
	N Are anchors required by manufacturer?
Y	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested.

	See attached schematic.

6. MUD PROGRAM:

Top Depth	Bottom Depth	Mud Type	Min. Weight (ppg)	Max. Weight (ppg)	Additional Characteristics
0	400	Water Based Mud	8.4	8.8	
400	3020	Brine	9.9	10.2	
3020	10520	Cut Brine	8.8	9.8	
10520	20157	Oil Based mud	11.0	12.5	

Losses or gains in the mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times.
Or:

Top Depth	Bottom Depth	Mud Type	Min. Weight (ppg)	Max. Weight (ppg)	Additional Characteristics
0	400	Water Based Mud	8.4	8.8	
400	3020	Brine	9.9	10.2	
3020	20157	Oil Based Mud	8.8	9.8	

Losses or gains in the mud system will be monitored visually/manually as well as with an electronic PVT. The necessary mud products for additional weight and fluid loss control will be on location at all times.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

a. A Kelly cock will be in the drill string at all times.

b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor unobstructed and readily accessible at all times.

c. Hydrogen Sulfide detection equipment will be in operation after drilling out the surface casing shoe until the production casing is cemented. Breathing equipment will be on location upon drilling the surface casing shoe until total depth is reached. **If Hydrogen Sulfide is encountered , measured amounts and formations will be reported to the BLM**

8. LOGGING / CORING AND TESTING PROGRAM:

A. Mud Logger: None.

B. DST's: None.

C. Open Hole Logs: GR while drilling from Intermediate casing shoe to TD.

9. POTENTIAL HAZARDS:

A. H2S detection equipment will be in operation after drilling out the surface casing shoe until the production casing has been cemented. Breathing equipment will be on location from drilling out the

surface shoe until production casing is cemented. If H2S is encountered the operator will comply with Onshore Order #6.

B. No abnormal temperatures or pressures are anticipated. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

C. No losses are anticipated at this time.

D. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well.

E. Adequate flare lines will be installed off the mud/gas separator where gas may be flared safely.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 30 days.