

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**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.5. Lease Serial No.
LC-029020 (L)6. If Indian, Allottee or Tribe Name
N/A**SUBMIT IN TRIPLICATE – Other instructions on page 2.**7. If Unit of CA/Agreement, Name and/or No.
N/A

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other Injection8. Well Name and No.
Dexter Federal #1 ✓2. Name of Operator
Premier Oil & Gas Inc. ✓9. API Well No.
30-015-04156 ✓3a. Address
PO Box 1246
Artesia, NM 88211-12463b. Phone No. (include area code)
972-470-022810. Field and Pool or Exploratory Area
Grayburg Jackson, SR,Q,GB,SA4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit J: 1650' FSL and 1650' FEL
Section 15, Township 17S - Range 30E ✓11. Country or Parish, State
Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION				
<input 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 checked="" 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 checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____	
	<input 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 must 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 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.)

- Set Composite Bridge Plug @ 2605'. TIH w/packer on tubing. Set packer at 2564'. Pressure test plug to 1180 #- held good. TOH w/packer.
- Run Shoe + Float collar + changeover + 87 joints 2 7/8" 6.5# J-55 tubing (2573.3') + 10' sub + changeover. Set at 2600'. Top 1125' of 2 7/8" is Rytel wrapped.
- Cement casing w/140 sxs Class C. No Circulation.
- Squeeze down back side w/ 50 sxs of 3% + 25 sxs of 3% + 25 sxs of 3% in 3 stages. Last stage pressure built to 1300#.
- Run CBL (copy given to BLM). Top of cement 60ft. CBL shows good cement bond from 2600 to 60'. BLM witnessed pressure test of 2 7/8" to 500 # for 30 minutes.
- TIH w bit + drill collars on 1 1/2" pipe. Drill thru float collar + cement + composite plug.
- Run Weatherford packer + 79 jts. of 2 1/16" plastic coated tubing + 2' + 4' + (2) 6' subs. Packer set at 2595'
- Pressure test 4 1/2" annulus to 565#. Pressure dropped to 535# over 30 minutes. Test good on 1/27. BLM notified but didn't witness. Chart enclosed.

Accepted for record
NMOCD
3/9/11SEE ATTACHED FOR
CONDITIONS OF APPROVAL14. I hereby certify that the foregoing is true and correct.
Name (Printed/Typed)

Kenneth C. Jones

Title President

Signature

Kenneth C. Jones

Date 02/15/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ JD Whitlock Jr

Title

LOET

Date

3/3/11

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

CFO

RECEIVED

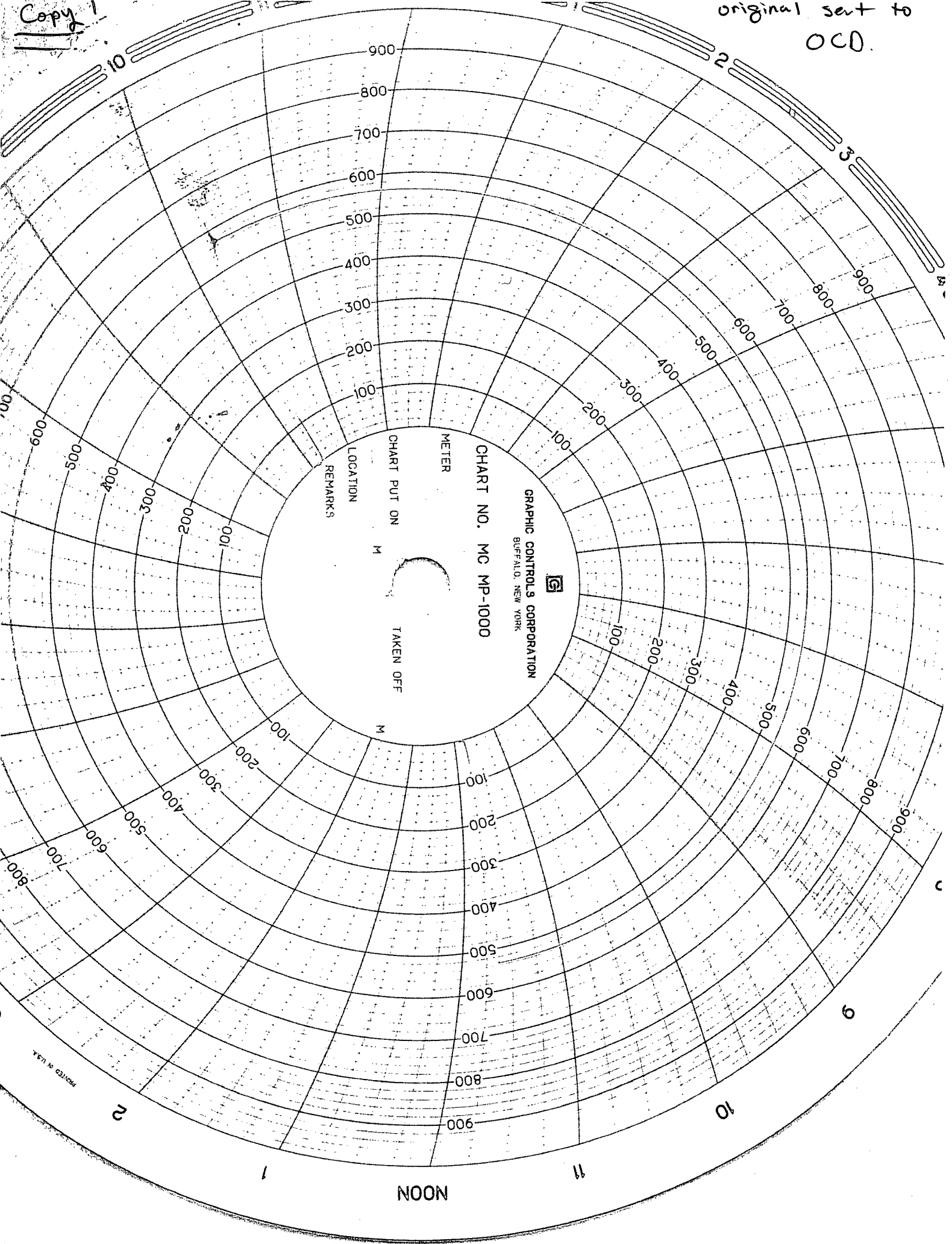
MAR 08 2011

NMOCD ARTESIA

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.

Copy 1

original sent to
OCD.



GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

CHART NO. MC MP-1000

METER

LOCATION

REMARKS

CHART PUT ON

TAKEN OFF

NOON

PRINTED IN U.S.A.

Premier Oil & Gas
Dexter Fed. #1
1-27-11

Conditions of Approval

Premier Oil and Gas Inc.

Dexter Federal #1

March 3, 2011

1. Conduct a Mechanical Integrity Test of the tubing/casing annulus any time the packer or tubing is pulled. (The MIT test was completed on 1/27/2011 and was not witnessed)
 - a. The test pressure should be 500 psig or at least 200 psig above the tubing (at test time) pressure but no more than 70% of burst of casing test pressure as described by Onshore Order 2.III.B.1.h. (The reservoir pressure may need to be reduced). Trap that pressure and record it on a chart for 30 minutes.
 - b. Less than a 10% leakoff may not restrict injection approval. Any leak-off will be evaluated. Document the MIT on a calibrated recorder chart within 25 to 85 per cent of its full range. Notify Paul R. Swartz at 575-234-5985 and/or 575-200-7902 at least 24 hours before the test. If there is no response, notify the BLM on call drilling phone, 575-361-2822.
 - c. Submit the recorded MIT chart with a subsequent Sundry Form 3160-5 relating the MIT activity. **Include the original and three copies of the recorded chart and Sundry.** (the original will be returned to the operator)
2. Submit documentation, (NMOCD permit number) of the maximum tubing injection pressure allowed by NMOCD.
 - a. Approved injection pressure compliance is required.
 - b. Display real time tubing pressure values onsite. A bourdon tube gauge registering 25% to 85% of its full range is acceptable.
 - c. If injection pressure exceeds the maximum approved pressure you will be required to notify the BLM within 24 hours.
 - d. When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum.
 - i. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment.
 - e. Other unexplained significant variations of rate or pressure will be reported within 5 days of notice.

3. The casing/tubing annulus will be required to be monitored for communication with injection fluid or loss of casing integrity.
 - a. **The use of automation equipment that will monitor and alarm is required because the packer, tubing, or casing competence is questionable (MIT test performed 1/27/11 lost 30 psig in 30 minutes)**
 - b. The annulus shall be maintained full of packer fluid at atmosphere pressure.
 - i. Verification of fluid level to a BLM inspector at any time is required.
 - c. Any loss of packer fluid above (5bbl/mth) requires notification to the BLM authorized officer.
 - d. Any gain of annular fluid requires notification to the BLM authorized officer within 5 days.
 - e. Should a failure be detected, cease injection and maintain a production casing pressure of Opsig. Notify the BLMs authorized officer (Paul R. Swartz at 575-200-7902) within 24 hours. If there is no response, notify the BLM on call drilling phone, 575-361-2822.
 - f. Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for approval by BLM and NMOCD a plan for correction and the anticipated date of correction.
 - g. After the repairs submit a (Sundry Form 3160-5) Subsequent report, describing the repair(s) and Mechanical Integrity Test as per item 1 above.
 - i. Include the date(s) of the well work, descriptions of tubing, on/off equipment, profile nipple installation, and packer setting depth.