

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

FORM APPROVED
OMB NO. 1004-0135
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.

RECEIVED

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> UNKNOWN-OTH <u>SWD</u>		5. Lease Serial No. NMNM86144
2. Name of Operator MACK ENERGY CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address ARTESIA, NM 88211-0960		7. If Unit or CA/Agreement, Name and/or No
3b. Phone No. (include area code) Ph: 432-685-4332		8. Well Name and No PRONGHORN SWD 01
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T19S R32E NWNE Lot B 330FNL 1650FEL		9. API Well No. 30-025-32735-00-S1
		10. Field and Pool, or Exploratory CRAZY HORSE <u>SWD Yates - 7 Rivers</u>
		11. County or Parish, and State LEA COUNTY, NM

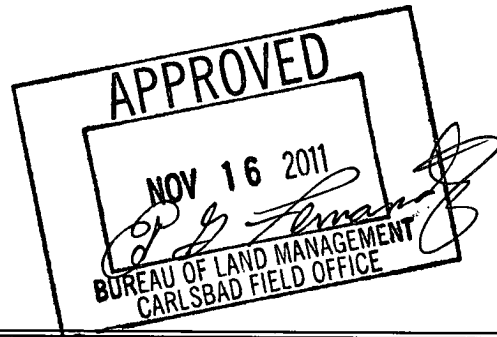
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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 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 recompleate 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 recompleation 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.)

SWD Procedure:

1. POOH w/ tubing and packer.
2. GIH w/ RBP to test casing.
3. ~~If any leaks are found, to cement sqz casing.~~
4. Drill out sqz, run tubing and packer w/ annulus loaded with packer fluid.
5. MIT casing and return well to disposal.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct	
Electronic Submission #122903 verified by the BLM Well Information System For MACK ENERGY CORPORATION, sent to the Hobbs Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/14/2011 (12DLM0082SE)	
Name (Printed/Typed) KANICIA CASTILLO	Title PREPARER
Signature (Electronic Submission)	Date 11/09/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By (BLM Approver Not Specified)	Title	Date 11/16/2011
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 Hobbs

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

**Pronghorn SWD #1 30-025-32735
COG Operating LLC
November 16, 2011
Conditions of Approval**

1. This approval is to evaluate casing for possible hole in casing.
2. Surface disturbance beyond the existing pad must have prior approval.
3. Closed loop system required.
4. 2000 2M BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
5. Steps 1 & 2, OK

NOTE to Operator: If no casing leak has been found proceed to Step #7 below. Operator should consider running a Casing Inspection/Cement Bond Log to fully evaluate the condition of the 7" casing. If a casing leak has been detected and requiring casing repair the operator shall precede to step #6 then to step #7

6. **Step 3;** If any casing leaks are found down hole the BLM is to be notified by submitting a **Sundry Notice of Intent**. This Sundry is shall provide a detail procedure to repair casing. All casing repair requires prior approval from the Authorized Officer.

Per Administrative Order SWD-536 maximum tubing wellhead injection pressure allowed by NMOCD is 660 psi.

7. Operator shall perform a pressure test against the 7" production casing. Set a RPB or packer at approximately 3200' +/- (note: depth shall be above where the injection packer is normally set at) the casing shall be tested to 660 psi for 30 minutes. Pressure test to be performed by an independent tester and charted. **Contact BLM (Paul Swartz – 575-200-7902) a minimum of 24 hours prior for witness of test.**

Conditions of Approval: ON SWD Well work

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
 - a) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
 - b) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
 - c) At least 24 hours before the test: In Eddy County email Paul R. Swartz paul_swartz@blm.gov, (phone 575-200-7902). If there is no response phone 575-361-2822. In Lea County email Andy Cortez andy_cortez@blm.gov, (phone 575-393-3612 or 575-631-5801). Note the contact notification method, time, & date in your subsequent report.
 - d) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
 - e) Use of tubing internal protection, on/off tubing equipment just above the packer, and a profile nipple installation is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
 - f) Submit the original subsequent sundry with three copies to BLM Carlsbad.
- 2) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - a) Approved injection pressure compliance is required.
 - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c) 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 within 30 days.

- 3) Other unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 4) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.
- 5) The annulus is to be maintained full of packer fluid at atmospheric pressure. Installation of equipment that will display on site, continuous open to the air fluid level is required. A BLM inspector may request verification of this fluid level at any time.
- 6) Submit a subsequent report (Sundry Form 3160-5) describing the installation of packer fluid level monitoring equipment within 30 days of beginning injection.
- 7) The operator shall keep monthly records documenting that the casing annulus is fluid filled. A suggested format for these records is available from the BLM Carlsbad Field Office. Copies of those records shall be furnished at the request of a BLM authorized officer.
- 8) Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
- 9) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of Opsia. Notify the BLM's authorized officer (Paul R. Swartz paul_swartz@blm.gov phone 575-200-7902). If there is no response phone 575-361-2822.
- 10) Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for planned well work involving a formation change, casing repair/replacement, and injection well fracture treatment for approval by BLM and NMOCD. Verbal approval for the plan may be given by a BLM authorized officer, with the NOI filed within five business days. Packer and tubing repair (normal maintenance procedures) do not require a NOI, but a subsequent sundry needs to be filed.
- 11) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of required equipment: tubing, one on/off tool, one profile nipple, and a single packer.