UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD-HOBBS HOBBS OCD

FORM APPROVED

| | IO. 1004-0135 July 31, 2010 |
|------------------|--------------------------------|
| Lease Serial No. | • |

SUNDRY NOTICES AND REPORTS ON WELLS

| Do not use the | is form for proposals to II. Use form 3160-3 (API | drill or to re-enter ar | s. FEB 232 | 012 6 If Indian, Allottee | or Tribe Name |
|---|--|---|--|--|---|
| SUBMIT IN TRI | PLICATE - Other instruc | tions on reverse sid | e. RECEIV | 7. If Unit or CA/Agro | eement, Name and/or No. 70987A |
| Type of Well | ner. INJECTION | | | 8. Well Name and No MCA UNIT 485 | |
| Name of Operator CONOCOPHILLIPS COMPAN | Contact: | BRIAN MAIORINO iorino@conocophillips.co | om | 9 API Well No. 30-025-39403 | |
| 3a Address 3300 N "A" ST. BLDG #6 MIDLAND, TX 79705 | | 3b Phone No (include a Ph: 432-688-6913 | irea code) | 10. Field and Pool, o MALJAMAR;G | |
| 4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 28 T17S R32E 1860FSL 1330FWL | | | | 11. County or Parish, | • |
| 12. CHECK APP | ROPRIATE BOX(ES) TO | INDICATE NATUR | E OF NOTICE | , REPORT, OR OTHE | R DATA |
| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
| ☐ Notice of Intent Subsequent Report Final Abandonment Notice | ☐ Acidize ☐ Alter Casing ☐ Casing Repair ☐ Change Plans ☑ Convert to Injection | ☐ Deepen ☐ Fracture Treat ☐ New Construct ☐ Plug and Abat ☐ Plug Back | Reception Recondon Terr | duction (Start/Resume) lamation omplete nporarily Abandon ter Disposal | ☐ Water Shut-Off ☐ Well Integrity ☐ Other |
| If the proposal is to deepen directions Attach the Bond under which the wor following completion of the involved testing has been completed. Final Attach the site is ready for final fina | crewill be performed or provide operations. If the operation respondence of the performed operation respondence of the performed operation of the performed operation. It is not to be a compared to the performance of the performance operation operation of the performance operat | the Bond No on file with sults in a multiple completed only after all requirement attempt to swab tbg down annulus. The major back, pump by f gun | BLM/BIA Require on or recompletion ats, including reclan | ACCEPTED FOR STAND | PRECORD 7 2012 hitlock Jr MANAGEMENT |
| Nome (Bunted/Timed) - DDIANINA | | PHILLIPS COMPANY, s | sent to the Hobbs | S | • |
| Name (Printed/Typed) BRIAN MA Signature (Electronic S | | | 27/11/2011 | REPRESENTATIVE | |
| (2.2.2.000) | | R FEDERAL OR S | | USE | |
| Approved By | | Title | | | Date |
| Conditions of approval, if any, are attached ertify that the applicant holds legal or equivalent would entitle the applicant would entit would entitle the applicant would | itable title to those rights in the | subject lease Office | | | |
| itle 18 U.S.C. Section 1001 and Title 43 U.S. States any false, fictitious or fraudulent s | J.S.C Section 1212, make it a catalements or representations as | crime for any person know to any matter within its jur | ingly and willfully t | to make to any department o | r agency of the United |

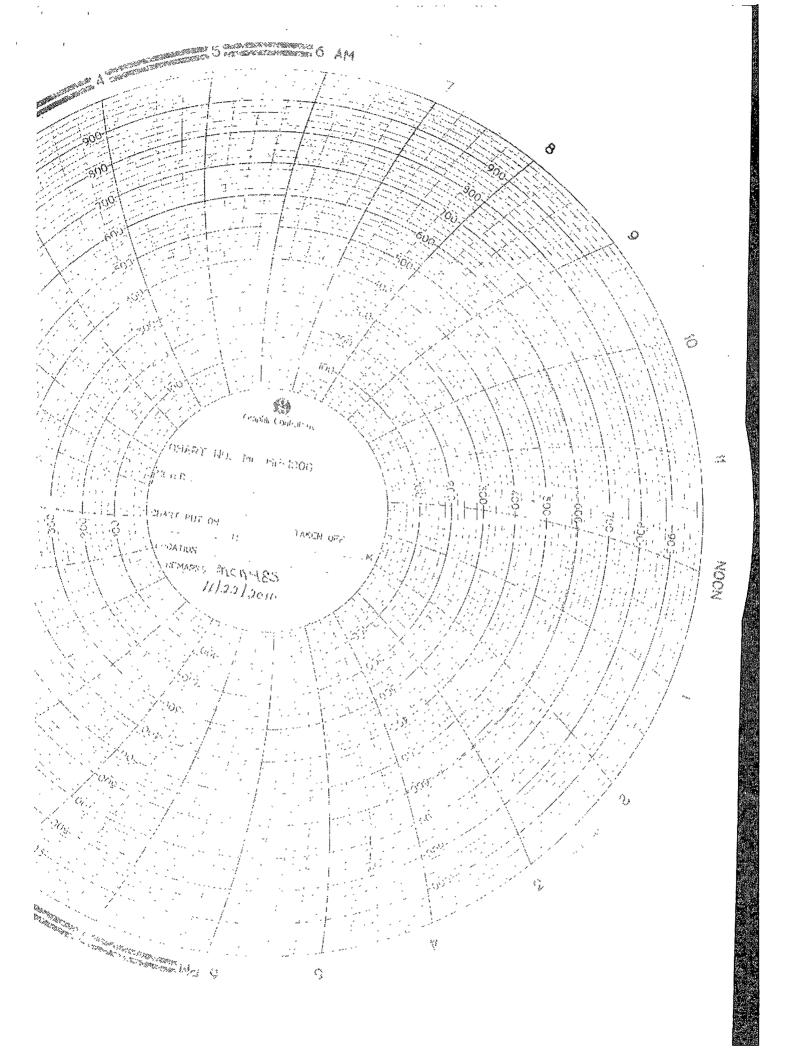
** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Additional data for EC transaction #112650 that would not fit on the form

32. Additional remarks, continued

to 90'could go no deeper. COH. pour 10 gal diesel down tbg GIH w/parrafin cutter on sandline. hung up @ 90'. COH w/pc TOH w/8 stands tbg to 3500' GIH w/perf tool to 3475' shoot 4 holes in tbg @3475' COH, rdwl. pump addtl 10 bbls brine down tbg. close pipe rams, pump 25 bbls 10#brine TOH & LD TBG to 3000' 11/19/2010 TOH w/LD prod tbg and CS & bit. ND 2-7/8" BOP NU 2-3/8" BOP & 1.87 xn on/off tool, 2-3/8" bb40p IPC tbg to 3758 (2-3/8" POP x .6, 5.5" NP arrowset pkr x 8.00', 4.5" OD on/off tool, w/1.87 xn profile x 1.00' 120 jts 2-3/8" BB40P IPC tbg x 3702.44', 1 2-3/8" bb40p sub x 4.00' and 1 jt 2-3/8" bb40p IPC tbg x 30.89', w/12'KB)set pkr @ 3758' circ pkr fluid, latch back in. 11/22/2010 ND BOP NU WH test csg to 550 psi and charted for 35 min. held 11723/2010 RDMO

pkr set @ 3758' top perf @ 3784'



Mount Dank Willabl Sames

Cakhalan 8 -5-10

35 novel Tost 530 13.2

NET 300-25331403

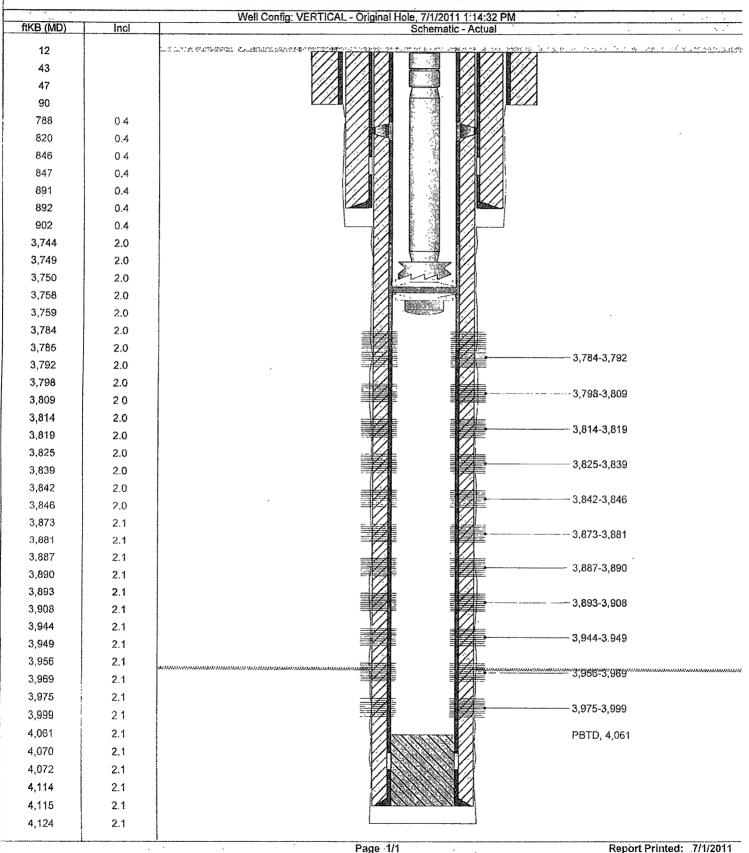
Sec. 28 1773 8326

ConocoPhillips

Schematic - Current

MCA 485

District Field Name API / ÜWI State/Province County PERMIAN NEW MEXICO MALJAMAR 3002539403 LEA Original Spud Date East/West Reference North/South Distance (ft) Surface Legal Location East/West Distance (ft) North/South Reference Section 28, Township 17 S, Range 32 E 7/26/2009 1,330.00 FWL 1,860.00 FSL



Use of Form 3160-5 "Sundry Notices and Reports on Wells"

§ 43 CFR 3162.3-2 Subsequent Well Operations.

- a) A proposal for further well operations shall be submitted by the operator on Form 3160–5 for approval by the authorized officer prior to commencing operations to redrill, deepen, perform casing repairs, plug-back, alter casing, perform nonroutine fracturing jobs, recomplete in a different interval, perform water shut off, commingling production between intervals and/or conversion to injection. If there is additional surface disturbance, the proposal shall include a surface use plan of operations. A subsequent report on these operations also will be filed on Form 3160–5. The authorized officer may prescribe that each proposal contain all or a portion of the information set forth in §3162.3–1 of this title.
- (b) Unless additional surface disturbance is involved and if the operations conform to the standard of prudent operating practice, prior approval is not required for routine fracturing or acidizing jobs, or recompletion in the same interval; however, a subsequent report on these operations must be filed on Form 3160–5.
- (c) No prior approval or a subsequent report is required for well cleanout work, routine well maintenance, or bottom hole pressure surveys.

[47 FR 47765, Oct. 27, 1982. Redesigned and amended at 48 FR 36583–36586, Aug. 12, 1983, further amended at 52 FR 5391, Feb. 20, 1987; 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

§ 43 CFR 3160.0-9 (c)(1) Information collection.

(c)(1) The information collection requirements contained in part 3160 have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned the following Clearance Numbers:

Operating Forms

| Form No. | Name and filing date | | |
|----------|---|-----------|--|
| 3160–3 | Application for Permit to Drill, Deepen, or Plug Back—Filed 30 days prior to planned action | 1004–0136 | |
| 3160-4 | With Completion of Recompletion Report and Log—Due 30 days after well completion | 1004–0137 | |
| 3160–5 | Sundry Notice and Reports on Wells—Subsequent report due 30 days after operations completed | 1004-0135 | |

The information will be used to manage Federal and Indian oil and gas leases. It will be used to allow evaluation of the technical, safety, and environmental factors involved with drilling and producing oil and gas on Federal and Indian oil and gas leases. Response is mandatory only if the operator elects to initiate drilling, completion, or subsequent operations on an oil and gas well, in accordance with 30 U.S.C. 181 et seq.

§ 3162.4-1 (c) Well records and reports.

Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160–5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil and gas.html

Order of the Authorized Officer

Conoco Phillips Company MCA Unit 485 API 3002539403

January 23, 2012

Well with a Packer - Operations

- 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 <u>paul_swartz@blm.gov</u>, (phone 575-200-7902). If there is no response phone 575-361-2822. In Lea County email Andy Cortez <u>andy_cortez@blm.gov</u>, (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, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer 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 <u>paul swartz@blm.gov</u> 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 maintance procedures) do not require a NOI, but a subsequent sundry needs to be filed. http://www.blm.gov/nm/st/en/prog/energy/oil and gas.html (see CFR § 3162.3-2 43 & CFR § 3160.0-9 (c)(1)).
 - a) 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: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer 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.

PRS