

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOCD-HOBBS
HOBBS OCDFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS MAY 02 2012

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 reverse side.

| | | |
|---|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other SWD | | 5. Lease Serial No. LC-030177 (b) |
| 2. Name of Operator BC Operating, Inc. | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address PO Box 50820, Midland, TX 79710 | 3b. Phone No. (include area code) 432-684-9696 | 7. If Unit or CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) I-1-T26S-R36E, 660' FEL & 1980' FSL | | 8. Well Name and No. C W Shepherd B Federal 005 |
| | | 9. API Well No. 30-025-09839 |
| | | 10. Field and Pool, or Exploratory Area SWD Yates-Seven Rivers |
| | | 11. County or Parish, 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 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 type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" 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 shall 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 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.)

We acquired this well and took over operations in July of 2010. However, we neglected to report volumes for this well on our C115 report; and subsequently, it was added to our inactive list which is when we became aware of the problem. We have had all of the required annual tests run and filed with the state and the BLM during this time period. Please note your records to show that this well is active. Amended reports will be filed for the period of 7/10 through 8/11 reporting the volumes that were injected into this well.

BC is NOT THE APPROVED operator as per NTL-89-1
Submit change of operator within 30 days
Report production on OGBRS
See Attached Conditions.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Linda Gregg

Title Regulatory Analyst

Signature

Linda Gregg

Date

03/08/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

DENIED /s/ JD Whitlock Jr
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.

Title

Date

Office

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)

MAY 03 2012

Order of the Authorized Officer

**Whiting Oil and Gas Corp.
C.W. Shepherd "B" Federal No. 5
API 3002509839**

April 13, 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.
- 2) 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.
- 3) 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.
- 4) Make arrangements 24 hours before the test for BLM to witness. email Andy Cortez acortez@blm.gov, (phone 575-393-3612 or 575-631-5801). Note the contact, time, & date in your subsequent report.
- 5) 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.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". 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.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization. Approved injection pressure compliance is required. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
- 9) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.

- 10) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 11) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.
- 12) A “Best Management Practice” is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 13) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 14) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 15) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM’s authorized officer (“Paul R. Swartz” <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 16) 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 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. 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.

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

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, recompleat 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 | OMB No. |
|-----------------|---|----------------|
| 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.