

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs
HOBB'S OCD

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

FEB 04 2013

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		5. Lease Serial No. SWD-1324 LC 063200
2. Name of Operator Mesquite SWD, Inc.		6. If Indian, Allottee or Tribe Name NA
3a. Address P.O. Box 1479, Carlsbad, NM 88221	3b. Phone No. (include area code) 575-706-1840	7. If Unit or CA/Agreement, Name and/or No. AN
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 500' FSL & 2,000' FEL Sec. 22, T25S-R32E		8. Well Name and No. Paduca Federal SWD #2
		9. API Well No. 30-025-40813
		10. Field and Pool, or Exploratory Area SWD; Bell Canyon & Cherry Canyon <96802>
		11. County or Parish, State Lea Co., 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 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 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 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.)

Spud 10/23/2012 w/20" bit set 20' 16" conductor cmtd w/150 cf cmt, circ to surface. WOC.

10/24/2012 Drilled 12-1/4" hole to 919'. Notified Lea Co BLM Office to run csg. Ran 882'-9-5/8" J-55 36# STC, cmt w/lead Class "C" 160 sx 1.75 cf/sx 13.5# 160 sx, tail 200 sx 1.34 cf/sx 14.8#, circ 118 sx to pit. WOC

10/26/2012 Notified Lea Co BLM Office of BOP test by Man Services. Test OK, DO shoe w/ 8-3/4" bit.

10/31/2012 Notified Lea Co BLM Office at 4,790' prep to run 7" csg. Notified BLM Office running csg, prep to cement. Ran 7" 23# L-80 LTC set @ 4,770 w/ DV tool @ 2,121'. Cmt 35/65 POZ/C 1st stage 260 sx 2.04 cf/sx 12.6# and 200 sx 1.33 cf/sx 14.8#, 2nd stage 260 sx 2.04 cf/sx 12.6# and 2nd tail C w/100 sx 1.33 cf/sx 14.8#. Circ cmt on both stages. WOC 24 hrs.

11/3/2012 Reached 6,628' and having difficulty maintaining satisfactory circulation. Elected to temporarily leave open hole @ 6,628'.

11/4/2012 Released rig. Set well head. Removed Closed Loop equipment.

11/6/2012 Cleaned location and ready for inspection.

12/7/2012 Ran Photo Density and Compensated Neutron. Found TD @ 6,447'.

12/10/2012 Ran 113 jts 4,748.45' 4-1/2" 11.6# Salta lined tbg w/ 7" x 4-1/2" nickel plated packer @ 4,752'. Loaded backside w/inert fluid. SWD ready for MIT to receive fluid.

See Attached order

SWD-1324

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

Kay Havenor

Title Geologist 575-626-4518

Signature

Kay Havenor

Date

12/17/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Date **JAN 29 2013**

/s/ Chris Walls

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved by

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

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)

OIL CONSERVATION DIVISION requires for Federal Completions on Injection or SWD wells.
MIT test & Chart witnessed, Completion Form 3160-3, full set of logs, Deviation Survey.
To be sent to the OCD Hobbs office and approved before injection starts.

FEB 05 2013

Order of the Authorized Officer

Mesquite SWD, Inc.
Paduca - 02
API 3002540813, T25S-R32E, Sec 22
January 29, 2013

Compliance with the APD ¶ VII. DRILLING A: #4. and ¶ F. Production Test is required. Submit sundry subsequent report documentation to support these requirements. Also submit the required completion report.

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 a minimum 200 psig differential 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 one hour full rotation 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. In Lea County email Andy Cortez acortez@blm.gov, (phone 575-393-3612 or 575-631-5801). If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 4) 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.
- 5) 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.
- 6) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 7) 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.

- 8) 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.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 10) 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 a full annular fluid level at any time.
- 11) 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.
- 12) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 13) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 14) 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" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 15) 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 installed 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 daily descriptions of any previously unreported wellbore workover(s) and reason(s) the well annular fluid was replaced.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

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

§ 43 CFR 3162.3-2 Subsequent Well Operations.

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

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