

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.
NM ~~111801X~~ 116166

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.
EK Penrose Sand Unit #202

2. Name of Operator
Seely Oil Company

9. API Well No.
30-025-02373

3a. Address
815 W. 10th Street
Fort Worth, TX 76102

3b. Phone No. (include area code)
(817) 332-1377

10. Field and Pool or Exploratory Area
EK Yates-SR-Queen

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL B Sec. 30-T18S-R34E
660' FNL & 1980' FEL

11. County or Parish, State
Lea County, NM

12. CHECK THE 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 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 checked="" 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 recomplate 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 recomplate 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.)

Seely Oil Company proposes to convert the well to water injection as follows:

- TOH w/ tubing.
- Set composite plug at 4670" RKB.
- RIH w/ 4" 9.5 lb/ft non upset csg to 4670'. ← see attached
- Cement w/ 160 sxs Class "C" neat w/ 10% salt. See attached.
- Run cmt bond log.
- Drill out composite plug.
- GIH w/ plastic lined pkr and 2 3/8" salted lined tbq to 4640'+.
- Test annulus to 500 psi per OCD rules.
- Begin injection.

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SEE ATTACHED FOR
CONDITIONS OF APPROVAL

SUBJECT TO LIKE
APPROVAL BY STATE

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

David L. Henderson

Title President

Signature *David Henderson*

Date 07/22/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

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.

APPROVED

AUG 8 2013

Date *W. Ingram*

WESLEY W. INGRAM
PETROLEUM ENGINEER

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.

CONDITION OF APPROVAL: Operator shall give the OCD District Office 24 hour notice before running the MIT test and chart.

AUG 14 2013

SEELY OIL COMPANY

815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

August 7, 2013

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Department of the Interior
Bureau of Land Management
Mr. Paul Swartz
620 E. Greene St
Carlsbad, New Mexico 88220

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Re: 4" FL-4S Repair Liner
EK Penrose Sand Unit No. 202
Lea County, New Mexico

Dear Paul:

In Conversations with representatives of Grant Prideco engineers, they stated the maximum depth for this liner is 4780' per their calculations. This product has been on the market for over 16 years and has been run in many applications.

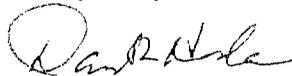
Since we propose to run this liner to less than 4700', they foresaw no problems.

In addition, several operators that work in shallow wells such a s this, have reported no issues.

Seely Oil Company has run a liner such as this on 2 wells to approximately 4500', one in Texas and one in Oklahoma.

Seely Oil Company respectfully requests a variance to run and cement the liner as set out in the Sunday Notice recently submitted.

Very Truly Yours.



David L. Henderson
President

DLH/rh



Swartz, Paul <pswartz@blm.gov>

EK Penrose Sand Unit #202

1 message

David Henderson <dhenderson@seelyoil.com>
To: pswartz@blm.gov

Thu, Aug 8, 2013 at 1:16 PM

Paul:

The following is the cement data that needs to be added to the Sundry Notice: *Step 4*

Propose to cement with 170 sxs Premium Plus "C" with .4 % CFR-3 and .4 % HALAD-344.

Slurry density 14.8 PPG

Slurry Yield 1.33 cu ft/sack

Water requirement 6.34 gal/sack

Compressive strength test 500 psi in 5:42 and 24 hour compressive strength 1878 psi.

Please let me know if you need more information or if a new Sundry Notice is needed.

Thank you,

David Henderson

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Technical Specifications

Connection Type:	Size(O.D.):	Weight (Wall):	Grade:
FL-4S Tubing standard	4 in	9.50 lb/ft (0.226 in)	J-55

Material

J-55	Grade
55,000	Minimum Yield Strength (psi)
75,000	Minimum Ultimate Strength (psi)



VAM-USA
 4424 W. Sam Houston Pkwy. Suite 150
 Houston, TX 77041
 Phone: 713-479-3200
 Fax: 713-479-3234
 E-mail: VAMUSAsales@vam-usa.com

Pipe Dimensions

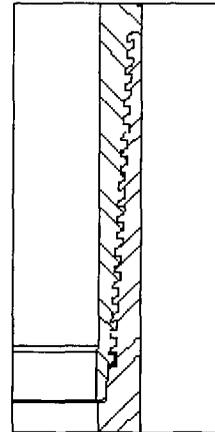
4.000	Nominal Pipe Body O.D. (in)
3.548	Nominal Pipe Body I.D.(in)
0.226	Nominal Wall Thickness (in)
9.50	Nominal Weight (lbs/ft)
9.12	Plain End Weight (lbs /ft)
2.680	Nominal Pipe Body Area (sq in)

Pipe Body Performance Properties

147,000	Minimum Pipe Body Yield Strength (lbs)
5,110	Minimum Collapse Pressure (psi)
5,440	Minimum Internal Yield Pressure (psi)
5,000	Hydrostatic Test Pressure (psi)

Connection Dimensions

4.000	Connection O.D. (in)
3.448	Connection I.D. (in)
3.423	Connection Drift Diameter (in)
1.68	Make-up Loss (in)
1.111	Critical Area (sq in)
41.5	Joint Efficiency (%)



Connection Performance Properties

61,000	(1) Joint Strength (lbs)
83,000	(2) Reference Minimum Parting Load (lbs)
4,780	Reference String Length (ft) 1.4 Design Factor
37,000	Compression Rating (lbs)
3,000	Collapse Pressure Rating (psi)
3,000	Internal Pressure Rating (psi)
N/R	Maximum uniaxial bend rating [degrees/100 ft]

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Recommended Torque Values

1,100	(3) Minimum Final Torque (ft-lbs)
1,400	(3) Maximum Final Torque (ft-lbs)

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(1) Joint strength is the elastic limit or yield strength of the connection.
 (2) Reference minimum parting load is the ultimate strength or parting load of the connection.
 (3) Torque values are recommended and can be affected by field conditions.

Connection specifications within the control of VAM-USA were correct as of the date printed. Specifications are subject to change without notice. Certain connection specifications are dependent on the mechanical properties of the pipe. Mechanical properties of mill proprietary pipe grades were obtained from mill publications and are subject to change. Properties of mill proprietary grades should be confirmed with the mill. Users are advised to obtain current connection specifications and verify pipe mechanical properties for each application.

8/7/2013 6:50:22 PM

Draft of Conditions of Approval

Seely Oil Company
EK Penrose Sand Unit 202
API 30-025-02373, T18S-R34E, Sec 30
August 8, 2013

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1. Subject to like approval by State.
2. Surface disturbance beyond the existing pad shall have prior approval.
3. **Confirm the plug back total depth with a work string tally and report that depth in the subsequent sundry.**
4. **Provide BLM with an electronic copy (Adobe Acrobat Document) of the cement bond log run in Step 5 of the submitted procedure.. The CBL may be attached in an e-mail to pswartz@blm.gov.**
5. **MIT shall be witnessed by NMOCD or BLM. BLM contact information on next page.**
6. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
7. Functional H₂S monitoring equipment shall be on location.
8. A 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. A ram system including a blind ram and pipe ram(s) designed to close on all of the work string(s) used is required equipment. Manual BOP closure (hand wheels) equipment shall be available regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
9. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
10. File **subsequent sundry** Form 3160-5 within 30 days of completing the work.
11. Work over approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use.

12. Submit evidence to support your determination that the well has been returned to active "beneficial use" for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies) before 09/07/2013.

13. Should “beneficial use” not be achieved submit for BLM approval a plan for plug and abandonment.

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) **Notify BLM 575-393-3612 Lea Co 24 hours before the MIT is conducted.** If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 3) **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.
- 4) **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.
- 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.
 - 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. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.

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- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- a) 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.
 - b) **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.
 - c) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
 - d) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
 - e) 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.
 - f) 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.

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