

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.
NMNM114984

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.
Chili Parlor 17 Federal 1H

2. Name of Operator
BC Operating, Inc.

API Well No.
30-025-41540

3a. Address
4000 N Big Spring St., Suite 310, Midland, Texas 79705

3b. Phone No. (include area code)
(432) 684-9696

10. Field and Pool or Exploratory Area
Red Tank, Bone DSpring, East (51687)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330 FSL & 2200 FEL - Sec 17 - T22S - R33E

11. County or Parish, State
Lea, New Mexico

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 checked="" 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 recomple 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 recomple 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.)

Due to water flow and H2S encroachment in our well from what is believed to be the OXY, NBR 1 SWD well at 1980 FSL & 1980 FEL Sec. 18 - 22S - 33E, BC proposes to alter intermediate casing depth from 4800' (permitted) to 6035' (6013'+22' KB). This depth is 50' below the bottom perforation in the SWD well which will ensure isolation to zones below and with a stage tool and circulation to surface will better ensure isolation of shallower zones as well. This will also require changing grade and weight of the 9-5/8" casing.

13-3/8" surface casing was set on 9/25/14, and 186 sacks cement was circulated to surface.

Proposal: Drill a 12-1/4" hole from present depth of 3473' to +/- 6035'. Set 9-5/8" 43.50# N-80 LTC with multi-stage tool at +/- 3100'. Perform a 2-stage cement job, and circulate cement from 6035' to surface. Wait on cement. NU BOP and test BOP and casing, and continue drilling 8.5" hole as permitted.

Cement Detail: Stage 1 Lead: 300 sacks 35:65 C Blend + 6% Bentonite + 0.25% Cello-Flake + 0.2% FLO-1 + 5% sodium Chloride (12.8 ppg, 1.84 CF/sack, 9.8 gal/sack mix water) Stage 1 Tail: 950 sacks Class C + 0.1% MTR-150 + 0.1% TWR-2 + 1% CaCl2 (14.8 ppg, 1.352 CF/sack, 6.4 gal/sack mix water) Stage 2 Lead: 305 sacks 35:65 C Blend + 6% Bentonite + 0.25% Cello-Flake + 0.2% FLO-1 + 5% sodium Chloride (12.8 ppg, 1.84 CF/sack, 9.8 gal/sack mix water) Stage 2 Tail: 950 sacks Class C + 0.1% MTR-150 + 0.1% TWR-2 + 1% CaCl2 (14.8 ppg, 1.352 CF/sack, 6.4 gal/sack mix water) Open hole is calculated 100% excess, surface casing is calculated 50% excess.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Deane Durham

Title Drilling Engineer

Signature

Date 09/30/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

APPROVED

Date **SEP 30 2014**
/s/ Chris Walls

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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.

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)

OCT 03 2014

Conditions of Approval

Operator has proposed DV tool at a depth of 3100'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

1. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

a. First stage to DV tool:

- Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office.