OCD Hobbs

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

HOBBS OCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side

OCT 20 2014

RECEIVED

5. Lease Serial No. NMNM06570	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA/Agreement, Name and/or No.	
1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other	8. Well Name and No. MARATHON ROAD 15 B3OB FEDERAL 1H
2. Name of Operator MEWBOURNE OIL COMPANY — Contact: JACKIE LATHAN — E-Mail: jlathan@mewbourne.com	9. API Well No. 30-025-41945-00-X1
3a. Address HOBBS, NM 88241 — 3b. Phone No. (include area code) Ph: 575-393-5905	10. Field and Pool, or Exploratory LEA
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)* Sec 15 T20S R34E SESE 0150FSL 2610FEL 32.335862 N Lat, 103.325277 W Lon	11. County or Parish, and State LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☒ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

MOC would like to make changes to the casing program. Please see attachment for changes. Call Levi Jackson with any questions.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #262706 verified by the BLM Well Information System
For MEWBOURNE OIL COMPANY, sent to the Hobbs
Committed to AFMSS for processing by JENNIFER MASON on 10/15/2014 (15JAM0009SE)

Name *(Printed/Typed)* JACKIE LATHAN — Title AUTHORIZED REPRESENTATIVE

Signature (Electronic Submission) — Date 09/11/2014

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ — Title _____ — Date OCT 15 2014

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. — Office KZ

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

OCT 22 2014

MEWBOURNE OIL COMPANY
701 S. CECIL
PO BOX 5270
HOBBS, NM 88240
(575) 393-5905
(575) 397-6252 FAX

Mewbourne Oil Company has an approved APD for the Marathon Road 15 B3OB Fed #1H.

MOC is requesting the following changes:

A. 12 ¼" hole x 9 ⅝" csg section

If returns are lost while drlg 12 ¼" hole thru Capitan Reef, a DV tool & external csg packer will be added to casing design @ 3700' or 100' above loss zone.

12 ¼" hole TD will remain @ 5400'.

Cementing Program:

1st Stage: 200 sacks Class "C" (35:65:4) light cement w/salt and LCM additives. Yield at 2.2 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/0.2%. retarder. Yield at 1.33 cuft/sk. Mix water @ 6.3 gal/sk. Cmt calculated to 5400' w/25% excess.

External casing packer & DV tool @ 3700' for 2nd stage cmt.
2nd Stage: 625 sacks Class "C" (35:65:4) light cement w/salt and LCM additives. Yield at 2.0 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/0.2% retarder. Yield at 1.33 cuft/sk. Mix water @ 6.3 gal/sk. Cmt calculated to surface w/25% excess.

B. 8 ¾" Hole

Currently MOC is approved to drill 8 ¾" hole through the curve and lateral section & run 5 ½" 17# HCP110 LTC & BTC casing & cmt from surface to TD.

MOC is requesting to make the following changes:

Drill 8 ¾" through remaining vertical section & curve and run 7" csg. Then drill 6 ⅛" lateral section & run 4 ½" liner.

8 ¾"	7" (new)	26#	P110	0'-10472' MD	LT&C
8 ¾"	7" (new)	26#	P110	10472'-11225' MD	BT&C
6 ⅛"	4 ½" (new)	13.5#	P110	11025'-15712' MD	LT&C

Production Casing: 350 sacks Class H light cement (35:65:4) with fluid loss, LCM, & salt additives. Yield at 2.12 cuft/sk. Mix water @ 11.31 gal/sk. 400 sacks Class H cement containing fluid loss additives. Yield at 1.18 cuft/sk. Mix water @ 5.34 gal/sk. Cmt ~~calculated to tie 200' into 9 ⅝" casing at 5400' w/25% excess.~~ 50' above top of Capitan Reef / 500' tie back in Secretary's Potash.

SM COA

Production Liner: This will be a Packer/Port completion from TD up inside 7" casing with packer type liner hanger.

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Mewbourne Oil Company**
LEASE NO.:	**NMNM-06570**
WELL NAME & NO.:	**Marathon Road 15 B3OB Federal 1H**
SURFACE HOLE FOOTAGE:	**0150' FSL & 2610' FEL**
BOTTOM HOLE FOOTAGE	**0330' FNL & 2310' FEL**
LOCATION:	**Section 15, T. 20 S., R 34 E., NMPM**
COUNTY:	**Lea County, New Mexico**
API:	**30-025-41945**

The original COAs still stand with the following drilling modifications:

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe and a Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the Yates formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Secretary's Potash
Capitan Reef
Possibility of water flows in the Artesia Group, Salado, and Capitan Reef.
Possibility of lost circulation in the Artesia Group, Red Beds, Rustler, Capitan Reef, and Delaware.
Abnormal pressure may be encountered within the 3rd Bone Spring Sand.

1. The **13-3/8** inch surface casing shall be set at approximately **1725** feet (**in a competent bed below the Magenta Dolomite, which is a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt**) and cemented to the surface. **Fresh water mud to be used to setting depth.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Special Capitan Reef requirements:

If lost circulation (greater than 50%) occurs below the Base of the Salt, the operator shall do the following:

- **Switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.**

Operator shall submit the following:

1. **Mud volume every eight hours.**
2. **Rate of penetration every eight hours.**
3. **Report any lost circulation per 24 hour period, even if circulation is reestablished. Operator shall switch to fresh water mud at first lost circulation below Base of Salt.**
4. **Deviation of hole.**

Intermediate casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

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

Option #1 (Single Stage):

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash and Capitan Reef. Excess calculates to 17% - Additional cement may be required.**

Option #2:

Operator has proposed DV tool at depth of 3700'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

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 see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash and Capitan Reef. Excess calculates to 21% - Additional cement may be required.**

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

3. The minimum required fill of cement behind the **7** inch production casing is:

☒ Cement should tie-back at least **50 feet above the Capitan Reef** (Top of Capitan Reef estimated at 4022'). Operator shall provide method of verification. **Excess calculates to 8% - Additional cement may be required.**

4. Cement not required on the **4-1/2"** casing. **Packer system being used.**

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. **In the case where the only BOP installed is an annular preventer, it shall be tested to a minimum of 2000 psi (which may require upgrading to 3M or 5M annular).**

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **3000 (3M)** psi.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

    c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

    d. The results of the test shall be reported to the appropriate BLM office.

    e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

    f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion 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.

JAM 101514