

JUN 12 2015

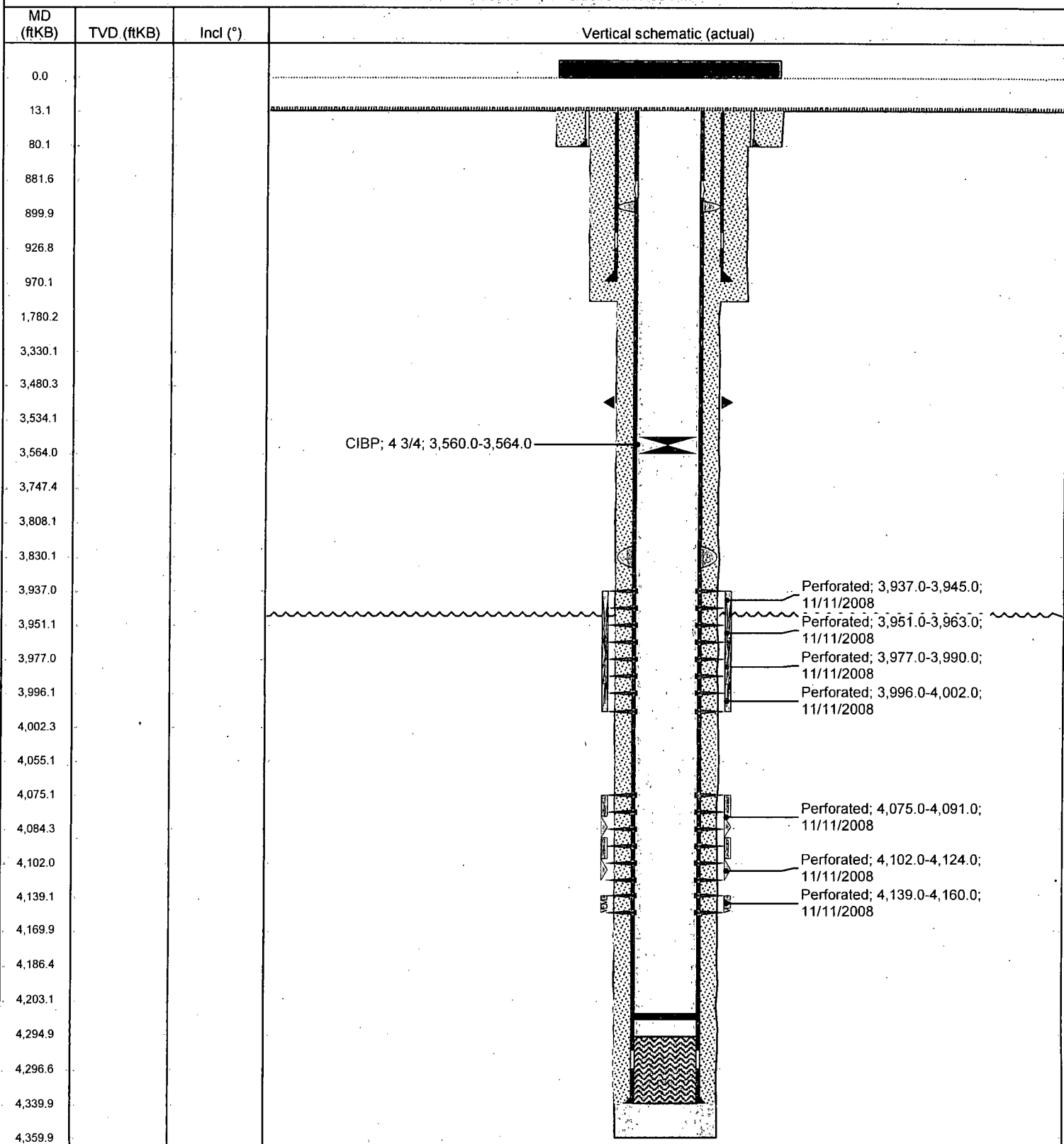


Schematic - Current

MCA 412

| | | | | | |
|----------------------------------|--|-------------------------------------|----------------------------|------------------------------------|------------------------------|
| District PERMIAN CONVENTIONAL | Field Name MALJAMAR | API / UWI 3002538980 | County LEA | State/Province NEW MEXICO | |
| Original Spud Date 10/4/2008 | Surface Legal Location Section 33, Township 17S, Range 32E, UL B | East/West Distance (ft) 2,150.00 | East/West Reference FEL | North/South Distance (ft) 10.00 | North/South Reference FNL |

VERTICAL - Sidetrack 1, 2/10/2015 4:17:38 PM



Order of Authorized Officer

Conoco Phillips
MCA Unit - 412, API 3002538980
T17S-R32E, Sec 33, 10FNL & 2150FEL
June 02, 2015

This well's recorded activity appears to have been inactive/shut-in for more than 30 days without authorization. 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 for more than 30 days without authorization. BLM compliance requires an inactive/shut-in well to be converted to temporary or permanent abandonment. A notice of intent Form 3160-5 for that conversion should be filed.

Temporary abandonment status will be granted only after justification of impending "beneficial use", the well has been plugged back per Onshore Order #2.III.G. and N.M.O.C.D. plugging guidelines, and has passed a mechanical integrity test.

Consider the beneficial use prospects and the wellbore integrity of this well. **Submit your plan for BLM approval on BLM Form 3160-5 notice of intent via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP>** (email pswartz@blm.gov for operator setup instructions).

As the current operator you are required to: **Prove the production casing integrity from no more than 100 feet above the perforations or open hole with a documented minimum pressure test of 500psig for 30 minutes, and return the well to production or beneficial use on or before 08/02/2015.**

Document the pressure test on a one hour full rotation calibrated (within 6 months) 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. Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test. Pressure leakoff will be evaluated site specifically and may restrict continued operation approval. Twenty four hours before the test contact BLM to witness; 575-393-3612 Lea Co as work begins. Procedures are to be witnessed. 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.

Should the mechanical integrity test fail or not be conducted submit a procedure to plug and abandon the well for BLM approval.

Submit a subsequent Sundry Form 3160-5 relating the dated daily wellbore and MIT activities.

References: 43 CFR 3162.1(a), 43 CFR 3162.3-2, 43 CFR 3162.3-4, 43 CFR 3162.4-1, Onshore Oil and Gas Order #1.X., & Onshore Oil and Gas Order #2.III.G.

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, recompleting 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 recompleting 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. Redesignated 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.

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