

UCD-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.

5. Lease Serial No. MNM65441
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

8. Well Name and No. MADERA 25 FEDERAL 1
9. API Well No. 30-025-29808-00-S1

1. Type of Well Oil Well Gas Well Other

2. Name of Operator RMR OPERATING LLC Contact: DONNA STURDIVANT E-Mail: donna@redmountainresources.com

3a. Address 415 W WALL ST STE 1700 MIDLAND, TX 79701

3b. Phone No. (include area code) Ph: 214-871-0400 Ext: 1027 Fx: 214-871-0406

10. Field and Pool, or Exploratory JABALINA SWD

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 25 T26S R34E NWSE 1980FSL 1980FEL

11. County or Parish, and State LEA COUNTY, NM

HOBBS OGD

FEB 29 2016

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

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Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

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 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.)

12-18-2015 Braden test failed. Shut down for weekend.
12-21-2-15 Arrived on location. Rigged up kill truck. Pumped 7 bbls, 10# brine water. Rigged up pulling unit. Nipple downed wellhead. Nipple up BOP. Unlatched on/off tool. Pulled out of hole with 2 joints of 2-7/8" tubing. Will continue to pull out of hole tomorrow morning. SDFN
12-22-2015 Arrived at location. SITP-0#, SICP-0#. Opened well. Continued to pull out of the hole with tubing. Rigged up tubing testers. Tested tubing above slips to 4000 psig. Ran in hole with tubing. Joint #182 failed. Rigged down tubing testers. Will have replacement tubing at location tomorrow morning. SDFN
12-23-2015

SUBJECT TO LIKE APPROVAL BY STATE

14. I hereby certify that the foregoing is true and correct. Electronic Submission #327983 verified by the BLM Well Information System For RMR OPERATING LLC, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 01/11/2016 (16PP0108SE) Name (Printed/Typed) DONNA M STURDIVANT Title REGULATORY ANALYST Signature (Electronic Submission) Date 01/07/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD FEB 18 2016 BUREAU OF LAND MANAGEMENT BLM REVISION OFFICE

Approved By _____ Title _____ Date _____ 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.

** BLM REVISED OFFICE FOR RECORD ONLY

BB 3/2/16 MAR 03 2016 CY

Additional data for EC transaction #327983 that would not fit on the form

32. Additional remarks, continued

Arrived on location. SITP-0#, SICP-0#. Opened well. Picked up replacement tubing. Rigged up pump truck to establish circulation. Pumped 13 bbls of fresh water mixed with packer fluid. Established circulation. Rigged down pump truck. Latched on to the on/off tool. Notified Bill Sonnamaker with the NMOCD of the re-test, but no one was able to show up to witness the test. He instructed us to perform the test, complete the paperwork and send it all to him pump completion. Rigged up pump truck to initiate the Bradenhead re-test. Loaded casing and pressured to 540 psi. Pressure held and recorded on chart for 34 minutes. Released pressure and shut in casing. Rigged down pump truck. Notified NMOCD of results. Rigged down pulling unit and left location.

Copy of the Bradenhead test and chart are attached.

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District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division Hobbs District Office

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BRADENHEAD TEST REPORT

Operator Name RMR	API Number 30-025-29808
Property Name Madara 25 Fed	Well No. 1

Surface Location

UL - Lot	Section	Township	Range	Feet from	N/S Line	Feet From	E/W Line	County
U	25	26S	34E	1980	S	1980	E	100

Well Status

Well Status	SHUT-IN	PRODUCING	DATE
	NO		12/28/15

OPEN BRADENHEAD AND INTERMEDIATE TO ATMOSPHERE INDIVIDUALLY FOR 15 MINUTES EACH

OBSERVED DATA

If bradenhead flowed water, check all of the descriptions that apply:

	(A)Surf-Interm	(B)Interm(1)-Interm(2)	(C)Interm-Prod	(D)Prod Casing	(E)Tubing
Pressure	ϕ	N/A	N/A	<input type="radio"/>	<input type="radio"/>
Flow Characteristics					
Puff	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	
Steady Flow	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	
Surges	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	
Down to nothing	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	
Gas or Oil	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	
Water	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	

If bradenhead flowed water, check all of the descriptions that apply:

CLEAR	FRESH	SALTY	SULFUR	BLACK
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3/2/16

Remarks:

Tested prod csq - 540# for 32 min

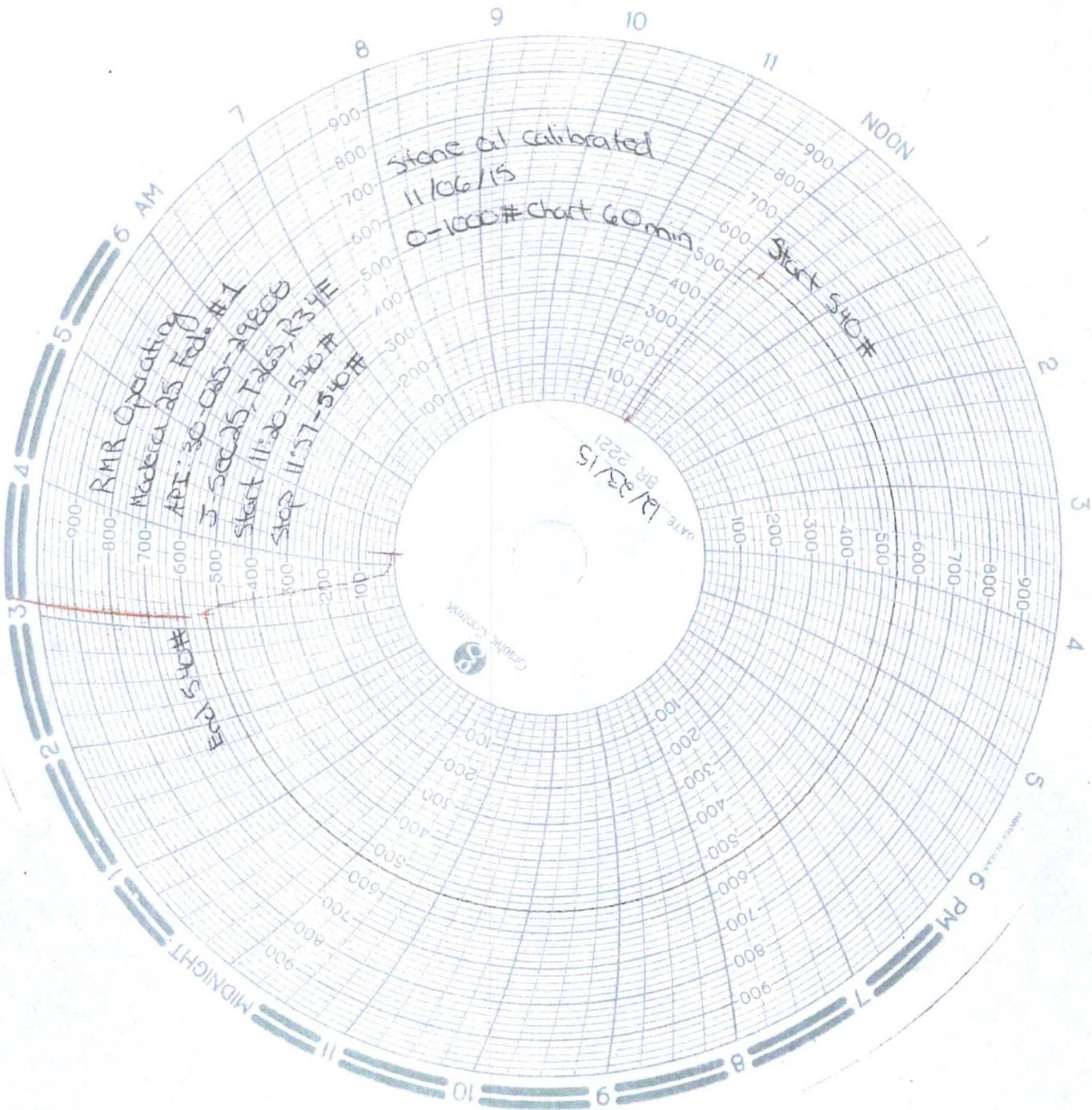
B.H.T. - pass

Signature:	OIL CONSERVATION DIVISION
Printed name:	Entered into RBDMS
Title:	Re-test
E-mail Address:	<i>oscar@oilmanagementresources.com</i>
Date:	Phone: <i>432-425-0612</i>
Witness:	<i>Oscar Carrasco</i>

[Signature]
 Oscar Carrasco
 Operations superintendent

*BS
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PKr @ 6785'
 Top perf @ 6885'
 Btm perf @ 7165'

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Armando Fueda
Stowe Oil Field SERV
K-15

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B8
3/2/14

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Order of Authorized Officer

RMR Operating LLC
Madera - 01, API 3002529808
T26S-R34E, Sec 25, 1980FSL & 1980FEL
February 18, 2016

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.
- 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). **Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test.** 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 (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. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County email Paul R. Swartz pswartz@blm.gov or phone 575-200-7902, if there is no response, 575-361-2822. In Lea County phone 575-393-3612. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number
- 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.
- 6) Compliance with a NMOCD Administrative Order is required.
 - 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.
- 7) A request for increased wellhead pressures is to be accompanied by a step rate test. PRIOR to a Step Rate Test BLM – CFO is requiring a Notice of Intent.

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- 8) Stimulation injection pressures are not to exceed BLM's permitted wellhead pressure or the well's frac pressure established by a BLM approved step rate test for Class II water injection wells.
- 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 pressure requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. 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) Class II (production water disposal) wells will not be permitted Stimulation Pressures or "Injectivity Tests" that exceed the NMOCD/BLM generic frac pressure which is: .2 x ft depth to the topmost injection or 50psig below the frac point as clearly indicated by a BLM accepted "Step Rate Test".
- 16) A request for increased wellhead pressures is to be accompanied by a "Step Rate Test:" that is to clearly indicate any requested wellhead pressure is +50psig below frac pressure for the wellbore's disposal formation. PRIOR to a Step Rate Test BLM – CFO is requiring a Notice of Intent.
- 17) The subsequent report is to include all stimulation injection pressures. Report maximum/minimum injection rate (BPM) and max/min stimulation injection pressures (psig).
- 18) Submit a (BLM Form 3160-5 subsequent report (daily reports) via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP> describing (dated daily) all wellbore activity including the Mechanical Integrity Test chart document.

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