OCD Hobbs

15-950

Form 3160-3
(August 2007)

HOBBS OCD

JUN 28 2016

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

(H)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER	5. Lease Serial No. NMNM65441
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA Agreement, Name and No.
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone	8. Lease Name and Well No. MADERA 25 FEDERAL COM 5H (40213)
2. Name of Operator RMR OPERATING LLC (281085) Contact: DONNA STURDIVANT E-Mail: donna@redmountainresources.com	9. API Well No. 30-025-47329
3a. Address 2515 MCKINNEY AVENUE SUITE 900 DALLAS, TX 75201	3b. Phone No. (include area code) Ph: 214.871.0400 Ext: 1027 Fx: 214-871-0406
	10. Field and Pool, or Exploratory JABALINA;DELAWARE,SW (97597)
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface NWNW 25FNL 660FWL (D) At proposed prod. zone SWSW Lot 4 330FSL 660FWL (E4) UNORTHODOX LOCATION	11. Sec., T., R., M., or Blk. and Survey or Area Sec 25 T26S R34E Mer NMP
14. Distance in miles and direction from nearest town or post office* 18.5 MILES SOUTHWEST OF JAL, NM	12. County or Parish LEA COUNTY / 13. State NM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) SHL: 25' FNL BHL: 330' FSL	16. No. of Acres in Lease 1280.00 / 17. Spacing Unit dedicated to this well 240.00
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. SHL: 50' BHL: 2,632' TO NEAREST WELL (BHL)	19. Proposed Depth 16262 MD 9110 TVD / 20. BLM/BIA Bond No. on file NMB 000818/001053
21. Elevations (Show whether DF, KB, RT, GL, etc. ~~3215~~ GL 3214.8	22. Approximate date work will start 10/15/2015 / 23. Estimated duration 45 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) RODNEY PAINE Ph: 214-871-0400 Ext: 1032	Date 07/23/2015
Title DIRECTOR OF IT		
Approved by (Signature) James A. Amos	Name (Printed/Typed)	Date JUN 21 2016
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certif operations thereon.
Conditions of approval, if any, are attached.

See attached NMOCD Conditions of Approval

ıe subject lease which would entitle the applicant to conduct

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C States any false, fictitious or fraudulent stateme

willfully to make to any department or agency of the United

Additional Operator Remarks (see next page)

Carlsbad Controlled Water Basin

Kz 06/29/16

Electronic Submission #309928 verified by the BLM Well Information System
For RMR OPERATING LLC, sent to the Hobbs

SEE ATTACHED FOR CONDITIONS OF APPROVAL

kz

Approval Subject to General Requirements & Special Stipulations Attached

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional Operator Remarks:

~~Proposed Pilot TD: 9043'~~ 9403' Removed

DRILLING PROGRAM

Madera 25 Fed # 5H

Surface Hole Location: 25' FNL & 660' FWL, Sec. 25, T26S, R34E, Lea Co., NM
Bottom Hole Location: 330' FSL & 660' FWL, Sec. 36 T26S, R34E, Lea Co., NM

1. **Geological Name of Surface Formation**
   a) Quaternary

2. **Estimated Tops of Geological Markers & Depths of Anticipated Fresh Water, Oil & Gas**

a)	Quaternary	20'	Water
b)	Surface Fresh Water	160'	Water
c)	Surface Fresh Water	230'	Water
d)	Rustler	1105'	N/A
e)	Salado Salt	1250'	N/A
f)	Base Salt	5025'	N/A
g)	Delaware	5445'	Oil
h)	Bell Canyon	5380'	Oil
i)	Cherry Canyon	6674'	Oil
j)	Brushy Canyon	7877'	Oil
k)	Kick-off Point for Brushy Canyon "D"	8537'	N/A
l)	Brushy Canyon "B"	8808'	Oil
m)	Brushy Canyon "D"	9018'	Oil
n)	Approximate Landing Depth Brushy "D"	9110' TVD	
o)	Pilot Hole TD	9403'	
p)	Total measured Depth in Lateral	16,262' MD	Oil

Pool Name: Jabalina, SW Proposed Penetration Point: 9018'

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13-3/8" casing at 1110' and circulate cement back to surface. The fresh water sands will be protected by setting 9-5/8" casing at ~~5400'~~ 5340' and circulate cement back to surface. The Avalon Shale/Bone Springs will be isolated by setting 5-1/2" casing to total depth and circulating cement above base of 9-5/8" casing. All casing is new and API approved.

See COA

3. Casing Program

Hole Size	Hole Interval	Casing OD	Casing Interval	Weight	Connection	Grade
17-1/2"	0' – 1110'	13-3/8"	0'-1110'	48#	STC	H-40
12-1/4"	1110' – ~~5400'~~ 5340'	9-5/8"	0' – ~~5400'~~ 5340'	40#	LTC	HCK-55
8-3/4"	~~5400' – 9403' Pilot Hole. Plan to plugback and use an open-hole whipstock set at 8537'~~					Removed pilot hole
8-3/4"	0' – 8500'	5-1/2"	0' – 8600'	17#	LTC	HCP-110
8-3/4"	8500' – 16,262'	5-1/2"	0' –16,262' MD	17#	BTC	HCP-110

Design Parameter Factors

Casing Size	Collapse Design Factor	Burst Design Factor	Tension Design Factor
13-3/8" 48# H-40 STC	1.65	3.70	6.71
9-5/8" 40# HCK-55 LTC	1.51	1.25	2.92
5-1/2" 17# HCP-110 LTC	1.75	2.49	1.91
5-1/2" 17# HCP-110 LTC	1.92	2.74	6.19

4. Cement Program

Surface volume is 100% excess, Intermediate 50% excess, Production at least 25% excess

13-3/8" Surface: **Lead:** 455 sacks ExtendaCem – CZ, mixed at 13.50 Weight, 1.75 Yield, 9.20 gps mixing water
Tail: 550 sacks HalCem - C + 2% CaCl, mixed at 14.80 Weight, 1.35 Yield, 6.39 gps mixing water

9-5/8" Intermediate: **Lead:** 1300 sacks EconCem – HLC + 5% salt + 5 pps Gilsonite, mixed at 12.90 Weight, 1.85 Yield, 9.32 gps mixing water
Tail: 430 sacks HalCem – C, mixed at 14.80 weight, 1.33 Yield, 6.34 gps mixing water

5-1/2" Production: **First Stage**

Cement Slurry: 610 sxs Versacem H, yld 2.31 ft3/sx

DV Tool at 8300'

See COA
Lead: 340 sxs Econocem H, yld 1.98 ft3/sx.
Tail: 1445 sxs Versacem H, yld 1.20 ft3/sx

Top of cement ALL casing strings

Surface	0'
Intermediate	0'
Production	4800'

Actual cement volumes will be adjusted based on fluid caliper and open hole caliper log.

5. Minimum Specifications for Pressure Control Equipment

BLOWOUT PREVENTION DESIGN: The blow out prevention (BOP) system will consist of a bag type annular preventer, a double ram preventer and a rotating head. Both the Annular and Ram stack will be hydraulically operated. Both BOP systems will be rated at 5000 psi. The double ram preventer will be equipped with blind rams on top and pipe rams on bottom. The mentioned 5000 psi BOP systems will be installed on 13-3/8" casing and will be tested with independent testers before drilling out the associated casing shoe. Prior to drilling out the 9-5/8" shoe the BOP's and Annular will be tested as per BLM Drilling Operations Order #2

The rams system will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be incorporated into a drilling spool below the BOP. In addition to the rams and annular, other BOP accessories include a Kelly cock, floor safety valve, choke lines and choke manifold rated at 5000 psi.

6. Auxiliary Well Control and Monitoring Equipment

a) A Kelly cock will be in drill string at all times.

b) A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.

c) Hydrogen Sulfide detection equipment will be in operation after drilling out 13-3/8" casing shoe until the 5-1/2" casing is cemented . Breathing equipment will be on location upon drilling the 13-3/8" shoe until total depth is reached.

7. Proposed Mud Circulation System

See COA

Depth	Mud Wt.	Visc.	Fluid Loss	Type System
0' – 1110'	8.4 – 9.0	32-34	N/C	Fresh Water
1110 – 5340'	10	28	N/C	Brine Water
5340' – 8200'	8.9 – 9.3	28	N/C	Cut Brine Water
8200' – 16,262'	8.9 – 9.3	30-38	12 – 20	CB / XCD Polymer

The necessary mud products for weight addition and fluid loss control will be on location at all times.

8. Logging, Coring and Testing

a) The Open hole electrical logging program will be run in the pilot hole: We will run GR-Neutron Density log and DLL-MSFL log from 9250' up to 5350'. We will continue to pull the GR-Neutron log from 5350' to surface.

b) 15 – 20 Side wall cores will be cut in the Delaware pay Intervals

c) Drill stem test will be based on geological sample shows. If drill stem test is anticipated; a procedure, equipment to be used and safety measures will be provided via sundry notice.

9. Potential Hazards

See COA

No abnormal pressures or temperatures are expected. A Hydrogen Sulfide contingency plan will be provided. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3800 psi and Estimated BHT 130º.

10. Anticipated Starting date and Duration of Operations

Road and location construction will begin after BLM has approved the APD. Anticipated spud date will be as soon as BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take 35 days. If production casing is run then an additional 90 days will be needed to complete well and construct surface facilities and/ or lay flow lines in order to place well on production.