

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other		5. Lease Serial No. NMNM114984
2. Name of Operator BC OPERATING INCORPORATED		6. If Indian, Allottee or Tribe Name
Contact: SARAH PRESLEY E-Mail: SPRESLEY@BCOPERATING.COM		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 3303 VETERANS AIRPARK LANE SUITE 6101 MIDLAND, TX 79710	3b. Phone No. (include area code) Ph: 432-684-9696	8. Well Name and No. CHILI PARLOR 17 FEDERAL 3H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T22S R33E SWSE 240FSL 2200FEL		9. API Well No. 30-025-43138-00-X1
		10. Field and Pool or Exploratory Area RED TANK
		11. County or Parish, State LEA COUNTY, NM

12. CHECK THE 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	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	Change to Original A PD
	☐ 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 recompleat 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 recompleat 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.

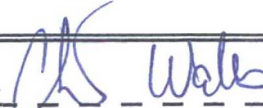
BC OPERATING, INC. RESPECTFULLY REQUEST TO MAKE THE FOLLOWING CHANGES TO THE APD:

- DRILL INTO CELLAR FOR 17.5" HOLE SECTION - NO RISER ON 20" CONDUCTOR. MAINTAIN CLOSED LOOP WITH CEMENTED CELLAR FLOOR IN THE TINHORN CELLAR. PUMPS WILL BE USED TO TRANSFER FLUID AND CUTTINGS FROM THE CELLAR BACK TO THE RIG TANKS. THE FLUIDS USED WILL BE FRESHWATER
- SURFACE HOLE CHANGED TO 17.5" HOLE/
- A MULITBOWL WILL BE IMPLEMENTED
- NEW CEMENT PROGRAM VOLUME AND SLURRIES
- DIRECTIONAL PLAN (SHALLOWER)
- NO PILOT HOLE
- REQUEST TO REMOVE C 6.G IN COA SINCE THE WELL WILL NOT PENETRATE THE BONE SPRING

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #379739 verified by the BLM Well Information System For BC OPERATING INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by CHRISTOPHER WALLS on 06/29/2017 (17CRW0027SE)	
Name (Printed/Typed) SARAH PRESLEY	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 06/26/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Title Eng	Date 6/29/17
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 CFO

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)

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

Additional data for EC transaction #379739 that would not fit on the form

32. Additional remarks, continued

*SEE ATTACHMENTS FOR MORE INFORMATION

2. Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0'	1070	13.375"	54.5	J55	STC	2.28	1.08	8.81
BLM Minimum Safety Factor							1.125	1	1.6 Dry 1.8 Wet

3. Cementing Program

Casing	# Sk	Wt. lb/ gal	Yld ft ³ / sack	H ₂ O gal/sk	500# Comp. Strength (hours)	Slurry Description
Surf.	875	13.5	1.8	9.36	10	EXTENDACEM™ SYSTEM, 3 lbm/sk Kol- Seal, 0.1250 lbm/sk Poly-E-Flake
	230	14.8	1.364	6.34	8	HALCEM™ SYSTEM, 3 lbm/sk Kol- Seal, 0.250 lbm/sk Poly-E-Flake, 1 % Calcium Chloride, Pellet
Inter.						
Prod.	1153	11.5	2.366	14.05	14	NeoCem TM
	1779	14.5	1.222	5.57	22.5	VERSACEM™ SYSTEM, 0.30% Halad®-344, 0.30% % HR-601

Company: Marathon Oil
Project: Lea County, NM
Site: Chili Parlor 17 Federal
Well: No. 3H
Wellbore: OH
Design: Prelim Plan A

Local Co-ordinate Reference: Well No. 3H
TVD Reference: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))
MD Reference: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: WellPlanner1

Project	Lea County, NM		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Chili Parlor 17 Federal				
Site Position:		Northing:	509,889.81 usft	Latitude:	32° 23' 58.6496 N
From:	Map	Easting:	728,603.42 usft	Longitude:	103° 35' 33.6076 W
Position Uncertainty:	0.00 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.40 °

Well	No. 3H					
Well Position	+N/-S	0.00 usft	Northing:	509,889.81 usft	Latitude:	32° 23' 58.6496 N
	+E/-W	0.00 usft	Easting:	728,603.42 usft	Longitude:	103° 35' 33.6076 W
Position Uncertainty		0.00 usft	Wellhead Elevation:	usft	Ground Level:	3,569.00 usft

Wellbore	OH				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	HDGM	6/9/2017	6.88	60.28	48,279.00

Design	Prelim Plan A				
Audit Notes:					
Version:	Phase:	PLAN	Tie On Depth:	0.00	
Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)	
	0.00	0.00	0.00	179.48	

Survey Tool Program	Date 6/9/2017				
From (usft)	To (usft)	Survey (Wellbore)	Tool Name	Description	
0.00	15,912.94	Prelim Plan A (OH)	MWD+IFR1	OWSG MWD + IFR1	

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
[ChiliParlor17#3H]PP/FTP - [ChiliParlor17#3H]LTP									
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00

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Planned Survey

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975.00	0.00	0.00	975.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,384.00	0.00	0.00	1,384.00	0.00	0.00	0.00	0.00	0.00	0.00
Salado									
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,922.00	0.00	0.00	2,922.00	0.00	0.00	0.00	0.00	0.00	0.00
Castile									
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00

B. Salt

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Wellbore: OH
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4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,769.00	0.00	0.00	4,769.00	0.00	0.00	0.00	0.00	0.00	0.00
Lamar									
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,871.00	0.00	0.00	4,871.00	0.00	0.00	0.00	0.00	0.00	0.00
Ball Canyon									
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	0.00	0.00
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	0.00	0.00
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	0.00	0.00
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	0.00	0.00
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	0.00	0.00
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	0.00	0.00
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00	0.00	0.00
5,737.00	0.00	0.00	5,737.00	0.00	0.00	0.00	0.00	0.00	0.00
Cherry Canyon									
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	0.00	0.00
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	0.00	0.00
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00
6,100.00	0.00	0.00	6,100.00	0.00	0.00	0.00	0.00	0.00	0.00
6,200.00	0.00	0.00	6,200.00	0.00	0.00	0.00	0.00	0.00	0.00
6,300.00	0.00	0.00	6,300.00	0.00	0.00	0.00	0.00	0.00	0.00
6,400.00	0.00	0.00	6,400.00	0.00	0.00	0.00	0.00	0.00	0.00
6,500.00	0.00	0.00	6,500.00	0.00	0.00	0.00	0.00	0.00	0.00
6,600.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	0.00	0.00
6,700.00	0.00	0.00	6,700.00	0.00	0.00	0.00	0.00	0.00	0.00
6,800.00	0.00	0.00	6,800.00	0.00	0.00	0.00	0.00	0.00	0.00
6,900.00	0.00	0.00	6,900.00	0.00	0.00	0.00	0.00	0.00	0.00
6,916.00	0.00	0.00	6,916.00	0.00	0.00	0.00	0.00	0.00	0.00
Brushy Canyon									
7,000.00	0.00	0.00	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00
7,100.00	0.00	0.00	7,100.00	0.00	0.00	0.00	0.00	0.00	0.00
7,200.00	0.00	0.00	7,200.00	0.00	0.00	0.00	0.00	0.00	0.00
7,300.00	0.00	0.00	7,300.00	0.00	0.00	0.00	0.00	0.00	0.00
7,400.00	0.00	0.00	7,400.00	0.00	0.00	0.00	0.00	0.00	0.00
7,500.00	0.00	0.00	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00
7,600.00	0.00	0.00	7,600.00	0.00	0.00	0.00	0.00	0.00	0.00
7,700.00	0.00	0.00	7,700.00	0.00	0.00	0.00	0.00	0.00	0.00
7,800.00	0.00	0.00	7,800.00	0.00	0.00	0.00	0.00	0.00	0.00
7,900.00	0.00	0.00	7,900.00	0.00	0.00	0.00	0.00	0.00	0.00
8,000.00	0.00	0.00	8,000.00	0.00	0.00	0.00	0.00	0.00	0.00
8,100.00	0.00	0.00	8,100.00	0.00	0.00	0.00	0.00	0.00	0.00
8,200.00	0.00	0.00	8,200.00	0.00	0.00	0.00	0.00	0.00	0.00

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Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
8,300.00	0.00	0.00	8,300.00	0.00	0.00	0.00	0.00	0.00	0.00
8,400.00	0.00	0.00	8,400.00	0.00	0.00	0.00	0.00	0.00	0.00
8,500.00	0.00	0.00	8,500.00	0.00	0.00	0.00	0.00	0.00	0.00
8,600.00	0.00	0.00	8,600.00	0.00	0.00	0.00	0.00	0.00	0.00
8,656.00	0.00	0.00	8,656.00	0.00	0.00	0.00	0.00	0.00	0.00
Bone Spring									
8,700.00	0.00	0.00	8,700.00	0.00	0.00	0.00	0.00	0.00	0.00
8,800.00	0.00	0.00	8,800.00	0.00	0.00	0.00	0.00	0.00	0.00
8,900.00	0.00	0.00	8,900.00	0.00	0.00	0.00	0.00	0.00	0.00
9,000.00	0.00	0.00	9,000.00	0.00	0.00	0.00	0.00	0.00	0.00
9,100.00	0.00	0.00	9,100.00	0.00	0.00	0.00	0.00	0.00	0.00
9,200.00	0.00	0.00	9,200.00	0.00	0.00	0.00	0.00	0.00	0.00
9,300.00	0.00	0.00	9,300.00	0.00	0.00	0.00	0.00	0.00	0.00
9,400.00	0.00	0.00	9,400.00	0.00	0.00	0.00	0.00	0.00	0.00
9,500.00	0.00	0.00	9,500.00	0.00	0.00	0.00	0.00	0.00	0.00
9,600.00	0.00	0.00	9,600.00	0.00	0.00	0.00	0.00	0.00	0.00
9,700.00	0.00	0.00	9,700.00	0.00	0.00	0.00	0.00	0.00	0.00
9,800.00	0.00	0.00	9,800.00	0.00	0.00	0.00	0.00	0.00	0.00
9,883.00	0.00	0.00	9,883.00	0.00	0.00	0.00	0.00	0.00	0.00
1st BS Sd									
9,900.00	0.00	0.00	9,900.00	0.00	0.00	0.00	0.00	0.00	0.00
10,000.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00
10,100.00	0.00	0.00	10,100.00	0.00	0.00	0.00	0.00	0.00	0.00
10,200.00	0.00	0.00	10,200.00	0.00	0.00	0.00	0.00	0.00	0.00
10,302.04	0.00	0.00	10,302.04	0.00	0.00	0.00	0.00	0.00	0.00
10,350.00	4.80	179.48	10,349.94	-2.01	0.02	2.01	10.00	10.00	0.00
10,400.00	9.80	179.48	10,399.52	-8.35	0.08	8.35	10.00	10.00	0.00
10,450.00	14.80	179.48	10,448.36	-19.00	0.17	19.00	10.00	10.00	0.00
10,500.00	19.80	179.48	10,496.09	-33.86	0.31	33.86	10.00	10.00	0.00
10,515.93	21.39	179.48	10,511.00	-39.46	0.36	39.46	10.00	10.00	0.00
2nd BS Sd									
10,550.00	24.80	179.48	10,542.33	-52.82	0.48	52.82	10.00	10.00	0.00
10,600.00	29.80	179.48	10,586.75	-75.74	0.69	75.74	10.00	10.00	0.00
10,650.00	34.80	179.48	10,629.00	-102.45	0.93	102.45	10.00	10.00	0.00
10,700.00	39.80	179.48	10,668.77	-132.73	1.20	132.74	10.00	10.00	0.00
10,750.00	44.80	179.48	10,705.74	-166.37	1.51	166.37	10.00	10.00	0.00
10,800.00	49.80	179.48	10,739.64	-203.10	1.84	203.11	10.00	10.00	0.00
10,850.00	54.80	179.48	10,770.21	-242.64	2.20	242.65	10.00	10.00	0.00
10,900.00	59.80	179.48	10,797.21	-284.70	2.58	284.71	10.00	10.00	0.00
10,950.00	64.80	179.48	10,820.45	-328.95	2.98	328.97	10.00	10.00	0.00
11,000.00	69.80	179.48	10,839.74	-375.06	3.40	375.08	10.00	10.00	0.00
11,050.00	74.80	179.48	10,854.95	-422.68	3.83	422.69	10.00	10.00	0.00
11,100.00	79.80	179.48	10,865.94	-471.43	4.28	471.45	10.00	10.00	0.00

Company: Marathon Oil
Project: Lea County, NM
Site: Chili Parlor 17 Federal
Well: No. 3H
Wellbore: OH
Design: Prelim Plan A

Local Co-ordinate Reference: Well No. 3H
TVD Reference: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))
MD Reference: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: WellPlanner1

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
11,150.00	84.80	179.48	10,872.64	-520.97	4.73	520.99	10.00	10.00	0.00
11,202.04	90.00	179.48	10,875.00	-572.93	5.20	572.96	10.00	10.00	0.00
11,300.00	90.00	179.48	10,875.00	-670.89	6.09	670.92	0.00	0.00	0.00
11,400.00	90.00	179.48	10,875.00	-770.88	6.99	770.92	0.00	0.00	0.00
11,500.00	90.00	179.48	10,875.00	-870.88	7.90	870.92	0.00	0.00	0.00
11,600.00	90.00	179.48	10,875.00	-970.88	8.81	970.92	0.00	0.00	0.00
11,700.00	90.00	179.48	10,875.00	-1,070.87	9.71	1,070.92	0.00	0.00	0.00
11,800.00	90.00	179.48	10,875.00	-1,170.87	10.62	1,170.92	0.00	0.00	0.00
11,900.00	90.00	179.48	10,875.00	-1,270.86	11.53	1,270.92	0.00	0.00	0.00
12,000.00	90.00	179.48	10,875.00	-1,370.86	12.44	1,370.92	0.00	0.00	0.00
12,100.00	90.00	179.48	10,875.00	-1,470.86	13.34	1,470.92	0.00	0.00	0.00
12,200.00	90.00	179.48	10,875.00	-1,570.85	14.25	1,570.92	0.00	0.00	0.00
12,300.00	90.00	179.48	10,875.00	-1,670.85	15.16	1,670.92	0.00	0.00	0.00
12,400.00	90.00	179.48	10,875.00	-1,770.84	16.06	1,770.92	0.00	0.00	0.00
12,500.00	90.00	179.48	10,875.00	-1,870.84	16.97	1,870.92	0.00	0.00	0.00
12,600.00	90.00	179.48	10,875.00	-1,970.83	17.88	1,970.92	0.00	0.00	0.00
12,700.00	90.00	179.48	10,875.00	-2,070.83	18.79	2,070.92	0.00	0.00	0.00
12,800.00	90.00	179.48	10,875.00	-2,170.83	19.69	2,170.92	0.00	0.00	0.00
12,900.00	90.00	179.48	10,875.00	-2,270.82	20.60	2,270.92	0.00	0.00	0.00
13,000.00	90.00	179.48	10,875.00	-2,370.82	21.51	2,370.92	0.00	0.00	0.00
13,100.00	90.00	179.48	10,875.00	-2,470.81	22.41	2,470.92	0.00	0.00	0.00
13,200.00	90.00	179.48	10,875.00	-2,570.81	23.32	2,570.92	0.00	0.00	0.00
13,300.00	90.00	179.48	10,875.00	-2,670.81	24.23	2,670.92	0.00	0.00	0.00
13,400.00	90.00	179.48	10,875.00	-2,770.80	25.14	2,770.92	0.00	0.00	0.00
13,500.00	90.00	179.48	10,875.00	-2,870.80	26.04	2,870.92	0.00	0.00	0.00
13,600.00	90.00	179.48	10,875.00	-2,970.79	26.95	2,970.92	0.00	0.00	0.00
13,700.00	90.00	179.48	10,875.00	-3,070.79	27.86	3,070.92	0.00	0.00	0.00
13,800.00	90.00	179.48	10,875.00	-3,170.79	28.76	3,170.92	0.00	0.00	0.00
13,900.00	90.00	179.48	10,875.00	-3,270.78	29.67	3,270.92	0.00	0.00	0.00
14,000.00	90.00	179.48	10,875.00	-3,370.78	30.58	3,370.92	0.00	0.00	0.00
14,100.00	90.00	179.48	10,875.00	-3,470.77	31.48	3,470.92	0.00	0.00	0.00
14,200.00	90.00	179.48	10,875.00	-3,570.77	32.39	3,570.92	0.00	0.00	0.00
14,300.00	90.00	179.48	10,875.00	-3,670.76	33.30	3,670.92	0.00	0.00	0.00
14,400.00	90.00	179.48	10,875.00	-3,770.76	34.21	3,770.92	0.00	0.00	0.00
14,500.00	90.00	179.48	10,875.00	-3,870.76	35.11	3,870.92	0.00	0.00	0.00
14,600.00	90.00	179.48	10,875.00	-3,970.75	36.02	3,970.92	0.00	0.00	0.00
14,700.00	90.00	179.48	10,875.00	-4,070.75	36.93	4,070.92	0.00	0.00	0.00
14,800.00	90.00	179.48	10,875.00	-4,170.74	37.83	4,170.92	0.00	0.00	0.00
14,900.00	90.00	179.48	10,875.00	-4,270.74	38.74	4,270.92	0.00	0.00	0.00
15,000.00	90.00	179.48	10,875.00	-4,370.74	39.65	4,370.92	0.00	0.00	0.00
15,100.00	90.00	179.48	10,875.00	-4,470.73	40.56	4,470.92	0.00	0.00	0.00
15,200.00	90.00	179.48	10,875.00	-4,570.73	41.46	4,570.92	0.00	0.00	0.00
15,300.00	90.00	179.48	10,875.00	-4,670.72	42.37	4,670.92	0.00	0.00	0.00
15,400.00	90.00	179.48	10,875.00	-4,770.72	43.28	4,770.92	0.00	0.00	0.00

Company: Marathon Oil
Project: Lea County, NM
Site: Chili Parlor 17 Federal
Well: No. 3H
Wellbore: OH
Design: Prelim Plan A

Local Co-ordinate Reference: Well No. 3H
TVD Reference: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))
MD Reference: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: WellPlanner1

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
15,500.00	90.00	179.48	10,875.00	-4,870.72	44.18	4,870.92	0.00	0.00	0.00
15,600.00	90.00	179.48	10,875.00	-4,970.71	45.09	4,970.92	0.00	0.00	0.00
15,700.00	90.00	179.48	10,875.00	-5,070.71	46.00	5,070.92	0.00	0.00	0.00
15,800.00	90.00	179.48	10,875.00	-5,170.70	46.91	5,170.92	0.00	0.00	0.00
15,900.00	90.00	179.48	10,875.00	-5,270.70	47.81	5,270.92	0.00	0.00	0.00
15,912.94	90.00	179.48	10,875.00	-5,283.64	47.93	5,283.86	0.00	0.00	0.00

[ChiliParlor17#3H]BHL

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
[ChiliParlor17#3H]PP/FT	0.00	0.00	0.00	-569.96	4.26	509,319.85	728,607.68	32° 23' 53.0094 N	103° 35' 33.6040 W
- plan misses target center by 569.98usft at 0.00usft MD (0.00 TVD, 0.00 N, 0.00 E)									
- Point									
[ChiliParlor17#3H]LTP	0.00	0.00	0.00	-5,193.65	47.09	504,696.16	728,650.51	32° 23' 7.2537 N	103° 35' 33.4780 W
- plan misses target center by 5193.86usft at 0.00usft MD (0.00 TVD, 0.00 N, 0.00 E)									
- Point									
[ChiliParlor17#3H]BHL	0.00	0.00	10,875.00	-5,283.64	47.93	504,606.17	728,651.35	32° 23' 6.3632 N	103° 35' 33.4754 W
- plan hits target center									
- Point									

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
975.00	975.00	Rustler		0.00	180.00
1,384.00	1,384.00	Salado		0.00	180.00
2,922.00	2,922.00	Castile		0.00	180.00
4,600.00	4,600.00	B. Salt		0.00	180.00
4,769.00	4,769.00	Lamar		0.00	180.00
4,871.00	4,871.00	Ball Canyon		0.00	180.00
5,737.00	5,737.00	Cherry Canyon		0.00	180.00
6,916.00	6,916.00	Brushy Canyon		0.00	180.00
8,656.00	8,656.00	Bone Spring		0.00	180.00
9,883.00	9,883.00	1st BS Sd		0.00	180.00
10,515.93	10,511.00	2nd BS Sd		0.00	180.00

Checked By: _____ Approved By: _____ Date: _____



Marathon Oil Corporation

Marathon Oil
Lea County, NM
Chili Parlor 17 Federal
No. 3H
Prelim Plan A
GL: 3569' + KB: 25' (H&P)



PRO DIRECTIONAL

US State Plane 1927 (Exact solution)
 NAD 1927 (NADCON CONUS)
 Clarke 1866
 New Mexico East 3001
 Mean Sea Level

RKB Elevation: Well @ 3594.00usft (GL: 3569' + KB: 25' (H&P))

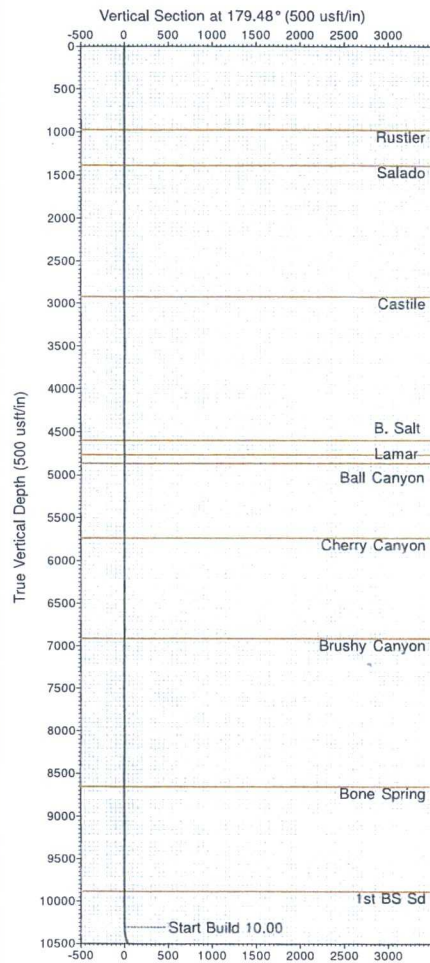
+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	509889.81	728603.42	32° 23' 58.6496 N	103° 35' 33.6076 W	

SECTION DETAILS

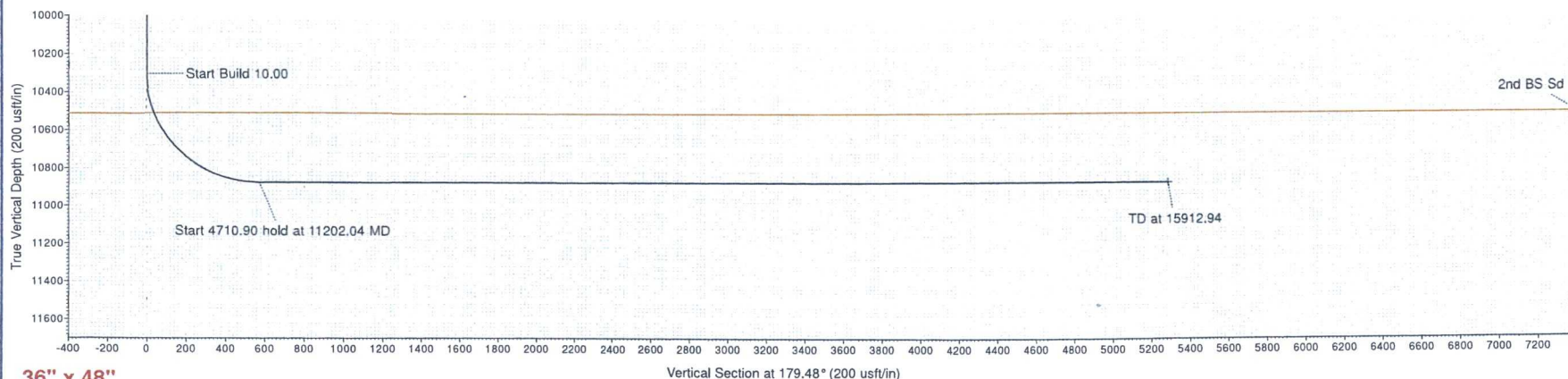
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	VSect
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	10302.04	0.00	0.00	10302.04	0.00	0.00	0.00	0.00
3	11202.04	90.00	179.48	10875.00	-572.93	5.20	10.00	572.96
4	15912.94	90.00	179.48	10875.00	-5283.64	47.93	0.00	5283.86

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

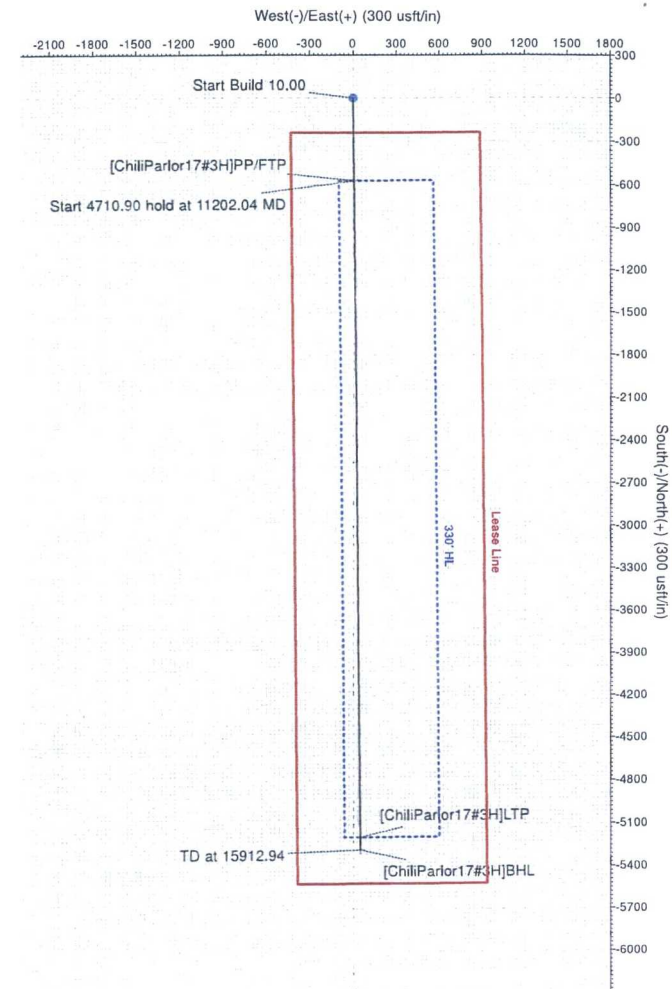
Name	TVD	+N/-S	+E/-W	Northing	Easting
[ChiliParlor17#3H]LTP	0.00	-5193.65	47.09	504696.16	728650.51
[ChiliParlor17#3H]PP/FTP	0.00	-569.96	4.26	509319.85	728607.68
[ChiliParlor17#3H]BHL	10875.00	-5283.64	47.93	504606.17	728651.35



Target Line: 10875 TVD @ 0° VS, 90° INC



36" x 48"

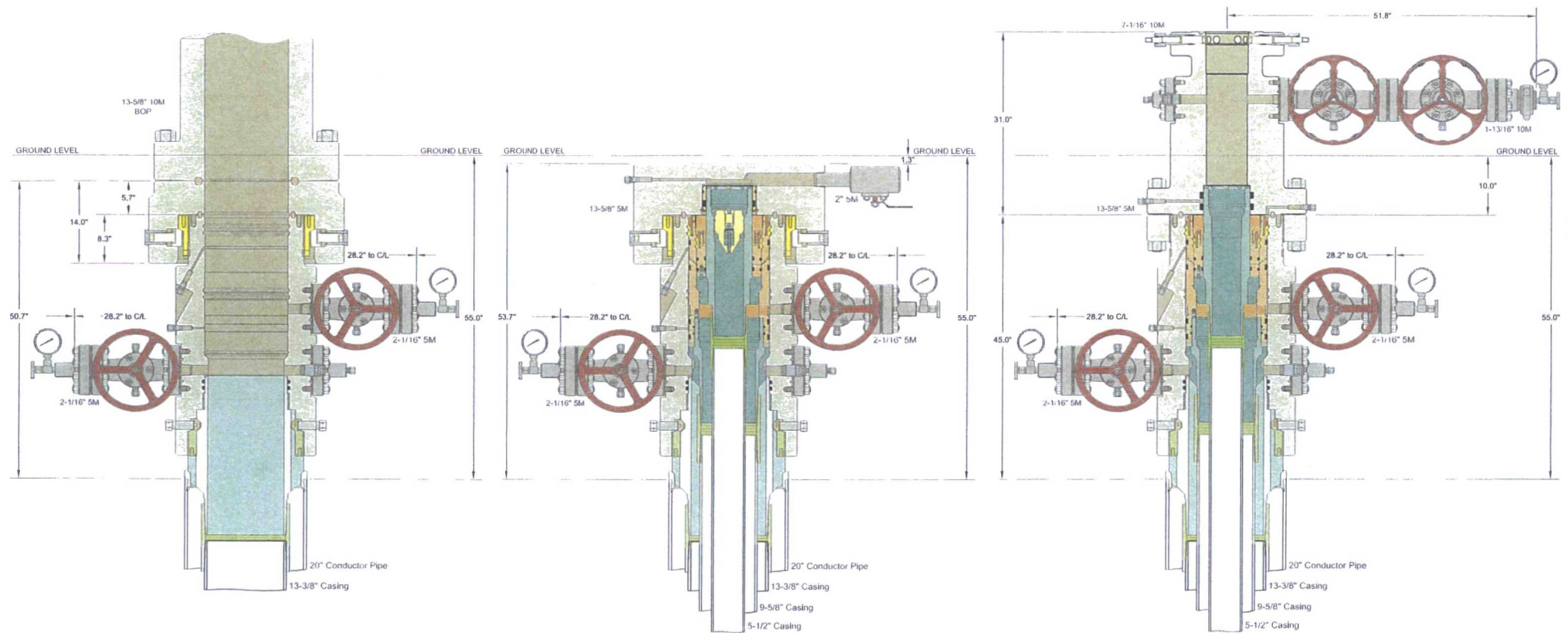


Azimuths to Grid North
 True North: -0.40°
 Magnetic North: 6.49°
 Magnetic Field
 Strength: 48279.0nT
 Dip Angle: 60.28°
 Date: 6/9/2017
 Model: HDGM

Azimuth Corrections

Total Magnetic Corr. (M to G): 6.49°

Declination (M to T): 6.88° East



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CACTUS WELLHEAD LLC

13-3/8" x 9-5/8" x 5-1/2" 15M MBU-3T-CFL Wellhead System
With 13-5/8" 5M x 7-1/16" 10M CTH-DBLHPS Tubing Head
& Quick Connect Equipment for Drilling and Skid

MARATHON OIL COMPANY

DRAWN	DLE	20JUN17
APPRV		
DRAWING NO.		SDT-1076

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BC Operating, Inc.
LEASE NO.:	NMNM114984
WELL NAME & NO.:	Chili Parlor 17 Federal 3H
SURFACE HOLE FOOTAGE:	240'/S & 2200'/E
BOTTOM HOLE FOOTAGE:	240'/S & 2200'/W SEC. 17
LOCATION:	Section 8, T.22 S., R.33 E., NMPM
COUNTY:	Lea County, New Mexico

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 the H₂S drilling plan shall be implemented prior to drilling 500 feet to the Salado formation or at a depth of 3400 feet, whichever shallower. If H₂S is detected in concentrations greater than 100 ppm prior to implementing the H₂S drilling plan, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, 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) for Potash Areas:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least **24 hours**. WOC time will be recorded in the driller's log. **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. Have well specific cement details onsite prior to pumping the cement for each casing string. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Risks:

Secretary's Potash

Possibility of water flows in the Salado and in the Castile.

Possibility of lost circulation in the Rustler, in the Red Beds and in the Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **1070** feet (**in a competent bed, and if salt is encountered, set casing at least 25 feet above the salt**) and cemented to the surface.
 - 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.

The intermediate casing shall be kept fluid filled to avoid approaching the minimum collapse pressure rating of the casing.

- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing, which shall be set at approximately 4800 feet **(in the top of the Lamar Limestone, and to avoid the sands of the Bell Canyon Formation)**, is:

☒ 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.**

Formation below the 9-5/8 inch shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

- 4. 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.
- 5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

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. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi.**
 - a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
 - b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
 - c. **Manufacturer representative shall install the test plug for the initial BOP test.**
 - d. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**
4. 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.

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