Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

HOBBS OCD

Carlsbad Field Office
OCD Hobbs

SEP 1 8 2017

RECEIVED

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. NMNM56265
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA/Agreement, Name and/or No.
	8. Well Name and No. LEA SOUTH 25 FEDERAL COM 1BS 11H
2. Name of Operator NEARBURG PRODUCING COMPANY Contact: BETTIE WATSON E-Mail: bettie@watsonreg.com	9. API Well No. 30-025-43036-00-X1
3a. Address 3300 NORTH A STREET BLDG 2 STE 120 MIDLAND, TX 79705 3b. Phone No. (include area code) Ph: 972-979-0132	10. Field and Pool or Exploratory Area LEA
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)* Sec 25 T20S R34E SWSE 0330FSL 1830FEL 32.321592 N Lat, 103.303998 W Lon	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 Well Spud
	☐ 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 must 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 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.

a)Change well name from Lea South 25 Federal Com 11H to Lea South 25 Fed Com 1BS 11H. NEW PROP ID 319586

b)Change Intermediate Casing from HCK-55 to J-55 (see attached)

c)Add DV tool and ECP to intermediate string @ 3870':100' above Capitan. (see attached)

d)We will be running a Cactus speed head. (see attached)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Electronic Submission #382756 verified by the BLM Well Information System
For NEARBURG PRODUCING COMPANY, sent to the Hobbs
Committed to AFMSS for processing by MUSTAFA HAQUE on 09/12/2017 (17MH0043SE)

Name *(Printed/Typed)* BETTIE WATSON — Title AGENT

Signature (Electronic Submission) — Date 07/26/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By MUSTAFA HAQUE — Title PETROLEUM ENGINEER — Date 09/12/2017

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 Hobbs

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 ****

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Chisolm Energy Operating, LLC
LEASE NO.:	NMNM56265
WELL NAME & NO.:	Lea South 25 Fed Com 1BS 11H
SURFACE HOLE FOOTAGE:	330 '/S & 2130'/E
BOTTOM HOLE FOOTAGE	330'/N & 1680'/E
LOCATION:	Section 25, T.20 S., R.34 E., NMPM
COUNTY:	Lea County, New Mexico

Potash	○ None	◉ Secretary	○ R-111-P
Cave/Karst Potential	◉ Low	○ Medium	○ High
Variance	○ None	◉ Flex Hose	○ Other
Wellhead	○ Conventional	◉ Multibowl	
Other	☐4 String Area	☒Capitan Reef	☐WIPP

All previous COAs still apply except the following:

A. CASING

Intermediate casing must be kept fluid filled to meet BLM minimum collapse requirement.

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

Operator has proposed DV tool at depth of 3870', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef and Potash.**

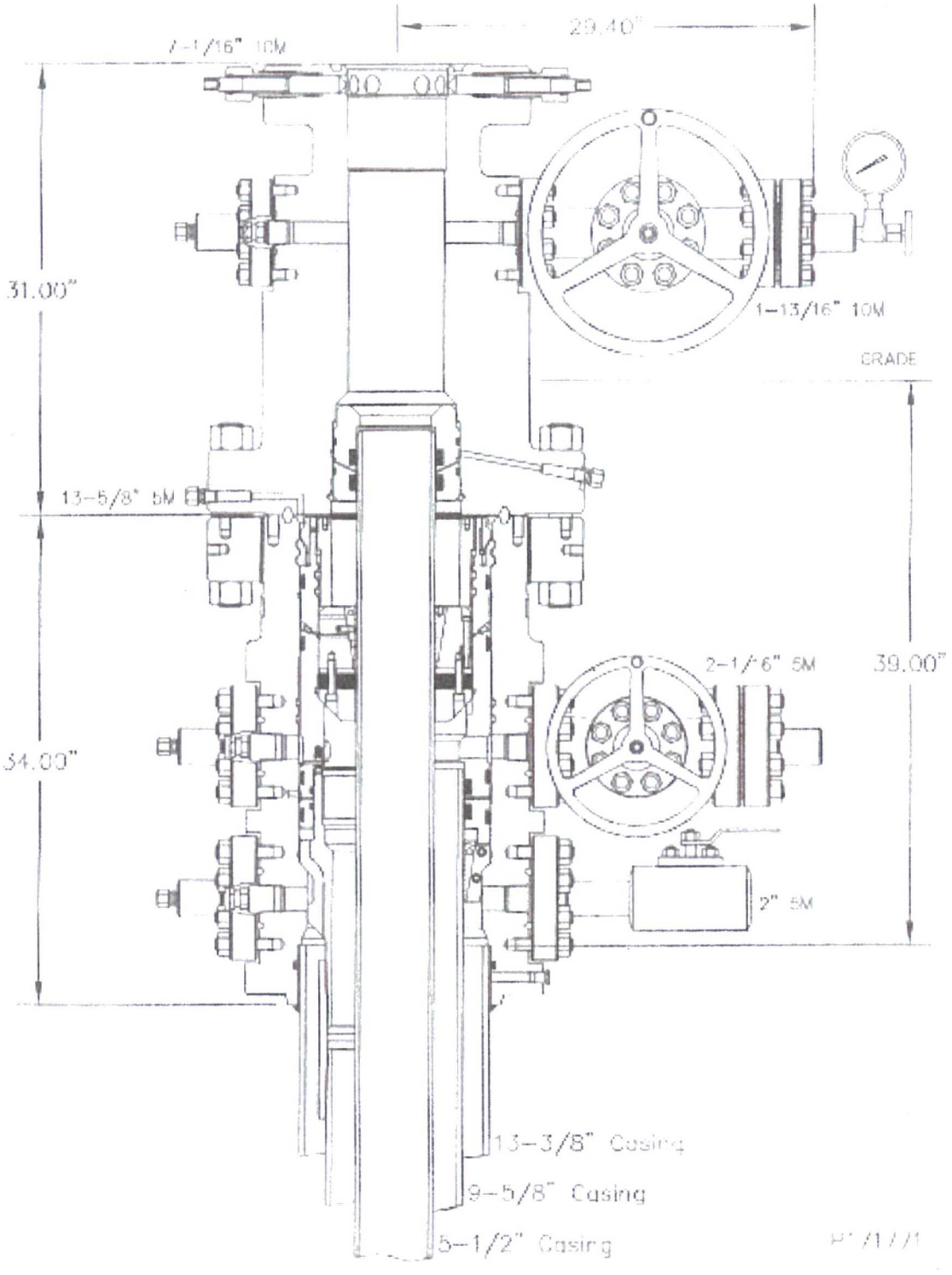
B. PRESSURE CONTROL

1. **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 3000 (3M) 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.**

MHH 09122017

System Drawing



Lea South 25 Fed Com 1BS 11H Drilling Sundry

28: a) Change Well Name

From: Lea South 25 Federal Com 11H

To: Lea South 25 Fed Com 1BS 11H

b) Casing Design - **Change Intermediate Casing from HCK-55 to J-55**

Open Hole Size (inches)	Casing Depth: From (ft)	Casing Setting Depth (ft) MD	Casing Setting Depth (ft) TVD	Casing Size (inches)	Casing Weight (lb/ft)	Casing Grade	Thread	Condition	Anticipated Mud Weight (ppg)	Burst SF (1.125)	Collapse SF (1.125)	Buoyant Weight (lbs)	Tension SF (1.8)
Intermediate													
12.25"	0'	5700	5700	9 5/8"	40	J-55	LTC	New	10.2	1.31	1.28	192,462	2.35

Casing Design Criteria and Casing Loading Assumptions:

Intermediate

Tension: A 1.8 design factor with effects of buoyancy with a fluid equal to a mud weight of 10.2 ppg

Collapse: A 1.125 design factor with 1/3 TVD internal evacuation and collapse force equal to a mud gradient of 10.2 ppg

Burst: A 1.125 design factor with full external evacuation and burst force equal to a mud gradient of 10.2 ppg

c) Cement Program - Add DV tool and ECP to intermediate string @3870' (100' above Capitan)

Intermediate	Sacks	Yield (cuft/sk)	Weight (ppg)	Cubic Feet	Cement Blend
1st Stage					
Lead	450	1.88	12.9	846	35:65 (poz/C) + Salt + Bentonite + LCM + Retarder
Tail	224	1.34	14.8	300	Class C + LCM + Retarder
2nd Stage					
Lead	1140	1.88	12.9	2144	35:65 (poz/C) + Salt + Bentonite + LCM + Retarder
Tail	209	1.34	14.8	280	Class C + LCM + Retarder
Comments	TOC: 0'		100% Excess		DV Tool @ 3870' ECP @ 3880'

d) Notice that we will be running a Cactus speed head on this well.

Haque, Mustafa <mhaque@blm.gov>

Multi Bowl BOP Testing

2 messages

Brad Burke <bburke@chisholmenergy.com> Thu, Aug 10, 2017 at 1:17 PM
To: "Haque, Mustafa" <mhaque@blm.gov>

Mustafa,

Thank you for the phone call. After talking I talked with our field representative and he informed me that once we have nippled up the BOP's on the surface casing we do not break any seals on the BOP after that point.

Our procedure is to nipple up BOP's to the surface casing, pressure test the BOP's to 5000 psi high and 250 psi low. We do not anticipate breaking any seals on the BOP from that point until rig release, however if we do break any seal, the entire BOP will be retested to 5000 psi high and 250 psi low.

Please let me know if you have any questions.

Thanks,

Brad Burke

Sr. Engineer
Office: 817-953-3042

Cell: 432-413-2367

Chisholm Energy Holdings, LLC

CHISHOLM ENERGY

801 Cherry St Suite 1200 Unit 20

Fort Worth TX, 76102

Haque, Mustafa <mhaque@blm.gov> Thu, Aug 10, 2017 at 1:49 PM
To: Brad Burke <bburke@chisholmenergy.com>

Thanks for the email Brad

Regards,

Mustafa Haque
Petroleum Engineer
Bureau of Land Management
620 E Greene St.