

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

Carlsbad Field Office
OCB Hobbs
HOBBS OCB

5. Lease Serial No.
NMNM86151

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
BLUE QUAIL FED 3

9. API Well No.
30-025-39818-00-S1

10. Field and Pool or Exploratory Area
SAND DUNES

11. County or Parish, State
LEA COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on page 2

JUN 03 2019

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
FOUNDATION ENERGY MANAGEMENT

Contact: JAMES A SMITH
Email: REGULATORY@FOUNDATIONENERGY.COM

3a. Address
16000 DALLAS PARKWAY SUITE 875
DALLAS, TX 75248

3b. Phone No. (include area code)
Ph: 918-526-5592

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 7 T23S R32E SESW 660FSL 1980FWL

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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.

Scope of Work: Abandon Avalon Sand and Re-Complete Well in Brushy Canyon

Procedure:

- MIRU WO Rig.
- If necessary, kill well with 2% KCl. Keep kill truck on location as needed.
- POOH w/ rods and pump. Inspect for any build up and/or rod damage.
- ND Wellhead, NU BOP.
- Unset TAC, TOOH with tubing. Hydrotest as POOH.
- MIRU Wireline.
- PU and RIH with CIBP, Set at +/- 8500?.
- Dump 2 sx cement on top.
- Pressure test CIBP to 500 psi, and 750 psi for 10 min each.

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

Electronic Submission #460342 verified by the BLM Well Information System
For FOUNDATION ENERGY MANAGEMENT, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 04/08/2019 (19PP1521SE)

Name (Printed/Typed) JAMES A SMITH

Title HSE-REGULATORY SUPERVISOR

Signature (Electronic Submission)

Date 04/04/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /s/ Jonathon Shepard

Title Petroleum Engineer APR 11 2019
Carlsbad Field Office
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.

(Instructions on page 2)

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

XZ NM OCB 6-22-19

FOR RECORD ONLY

Additional data for EC transaction #460342 that would not fit on the form

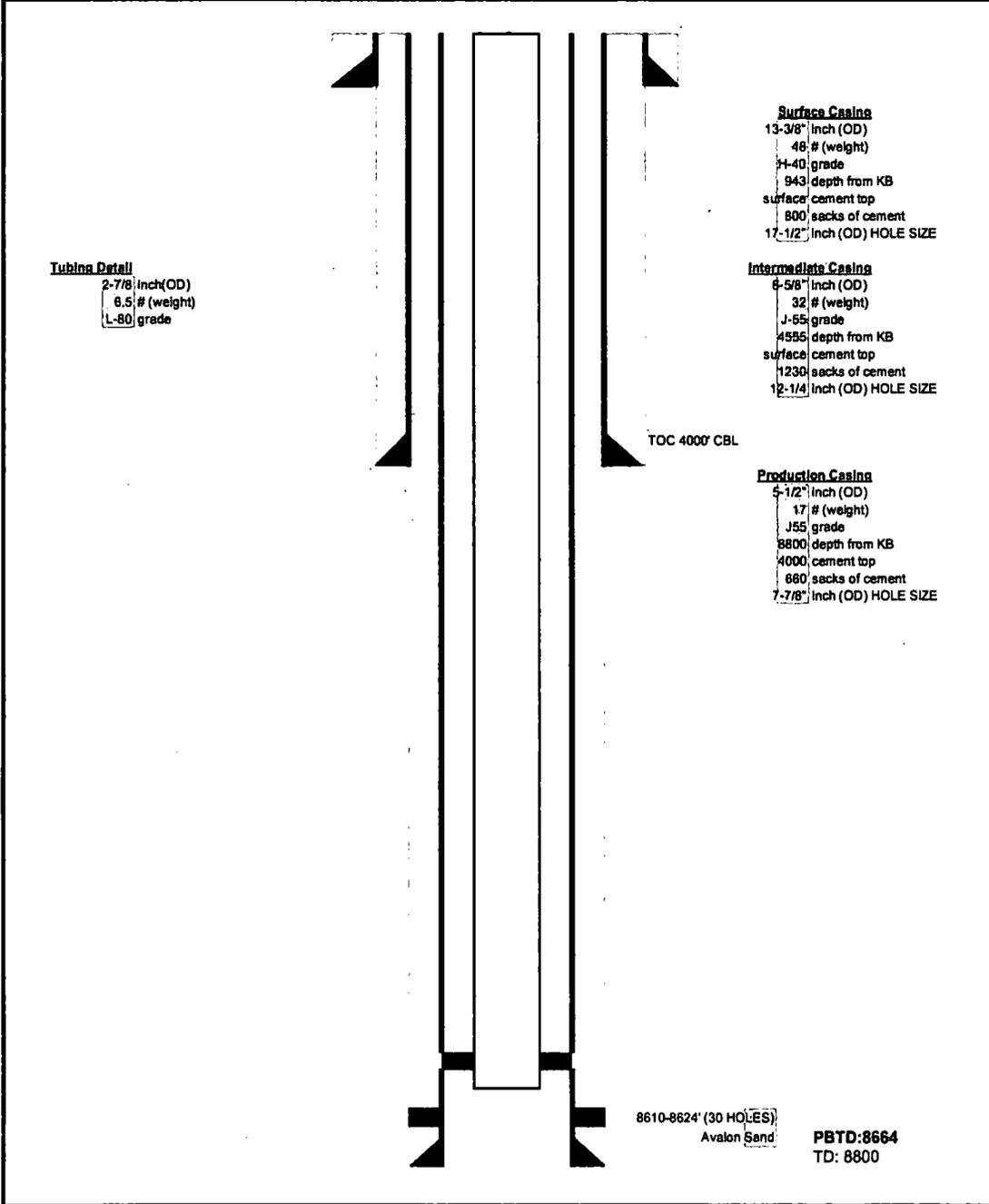
32. Additional remarks, continued

- 10) RIH with perf guns and perf 8424-38?, and 8390-8400.
- 11) POOH with guns and RD wireline.
- 12) MIRU acid company.
- 13) Pump 2000 gal 15% HCL, using balls for diversion.
- 14) Swab back acid job and test formation.
- 15) MIRU frac company.
- 16) Frac well following pump schedule.
- 17) Swab test production.
- 18) Release packer and POOH with tubing.
- 19) PU and RIH with gas anchor, pump and rod. Space out, hang on and load and test. Ensure good pump action.
- 20) RDMO

Foundation Energy Management, LLC
WELLBORE DIAGRAM

Well / Battery Blue Quail Federal #3	Prospect Name Brushy Canyon	Total Depth 8800	Current Status PRODUCING
API Number 30-025-39818	Sec-Twn-Rng 7N-23S-32E	Producing Horizon DELAWARE	County & State LEA, NEW MEXICO

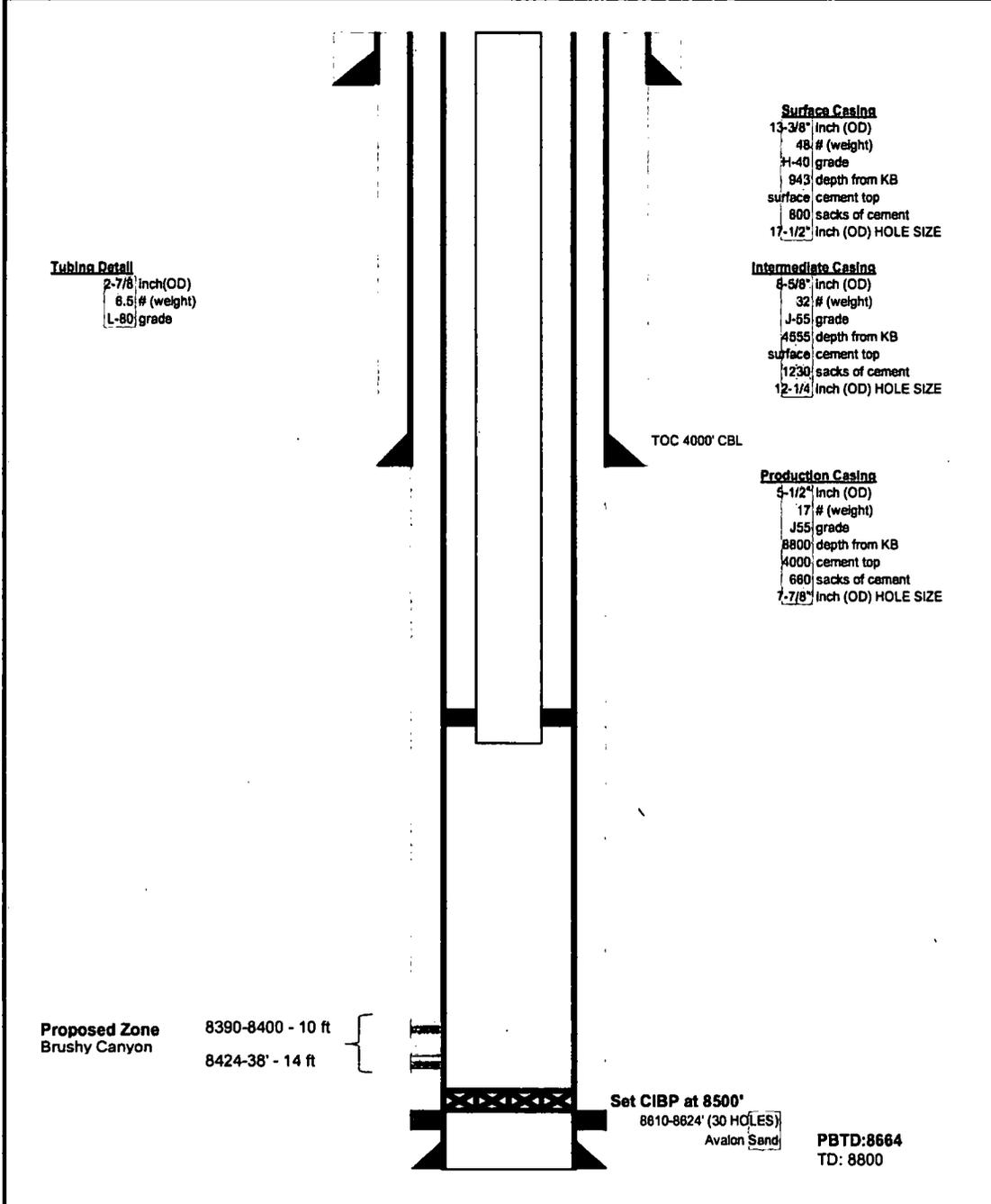
WELLBORE DIAGRAM



**Foundation Energy Management, LLC
WELLBORE DIAGRAM**

Well / Battery Blue Quail Federal #3	Prospect Name Brushy Canyon	Total Depth 8800	Current Status PRODUCING
API Number 30-025-38818	Sec-Twn-Rng 7N-23S-32E	Producing Horizon DELAWARE	County & State LEA, NEW MEXICO

WELLBORE DIAGRAM



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-39818	² Pool Code 24330	³ Pool Name Sand Dunes: Delaware, East
⁴ Property Code 35960	⁵ Property Name Blue Quail Federal	
⁷ OGRID No. 370740	⁸ Operator Name Foundation Energy Management, LLC	⁶ Well Number #3 ⁹ Elevation 3548'

¹⁰ Surface Location

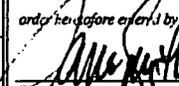
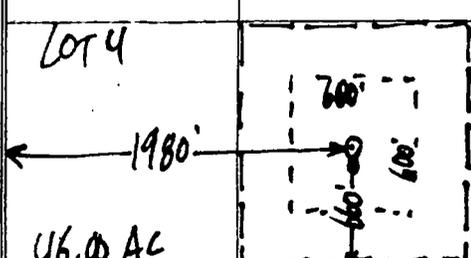
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	23S	32E		660'	South	1980'	West	Lea

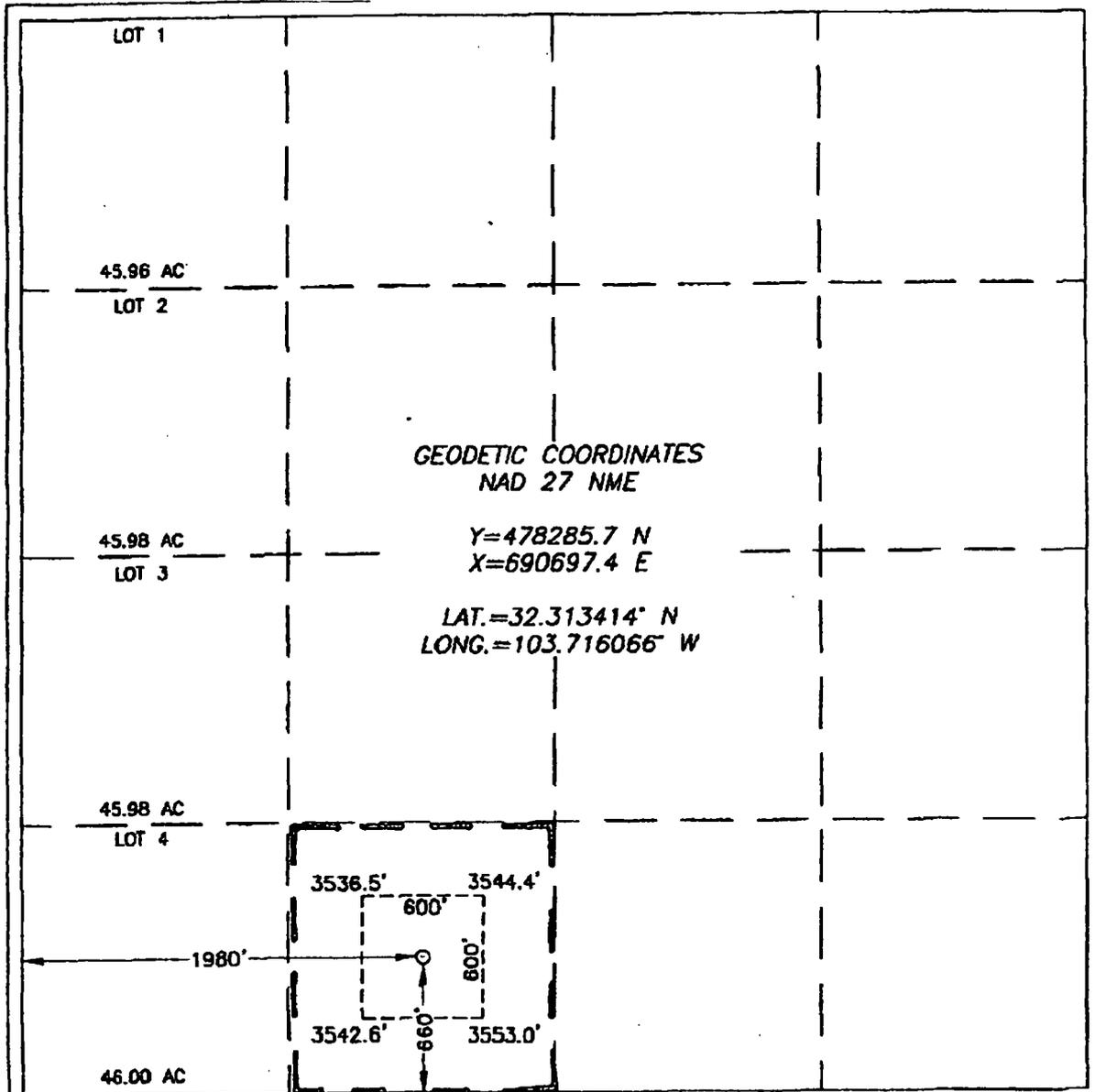
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ Lot 1 45.96 ac				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order, before entered by the division.</i></p> <p style="text-align: right;">  Signature 4/3/19 Date JAMES SMITH Printed Name jsmith@foundationenergy.com E-mail Address </p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey _____ Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>
Lot 2 45.98 ac				
Lot 3 45.98 ac				
Lot 4 46.00 ac 				



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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Foundation Energy Management, LLC 5057 Keller Springs Rd, Suite 650 Addison, Texas 75001		² OGRID Number 370740
		³ API Number 30-025-39818
⁴ Property Code 35960	⁵ Property Name Blue Quail Federal	⁶ Well No. #3

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
N	7	23S	32E		660'	South	1980'	West	Lea

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

¹⁰ Pool Name Sand Dunes; Delaware, East	¹¹ Pool Code 53817
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Additional Well Information

¹¹ Work Type A	¹² Well Type O	¹³ Cable/Rotary	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3548 GL
¹⁶ Multiple No	¹⁷ Proposed Depth	¹⁸ Formation Delaware	¹⁹ Contractor	²⁰ Spud Date 4/15/2019
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

We will be using a closed-loop system in lieu of lined pits

²¹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2"	13 3/8"	48#	943'	800	Circ to Surface
Intermediate	12 1/4"	9 5/8"	32#	4555'	1230	Circ To Surface
Production	7 7/8 "	5 1/2"	17#	8800	660	4000'

Casing/Cement Program: Additional Comments

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²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
3000 # Manual	1500 psi Max	3000 psi	Cameron

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC if applicable.
Signature: *[Signature]*

Printed name: *JAMES SMITH*
Title: *HSE-Regulatory Supervisor*
E-mail Address: *jsmith@fdle.nm.gov*
Date: *4/13/19* Phone: *916 526-5592*

OIL CONSERVATION DIVISION

Approved By:	
Title:	
Approved Date:	Expiration Date:
Conditions of Approval Attached	

Blue Quail #3

Sand Dunes

Scope of Work: Abandon Avalon Sand and Re-Complete Well in Brushy Canyon

Well Data:

Location: Section 7, T-23S, R-32E
660' FSL & 1980' FWL

GR: 3548'

Surface Casing: 13 3/8", 48# H-40 @ 943'
Cmt w/ 800 sx CMT (circulated)

Intermediate Casing: 8 5/8", 32# J-55 @ 4555'
Cmt w/ 1230 sx CMT (circulated)

Production Casing: 5 1/2", 17# J-55 @ 8800'
Cmt w/ 660 sx CMT
TOC @ 4000', CBL

Current PBTD: 8664'

Perfs: 8610-8624'

Production Tubing: 2 7/8", 6.5# L-80

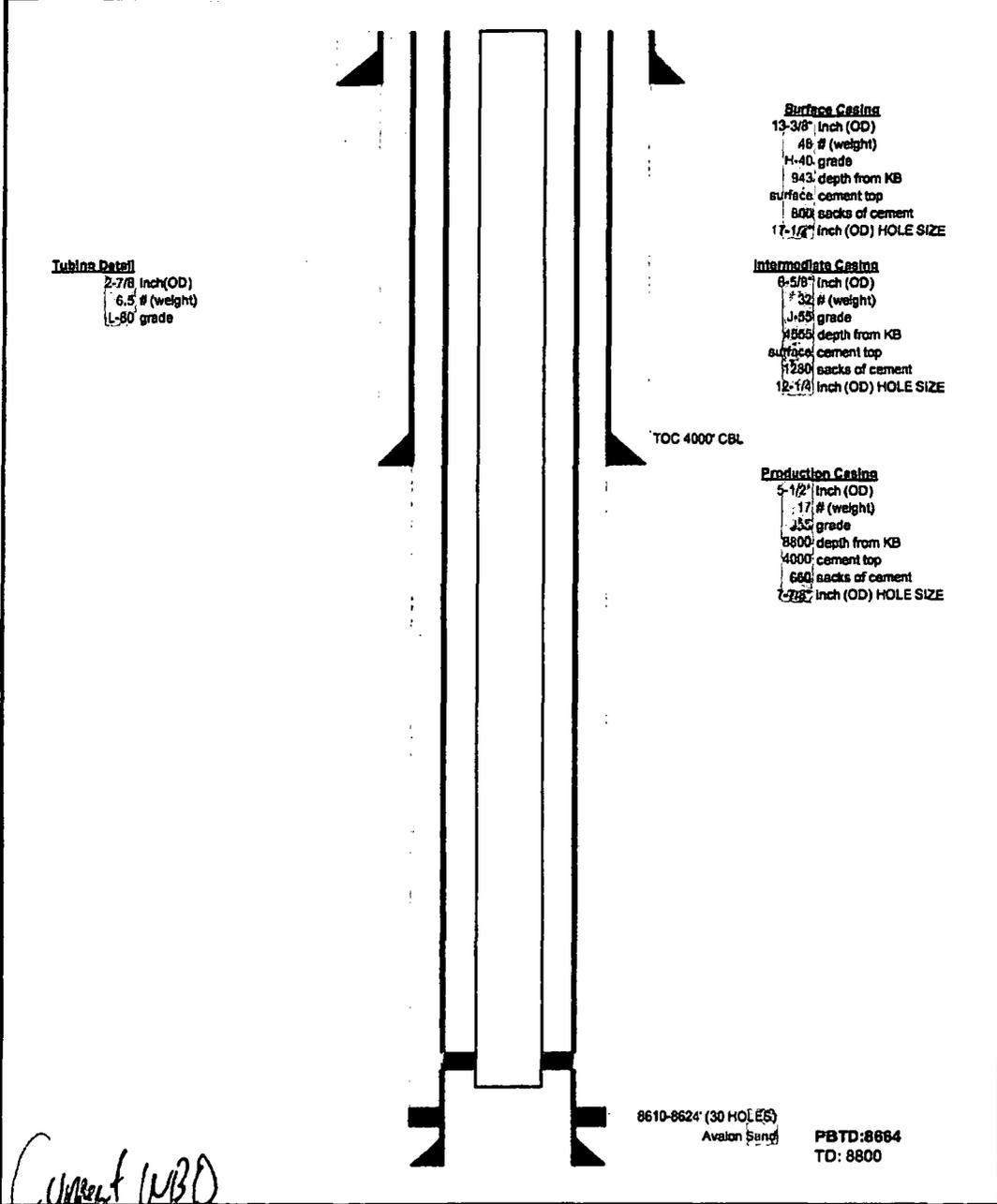
Procedure:

- 1) MIRU WO Rig.
- 2) If necessary, kill well with 2% KCl. Keep kill truck on location as needed.
- 3) POOH w/ rods and pump. Inspect for any build up and/or rod damage.
- 4) ND Wellhead, NU BOP.
- 5) Unset TAC, TOO H with tubing. Hydrotest as POOH.
- 6) MIRU Wireline.
- 7) PU and RIH with CIBP, Set at +/- 8500'.
- 8) Dump 2 sx cement on top.
- 9) Pressure test CIBP to 500 psi, and 750 psi for 10 min each.
- 10) RIH with perf guns and perf 8424-38', and 8390-8400.
- 11) POOH with guns and RD wireline.
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Foundation Energy Management, LLC
WELLBORE DIAGRAM

Well/Battery Blue Oval Federal #3	Prospect Name Brushy Canyon	Total Depth 8800	Current Status PRODUCING
API Number 30-025-35818	Sec-Twn-Rng 7N-23S-32E	Producing Horizon DELAWARE	County & State LEA, NEW MEXICO

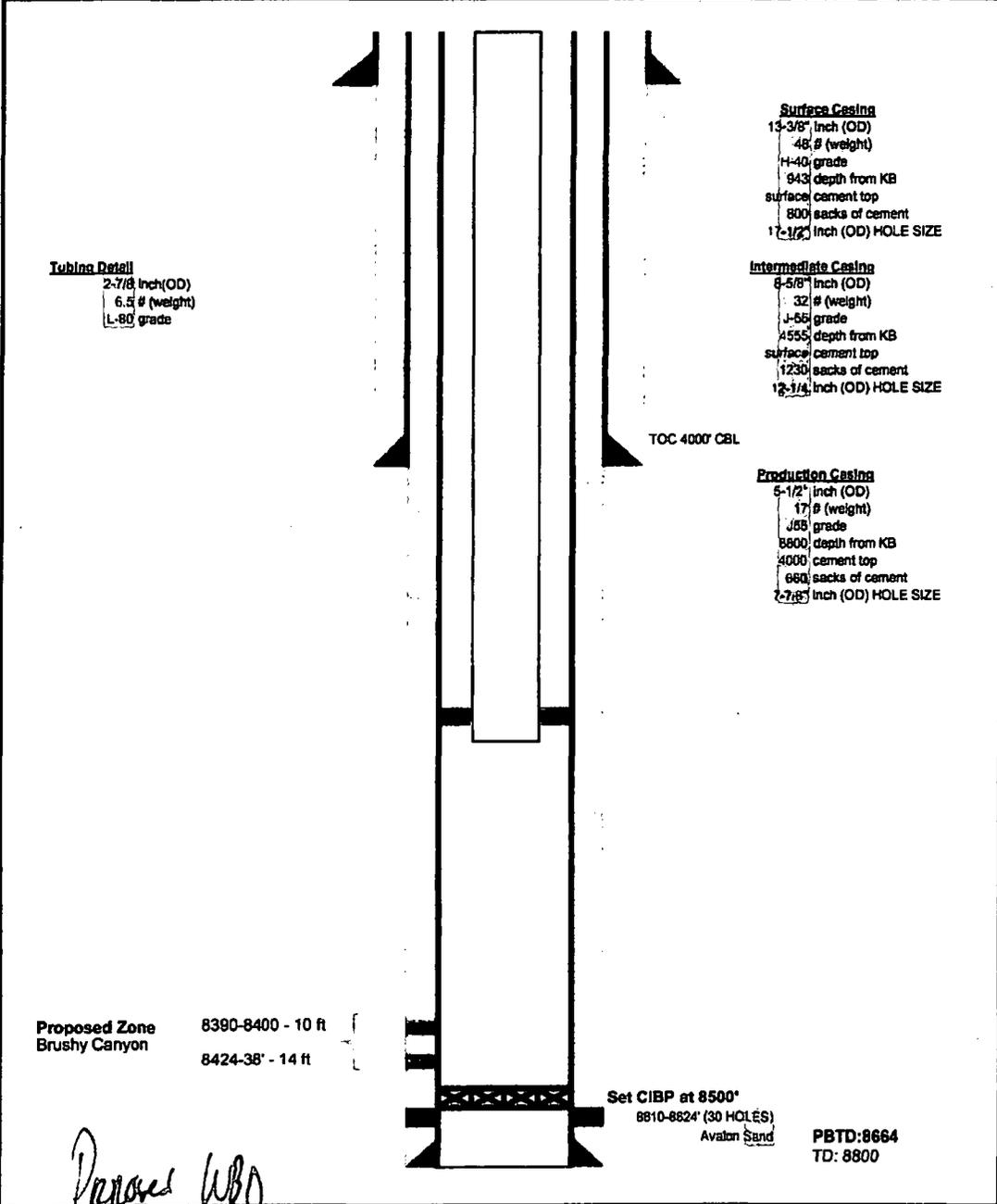
WELLBORE DIAGRAM



**Foundation Energy Management, LLC
WELLBORE DIAGRAM**

Well / Battery Blue Quail Federal #3	Prospect Name Brushy Canyon	Total Depth 8800	Current Status PRODUCING
API Number 50-026-39818	Sec-Twn-Rng 7N-23S-34E	Producing Horizon DELAWARE	County & State LEA, NEW MEXICO

WELLBORE DIAGRAM



Blue Quail #3

Sand Dunes

Scope of Work: Abandon Avalon Sand and Re-Complete Well in Brushy Canyon

Well Data:

Location: Section 7, T-23S, R-32E
660' FSL & 1980' FWL

GR: 3548'

Surface Casing: 13 3/8", 48# H-40 @ 943'
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Production Casing: 5 1/2", 17# J-55 @ 8800'
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Current PBTD: 8664'

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Production Tubing: 2 7/8", 6.5# L-80

Procedure:

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BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval for Permanent Abandonment of a Production Zone

1. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-393-3612
2. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,100 feet, a 3M system for a well not deeper than 13,600 feet, or a 5M system for a well not deeper than 22,700 feet (all depths are for measured well depth).
3. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.
4. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the approved depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours. In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement (or 35 feet with a bailer). Before pumping cement on top of CIBP, a tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary. Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.
5. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file a Subsequent Report (Form 3160-5) to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. Show date work was completed. If plugging back to a new zone submit a Completion Report (Form 3160-4) with the Subsequent Report.
6. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.
7. **If well location is within the Timing Limitation Stipulation Area for Lesser Prairie-Chicken:** From March 1st through June 15th annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted.