

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

HOBBS OCD
JUL 03 2019
RECEIVED

5. Lease Serial No.
NMNM86923

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
BITSY FEDERAL SWD 01

9. API Well No.
30-025-33398-00-S1

10. Field and Pool or Exploratory Area
SAND DUNES
SWD

11. County or Parish, State
LEA COUNTY, NM

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 SENE 1980FNL 660FEL

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 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 checked="" 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.

NMOCD Order No. SWD-1156 dated 12/12/2008 authorized Enervest Operating, LLC (now Foundation Energy Management, LLC) to utilize the Bitsy Federal SWD No. 1 as a produced water disposal well. Injection can occur into the Delaware formation from 4660-6270 feet.

This well is currently completed as a produced water disposal well through perforations from 5301-5637, and 6166-6206 ft. In order to increase injectivity and reduce the injection pressure, Foundation Energy Management, LLC proposes to add injection perforations in the Delaware formation from 4990 to 5020, 5040 to 5070, and 5080 to 5110. The exact location of the additional perforations, which is not known as this time will be determined by log analysis. However, all additional perforations will be in compliance with Oder No. SWD-1156, and will be reported in a subsequent sundry notice.

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

**Electronic Submission #466939 verified by the BLM Well Information System
For FOUNDATION ENERGY MANAGEMENT, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 06/03/2019 (19PP2077SE)**

Name (Printed/Typed) JAMES A SMITH Title HSE REGULATORY SUPERVISOR

Signature (Electronic Submission) Date 05/29/2019

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE JUN 4 2019

Approved By _____ Title _____ Date _____

Office BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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 ****

[Handwritten Signature]

Additional data for EC transaction #466939 that would not fit on the form

32. Additional remarks, continued

Upon completion of perforating and acidizing, plastic-coated injection tubing will be set in a packer located within 100 ft of the uppermost injection perforations.

Attached is a specific procedure describing the proposed operations.

1. MIRU WO Rig
2. Kill well if necessary, using 2% KCL.
3. ND WH. NU BOP
4. Unseat Packer, PU joints and lower tubing to tag for fill.
5. TOOH with TBG. Tally as POOH and note tagged depth.
6. If fill is covering existing perms, cleanout to TD before proceeding to next step.
7. MIRU wireline
8. RIH with 3 1/8" gun and perf new injection perms from 4490-5020, 5040-5070, and 5080-5110.
9. POOH with WL guns
10. RD Wireline
11. PU and RIH with redressed packer and RIH with tubing.
12. Hydrotest as RIH to 6000 psi.
13. Set packer above new perms at +/- 4910?
14. MIRU acid crew and test flowlines
15. Pump acid job according to pump schedule. 5,000-10,000 gals 7.5% NEFE HCl w/ scale inhibitor, clay stabilizer and ball sealers.
16. RDMO acid crew.
17. Pressure test packer is holding to 500 psi and 1000 psi for 10 min each.
18. Perform injection test to determine injection rate and pressure.
19. RDMO Wo Rig.
20. Reconnect equipment for disposal.

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

| | |
|---|--|
| WELL API NO. 30-025-33398 | |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> FED | |
| 6. State Oil & Gas Lease No. NM-86923 | |
| 7. Lease Name or Unit Agreement Name Bitsy Federal SWD | |
| 8. Well Number 1 | |
| 9. OGRID Number | |
| 10. Pool name or Wildcat Delaware | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,550' GL | |

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other SWD

2. Name of Operator
Foundation Energy Management, LLC

3. Address of Operator
5057 Keller Springs Rd, Suite 650, Addison, Texas 75001

4. Well Location
 Unit Letter **H**; **1980** feet from the **North** line and **660** feet from the **East** line
 Section **7** Township **23 South** Range **32 East** NMPM County **Lea**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | | | |
|--|---|--|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | | | |
| OTHER: Add Delaware Injection Perfs <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

NMOCD Order No. SWD-1156 dated 12/12/2008 authorized Enervest Operating, LLC (now Foundation Energy Management, LLC) to utilize the Bitsy Federal SWD No. 1 as a produced water disposal well. Injection can occur into the Delaware formation from 4660-6270 feet.

This well is currently completed as a produced water disposal well through perforations from 5301-5637, and 6166-6206 ft. In order to increase injectivity and reduce the injection pressure, Foundation Energy Management, LLC proposes to add injection perforations in the Delaware formation from 4990 to 5020, 5040 to 5070, and 5080 to 5110 feet. The exact location of the additional perforations, which is not known as this time will be determined by log analysis. However, all additional perforations will be in compliance with Oder No. SWD-1156, and will be reported in a subsequent sundry notice.

Upon completion of perforating and acidizing, plastic-coated injection tubing will be set in a packer located within 100 ft of the uppermost injection perforations.

Attached is a specific procedure describing the proposed operations.

Proposed Work

Spud Date: **6/17/2019**

Rig Release Date: **6/19/2019**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *James Smith* TITLE *HSE-Regulatory Supervisor* DATE *5/29/19*
 Type or print name **JAMES SMITH** E-mail address: *jsmith@foundationenergy.com* PHONE: *918-526-5592*
 For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Bitsy Federal #1 SWD

Sand Dunes

Add Perfs to Increase Injection Capacity and Lower Pressure
Lea, County NM

Casing /Tubular Details and Capacities:

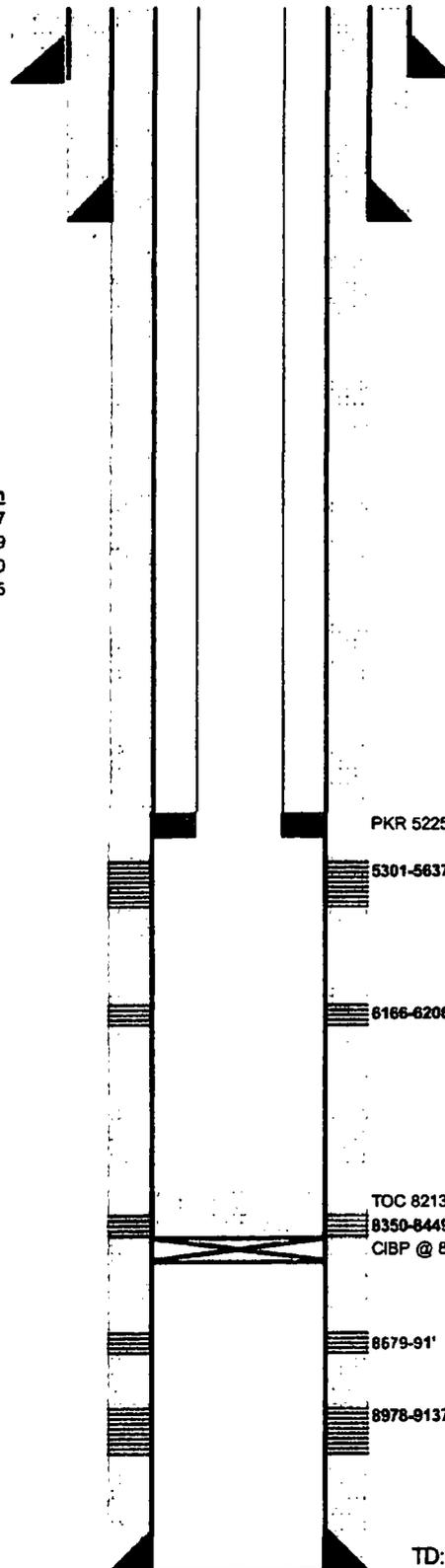
| TUBULAR | SIZE | GRADE | DEPTH (ft) | WEIGHT (ppf) | CEMENT (sx) | TOC (ft) | |
|---------------------|---------|-------|---------------|-----------------|----------------|----------|------|
| Surface Casing | 13-3/8" | H-40 | 858 | 48 | 650 | SFC | Circ |
| Intermediate Casing | 8-5/8" | J-55 | 4338 | 32 | 1500 | SFC | Circ |
| Production Casing | 5-1/2" | K-55 | 9442 | 17 | 1330 | SFC | Circ |
| Producing Tubing | 2- 7/8" | IPC | 4900 | 6.4 | n/a | n/a | n/a |

Procedure:

1. MIRU WO Rig
2. Kill well if necessary, using 2% KCL.
3. ND WH. NU BOP
4. Unseat Packer, PU joints and lower tubing to tag for fill.
5. TOO H with TBG. Tally as POOH and note tagged depth.
6. If fill is covering existing perfs, cleanout to TD before proceeding to next step.
7. MIRU wireline
8. RIH with 3 1/8" gun and perf new injection perfs from 4490-5020, 5040-5070, and 5080-5110.
9. POOH with WL guns
10. RD Wireline
11. PU and RIH with redressed packer and RIH with tubing.
12. Hydrotest as RIH to 6000 psi.
13. Set packer above new perfs at +/- 4910'
14. MIRU acid crew and test flowlines
15. Pump acid job according to pump schedule. 5,000-10,000 gals 7.5% NEFE HCl w/ scale inhibitor, clay stabilizer and ball sealers.
16. RDMO acid crew.
17. Pressure test packer is holding to 500 psi and 1000 psi for 10 min each.
18. Perform injection test to determine injection rate and pressure.
19. RDMO Wo Rig.
20. Reconnect equipment for disposal.

Bitsy Federal 1

Current WBD



Tubing Detail

2-7/8 inch(OD)
(weight)
IPC grade

| Tubing Tally | Length | Depth |
|--------------------------|--------|-------|
| 164JTS 2-7/8" IPC TPG | 5217 | 5217 |
| ON OFF | - | 5219 |
| 2.25 PROFILE NIPPLE | 1 | 5220 |
| 2-7/8"X5-1/2 AEROSET PKR | 5 | 5225 |

Surface Casing

13-3/8" inch (OD)
48 # (weight)
H-40 grade
858' depth from KB
surface cement top
650 sacks of cement
17-1/2" inch (OD) HOLE SIZE

Intermediate Casing

6-5/8" inch (OD)
32 # (weight)
J-55 grade
4338' depth from KB
surface cement top
1600 sacks of cement
7-1/2" inch (OD) HOLE SIZE

Production Casing

5-1/2" inch (OD)
17 # (weight)
J55/N80 grade
5442' depth from KB
SURFACE cement top
1330 sacks of cement
7-7/8" inch (OD) HOLE SIZE

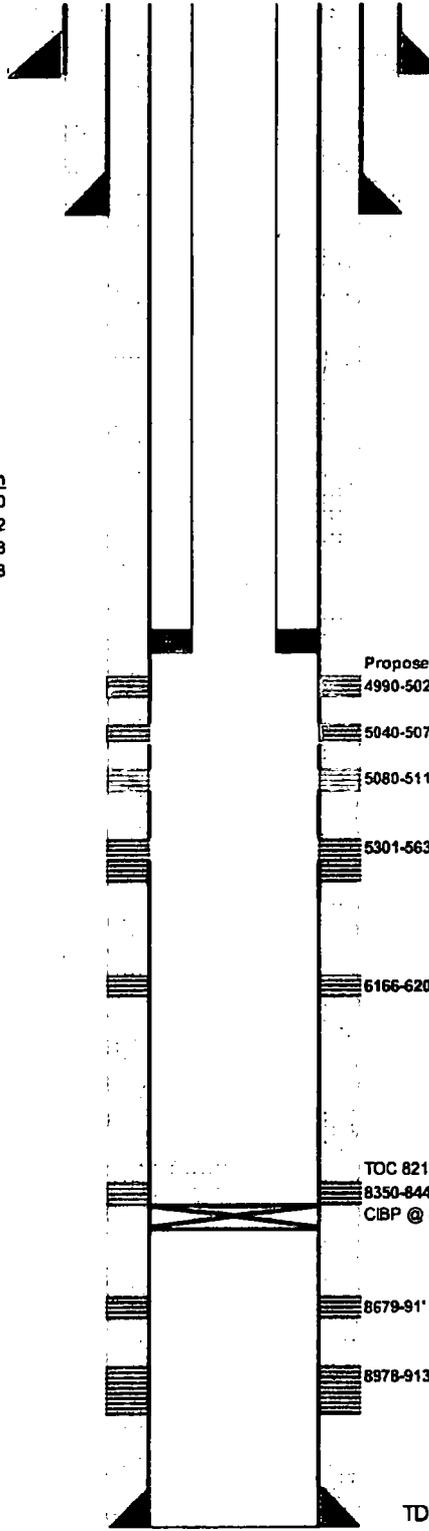
PERMIT INJ ZONE

4,660-6,270'

TD: 9442

Bitsy Federal 1

Proposed WBD



Surface Casing
 13-3/8" inch (OD)
 48 # (weight)
 H-40 grade
 858' depth from KB
 surface cement top
 850 sacks of cement
 17-1/2" inch (OD) HOLE SIZE

Intermediate Casing
 8-5/8" inch (OD)
 32 # (weight)
 J-55 grade
 4338' depth from KB
 surface cement top
 1500 sacks of cement
 7-1/2" inch (OD) HOLE SIZE

Production Casing
 5-1/2" inch (OD)
 17 # (weight)
 J55/N80 grade
 8442' depth from KB
 SURFACE cement top
 1330 sacks of cement
 Δ 7-7/8" inch (OD) HOLE SIZE

Tubing Detail

2-7/8" inch(OD)
 # (weight)
 IPC grade

| Tubing Tally | Length | Depth |
|------------------------|--------|-------|
| 164JTS 2-7/8" IPC TBCs | 4904' | 4900 |
| ON OFF | 2' | 4902 |
| 2.25 PROFILE NIPPLE | 1' | 4903 |
| 2-7/8"XS-1/2 AEROSET | 1' | 4908 |

Proposed Perfs
 4990-5020

PERMIT INJ ZONE
 4,660-6,270'

5040-5070

5080-5110

5301-5637'

6166-6206'

TOC 8213'
 8350-8449' 150 ex (2/16/2000)
 CIBP @ 8629'

8679-911'

8978-9137'

TD: 9442