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

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

HOBBS OCD
APR 03 2020
RECEIVED

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-08833	
5. Indicate Type of Lease STATE ☒ FEE ☐	
6. State Oil & Gas Lease No.	
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.)	7. Lease Name or Unit Agreement Name STATE A A/C 2
1. Type of Well: Oil Well ☐ Gas Well ☒ Other:	8. Well Number 24
2. Name of Operator Blackbeard Operating, LLC	9. OGRID Number 370767
3. Address of Operator 200 N. Loraine, Suite 300 Midland, TX 79705	10. Pool name or Wildcat EUNICE, SEVEN RIVERS-QUEEN, SOUTH; [79240] JALMAT, TAN-YATES-7 RVRS (GAS)
4. Well Location Unit Letter I : 1980 feet from the South line and 660 feet from the East line Section 8 Township 22S Range 36E NMPM County LEA	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3584' (DF)

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☒	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☐			
OTHER: ☐		OTHER: ☐	

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.

1. MIRU Plugging company. ND Wellhead. NU BOP.
2. RIH w/tubing, tag CIBP at 3110' MD. Spot 25 SX of 14.8ppg 1.32ft^3/sx Class C cement at 3110' MD. POOH above TOC (~2961'), Circulate clean to surface. POOH w/10 joints. WOC.
3. RIH, Tag cement, Circulate MLF 10.0ppg Fluid. POOH.

Please Note: Casing will not test due to hole at 928' MD confirmed by Caliper.

4. RIH and perf casing at 1707' (50' below damaged collar @1657' MD)
5. Squeeze ~70 Sx. TOC at ~1289' (Rustler @ ~1430'). WOC.
6. RIH, Tag cement, POOH

Please Note: Casing will not test due to hole at 928' MD confirmed by Caliper.

7. RIH and perf casing at 978' (50' below known hole)
8. Squeeze ~100 Sx TOC at ~381' MD (Surface Shoe @ 418'). WOC.
9. RIH and tag TOC. Test Casing to 500psi, record results. POOH.
10. RU wireline, RIH and perforate 7" casing at ~~100'~~ 150'. Circulate cement to surface.
11. Cut off Wellhead and weld on dry hole marker.

See Attached Conditions of Approval

Spud Date: Rig Release Date:

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

SIGNATURE [signature] TITLE Asset Engineer DATE 3/27/2020

Type or print name Paiten Tinar E-mail address: ptinar@blackbeardoperating.com PHONE: 210-215-7376

For State Use Only

APPROVED BY: Kerry Fortner TITLE C O A DATE 4-13-20

Conditions of Approval (if any):

State A A/C-2 #24 (Current)
Jalmat Field
Lea, NM
API: 30-025-08833

BLACKBEARD OPERATING

K.B. Elev. 3,584'
Ground Level:

Spud Date: 1943

Surface Casing

10" ?# @ 418' w/ ? sx cmt. TOC @ ?

Well History:

Initial Queen Completion (01/1943):
Acidize OH w/ 5000 gals

Run 4-½" liner over Queen (01/8/1965):
Run 4-½" line from 3,612' – 3,886'. Cmnt w/ 50 sks.
Perforate from 3,666' – 3,841; Acidize & frac w/ 35k gal of lease oil, 35k# sand @ 27 BPM.
IP: 65 BO, 553 MCFPD, 5 BWPD

OAP & Acidize (01/1985):
Perf 3,758' – 3,850'; Acidize w/ 4,000 gal 15% NEFE

Initial 7 Rivers Completion (10/1999):
Perf 7 Rivers from 3,507' – 3,596'; Acidize and Frac
IP: 172 MCFPD

Initial Yates Completion (2/2001)
Perf Yates from 3,160' – 3,387'
Frac w/ C02; IP 3 BO, 213 MCFPD, 3 BW

Commingle all production (4/8/2011)
Drill out CIBP @ 3,608' covering Queen
Cleaned out to 3,815'

2018-03-08: Rod Part
¾" 18th rod from surface parted

2020/03/06: Casing Caliper/CBL
Significant wall loss @ 2402' MD
Collar at 1657' MD is over torqued. Confirmed hole at 928' MD. Fluid level in well at 2100'. Set CIBP at 3110' MD to isolate perforations. Submit PA permit.

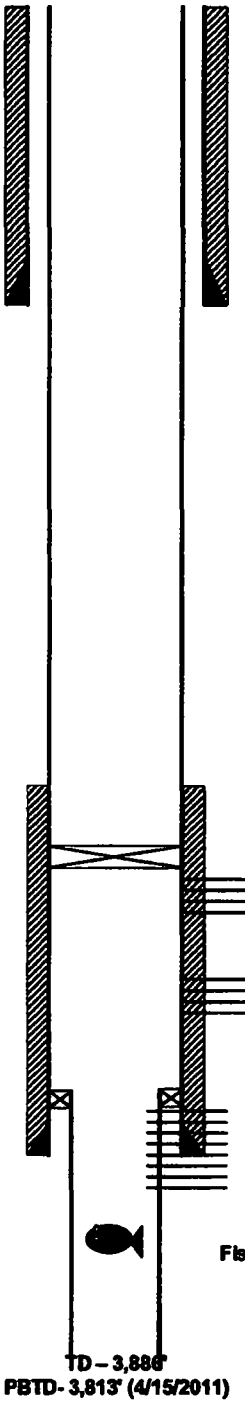
04-2020 Pending PA

Production Casing

7", 24# @ 3,727' w/ 989 sx cm
TOC @ 2892' MD (3-6-2020)

Production Liner

4-½"" ?# ?-?? @ 3,612' – 3,886'



Pumping Unit
Parkersburg 114D
SPM: ?
SL: ?
Rotate: ?
Motor: ?

Tubing Detail (4/18/2011):
(118) jts 2-3/8" tbg
(1) SN @ +/- 3,716'
(1) 31' gas genie
(1) 2-3/8" mud joint / bull plugged
EOT @ +/- 3,780

Rod Detail (3/8/2018):
1.25" x 16' PR (?.?" x ?' PRL)
(15) 7/8" pony rod
(126) ¾" rods
(8) 1.5" Sinker bars
(1) 1' x ¾" lift sub
(1) on/off tool

2-1.5-RWTC-12-?-0-0 PA ring pump

CIBP @ 3110' MD

Yates Perfs (2/2001)
3,160' – 3,387' (1 spf)

7 Rivers Perfs (10/1999):
3,507' – 3,596' (2 spf)

Queen (1965 & 1985)
3,666' – 3,841'

Fish @ 3,813 (¾' Bit from CIBP cleanout in 2011)

TD – 3,886'
PBTD- 3,813' (4/15/2011)

Last Dated: 3-27-2020
Author: P. Tinar

State A A/C-2 #24 (Proposed)
Jalmat Field
Lea, NM
API: 30-025-08833

BLACKBEARD OPERATING

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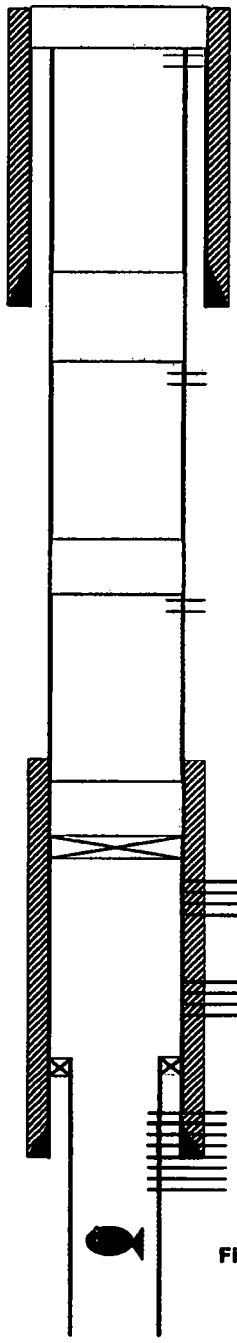

Cement plug from 100' - Surface MD
15 Sx inside 10" x 7" Annulus
18 Sx inside 7"
Total Sx 33

Cement Squeeze from 978' - 381' MD
100 Sx of 14.8ppg 1.32ft^3/sx Class C cement

Cement Squeeze from 1707' - 1289' MD
70 Sx of 14.8ppg 1.32ft^3/sx Class C cement

CIBP @ 3110' MD w/ 25 Sx cement on top.
Estimated TOC @ ~2961' MD

Yates Perfs (2/2001)
3,160' – 3,387' (1 spf)

7 Rivers Perfs (10/1999):
3,507' – 3,596' (2 spf)

Queen (1965 & 1985)
3,666' – 3,841'

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TD – 3,886'
PBTD- 3,813' (4/15/2011)

Last Dated: 3-27-2020
Author: P. Tinar

Plug 1	
	14.8 ppg
	25 sx
	1.32 ft^3/sx
	33 ft^3
	5.9 bbls
Plug length	149 ft
Base (CIBP)	3110 ft
TOC	2961 ft

7" 24 ppf
Casing Capacity
0.0394 bbl/ft
7" 24 ppf
Casing Capacity
0.0394 bbl/ft

Plug 2 (Rustler)	
	14.8 ppg
	70 sx
	1.32 ft^3/sx
	92.4 ft^3
	16.5 bbls
Plug length	418 ft
Base	1707 ft
TOC	1289 ft

10" 40ppf x 7" 24ppf capacity
0.03449475 bbl/ft

Plug 3 (Shoe)	
	14.8 ppg
	100 sx
	1.32 ft^3/sx
	132 ft^3
	23.5 bbls
Plug length	597 ft
Base	978 ft
TOC	381 ft

Plug 4	
	14.8 ppg
Annular Sx	15 sx
5-1/2" Sx	18 sx
	1.32 ft^3/sx
Annular ft^3	19.8 ft^3
Annular bbls	3.5 bbls
Annular Plug length	102 ft
5-1/2" plug length	107.4 ft
Base	100 ft
TOC	-2 ft

FORM 2050 WELL SAMPLE RECORD—WEST TEXAS (EXPLORATION DEPT.) 5M 11-41

STATE	COUNTY	COMPANY	
~~Texas~~ New Mexico	Lea	Tex.-Pacific Coal & Oil Co	
KIND OF SAMPLES	WELL ELEVATION	FARM	WELL NO.
	660fE 1980fS 8-22S-36E	State [illegible]	24 "A"

DEPTH	SAND %	SAND COL.	SAND LITH.	SHALE %	SHALE COL.	SHALE LITH.	LIME AND DOL. %	COL.	LITH.	% POR.	ST. S.	ANHYDRITE %	ANHYDRITE COL.	SALT %	BE. %	NOTES
[illegible]	30	r	[illegible]	70	r-											
4[illegible] [redacted]	50	r/s	[illegible]	50	-											
[illegible]	30	[illegible]		70	-											
[illegible]	20	r	[illegible]	60								20	[illegible]			
[redacted]																3/27/2020 note [redacted]
40				50								50	-			
50	[illegible]			50	-							50				
60	[illegible]			50	-							50	-			
70				30	-		10	[illegible]	[illegible]			60				
80	[illegible]			[illegible]			[illegible]	[illegible]	[illegible]			70	-			
[illegible]	[illegible]			[illegible]			[illegible]					70	-	10		10% [illegible]
2800-10							[illegible]	[illegible]	[illegible]			70	[illegible]			
20				[illegible]	[illegible]		[illegible]	-	-			[illegible]	-	[illegible]		10% [illegible]
30				20	-		10	-				70				7K
40				40	-							60	-			
50							10					90	-			
60												[illegible]				20 [illegible]
70														100		[illegible] salt
80												10	-	90		[illegible]
90												7	-	90		[illegible]
2890 2900														[illegible]		7K
10												[illegible]	-	[illegible]		
20														[illegible]		
30												[illegible]	-	[illegible]		
40	7	r	[illegible]											[illegible]		
50	[illegible]	-	[illegible]											[illegible]		7K
60												10	-	90		[illegible]
70												20		80		[illegible]
80												[illegible]	-	90		7K [illegible] salt
90												100	-			[illegible]
2990 3000							40	[illegible]	[illegible]			60	[illegible]	[illegible]		[illegible]
10							[illegible]	[illegible]	-			90	-			
20							10	-	[illegible]			[illegible]				[illegible]
30							30	-	-			70				
40							[illegible]					[illegible]				
50				[illegible]			70		-			[illegible]	-			
60							70	-				[illegible]	-			

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

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 October 15, 2009
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-025-08833	79240	JALMAT, TNSL, YATES, 7-RIVERS

4 Property Code	5 Property Name	6 Well Number
24671	STATE "A" AC/2	24

7 OGRID No.	8 Operator Name	9 Elevation
14591	MERIT ENERGY COMPANY	

10 Surface Location

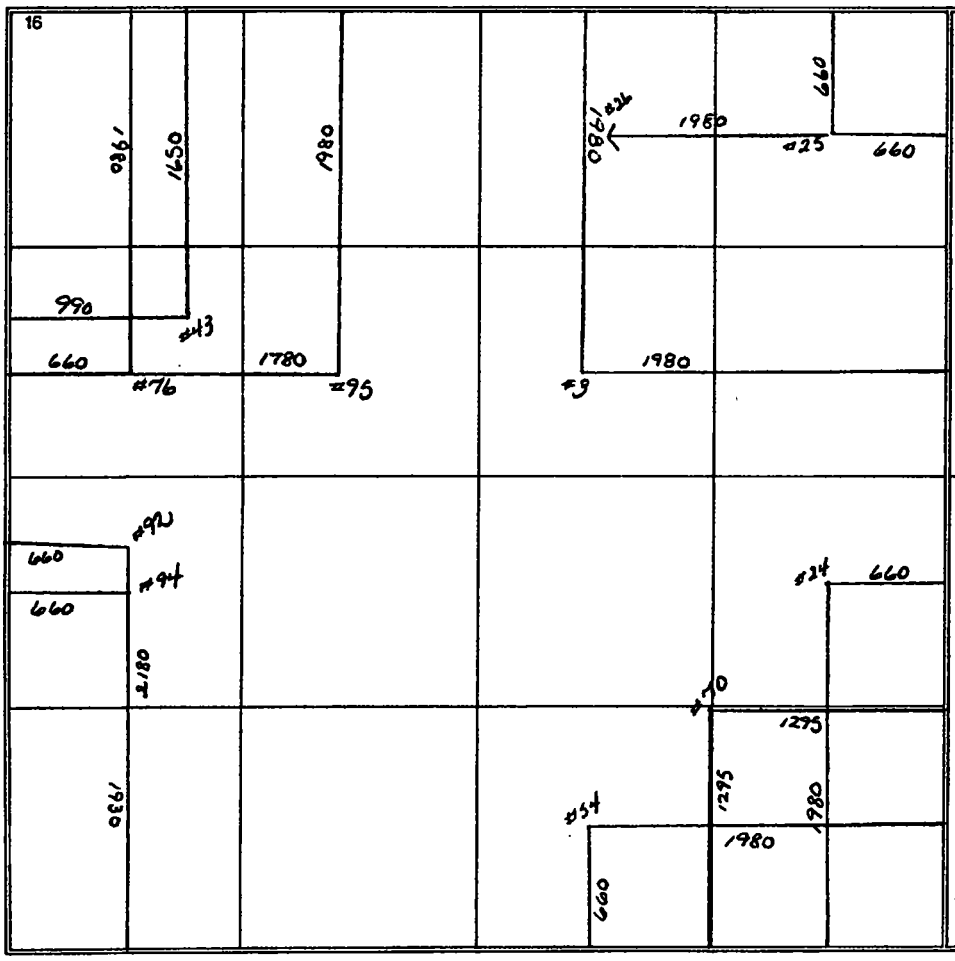
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	8	22S	36E		1980	S	660	E	LEA

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	13 Joint or Infill	14 Consolidation Code	15 Order No.

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.



17 OPERATOR CERTIFICATION

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 heretofore entered by the division.

Lynne Moon 02/24/10
Signature Date

LYNNE MOON
Printed Name

18 SURVEYOR CERTIFICATION

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.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

CONDITIONS OF APPROVAL
FOR PLUGGING AND ABANDONMENT
OCD - Southern District

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, Notify **NMOCD District Office I (Hobbs) at (575)-263-6633** at least 24 hours before beginning work. After MIRU rig will remain on well until it is plugged to surface. OCD is to be notified before rig down.

Company representative will be on location during plugging procedures.

1. A notice of intent to plug and abandon a wellbore is required to be approved before plugging operations are conducted. A cement evaluation tool is required in order to ensure isolation of producing formations, protection of water and correlative rights. A cement bond log or other accepted cement evaluation tool is to be provided to the division for evaluation if one has not been previously run or if the well did not have cement circulated to surface during the original casing cementing job or subsequent cementing jobs. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.

2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.

3. Trucking companies being used to haul oilfield waste fluids to a disposal - commercial or private- shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator as well as the contractor, to verify that this permit is in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.

4. Filing a subsequent C-103 will serve as notification that the well has been plugged.

5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.

6. If work has not begun within 1 Year of the approval of this procedure, an extension request must be file stating the reason the well has not been plugged.

7. Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.

8. Produced water will not be used during any part of the plugging operation.

9. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.

10. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.

11. Class 'C' cement will be used above 7500 feet.

12. Class 'H' cement will be used below 7500 feet.

13. A cement plug is required to be set 50' above and 50' below, casing stubs, DV tools, attempted casing cut offs, cement tops outside casing, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged

14. All Casing Shoes Will Be Perforated 50' below shoe depth and Attempted to be Squeezed, cement needs to be 50' above and 50' Below Casing Shoe inside the Production Casing.

16. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set

17. A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.

18. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, (WOC 4 hrs and tag).

19. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.

20. Some of the Formations to be isolated with cement plugs are: These plugs to be set to isolate formation tops

A) Fusselman

B) Devonian

C) Morrow

D) Wolfcamp

E) Bone Springs

F) Delaware

G) Any salt sections

H) Abo

I) Glorieta

J) Yates.

K) Potash---(In the R-111-P Area (Potash Mine Area),

A solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, woe 4 hours and tag, this plug will be SO' below the bottom and 50' above the top of the Formation.

21. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, woe and tagged. These plugs will be set SO' below formation bottom to 50' above formation top inside the casing

DRY HOLE MARKER REQ.UIRMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name
2. Lease and Well Number
3. API Number
4. Unit letter
5. Quarter Section (feet from the North, South, East or West)
6. Section, Township and Range
7. Plugging Date
8. County

SPECIAL CASES -----AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)

SITE REMEDIATION DUE WITHIN ONE YEAR OF WELL PLUGGING COMPLETION