

RECEIVED

Form 3160-3
(April 2004)

MAR 09 2009

OCD-HOBBS

HOBBSCO UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Split Estate

APPLICATION FOR PERMIT TO DRILL OR REENTER

ATS-09-32

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: ☐ DRILL ☒ REENTER		5. Lease Serial No. LC-061374A
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name -
2. Name of Operator Kaiser-Francis Oil Company		7. If Unit or CA Agreement, Name and No. Bell Lake Unit
3a. Address P. O. Box 21468, Tulsa, OK 74121-1468		8. Lease Name and Well No. <5437> Bell Lake Unit, 5 #16
3b. Phone No. (include area code) <12361> 918-491-4314		9. API Well No. 30-025-24910
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface 660' FNL & 660' FEL of Sec. 7 At proposed prod. zone Same		10. Field and Pool, or Exploratory Bell Lake Delaware South (Lo. Brushy Canyon & Cherry Canyon) 11 Sec., T. R. M. or Blk. and Survey or Area 7-24S-34E
14. Distance in miles and direction from nearest town or post office* n/a		12. County or Parish Lea
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 660'		13. State NM
16. No. of acres in lease 200		17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. n/a		20. BLM/BIA Bond No. on file WYB-000055
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3598' GL		22. Approximate date work will start* 30 days after permit approval
		23. Estimated duration 30 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>C. Jan Valkenburg</i>	Name (Printed/Typed) Charlotte Van Valkenburg	Date 10/8/08
Title Technical Coordinator	918-491-4314 ~ Charlottv@kfoc.net	
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed) /s/ Don Peterson	Date MAR 04 2009
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval 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.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 4 States any false, fictitious or fraudulent

*(Instructions on page 2)

Oil Conservation Division

Conditions of approval: Approval for drilling/workover ONLY-- CANNOT produce Downhole Commingled until DHC is approved in Santa Fe.

to make to any department or agency of the United

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

RECEIVED

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

MAR 09 2009

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

HOBSOCD

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 025-24910	Pool Code 97051	Pool Name Bell Lake Delaware South
Property Code 5437	Property Name SOUTH BELL LAKE UNIT	Well Number 16
OGRID No. 012361	Operator Name KAISER-FRANCIS OIL COMPANY	Elevation 3598'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	7	24 S	34 E		660	NORTH	660	EAST	LEA

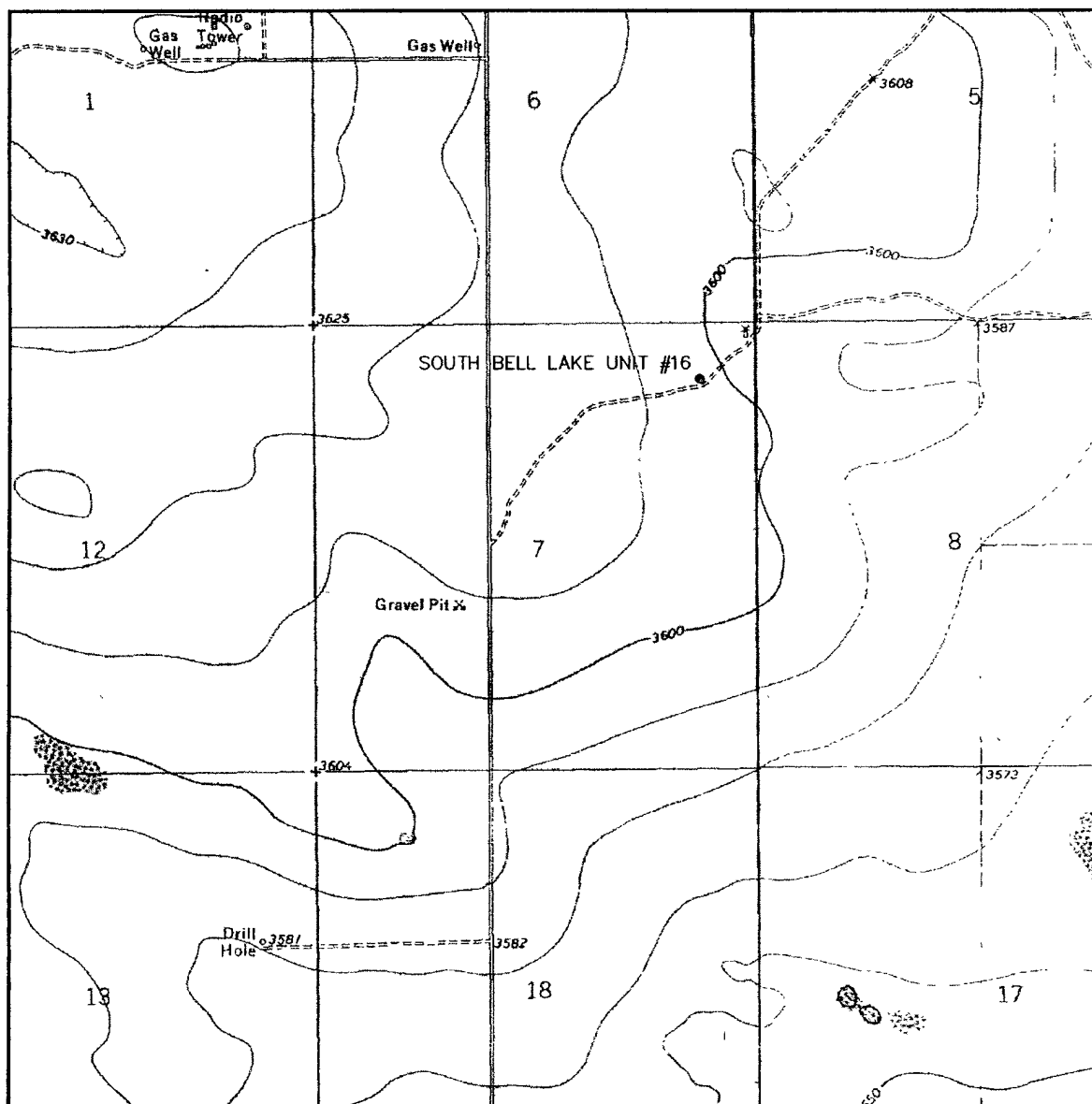
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill N	Consolidation Code -	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

NOTE: 1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.	660' Plane Coordinate X = 756,993.0 Y = 451,081.5	OPERATOR CERTIFICATION I hereby certify the 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. <i>Charlotte Van Valkenburg</i> Signature 10/8/08 Date Charlotte Van Valkenburg Printed Name	
		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 August 12, 2008 Date of Survey Signature & Seal of Professional Surveyor ALC W.O. Num., 2008-0951 Certificate No. MACON McDONALD 12185	

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
BELL LAKE - 10'

SEC. 7 TWP. 24-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 660' FEL

ELEVATION 3598'

OPERATOR KAISER-FRANCIS OIL COMPANY

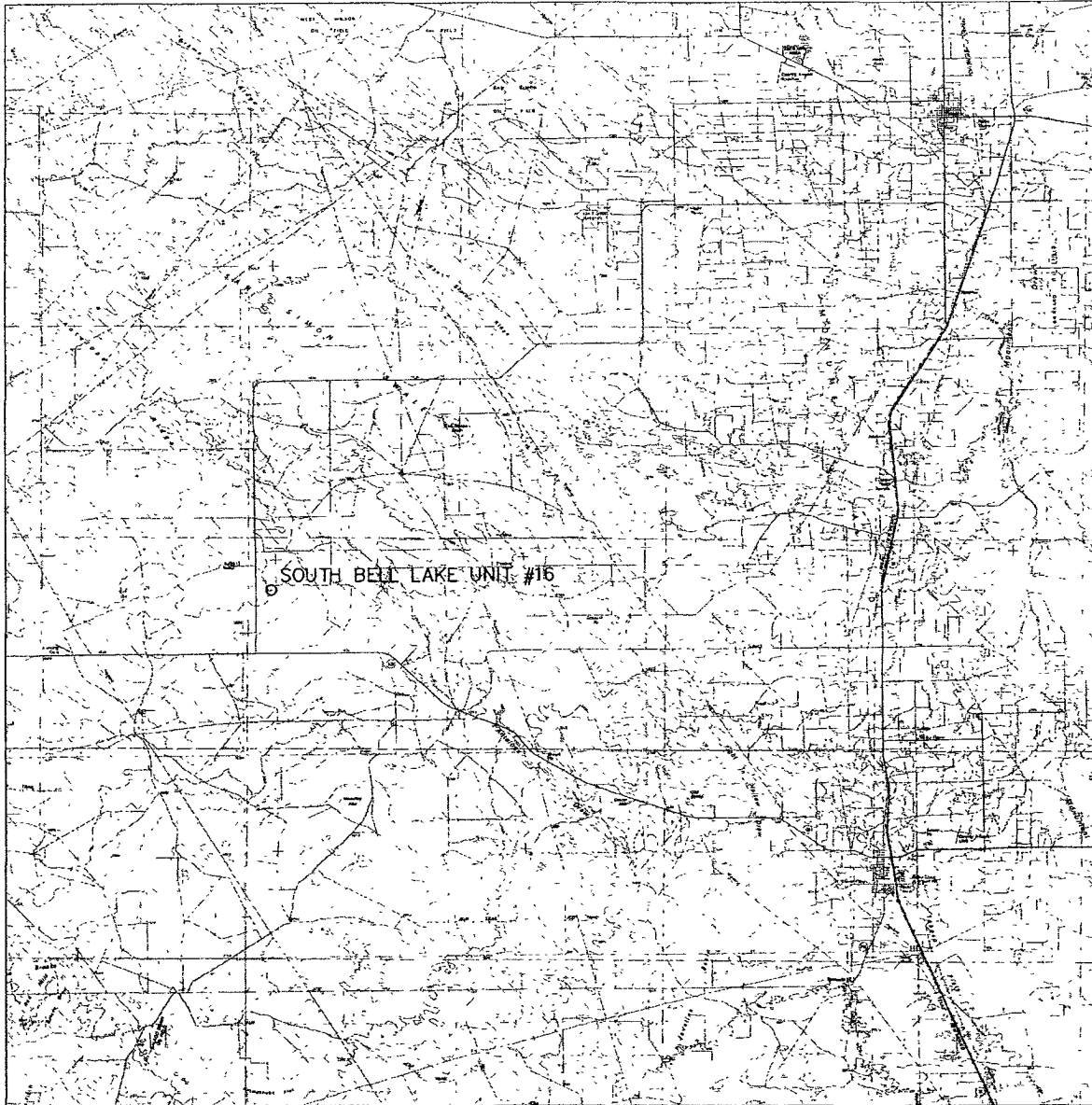
LEASE SOUTH BELL LAKE UNIT

U.S.G.S. TOPOGRAPHIC MAP
BELL LAKE, N.M.



110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

VICINITY MAP



SCALE: 1" = 5 MILES

SEC. 7 TWP. 24-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 660' FEL

ELEVATION 3598'

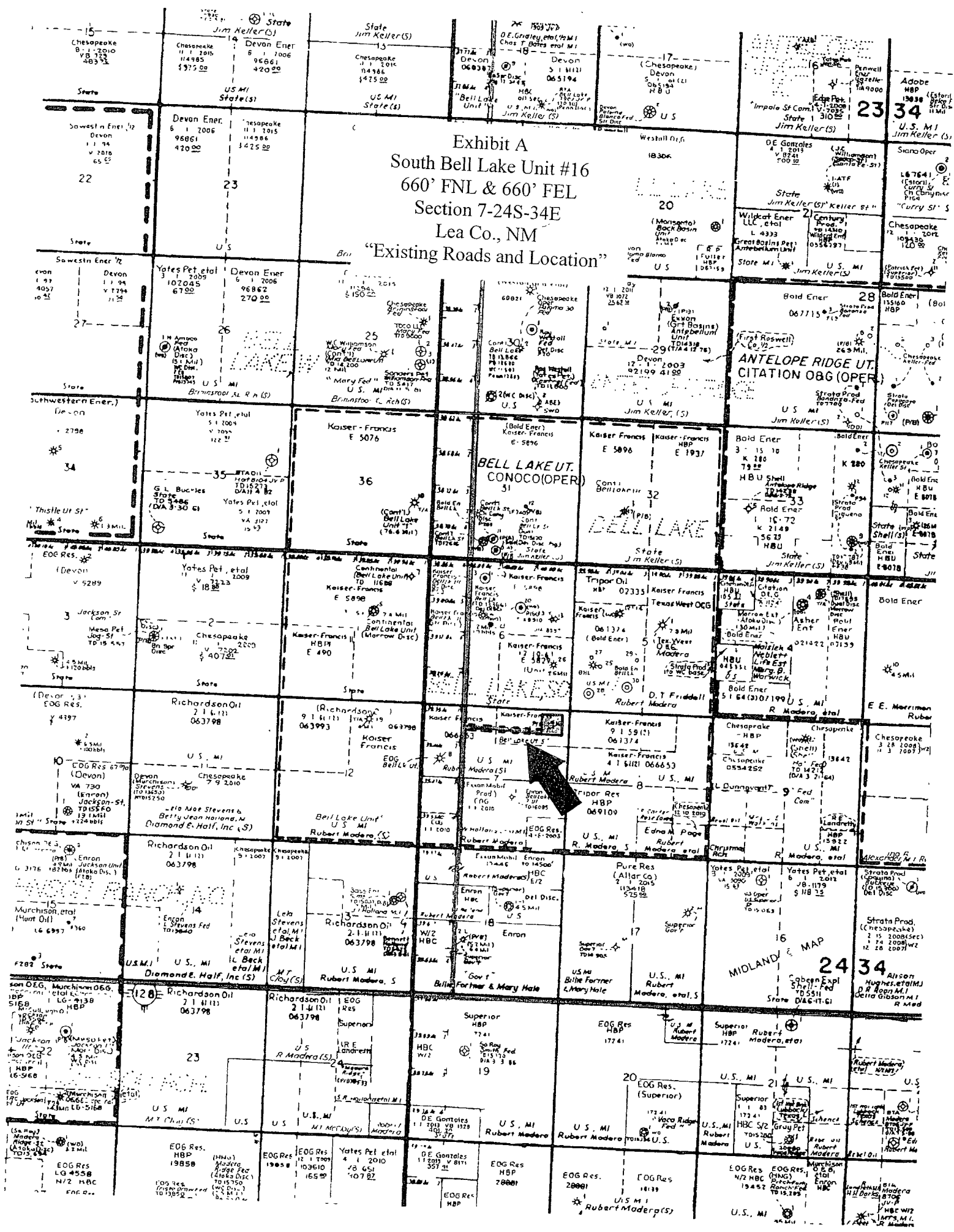
OPERATOR KAISER-FRANCIS OIL COMPANY

LEASE SOUTH BELL LAKE UNIT



110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

“Existing Roads and Location”



MARY FEDERAL #1
05-81
INA / 3
10-82 / 0
11/21/1977
14200

MARY FEDERAL #2
4/4/2003
9000

MARY FEDERAL #3
11/5/1981
5/19/2000
5417

56 / 204
0 / 5

BELL LAKE UNIT #2
10-54
INA / 164

FEDERAL #2
30'

Exhibit B
South Bell Lake Unit #16
660' FNL & 660' FEL
Section 7-24S-34E
Lea Co., NM
"Location of Existing Wells"

36

BELL LAKE UNIT #18
03-77
INA / 23036
10-00 / 46

31

08-07
40 / 5
22 / 3
BOLD ENERGY
BELL LAKE #23
02-07
14 / 3
0 / 0

BELL LAKE UNIT #1
5/17/1954
12616
N/A

INA / 42
04-97 / 5

BELL LAKE UNIT #11
02-87
INA / 13

03-88 / 21
CONTINENTAL
BELL LAKE STATE 1 #1

03-89
INA / 19

04-97 / 5

INA / 2266
11-80 / 0
KFOC
STATE L A/C1 #1

10-55
13 / 367
3 / 239

05-57
INA / 13738
07-73 / 0

04-97
761 / 5617
1 / 24

08-73
INA / 16181
12 / 0

06-05
96 / 91
12 / 0

08-00
110 / 301
12 / 68

5/20/1973
8597
8910

7/22/1998
13366

KFOC
BELL LAKE UNIT #20

KFOC
BELL LAKE UNIT #13X

04-07
6041 / 1474
0 / 0

BOLD ENERGY
BELL LAKE #28

7/1/2007

32

BELL LAKE UNIT #17
03-77
INA / 32
04-77 / 0

BELL LAKE UNIT #WD7
2/1/1962
11688

STATE L A/C2 #2
N/A
INA / 2708
03-74 / 0

N/A
INA / 2648
12-71 / 0

1

6

KFOC
BELL LAKE UNIT #14
08-74
INA / 33416
01-93 / 18

06-00
236 / 686
2 / 14

MADERA #1
04-76
INA / 4284
02-78 / 2

BOLD ENERGY
BELL LAKE #29
04-07
6041 / 1474
0 / 0

BOLD ENERGY
BELL LAKE #25

BOLD ENERGY
BELL LAKE #30

BELL LAKE UNIT #19
01-80
INA / 46
10-82 / 0

12

BELL LAKE UNIT #8
6/15/2001
14740

BELL LAKE UNIT #16
09-75
INA / 493
06-77 / 0

7

BELL LAKE '7' UNIT #1
9/10/1997
16085

8

13

SIMS #1
01-82
INA / 654
05-89 / 1

3/8/1961
5425

UL HOLLAND ETAL #1

18

GOVERNMENT 'L' #1
10-78
INA / 5836
10-03 / 9

GOVERNMENT 'L' COM #2

17

GOVERNMENT 'M'
12-81
INA / 6
07-82 / 0

APPLICATION FOR PERMIT TO RE-ENTER

Kaiser-Francis Oil Company

South Bell Lake #16

660' FN & 660' FEL

Section 7-24S-34E

Lea Co., NM

Kaiser-Francis Oil Company submits the following items of pertinent information in accordance with Onshore Oil and Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

1. The estimated tops of the geologic markers are as follows:
 - i. Lower Brushy Canyon 8460'
 - ii. LBC Medanos 8530'
 - iii. Bone Springs Lime 8841'
 - iv. Wolfcamp 11643'
 - v. Strawn 12480'
 - vi. Atoka Lime 12790'
 - vii. Morrow 13462'
2. We do not anticipate encountering water. Oil and gas formations of interest are:
 - i. Lower Brushy Canyon 8460'
 - ii. LBC Medanos 8530'
3. Casing Program: See Exhibit A
4. Mud/Drilling Fluid Program: See Exhibit B
5. Auxiliary Equipment: 5000# Blow Out Preventer
6. Testing, Logging, and Coring Programs: No DST. No Coring. Cased Hole logs – GR-N/Bond Log from TD to 6900'
7. No H2S anticipated. H2S Contingency Program attached.
8. Anticipated Starting Date: As soon as possible upon approval and rig availability.

GENERALIZED RE-ENTRY PROGRAM
South Bell Lake #16
9/16/08

NOTE: NO DRILLING PIT
ALL WORK WILL BE DONE USING A CLOSED SYSTEM

RU Eastern Well Service Rig 11200. Weld starting head on to 10-3/4" casing . NU BOP. *← see COA*

see COA → Drill out cement plugs in 10-3/4" casing down to top of 7-5/8" casing @ 3281'.

see COA → Drill out cement plugs in 7-5/8" casing down to 8900'.

see COA RU wireline unit. Run gauge ring/junk basket to 8750'. *← see COA*
Set CIBP above DV tool @ approx 8720'.
Dump 5' cement on plug. *← see COA*
Run GR-N-Bond log from TD to 6900'.
Set composite BP @ 8005'.
RDMO wireline unit.

TIH w/ 4-1/2" casing to 8000', centralize every 100' for the first 1000'.

Cement w/250 sxs Premium (Class H) w/0.1% HR-7 mixed at 15.6 ppg.
Wait 24 hrs.

TIH w/ bit and 2-3/8" tbg. Drill out composite BP . Clean out to plug back TD. TOH

RU wireline unit. Perf the Medanos Sand as per GR-N log. Shot density and spacing to come later.

TIH w/ Mod R pkr and tbg.

Break down w/ 500g 7-1/2% HCl NEFe + BS.

Swab and test.

TOH w/ tbg and pkr. Prepare to frac.

RU stinger casing saver and frac crew. Frac down 4-1/2" casing w/gelled water and sand. Amounts to be determined from GR-N Log.

Flow back and test. Swab if necessary.

TIH w/ MA, SN, 2-3/8" tbg, pump and rods. Install PU. Hang well on. Turn well to sales.

S. Bell Lake #16
660' FNL & 660' FEL
Section 7-24S-34E
Lea Co., NM

EXHIBIT "B"

PROPOSED DRILLING FLUIDS PROGRAM

**NOTE: NO DRILLING PIT
ALL WORK WILL BE DONE USING A CLOSED SYSTEM**

All cement plugs will be drilled out using brine water ranging in weight from 8.5 to 9.5 ppg. Estimated formation pressure is 3200#. (0.38 psi/ft)

Operator: <i>KASER-FRANKS OIL CO.</i>	Well Name: <i>S. BELL LAKE #16</i>
Project ID: <i></i>	Location: <i>LEA CO., N.M.</i>

Design Parameters: Design Factors:

Mud Weight (9.63 ppg) : 0.500	psi/ft	Collapse : 1.250	
Shut in casing pressure : 3222	psi	Burst : 1.25	
Internal gradient (burst) : 0.120	psi/ft	8 Round : 1.80	(J)
Annular gradient (burst) : 0.000	psi/ft	Buttress : 1.60	(J)
Tensile load is determined using air weight		Other : 1.50	(J)
Service rating is "Sweet"		Body Yield : 1.50	(B)

Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost		
1	8,480	4.500	11.60	N-80	LT&C	8,480	3.875		
	Collapse			Burst	Min Int	Tension			
	Load (psi)	Strgth (psi)	S.F.	Load (psi)	Strgth (psi)	S.F.	Load (kips)	Strgth (kips)	S.F.
1	4240	6350	1.498	4240	7780	1.83	98.37	223	2.27 J

Prepared by : , Tulsa, Oklahoma

Date : 10-31-2008

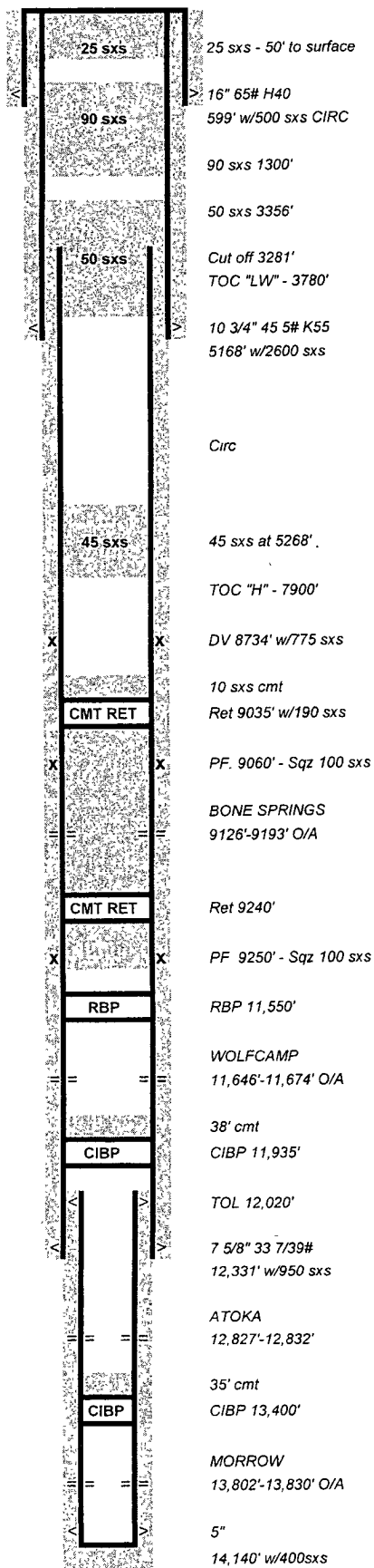
Remarks :

Minimum segment length for the 8,480 foot well is 1,000 feet.

String type: Production

The mud gradient and bottom hole pressures (for burst) are 0.500 psi/4,240 psi, respectively.

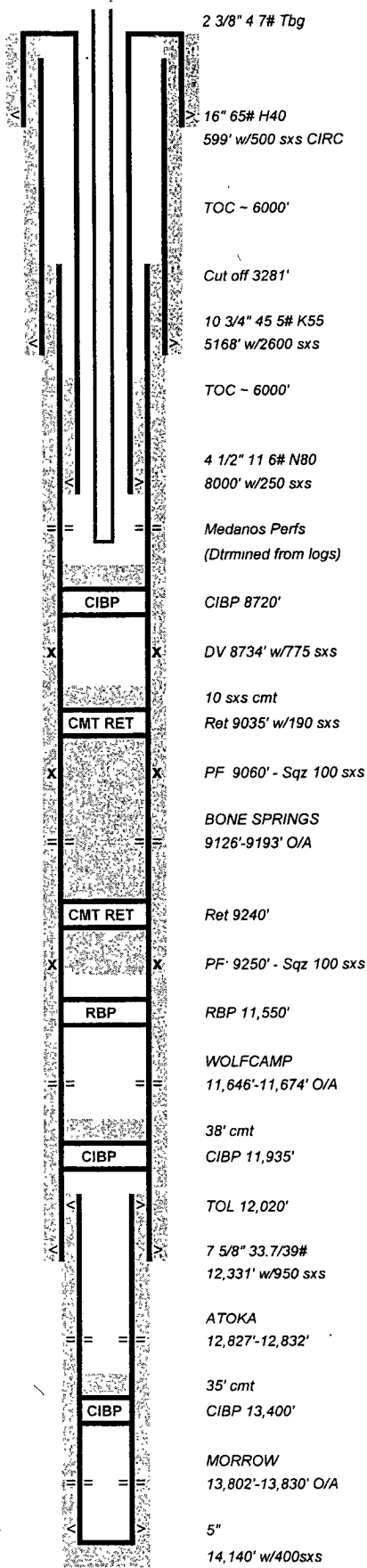
NOTE: The design factors used in this casing string design are as shown a guideline, Lone Star Steel recommends using minimum design factors of evacuated casing), 1.0 - (uniaxial) burst, 1.8 - API 8rd tension, 1.6 1.5 - body yield tension, and 1.6 - EUE 8rd tension. Collapse strengt was calculated based on the Westcott, Dunlop and Kemler curve. Engine for use of this design will be that of the purchaser.
Costs for this design are based on a 1987 pricing model. (Version 1.0



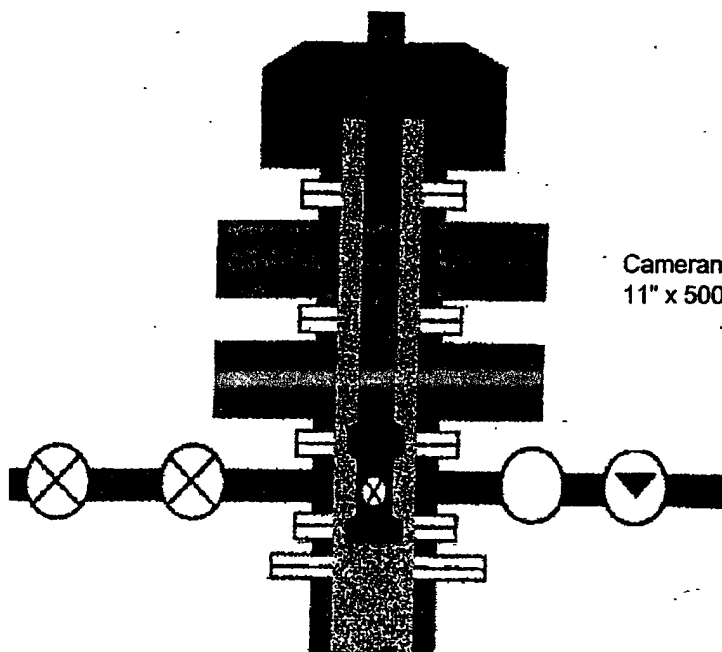
PRESENT

EXHIBIT "A" Casing Program

South Bell Lake #16
660' FNL & 660' FEL
Section 7-24S-34E
Lea Co., NM

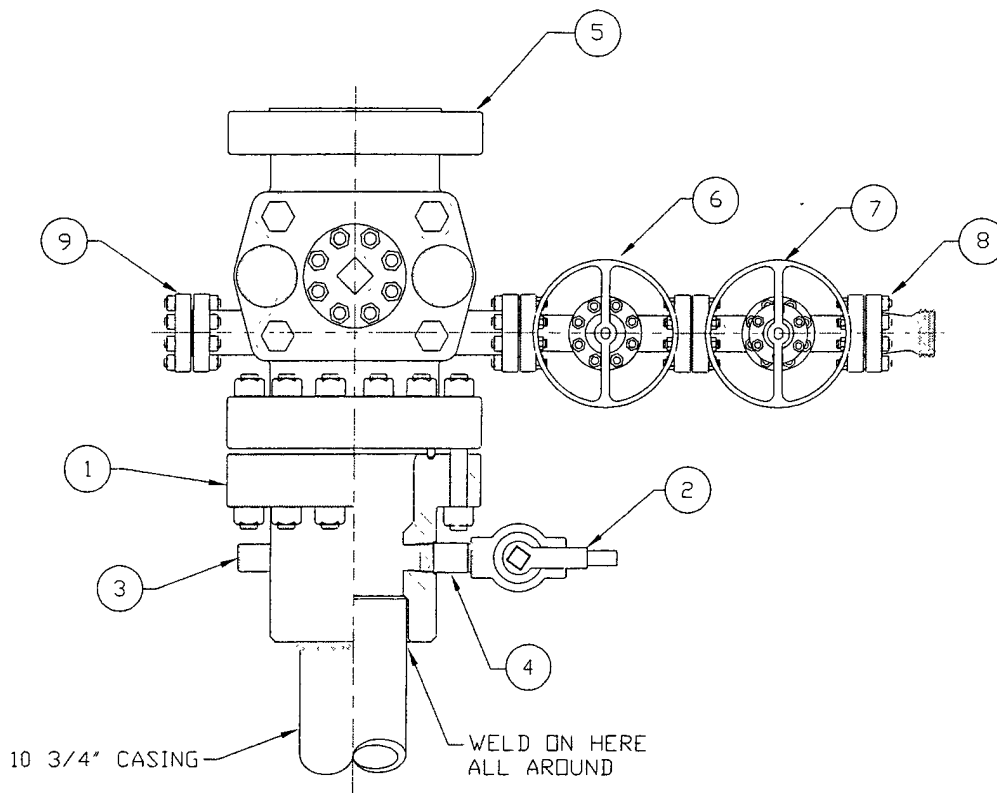


PROPOSED



Cameron Type U double ram
11" x 5000 psi WP

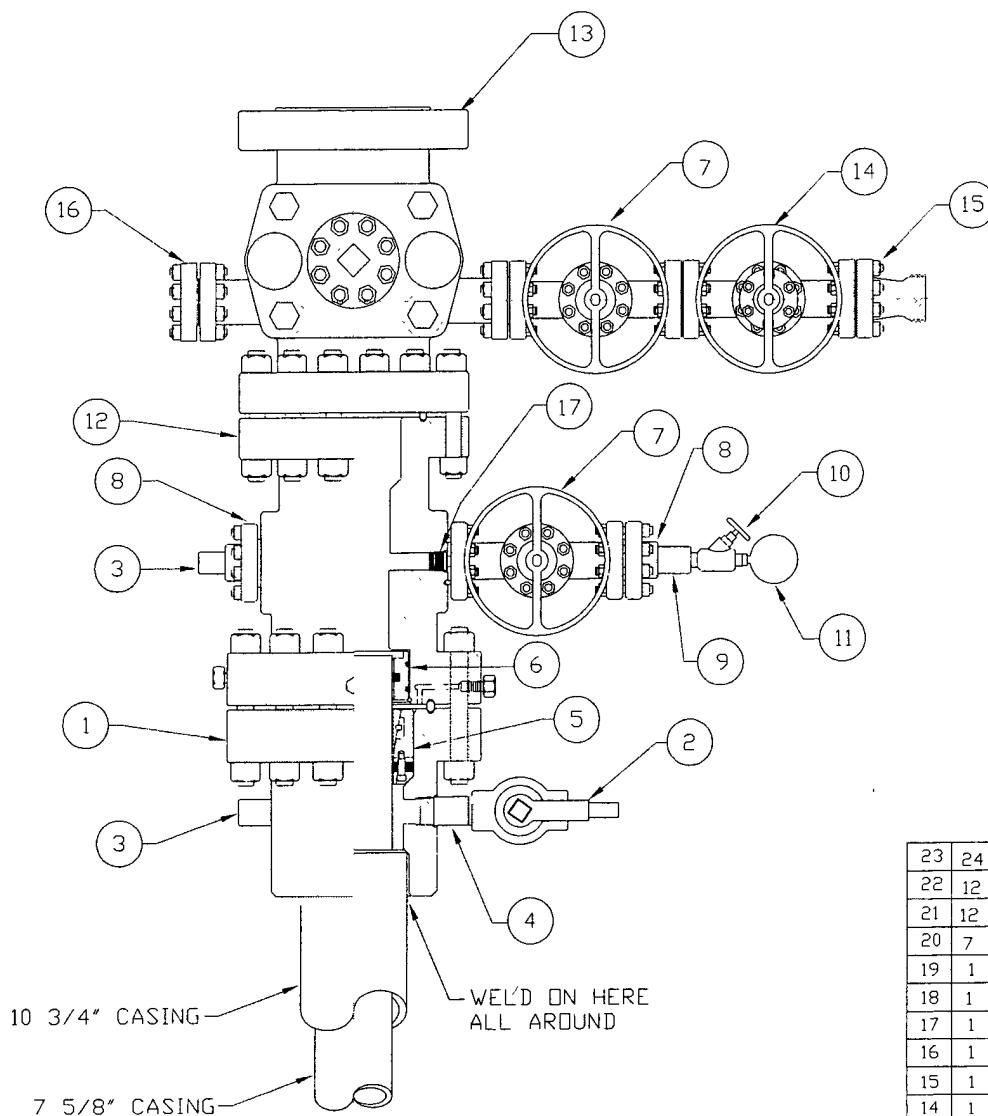
2 1/16" VALVES
2" LINES



OPERATION "A"
DRILLING OUT 10 3/4"

13	32	STUDS W/2 NUTS, 7/8" X 6 1/4"
12	12	STUDS W/2 NUTS, 1 7/8" X 14 1/2"
11	4	RING GASKET, R-24
10	1	RING GASKET, R-54
9	1	2 1/16" 5M BLIND FLANGE
8	1	2 1/16" 5M FLG. X 2" 1502 HALF UNION
7	1	GATE VALVE, 2 1/16" 5M, HYDRAULIC
6	1	GATE VALVE, 2 1/16" 5M, MANUAL
5	1	BLOWOUT PREVENTER, SGL., 7 1/16" 5M
4	1	NIPPLE, 2" LP X 6" LG., XX HEAVY
3	3	BULL PLUG, 2" LP X SOLID
2	1	BALL VALVE, 2" 5M X 2" LP
1	1	CSG. HEAD, 11" 5M X 10 3/4" S.O.W.
ITEM	QTY	DESCRIPTION

BTI RENTAL ■ FISHING SPECIAL SERVICES	DRAWN BY <i>H. Faynes</i>	DATE 11-26-08	Blowout Tools, Inc. KAISER FRANCIS OIL COMPANY SOUTH BELL LAKE #16			
	CHECKED BY	DATE				
	APP BY	DATE	DRAWING NO. 60-20131	REV 0	PREVIOUS ASSY N/A	NEXT ASSEMBLY 60-20132
	MATERIAL API 60K, NACE	HARDNESS KARZ 174-235 BHN	SCALE NO SCALE	SHEET NO. 1 OF 1	COATING	

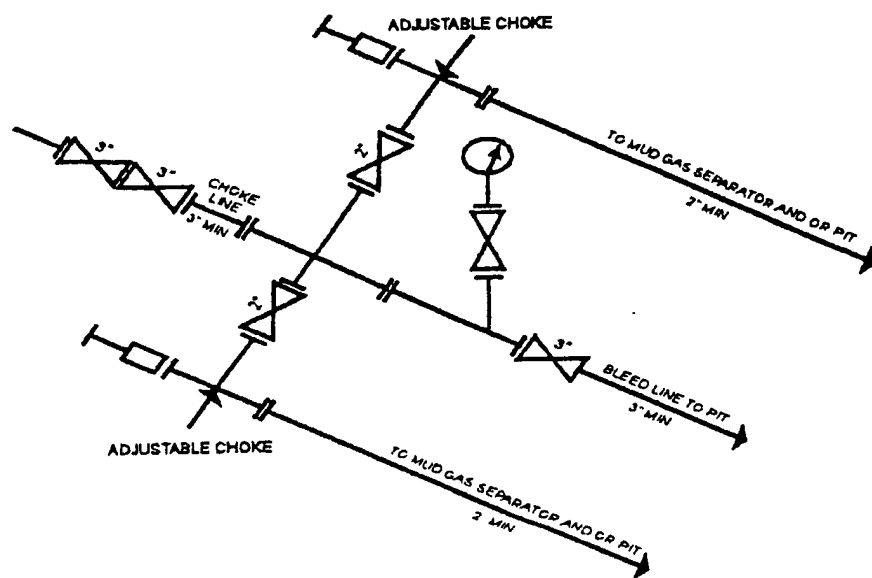


OPERATION "B"
DRILLING OUT 7 5/8"

23	24	STUDS W/2 NUTS, 7/8" X 6 1/4"
22	12	STUDS W/2 NUTS, 1 3/8" X 11 1/4"
21	12	STUDS W/2 NUTS, 1 7/8" X 14 1/2"
20	7	RING GASKET, R-24
19	1	RING GASKET, R-46
18	1	RING GASKET, R-54
17	1	VALVE REMOVAL PLUG, 1 1/2"
16	1	2 1/16" 5M BLIND FLANGE
15	1	2 1/16" 5M FLG X 2" 1502 HALF UNION
14	1	GATE VALVE, 2 1/16" 5M, HYDRAULIC
13	1	BLOWOUT PREVENTER, SGL., 7 1/16" 5M
12	1	CASING SPOOL, 11" 5M X 7 1/16" 5M
11	2	PRESSURE GAGE, 0-5,000 PSI X 1/2" NPT
10	2	NEEDLE VALVE, MFA, 1/2" NPT
9	2	BULL PLUG, 2" LP, TAPPED 1/2" NPT
8	5	COMPANION FLG, 2 1/16" 5M X 2" LP
7	3	GATE VALVE, 2 1/16" 5M, MANUAL
6	1	SECONDARY SEAL, 11" X 7 5/8"
5	1	CASING HANGER, 11" X 7 5/8"
4	1	NIPPLE, 2" LP X 6" LG., XX HEAVY
3	3	BULL PLUG, 2" LP X SOLID
2	1	BALL VALVE, 2" 5M X 2" LP
1	1	CSG. HEAD, 11" 5M X 10 3/4" S.D.W.

ITEM	QTY	DESCRIPTION
Blowout Tools, Inc.		
KAISER FRANCIS OIL COMPANY		
SOUTH BELL LAKE #16		
DATE	NO. IN SET	REV.
11-26-08	0	0
DATE	NO. IN SET	REV.
11-26-08	0	0
DATE	NO. IN SET	REV.
11-26-08	0	0

BTI	DESIGNED BY	DATE
	REVIEWED BY	DATE
	APPROVED BY	DATE
	MATERIAL	DATE
RENTAL ■ FISHING SPECIAL SERVICES	API 60K, NACE	174-235 BHN



**PROPOSED 5 M CHOKE MANIFOLD EQUIPMENT
 BELL LAKE #16
 SECTION 7-24S-34E
 LEA COUNTY, NM**

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Kaiser Francis Oil Company
LEASE NO.:	LC061374A
WELL NAME & NO.:	Bell Lake Unit S No 16
SURFACE HOLE FOOTAGE:	660' FNL & 660' FEL
BOTTOM HOLE FOOTAGE	Same
LOCATION:	Section 7, T. 24 S., R 34 E., NMPM
COUNTY:	Lea County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☐ **Special Requirements**
- ☒ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit – Closed-loop mud system
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - Re-Entry
 - CIT
 - DV tool plug
- ☐ **Production (Post Drilling)**
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Hobbs Field Station at (575) 393-3612 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

There is no measurable soil on this well pad to stockpile. No topsoil stockpile is required.

C. RESERVE PITS

The operator has applied for a closed-loop system. The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

VI. DRILLING – Re-Entry

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. CIT
- c. DV tool plug
- d. Setting and/or Cementing of all casing strings
- e. BOPE tests

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts 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.
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 are located, this does not include the dog house or stairway area.

B. CASING – Re-Entry

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

1. The 16 inch surface casing is existing and is set at 599' and cemented to surface.
2. The 10-3/4" intermediate casing is existing and is set at 5168' and cemented to surface.

A CIT is to be performed on the 10-3/4" casing per Onshore Oil and Gas Order 2.III.B.1.h prior to drilling out plug at top of 7-5/8" casing.

3. The 7-5/8" production casing is existing and is set at 12331' and cemented to cut point of casing at 3281'.

A CIT is to be performed on the 7-7/8" casing per Onshore Oil and Gas Order 2.III.B.1.h after drilling the plug at 5268'.

Prior to setting the CIBP at 8720', set a 187' plug across the DV tool at 8734'. Plug to be set a minimum of 50' below the DV tool and is to be tagged at 8600' or shallower. BLM to witness tag.

A minimum of 35' of cement must be bailed on CIBP at 8720'.

4. The minimum required fill of cement behind the 4-1/2 inch production casing is:
 - ☒ Per operator schematic the cement will tie-back approximately 2000 feet into previous casing string. Operator shall provide method of verification.
5. 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.

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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) shall be **5000 (5M) psi**.

3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests:
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.
 - d. 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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 011009

VII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

VIII. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.