

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTCarlsbad Field Office  
OCD ArtesiaFORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010**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.**5. Lease Serial No.  
NMLC065680

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE** – Other instructions on page 2.

## 1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator  
Colgate Operating, LLC3a. Address  
306 W. Wall St. Suite 500  
Midland, TX 797013b. Phone No. (include area code)  
432.695.42224. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Multiple see below, Section 24 & 23, T-18-S R-31-E

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

8. Well Name and No.  
Multiple see below9. API Well No.  
Multiple see below10. Field and Pool or Exploratory Area  
Shugart; Yates-7RS-QU-GB11. Country or Parish, State  
New Mexico, Eddy

## 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"/> Fracture Treat	<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 checked="" type="checkbox"/> Other <u>Change of Operator</u>
	<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 recompletable 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 recompletable 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.)

This is notification that Colgate Operating, LLC is taking over operations of these wells.

Colgate Operating, LLC accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on this lease, or portion of lease described.

-BLM Bond No.: NMB001382  
-Surety No: B010098  
-Bond Amount: \$25,000.00  
-Execution date: 7/25/2016

Change of Operator Effective: 8/31/2016  
Former Operator: SM Energy Company  
For the Following Wells:

	API	Footages	Sec.	Twn./Range	Lease #
Blackhawk Federal 2	30-015-25360	2310' FNL & 2310' FEL	24	T18S R31E	065680
Blackhawk Federal 3	30-015-25516	790' FNL & 940' FEL	24	T18S R31E	065680
Blackhawk Federal 5 (below 4000')	30-015-25651	1750' FNL & 990' FEL	23	T18S R31E	065680
" (above 4000')	30-0152565100-1	" "	" "	" "	" "
Blackhawk Federal 7	30-015-25651	1750' FNL & 990' FEL	24	T18S R31E	065680

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL****NM OIL CONSERVATION  
ARTESIA DISTRICT  
DEC 12 2016****RECEIVED**

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

Name (Printed/Typed)

Robert Shannon

Title Vice President &amp; CFO, Colgate Operating, LLC

Signature

Date

9/28/2016

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

**Charles Nimmer****PETROLEUM ENGINEER**

Title

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.

**APPROVED**

DEC 8 2016

Date

**BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE**

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)

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE  
620 E. Greene St  
Carlsbad, NM 88220  
Ph: (575) 234-5972

**Conditions of Approval for Change of Operator**

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method within 60 days, if changes have been made from previously approved disposal method.
3. Review facility diagram on file, and submit updated facility diagrams, as per Onshore Order #3 within 60 day.
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.