

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Artesia

FORM 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.
nmnm 36648
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

| | | |
|--|-----------------------------------|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 7. If Unit of CA/Agreement, Name and/or No. |
| 2. Name of Operator Vanguard Operating, LLC | | 8. Well Name and No. China Federal #1 |
| 3a. Address 5847 San Felipe St., Ste. 3000, Houston, TX 77057 | 3b. Phone No. (include area code) | 9. API Well No. 30-005-60863 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 1980' FEL UL B Sec 18 T07S R23E | | 10. Field and Pool or Exploratory Area Pecos Slope, ABO, West |
| | | 11. Country or Parish, State Chavez County New Mexico |

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 type="checkbox"/> Other _____ |
| | <input type="checkbox"/> Change Plans | <input checked="" 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 recomple 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.)

1. Notify BLM 24 hrs prior to MIRU to P&A.
2. Set CIBP @ 2824' RIH w/tbg & tag circ hole w/mud laden fluid & test csg spot ^{25'} 20 sx's "c" cmt F/2824'-2724' WOC & tag if csg don't test.
3. Spot 20 sx's "c" cmt F/2200'-2100' (Tubb) spot 30 sx's "c" cmt F/1650'-1500' (8 5/8" Shoe) spot 40 sx's "c" cmt F/800'-550' (Yeso, Glorieta) WOC & tag.
4. Spot 20 sx's "c" cmt F/100'-surf.
5. RD P&A equip, cut off wellhead, install dry hole marker, clean location & move off.

GC 10-18-18
Accepted for record - NMOCD

RECEIVED

OCT 18 2018

DISTRICT II-ARTESIA O.C.D.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

ENTERED

| | | |
|---|--|-----------------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Jimmy Bagley | | Title Agent |
| Signature <i>[Signature]</i> | | Date 10/11/2018 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|-------------|--------|------|
| Approved by | Title | Date |
| | 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.

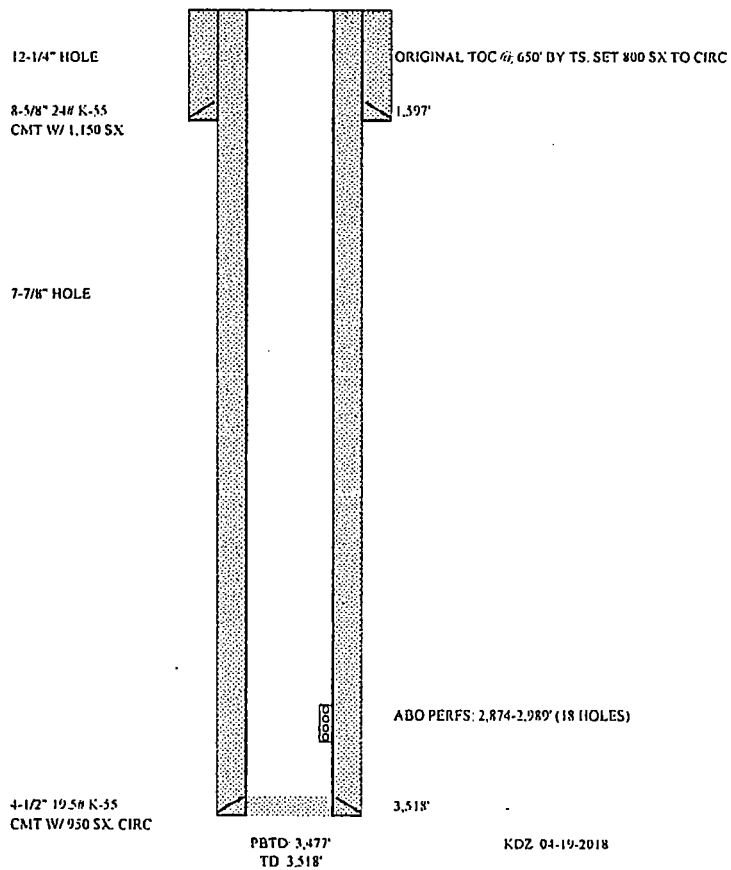
(Instructions on page 2)

LEASE/VELL: CHINA FEDERAL #1
LOCATION 660' FNL & 1.980' FEL
B-SEC 18-T075-R23E
CO/ST CHAVES COUNTY, NEW MEXICO
FIELD PECOS SLOPE; ABO, WEST
API NO. 30-005-60863

GR 4089
SPUDDED 9/25/1981
COMPLETED 10/13/1981
LAT 33.7137451
LONG -104.653915
FORMATION TOPS PER C-105
GLORIETA 598
YESO 786
TUBB 2146
ABO 2798

| INCLINATION SURVEY DATA | |
|-------------------------|-------------------|
| MD (ft) | Inclination (deg) |
| 491 | 0.5 |
| 1027 | 1 |
| 1600 | 1.25 |
| 1999 | 1.25 |
| 2228 | 1.5 |
| 3116 | 1.75 |
| 3518 | 1.5 |

BEFORE PFA



LEASE/WELL: CHINA FEDERAL #1
 LOCATION: 660' FNL & 1.980' FEL
 B-SEC 18-T07S-R23E
 CO/ST: CHAVES COUNTY, NEW MEXICO
 FIELD: PECOS SLOPE; ABO, WEST
 API NO: 30-005-60863

GR: 4089
 SPUDDED: 9/25/1981
 COMPLETED: 10/13/1981
 LAT: 33 7137451
 LONG: -104 653915
 FORMATION TOPS PER C-105
 GLORIETA: 598
 YESO: 786
 TUBB: 2146
 ABO: 2798

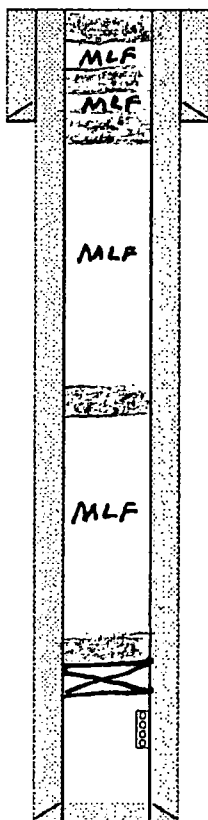
INCLINATION SURVEY DATA
 MD (ft) Inclin (deg)
 491 0.5
 1027 1
 1600 1.25
 1999 1.25
 2228 1.5
 3116 1.75
 3518 1.5

AFTER P&A

12-1/4" HOLE
 8-5/8" 24# K-55
 CMT W/ 1.150 SX

7-7/8" HOLE

4-1/2" 19.5# K-55
 CMT W/ 950 SX. CIRC



SPOT 20 3x3 100'-SURF

SPOT 40 3x3 CMT 800'-550' WDC 4 TTB

SPOT 30 3x3 CMT 1650'-1500'

SPOT 20 3x3 CMT 2200'-2100'

CIBPC 2824' W / 20 3x3 CMT ON TOP

ABO PERFS 2,874-2,989' (18 HOLES)

3,518'

PBTD 3,477'
 TD 3,518'

KDZ 04-19-2018

**China Federal 1
30-005-60863
Vanguard Operating, LLC
October 16, 2018
Conditions of Approval**

- 1. Operator shall place CIBP 2,824' (50'-100' above top most perf) and place 25 sx of Class C cement on top to seal the Abo Formation. WOC and TAG.**
- 2. Operator shall place a Class C cement plug from 2,200'-2,100' as proposed. WOC and TAG.**
- 3. Operator shall place a Class C cement plug from 1,650'-1,500' as proposed to seal the 8-5/8" shoe. WOC and TAG.**
- 4. Operator shall place a Class C cement plug from 800'-550' as proposed to seal the Glorietta Formation. WOC and TAG.**
- 5. Operator shall perf and squeeze at 100'. Operator shall place a Class C cement plug from 100' to surface as proposed.**
- 6. See Attached for general plugging stipulations.**

JAM 101618

BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 W. Second Street
Roswell, New Mexico 88201
575-627-0272

General Requirements for Plug Backs

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. Call 575-627-0205.

3. **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 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **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.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified 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.

Before pumping cement on top of CIBP, 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.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the 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.**

7. **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.