

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

MAY 27 2014

5. Lease Serial No.  
NMNM-077284

6. If Indian, Allottee or Tribe Name

## 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.

1. Type of Well

☒ Oil Well☐ Gas Well☐ Other2. Name of Operator  
Chuzo Oil Company

3a. Address

1000 Cordova Place #376, Santa Fe, NM 87505

3b. Phone No. (include area code)

505-690-7803

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

360' FSL 1730' FEL Sec. 10 T30N R16W

7. If Unit of CA/Agreement, Name and/or No.  
NMNM-78403A8. Well Name and No.  
Northeast Hogback Unit #369. API Well No.  
30-045-0962210. Field and Pool or Exploratory Area  
Horseshoe Gallup11. Country or Parish, State  
San Juan 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 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 checked="" 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 well communication	
	<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 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.)

On April 10th, 2014, Chuzo Oil Company began stimulation and completion operations on the Northeast Hogback Unit #74H (API 30-045-34755). Baker Hughes was contracted to provide hydraulic fracturing services based on Chuzo Oil Company's 15-stage treatment design. The last stage of hydraulic fracturing operation was completed at approximately 9pm on April 12th, and all frac equipment was moved off location on April 13th.

Prior to the commencement of the hydraulic fracturing operations, all production equipment was removed from the Northeast Hogback Unit #36. Additionally, a retrievable bridge plug was set above the perforations and the casing was loaded with water in an attempt to protect the well from any possible adverse effects of the frac. These precautions were implemented due to the close proximity of the Northeast Hogback Unit #36 to the lateral portion of the Northeast hogback Unit #74H.

On the morning of April 14th, Chuzo personnel performing a post-frac field inspection discovered crude oil leaking out of the Bradenhead valve and around the wellhead area of the Northeast Hogback Unit #36. A sample of the gas escaping from the Bradenhead valve was analyzed and determined to be 91.978% nitrogen, and the Bradenhead valve was observed to have a pressure reading of 105psi.

It is Chuzo's belief that the hydraulic fracturing operations on the Northeast Hogback Unit #74H possibly caused a casing or cement failure on the Northeast Hogback Unit #36, which may have resulted in the pressure at the Bradenhead of the Northeast Hogback Unit #36. Chuzo intends to re-test this well and either plug and abandon it or perform a remedial operation to ensure that well integrity is maintained or restored.

ACCEPTED FOR RECORD

JUN 02 2014

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

Name (Printed/Typed)

Patrick Padilla

Title President, Chuzo Oil Company

FARMINGTON FIELD OFFICE  
BY: TL Saliers

Date 05/18/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

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)

NMCCD

District I  
1625 N. French Drive, Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
811 S. First Street, Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Drive, Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to  
Appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Drive  
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-34755</b>		*Pool Code <b>32870</b>	*Pool Name <b>HORSESHOE GALLUP</b>
*Property Code <b>300241</b>	*Property Name <b>NE. HOGBACK UNIT</b>		*Well Number <b>74</b>
*OGRID No. <b>279508</b>	*Operator Name <b>CHUZA OIL COMPANY</b>		*Elevation <b>5432'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	30N	16W		2270	NORTH	330	EAST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

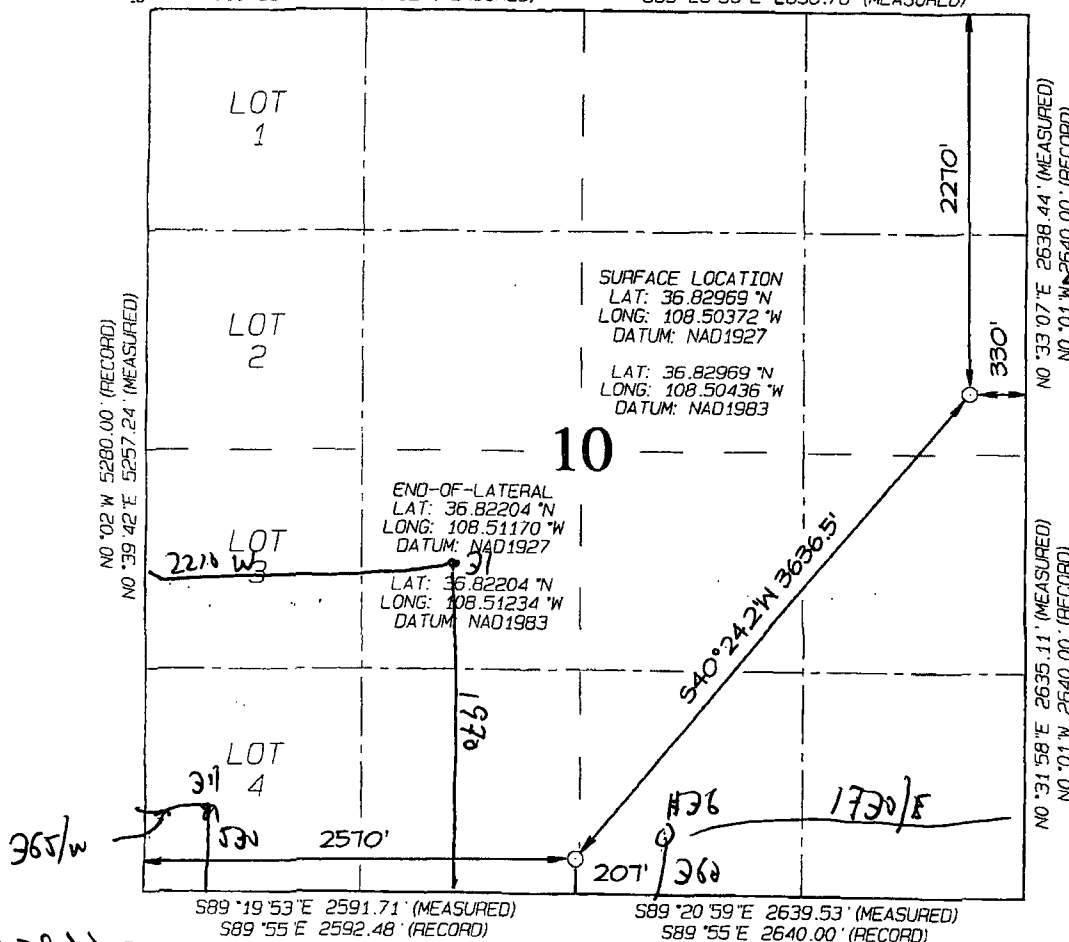
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	30N	16W		207	SOUTH	2570	WEST	SAN JUAN

<sup>12</sup> Dedicated Acres <b>200: Section 10, Unit Letters H, I, J, N, O</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. <b>R - 13607</b>	<b>RCVD NOV 27 '13 OIL CONS. DIV.</b>
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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

**DIST. 3**

<sup>16</sup> N89°56'E 2587.20' (RECORD)  
S89°33'48"E 2583.52' (MEASURED)  
N89°56'E 2640.00' (RECORD)  
S89°28'36"E 2636.76' (MEASURED)



<b>17 OPERATOR CERTIFICATION</b>	
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.	
Signature <i>Patrick Padilla</i>	Date <b>11-18-13</b>
Printed Name <b>Patrick Padilla</b>	
E-mail Address <b>plpadilla@chuzaoil.co</b>	
<b>18 SURVEYOR CERTIFICATION</b>	
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 Survey: <b>OCTOBER 30, 2013</b>	
Signature and Seal of Professional Surveyor	
<b>JASON C. EDWARDS</b> Certificate Number <b>15269</b>	

well -  
Bore Communication working copy-