

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

AUG 08 2018

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. NOO-C-14-20-7481

6. If Indian, Allottee or Tribe Name
Navajo Allotted

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator THOMPSON ENGINEERING & PRODUCTION CORP.

3a. Address 7415 EAST MAIN ST.
FARMINGTON, NM 87402

3b. Phone No. (include area code)
(505) 327-4892

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

8. Well Name and No. Charley J #1

9. API Well No. 30-045-26614

10. Field and Pool or Exploratory Area
Gallegos Gallup

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit M, Sect. 21, T27N, R13W, 990 FSL & 990 FWL

11. Country or Parish, State
San Juan, 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"/> Hydraulic Fracturing | <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 |
| | <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 recompleat 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 recompleat 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 detennined that the site is ready for final inspection.)

Thompson Engineering & Production Corporation requests permission to transfer operations of the above mentioned well to Epic Energy, L.L.C. effective July 1, 2018.

NMOCB

AUG 20 2018

DISTRICT III

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Malia Villers

Title Production Tech.

Signature

Malia Villers

Date

08/03/2018

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Dave Mankiewicz

Title

AFM Minerals

Date

8/14/18

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

FFU

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)

NMOCB

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Indian Affairs, holder of lease

AREA OFFICE: Federal Indian Minerals Office
LEASE NO: NOO-C-14-20-7481

and hereby designates:

NAME: EPIC ENERGY, LLC.
ADDRESS: 7415 East Main Street, Farmington, New Mexico 87402

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulation (43 CFR 3160 and 25 CFR § 211 and 212) with respect to (describe acreage to which this designation is applicable):

Bond coverage under 25 CFR § 211, 212 or 225 for lease activities conducted by the above named designated operator is under Bond Number LOC 2324 (Attach copy). Evidence of bonding is required prior to the commencement of operations.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, stipulations, or orders of the Secretary of the Interior or his representative.

Attach all appropriate documentation relevant to this document.

The lessee agrees to promptly notify the authorized office of any change in the designated operator.

4/27/18
Date

APPROVED: 07/03/18

Date

Paul C. Thompson THOMPSON ENGINEERING & PRODUCTION
Signature of Lessee

7415 East Main Street
Farmington, NM 87402

Address

[Signature]
FIMO Director

| Well Name | API | FORMATION | WELL TYPE | UNIT | SECT | TWNSP | RANGE | FOOTAGES | COUNTY | STATE | LEASE # |
|----------------|--------------|---------------------------------|--------------|------|------|-------|-------|-------------------|----------|-------|------------------|
| CHARLEY J #001 | 30-045-26614 | GALLEGOS GALLUP (ASSOCIATED) | O | M | 21 | 27N | 13W | 990 FSL & 990 FWL | San Juan | NM | NOO-C-14-20-7481 |



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
Washington, DC 20240

IN REPLY REFER TO:

Real Estate Services

Ms. Nancy Walden
EPIC Energy, LLC
7415 East Main Street
Farmington, New Mexico 87402

APR 25 2018

Dear Ms. Walden:

Thank you for your letter dated January 2, 2018, requesting to establish an Irrevocable Letter of Credit Number: 2324 (December 20, 2017, through December 20, 2018) with Citizens Bank, as surety on behalf of EPIC Energy, LLC, in the amount of \$150,000.

As of the date of this correspondence, the Irrevocable Letter of Credit is hereby approved. The originals will be retained on file at:

Bureau of Indian Affairs
Division of Real Estate Services
1849 C Street, N.W., MS-4642-MIB
Washington, D.C. 20240

The surety and the BIA Regional offices are being informed of this action. Please find enclosed a copy of the approved Irrevocable Letter of Credit and a copy of the Accepted Nationwide Oil and Gas Lease Bond for your files. If you have any questions, please contact Mr. Michael I. Ashley, Realty Specialist, at (202) 208-5473, or Ms. Jana Waters, Realty Specialist, at (406) 247-7935.

Sincerely,

Acting

Deputy Bureau Director, Trust Services

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

NATIONWIDE OIL AND GAS LEASE BOND

KNOW ALL MEN BY THESE PRESENTS, That we, EPIC ENERGY, LLC

of 7415 East Main Street,
Farmington, NM 87402 as
principal and Citizens Bank, 500 West Broadway, Farmington, of
NM87401

as suret y, are held and firmly bound unto the United States of America in the sum of one hundred and fifty thousand dollars (\$150,000), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves and each of us, our and each of our heirs, successors, executors, administrators, and assigns, jointly and severally, firmly by these presents.

Sealed with our seals and dated this 20th day of December, 20 17

The condition of this obligation is such that whereas the said principal , has heretofore or may hereafter enter into or otherwise acquire an interest in oil and gas lease(s)/permit(s)/mineral agreement(s) of various dates and periods of duration covering lands or interests held by the United States in trust for individual Indians, or bands or tribes of Indians, or subject to restrictions against alienation without the consent of the Secretary of the Interior, or his authorized representative, which leases, permits or mineral agreements have been or may hereafter be granted or approved by the Secretary of the Interior, or his authorized representative, and the identification of which herein is expressly waived by both principal and suret y hereto.

WHEREAS the principal and suret y agree that the coverage of this bond shall extend to and include all extensions and renewals of the leases, permits and mineral agreements covered by this bond, such coverage to continue without any interruptions due to the expiration of the terms set forth therein.

WHEREAS the suret y hereby waive s any right to notice of any modification of any such lease, permit or mineral agreement, or obligation thereunder whether effected by extension of time for performance, by commitment of such lease/ permit/ mineral agreement to unit, cooperative, or communization agreement, by waiver, suspension, or change in rental, by minimum royalty payment, or otherwise, this bond to remain in full force and effect notwithstanding.

WHEREAS the principal and suret y agree that the neglect or forbearance of any obligee under this bond in enforcing the payment of any rental or royalty or the performance of any other covenant, condition, or agreement of any such lease/permit/mineral agreement or Federal regulations shall not in any way release the principal and suret y or either of them, from any liability under this bond; and

WHEREAS the principal and suret y agree that in the event of any default under any such lease, permit or mineral agreement, the obligee may prosecute any claim, suit, action, or other proceeding against the principal and suret y, or either of them, without the necessity of joining the other.

Now, if the said principal herein shall faithfully carry out and observe all the obligations assumed in such lease(s), permit(s) or mineral agreement(s) to which it is now or may hereafter become a party, and shall observe all the laws of the United States and regulations made, or which shall be made thereunder, for the

government of trade and intercourse with Indian tribes, and all rules and regulations that have been or shall hereafter be lawfully prescribed by the Secretary of the Interior relative to such lease(s), permit(s) and mineral agreement(s), and shall in all particulars comply with the provisions of such leases, permits, mineral agreements, rules, and regulations, then the obligation shall be null and void; otherwise, to remain in full force and effect. No bond liability shall be terminated without written approval of the Bureau of Indian Affairs.

The rate of premium charged on this bond is \$ 150,000; the total premium paid is \$ _____.

Signed and sealed in the presence of -

WITNESSES:*

Maria Villan)

P.O. 304, Bloomfield, NM 87413)

Nancy Wilson)

5189 Fort Hills Dr, Farming Ln, NM 87402)

as to Paul C. Thompson [SEAL]

Paul C. Thompson, Mgr
EPIC Energy, LLC

P.O. _____)

as to _____ [SEAL]

P.O. _____)

P.O. _____)

as to _____ [SEAL]

P.O. _____)

P.O. _____)

as to _____ [SEAL]

P.O. _____)

Bureau of Indian Affairs
Office of Trust Services
1849 C St., NW MS-4620-MIB
Washington, DC 20240

*Two witnesses to all signatures

Acting

Accepted:
Approved:

Darryl LaCount

Deputy Bureau Director, Office of Trust Services

4-25-2018

Date

IRREVOCABLE LETTER OF CREDIT

Issuing Financial Institution : Citizens Bank No. : 2324
Telephone No. : 505-599-0145
Address : 500 W Broadway Amount : \$150,000.00
City : Farmington O&G Lease No.: (If \$10,000.00)
Date Issued :
State, Zip : NM, 87401 Date Filed : (BIA)

On behalf of EPIC ENERGY, L.L.C. as Obligor, we CITIZENS BANK OF FARMINGTON, hereafter referred to as "bank", hereby establish an irrevocable Letter of Credit (LOC) in favor of the Bureau of Indian Affairs and agree to immediately pay upon demand by and to the Bureau of Indian Affairs (BIA), the full amount of (One Hundred and Fifty Thousand) Dollars (\$ (150,000.00)), upon receipt of a written demand therefore by the Authorized Officer (AO) of the BIA retaining the personal bond of the obligor whose bond this letter serves as security pursuant to Title 43 CFR Section 3104.1.

This LOC is effective the date filed with BIA and will expire exactly one year from the date filed. This credit will automatically be extended for periods of (one year or such longer periods as may be determined by the bank) from any such scheduled expiration date as originally scheduled or as automatically extended by this provision.

In the absence of a notice from the bank to the AO from at least 90 days prior to the stated or any extended expiration date, not to renew the credit represented by the LOC, the LOC will be automatically renewed in full force and effect for an additional one year period. Non-renewal notification will be sent to the AO by Certified Mail-Return Receipt Requested.

Upon receipt by the AO of a non-renewal notice from us, the AO may draw on us for up to the amount of this LOC, prior to the expiration thereof, provided that such draft is accompanied by a statement signed by the AO to the effect that no satisfactory replacement bond has been provided by the Obligor prior to 30 days before this LOC expires, pursuant to 43 CFR 3104.1(c)(5)(ii).

It is also understood that, at any time this LOC is in effect, the AO may draw on this LOC for any amount, up to the full amount to cover any default in obligations covered by the bond, including but not limited to, rentals, royalties, and appropriate reclamation of lands associated with development of oil and gas in any lease(s) to which the bond applies.

Such drawing shall be accompanied by a statement signed by the AO to the effect that the obligor has been determined to be in default and the amount drawn represents the reasonable amount, as determined by BIA, of such default.

It shall not be required for the AO, in order to draw on this LOC to furnish the original letter; however, it is understood, as a condition of any payment thereunder that the face amount of the letter shall automatically be reduced by any payment made by the bank and that the AO will promptly surrender the original letter when and if the bank shall tender to the AO the full amount of funds represented by this letter; such surrender to occur as soon as reasonably practical after full payment is made. The original letter shall also be surrendered promptly following its expiration provided that no drawing on such letter was made prior to such expiration.

We assure that the amount of credit herein established will not be reduced for any reason during the effectiveness of this letter without the prior written approval of the AO.

In the event that we, the bank, become unable to fulfill our obligations under this LOC for any reason, notice shall be given immediately to the Obligor and the AO.

We certify that we have received a copy of the personal bond which the Obligor will file with the AO and we understand that this LOC may be used, until it expires as a result of notice we give to the AO, for all matters to which the bond applies. We also certify that the deposits of this bank are Federally Insured under (specify the plan, e.g., FDIC or FSLIC). As used above, AO refers to Authorized Officer, Secretary of the Interior, Department of the Interior, Bureau of Indian Affairs, 1849 C ST NW MS 4620-MIB, Washington, DC 20240.



NAME OF FINANCIAL INSTITUTION
CITIZENS BANK

BY: 
Karl S Garling, Chief Lending Officer

The Letter of Credit should bear the Seal of Issuing Bank. If the laws of the State under which the bank is chartered do not require a seal for the bank, there may be substituted therefor the statement that the bank has no seal and is not required to have one by virtue of (Statutory Citation)

If desired, the bank may complete any acknowledgement appropriate for the State in which the Letter is issued; although, acknowledgement is not required.

Bureau of Indian Affairs
Office of Trust Services
1849 C St., NW, MS-4620-MIB
Washington, D.C. 20240

Acting Approved:


Deputy Bureau Director, Trust Services

Date: 4-25-18