


Craig McDonnold

From: "Bobby Stearns" <bobbystearns1@yahoo.com>
To: "E.L. Gonzales" <elidiol.gonzales@state.nm.us>; "Craig McDonnold" <craig@mcdonnold.net>
Sent: Monday, June 06, 2011 10:48 PM
Attach: NM Letter to Stearns re p&a 6-2-11.pdf
Subject: Fw: NM Letter to Bobby Stearns re p&a of McDonnold Operating wells
To Whom it May Concern,

J & B Well Servicing of Crossroads, NM has been selected to P/A the wells listed in the attached letter
These wells are scheduled for the end of August 2011.

Thank You,
Bobby Stearns

--- On Thu, 6/2/11, Teresa Wright <Teresa@McDonnold.net> wrote:

From: Teresa Wright <Teresa@McDonnold.net>
Subject: NM Letter to Stearns re p&a 6-2-11
To: bobbystearns1@yahoo.com
Date: Thursday, June 2, 2011, 2:14 PM

6/7/2011

McDonnold Operating, Inc.

505 N. Big Spring, Suite 204 · Midland, Texas 79701
Phone (432) 682-3499 · Fax (432) 682-4823

June 2, 2011

*emailed
6-2-11*

Mr. Bobby Stearns
Via email bobbystearns1@yahoo.com

Re: P&A Scheduling and Procedures
Lea County, NM

Well Name	API No.	ULSTR
Langlie Jack Unit #4	30-025-11174	B-20-24S-37E
Langlie Jack Unit #10	30-025-11177	E-21-24S-37E
Bay Federal #003	30-025-04408	D-35-20S-36E
Red Cloud #002	30-025-30870	M-3-25S-37E
State A 16 #001	30-025-24814	M-16-24S-37E

Please feel free to contact me at (432) 682-3499 if you have any questions or need additional information.

Sincerely,

Craig M. McDonnold
President

CMM/tw

Submit 1 Copy To Appropriate District
 Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

COPY

Form C-103
 October 13, 2009

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

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-10738
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> Fed <input checked="" type="checkbox"/>
2. Name of Operator McDonnold Operating, Inc.		6. State Oil & Gas Lease No. NM0141096
3. Address of Operator 505 N. Big Spring, Suite 204 Midland Tx 79701		7. Lease Name or Unit Agreement Name Cline Federal
4. Well Location Unit Letter E : 2310 feet from the North line and 330 feet from the West line Section 15 Township 23S Range 37E NMPM Lea County NM		8. Well Number 2
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 14372
10. Pool name or Wildcat Langliemattix Trvrs		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

POOH w/ rods & pmp. POOH w/ PKR. Redress PKR. R1H w/ PKR & Set PKR @ 3350'. R1H w/ pmp. Place on production.

per E.L. 6-30-11
 Computers down
 for a while - transferred
 to Cindy, left message
 7-1 left message
 per Paul K. all
 E.L. and Cindy and til

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____ TITLE President DATE 6-2-11

Type or print name Craig M. McDonnold E-mail address: _____ PHONE: 432-682-3499

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

per [unclear] null
 Scanned
 7-5-11

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 October 13, 2009

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

WELL API NO. 30-025-10738	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> Fed	
6. State Oil & Gas Lease No. NM0141096	
7. Lease Name or Unit Agreement Name Cline Federal	
8. Well Number 2	
9. OGRID Number 14372	
10. Pool name or Wildcat Langliemattix Trvrs	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
McDonnold Operating, Inc.

3. Address of Operator
505 N. Big Spring, Suite 204 Midland TX 79701

4. Well Location
 Unit Letter **E** : **2310** feet from the **North** line and **330** feet from the **West** line
 Section **15** Township **23S** Range **37E** NMPM **Lea** County **NM**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

5-4-11 RU Recco ws. Unseat pmp. POOH w/ rods & pmp. NU BOP. Test 2 3/8 tbg. Unseat PKR out of hole. R & R PKR. Test tbg 6 1/4. Set PKR @ 3350. R 1H w/ pmp & rods and L & T tbg to 500 psi. Held. Put on production.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____ TITLE **President** DATE **6-2-11**

Type or print name **Craig M. McDonnold** E-mail address _____ PHONE: **432-682-3499**
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any):

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesa, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. S. Franos Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-104
Revised October 15, 2009

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit one copy to appropriate District Office

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address McDonnold Operating, Inc. 505 N. Big Spring, Suite 204 Midland, TX 79701		² OGRID Number 14372	
⁴ API Number 30-025-10738		³ Reason for Filing Code/ Effective Date Return well to production/59-11	
⁵ Pool Name Langliemathix 7rtrs		⁶ Pool Code	
⁷ Property Code NM0141096	⁸ Property Name Cline Federal	⁹ Well Number 2	

II. ¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1 dn	Feet from the	North/South	Feet from the	East/West line	County
E	15	23S	37E		2310	N Line	330	W	Lea

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot 1 dn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Les Code	¹³ Producing Method Code	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ O/G/W

IV. Well Completion Data

²¹ Spud Date 8-26-59	²² Ready Date	²³ TD 3690	²⁴ PBDT 3450	²⁵ Perforations 3382-97	²⁶ DHC, MC
²⁷ Hole Size	²⁸ Casing & Tubing Size	²⁹ Depth Set	³⁰ Sacks Cement		

V. Well Test Data

³¹ Date New Oil 5-10-11	³² Gas Delivery Date	³³ Test Date 5-10-11	³⁴ Test Length 24 hrs.	³⁵ Tbg. Pressure 25 psi	³⁶ Csg. Pressure 10 psi
³⁷ Choke Size	³⁸ Oil 1	³⁹ Water 10	⁴⁰ Gas	⁴¹ Test Method P	

⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief Signature:	OIL CONSERVATION DIVISION
	Approved by
	Title:
	Approval Date:
Printed name: Craig M. McDonnold	
Title: President	
E-mail Address:	
Date: 6-2-11	Phone: 432-682-3499

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 October 13, 2009

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

WELL API NO. 30-025-30870
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Red Cloud
8. Well Number 2
9. OGRID Number 14372
10. Pool name or Wildcat Yates 7 rurs
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
McDonald Operating Inc.

3. Address of Operator
505 N. Big Spring, Suite 204, Midland Tx 79701

4. Well Location
 Unit Letter **m** : **660** feet from the **660 S** line and **660** feet from the **W** line
 Section **3** Township **25S** Range **37E** NMPM **Lea** County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1. mieu P&A rig.
2. Spot 25sx plug from 2700' - 2400'.
3. Load hole w/ 12.5#/gal mud laden fluid.
4. Spot 25sx hole from 1300' - 1000'. WOC. Tag plug.
5. Spot 10sx @ Surf.
6. Cut off anchor & install dry hole marker.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

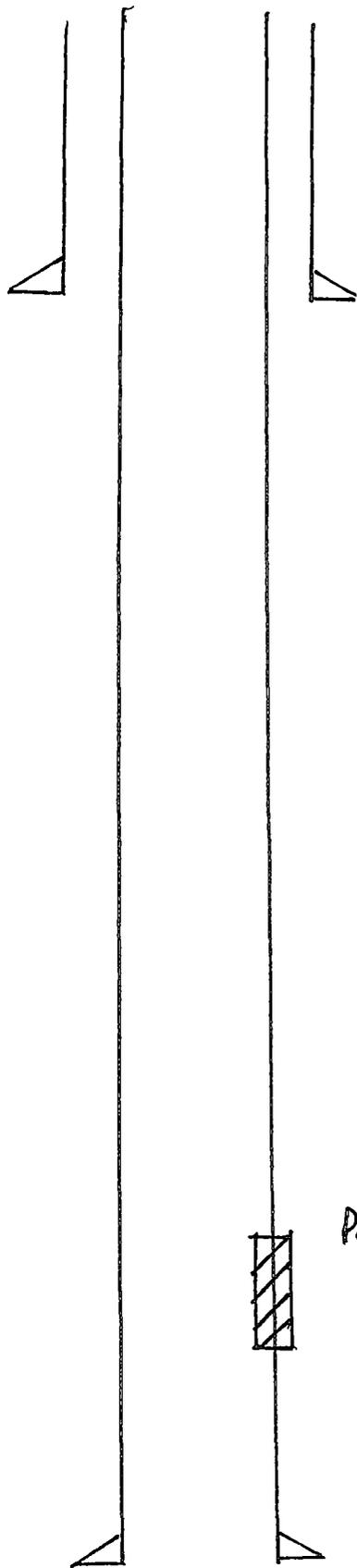
SIGNATURE Craig M. McDonald TITLE President DATE 7-1-11

Type or print name Craig M. McDonald E-mail address: _____ PHONE: 432-682-3498
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

Before

Red Cloud #2
API: 30-025-30870



8 5/8" 14# @ 356' CMT w/
250 SX. TOC Circ To Surf.

Perfs: 2695'-3015' w/ 27 holes.

4 1/2" 10.5# @ 3193' CMT
w/ 650 SX. TOC Circ To Surf.

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St. Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: Permit Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: McDonnold Operating, Inc. OGRID #: 14372
Address: 505 N. Big Spring, Suite 204, Midland, Tx 79701
Facility or well name: Red Cloud #2
API Number: 30-025-30870 OCD Permit Number: _____
U/L or Qtr/Qtr m Section 3 Township 25S Range 37E County: Lea
Center of Proposed Design: Latitude _____ Longitude _____ NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2. **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A
 Above Ground Steel Tanks or Haul-off Bins

3. **Signs:** Subsection C of 19.15.17.11 NMAC
 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
 Signed in compliance with 19.15.3.103 NMAC

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
 Previously Approved Design (attach copy of design) API Number: _____
 Previously Approved Operating and Maintenance Plan API Number: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
 Yes (If yes, please provide the information below) No
Required for impacted areas which will not be used for future service and operations
 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): Craig M. McDonnold Title: President
Signature: C. M. McDonnold Date: 7-5-11
e-mail address _____ Telephone: 432-682-3499

7. **OCD Approval:** Permit Application (including closure plan) Closure Plan (only)

OCD Representative Signature: _____ Approval Date: _____

Title: _____ OCD Permit Number: _____

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17 13 NMAC
Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**
Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?
 Yes (If yes, please demonstrate compliance to the items below) No

Required for impacted areas which will not be used for future service and operations

Site Reclamation (Photo Documentation)
 Soil Backfilling and Cover Installation
 Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print) _____ Title: _____

Signature: _____ Date: _____

e-mail address _____ Telephone: _____

AFTER

10 SK @ Surf.

Red Cloud #2
API: 30-025-30870

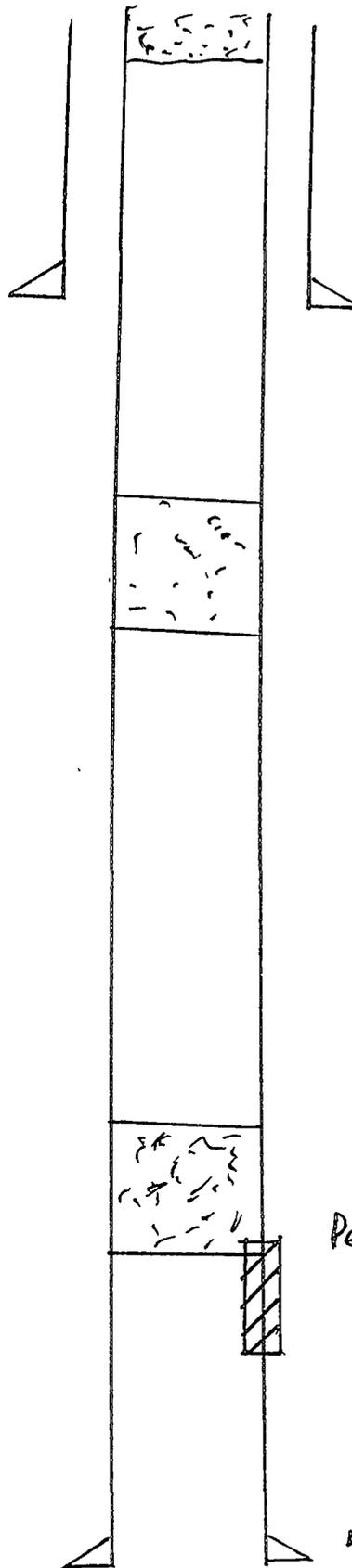
8 5/8" 14# @ 356'. Cmt w/
250 SK. TOC Circ To Surf.

Cmt Plug 1300'-1000'.

Cmt Plug 2700'-2400'

Perfs: 2695'-3015' w/ 27 holes.

4 1/2" 10.5# @ 3193'. Cmt
w/ 650 SK. TOC Circ To Surf.



Submit 1 Copy To Appropriate District Office
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State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 October 13, 2009

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

WELL API NO. 30-025-24814
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name State A-16
8. Well Number 1
9. OGRID Number 14372
10. Pool name or Wildcat 7 rvs ON
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
McDonnold Operating Inc.

3. Address of Operator
505 N. Big Spring Suite 204, Midland Tx 79701

4. Well Location
 Unit Letter **m** : **Q330** feet from the **S** line and **660** feet from the **W** line
 Section **16** Township **24S** Range **37E** NMPM **Lea** County **NM**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1. MIREU P&A rig.
2. Spot 255x plug from 3450' - 3350'.
3. Load hole w/ 12.5#/gal mud laden fluid.
4. Spot 255x plug 1300' - 1200'. WOC and tag plug.
5. Perf S02 holes @ 460' + fill csg w/ cmt.
6. Cut off anchors + install dry hole marker.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

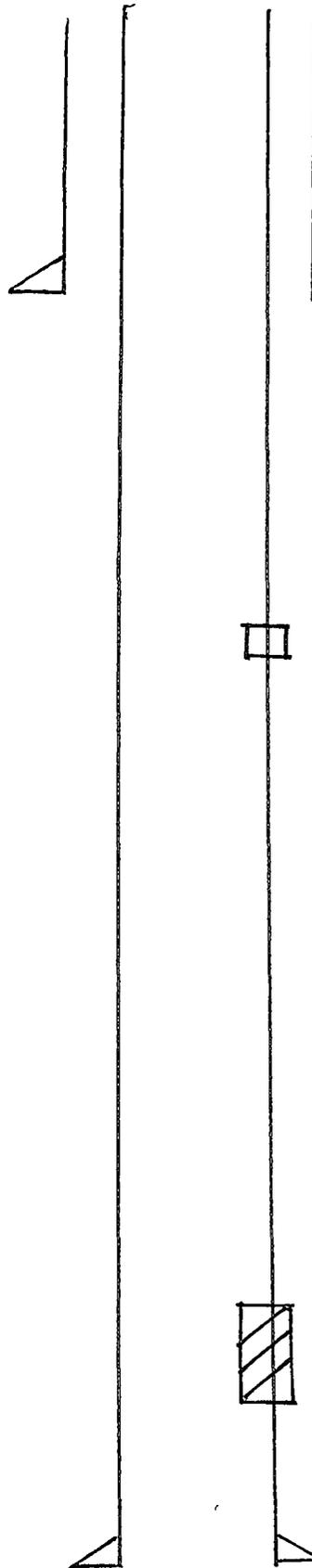
SIGNATURE Craig M. McDonnold TITLE President DATE 7-1-11

Type or print name Craig M. McDonnold E-mail address: _____ PHONE: 432-682-3499
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

Before

STATE A-16 #1
API # 30-025-24814



8 5/8" 20# @ 410'. CMT
w/ 260 SX. TOC - Circ To Surf.

CSG LK 1145-1272'.
Pmp 400 SX + Circ CMT To
Surf. DO CMT. Would NOT TEST.
Re-Sa2 w/ 100 SX. Tested CSG
To 300 PSI for 30 min. OK.

Perfs: 3456' - 3558'.

5 1/2" 14# @ 3650'. CMT w/
300 SX. TOC @ 2450' by CBL.

District I
1625 N French Dr, Hobbs, NM 88240
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State of New Mexico
Energy Minerals and Natural Resources
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Form C-144 CLEZ
July 21, 2008

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Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: McDonnold Operating Inc. OGRID # 14372
Address: 505 N. Big Spring Suite 204, Midland Tx 79701
Facility or well name: State A-16 #1
API Number: 30-025-24814 OCD Permit Number: _____
U/L or Qtr/Qtr M Section 16 Township 24S Range 37E County: Lea
Center of Proposed Design: Latitude _____ Longitude _____ NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2.
 Closed-loop System: Subsection H of 19.15.17.11 NMAC
Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A
 Above Ground Steel Tanks or Haul-off Bins

3.
Signs: Subsection C of 19.15.17.11 NMAC
 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
 Signed in compliance with 19.15.3.103 NMAC

4.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
 Previously Approved Design (attach copy of design) API Number: _____
 Previously Approved Operating and Maintenance Plan API Number: _____

5.
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
 Yes (If yes, please provide the information below) No
Required for impacted areas which will not be used for future service and operations:
 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.
Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): Craig M. McDonnold Title: President
Signature: Craig M. McDonnold Date: 7-5-11
e-mail address: _____ Telephone: 432-682-3199

7.
OCD Approval: Permit Application (including closure plan) Closure Plan (only)
 OCD Representative Signature: _____ Approval Date: _____
 Title: _____ OCD Permit Number: _____

8.
Closure Report (required within 60 days of closure completion): Subsection K of 19 15.17 13 NMAC
Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.
 Closure Completion Date: _____

9.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:
Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.
 Disposal Facility Name: _____ Disposal Facility Permit Number: _____
 Disposal Facility Name _____ Disposal Facility Permit Number: _____
 Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?
 Yes (If yes, please demonstrate compliance to the items below) No
Required for impacted areas which will not be used for future service and operations:
 Site Reclamation (Photo Documentation)
 Soil Backfilling and Cover Installation
 Re-vegetation Application Rates and Seeding Technique

10.
Operator Closure Certification:
 I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.
 Name (Print): _____ Title: _____
 Signature: _____ Date: _____
 e-mail address: _____ Telephone: _____

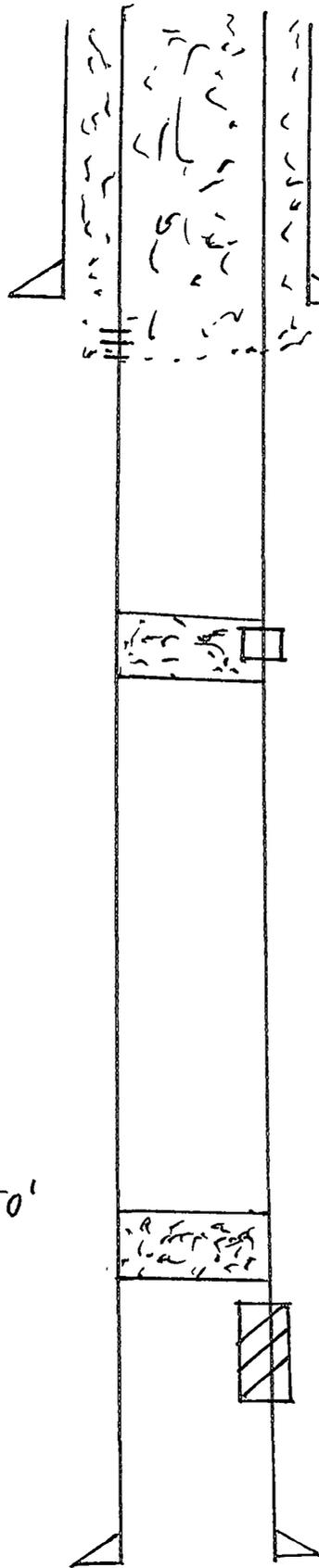
AFTER

Fill 5 1/2" & 8 5/8" w/
CMT from 460' - Surf.

SQ2 holes @ 460'

CMT Plug
1300' - 1200'

CMT Plug 3450' - 3350'



STATE A-16 #1
API # 30-025-24814

8 5/8" 20# @ 410' CMT
w/ 260 SX. TOC - Circ To Surf.

CSG LK 1175-1272'.
Pmp 400 SX & Circ CMT To
Surf. DO CMT. Would NOT TEST.
Re-Sa2 w/ 100 SX. Tested CSG
To 300 PSI for 30 min. OK.

Perfs: 3456' - 3558'

5 1/2" 14# @ 3650'. CMT w/
300 SX. TOC @ 2450' by CBL.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires January 31, 2004

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 reverse side.

1 Type of Well
 Oil Well Gas Well Other

2 Name of Operator
 McDonnold Operating Inc.

3a Address 505 N. 15th Spring, Suite 204
 Midland, Tx 79701

3b Phone No. (include area code)
 432-682-3499

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)
 660' FNL and 660' FWL
 D-35-205-36E, Lea Co. NM

5 Lease Serial No
 NMNM 07966

6 If Indian, Allottee or Tribe Name

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

8 Well Name and No
 Bay Federal #3

9 APN Well No
 30-025-04408

10 Field and Pool, or Exploratory Area
 Eumont Y-7rirs QN

11 County or Parish, State
 Lea Co. NM

12. CHECK 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 recomplate 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

TD 4070'
 Perfs 3855'-3969'
 TOC 699'
 8 5/8" @ 351' w/ 225 sx TOC surf.
 5 1/2" @ 4070' TOC 699'
 CIBP @ 3800' w/ 35' cmt on top.
 Perfs 3087'-3407'

NU 3K BOP
 MIRU P&A rig. POOH w/ PKR.
 Set CIBP @ 3040'. Spot 25sx plug on top.
 Circ hole w/ 12.5#/gal mud laden fluid.
 Perf 502 holes @ 400' & fill 5 1/2" & 8 5/8"
 CSG w/ cmt.

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Craig M. McDonnold Title President

Signature Craig M. McDonnold Date 6-3-11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

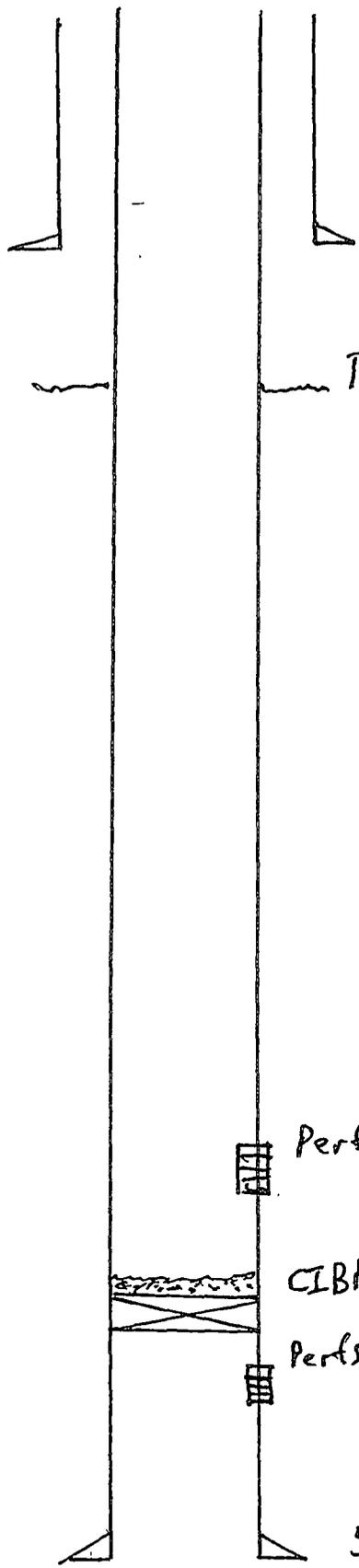
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office _____

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.

Bay Fed #3

30-025-04408

Wellbore schematic - 3/21/11



8 5/8" 28# J-55 CSG @ 351'
CMT w/ 225 SX. CMT Circ.

TOC @ 699'

Perfs 3087'-3407'

CIBP @ 3000' w/ 35' CMT on Top -

Perfs 3855'-3969'

5 1/2" 14# J-55 CSG @ 4070'
CMT w/ 300 SX around shoe and
100 SX Through DV Tool @ 1461'.
TOC @ 699'.

BAY Tex ->

Proposed G&H.

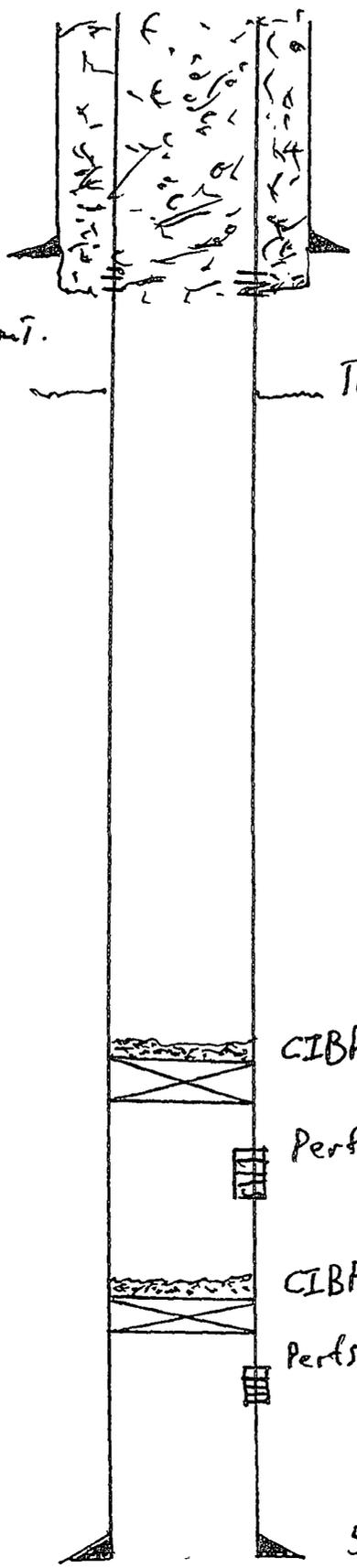
30-025-04408

Perf SQZ holes @ 400'.

Fill 8 5/8" & 5 1/2" csg w/ cmt.

8 5/8" 28# J-55 csg @ 351'.
cmt w/ 225 sx. cmt circ.

TOC @ 699'



CIBP @ 3040'. Spot 25 sx cmt on top.

Perfs 3087'-3407'

CIBP @ 3000' w/ 35' cmt on top.

Perfs 3855'-3969'

5 1/2" 14# J-55 csg @ 4070'
cmt w/ 300 sx around shoe and
100 sx Through DV Tool @ 1461'.
TOC @ 699'.