STATE OF NEW MEXICO : ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION COMMISSION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE COMPLIANCE AND ENFORCEMENT MANAGER, FOR AN ORDER AUTHORIZING THE DIVISION TO RECOGNIZE AN OPERATOR OF RECORD FOR WELLS CURRENTLY OPERATED BY YESO ENERGY, INC., LEA, EDDY AND CHAVES COUNTIES, NEW MEXICO.

CASE NO. 14547 De Novos

JUDAH OIL'S MOTION TO DISMISS

Judah Oil, LLC ("Judah Oil") respectfully requests that the Oil Conservation Commission ("Commission") dismiss Case No. 14547 as most with respect to three of the four wells at issue. In support of this motion, Judah Oil states:

I. **Background Facts**

- 1. Case No. 14547 is advertised as seeking an order authorizing the Division "to recognize an operator of record" for four wells currently operated by Yeso Energy, Inc.
- 2. On August 19, 2010, the Division filed its Application for Hearing that resulted in Case No. 14547. The Division's Application reflects that the four wells at issue are located on federal lands (Application at ¶ 6 and ¶7) and that under Order No. R-12930-B, Yeso Energy Inc. was instructed to either plug these wells "or transfer each of said wells to another operator, not affiliated with Yeso and approved by the Division, not later than March 15, 2010." Application at ¶ 4.
- 3. The only substantive relief requested under the Division's August 19th
 Application is for an order addressing "how operator change requests for Yeso be handled,
 including the pending application for operator change filed by Judah Oil LLC." Application at 2.

- 4. Since the filing of the Division's Application, the BLM has approved Judah Oil as the new operator of record for three of the four wells at issue: the Dow "B" 28 Federal No. 1 (API 30-15-28676); the Dalton Federal No. 1 (API 30-015-25259); and the Gulf McKay Federal No. 1 (API 30-025-25471). *See* Attachments A-1, B-1 and C-1 (Approved Change of Operator Forms).
- 5 Judah Oil has met, or is addressing, the conditions of approval imposed by the BLM for each of these three wells:
 - A. On September 7, 2010, Judah Oil submitted a sundry notice to the BLM stating its intent to convert the Dow B Federal Well No. 1 to a commercial saltwater disposal well. *See* Attachment A-2. Division records will reflect that on August 17, 2010, Judah submitted a C-108 Application to Inject to the Division for approval of this commercial saltwater disposal well.
 - B. On September 16, 2010, Judah submitted sundry notices to the BLM stating its intent to return the Dalton Federal No. 1 and the Gulf McKay Federal No. 1 back to production. *See* Attachments B-2 and C-2.
 - C. Since these September filings, Judah Oil has discussed with BLM inspector Jim Amos the current conditions at each of these well sites and Judah Oil's operational plans. Judah Oil is scheduled to meet with Mr. Amos at each of these well sites in early October to discuss and address any concerns the BLM may have about these well sites. *See* Attachment D (Affidavit of James B. Campanella).
- 6. Judah Oil has in place all of the bonding requirements imposed by the BLM for its proposed operations at these three well sites. *See* Attachment D (Campanella Affidavit).

- 7. Judah has applied with the BLM for a Right-of-Way to use the Dow B "28" Federal No. 1 for a commercial saltwater disposal well. See Attachment D (Campanella Affidavit).
- 8. Judah Oil s not affiliated with the former operator, Yeso Energy, Inc. See Attachment D (Campanella Affidavit).
- 9. The wells at issue in Case No. 14547 are federal wells and therefore under the primary jurisdiction of the BLM.

II. The BLM's Recent Actions Render the Relief Sought in Case No. 14547 Moot for Three of the Four Wells At Issue.

Case No. 14547 should be dismissed with respect to the Dalton Federal No. 1, the Dow B 28 Federal No. 1, and the Gulf McKay No. 1. The relief requested by the Division has been rendered moot by the BLM's recent actions. Essentially, now that the BLM has approved Judah Oil as the operator of these three wells, there is nothing left for the Commission to decide.

The Dalton Federal Well No. 1, the Dow B 28 Federal Well No. 1, and the Gulf McKay Well No. 1 were drilled pursuant to federal leases issued by the BLM. As the mineral owner and lessor of these properties, the BLM has primary jurisdiction over these wells. 30 U.S.C.A. §223 et seq.; 43 CFR 3100 et seq. The BLM has approved Judah Oil as the current operator of record for these wells. That approval was accomplished through the procedures put in place by the BLM for change of operators for wells on federal lands. Judah Oil has in place all of the necessary bonding and has met, or is in the process of meeting, all of the conditions of approval imposed by the BLM for this change of operator.

The Division's application seeking "guidance" from the Commission on how it should proceed with the change of operator notices submitted by Judah Oil for these three federal wells

has been answered and rendered moot by the BLM's recent actions. Indeed, Judah Oil is the *only operator* that has stepped forward and obtained the necessary approvals from the BLM to take over responsibility for these federal wells. Accordingly, there is nothing left for the Commission to decide nor is there any reason for the Division not to accept the change of operator forms approved by the BLM for these three federal wells.

WHEREFORE, Judah Oil respectfully requests that the Commission Chair enter an order before the scheduled hearing:

A. Dismissing Case No. 14547 with respect to the Dalton Federal No. 1 (API 30-015-25259); the Dow "B" 28 Federal No. 1 (API 30-15-28676); and the Gulf McKay Federal No. 1 (API 30-025-25471); and

B. Instructing the Division to process the pending notices of operator change filed by Judah Oil for these three wells, as well as the C-108 Application to Inject filed by Judah Oil for the Dow "B" 28 Federal No. 1.

Respectfully submitted,

HOLLAND & HART, LLP

Michael H. Feldewert Ocean Munds-Dry Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

omundsdry@hollandhart.com

ATTORNEYS FOR JUDAH OIL, LLC

CERTIFICATE OF SERVICE

I certify that on September 28, 2010, I served a copy of the foregoing document *Judah*

Oil's Motion to Dismiss to the following by U.S. Mail, postage prepaid to:

Yeso Energy, Inc. Post Office Box 2248 Roswell, New Mexico 88202-0248

Chica Energy LLC 3003 McPherson Road Roswell, New Mexico 88201

Scott Hall Montgomery & Andrews, PA Post Office Box 2307 Santa Fe, New Mexico 87504

James Bruce Post Office Box 1056 Santa Fe, New Mexico 87504

BLM Carlsbad Field Office Attn.: Jim Stovall, Field Manager 620 E. Greene Street Carlsbad, New Mexico 88220

Michael H. Feldewert



OPERATOR'S CO

Form 3160-5 (September 2001)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Serial No. LC-029420-B

Do not use ti abandoned w	enter an roposals.	6. If Indian, A	Illottee or Tribe Name		
SUBMIT IN TR	SUBMIT IN TRIPLICATE- Other instructions on reverse side.			7. If Unit or C.	A/Agreement, Name and/or No
1. Type of Well ☐ ☐ ☐ Gas Well ☐ ☐ Other			8. Well Name	and No. Federal #1 Dove B 28	
2. Name of Operator Judah Oil, L	LC			9. API Well	No.
3a Address P.O. Box 568 Artesia, NM 88	211-0568	3b. Phone No. (include 575-746-1280	de area code)	10. Field and P	ool, or Exploratory Area
4. Location of Well (Footage, Sec.,					ke, East Morrow/Shugart
ULK, 1650 feet FSL, and 2310	feet FWL, Section 28, TS 17S	, Range 31E		11 County or Eddy, NM	•
12. CHECK A	PROPRIATE BOX(ES) TO	INDICATE NATU	RE OF NOTICE, F	EPORT, OR C	THER DATA
TYPE OF SUBMISSION		TY	PE OF ACTION	·	
Notice of Intent ✓ Subsequent Report Final Abandonment Notice	Acidize Alter Casing Casing Repair Change Plans Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Production (St Reclamation Recomplete Temporarily Al Water Disposal	[[Water Shut-Off Well Integrity Other Change of Operator
Attach the Bond under which the following completion of the investing has been completed. Find determined that the site is ready As required per Onshore of Judah Oll, LLC as a new of the lease or portion of this Operator Contact Info: Judah Oll, LLC PO Box 568 Artesia, NM 88211-0568 Responsible Party: James B Campanella 575-746-1280 575-748-5488 575-746-1290 Fax	Orders, Judah Oil, LLC has tal perator accepts all terms, conc	le the Bond No. on file esults in a multiple com iled only after all require ken over as operator dittons, restrictions a	with BLM/BIA. Require pletion or recompletion or ments, including reclam for Yeso Energy, Including stipulations concerns at the stipulations at	ed subsequent repoin a new interval, a nation, have been contained to the above derived for any and	orts shall be filed within 30 days Form 3160-4 shall be filed once completed, and the operator has escribed effective 8/11/2010.
14. I hereby certify that the foreg Name (Printed/Typed)	oing is true and correct				
James B. Campar	ella	Title M	lember/Manager		
Signature	18 Sans	Date	08	3/11/2010	
	THIS SPACE FOR FI	EDERAL OR S	TATE OFFICE	USE	
Approved by Conditions of approval, if any, are att certify that the applicant holds legal of which would entitle the applicant to continue the second of th	or equitable title to those rights in the conduct operations thereon. 3 U.S.C. Section 1212, make it a conduct operations thereon.	es not warrant or he subject lease	itle LPET	Date	8/3///o
States any false, fictitious or frauduler	it statements or representations as	to any matter within its	jurisdiction.		



Conditions of Approval

Judah Oil LLC

Dalton Federal #1, Dow "28" Federal #1 and Gulf McKay Federal #1

1. Submit plan for approval of well operations within 30 days of this approval to change operator.

The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a Shut-in (SI) or Temporarily Abandoned (TA) are as follows. Shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities, but which may have value as a service completion.

43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Therefore, an Operator must submit a Sundry Notice as a Notice of Intent prior to beginning any operation. It may be approved with condition of approval attached. You need to submit a plan for the well within in 30 days stating your intent for the well.

Do one of the following.

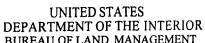
- 1. Return the well to production or beneficial use.
- 2. Submit notice of intent to plug and abandon.

If you decide to **plug and abandon** the well, submit a Sundry Notice (form 3160-5, original and 3 copies) describing the proposed plugging program with before and after diagrams of well bore.

If you decide to **return the well to production**, submit a Sundry Notice (form 3160-5, original and 3 copies). Include the date you anticipate the well being placed back in service. 43 CFR 3162.4-1(c) also requires you to notify the Authorized officer, not later than the fifth business day after production is resumed for any well which has been off production for more than 90 days, include the date on which such production was resumed. Notification may be by letter or Sundry Notice, or orally followed by letter or Sundry Notice.

2. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909





FORM APPROVED
OM B No. 1004-0135
Expires: January 31 2004

BUREAU OF LAND MANAGEMENT				5. Lease Ser LC 029	
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.					n, Allottee or Tribe Name
SUBMIT IN TRIPLICATE- Other instructions on reverse side.					or CA/Agreement, Name and/or No.
	✓ Gas Well□□			8. Well Na	me and No. B" 28 Federal #1
2. Name of Operator Judah Oil, L	LC ,			9. API W	ell No.
3a. Address PO Box 568 Artesia, NM 882		3b. Phone No. (in 575-746-1280	clude area code)	10. Field ar	i-28676 and Pool, or Exploratory Area
4. Location of Well (Footage, Sec., ULP 1028FSL, 1227 FEL, Sec				11. County	Lake, East Morrow/Shugart or Parish, State County, NM
12. CHECK A	PPROPRIATE BOX(ES) TO	INDICATE NA	TURE OF NOTICE,	REPORT, OI	R OTHER DATA
TYPE OF SUBMISSION			TYPE OF ACTION		
Notice of Intent Subsequent Report Final Abandonment Notice	Acidize Alter Casing Casing Repair Change Plans Convert to Injection ed Operation (clearly state all pertir	Deepen Fracture Treat New Constructi Plug and Aband Plug Back	Reclamation On Recomplete Temporarily Water Disp	Production (Start/Resume) Reclamation Recomplete Temporarily Abandon Water Shut-C Well Integrity Conv Comm Dispos	
testing has been completed. Find determined that the site is ready Judah Oil, LLC intends to NMOCD dated 8-17-2010.	nal Abandonment Notices shall be to for final inspection.) convert this well to a Comme This well will be converted up	filed only after all req rcial Salt Water D	uirements, including red	clamation, have bee	I, a Form 3160-4 shall be filed once n completed, and the operator has -108 Application to Inject to the
14. I hereby certify that the foreg Name (Printed/Typed)	companelle	Title	Member/Manager		
Signature Date				09/07/2010	
	THIS SPACE FOR F	EDERAL OR	STATE OFFIC	E USE	
Approved by 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 Office	. Da	ite
Title 18 U.S.C. Section 1001 and Title 4 States any false, fictitious or frauduler	3 U.S.C. Section 1212 make it a c	rime for any person to any matter within	knowingly and willfuli its jurisdiction.	y to make to any o	department or agency of the United
(Instructions on page 2)					

OPERATOR'S COPY

FORM APPROVED OM B No. 1004-0135 Expires: January 31, 2004 Form 3160-5 (September 2001) UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT 5. Lause Serial Vo. NM 14840 SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7 If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. Type of Well Oil Well 0 Gas Well DD 8. Well Name and No. Dalton Federal # 2. Name of Operator Judah Oll, LLC 9. API Well No. 30-015-26259 3u Address 3b Phone No finclude area code) P.O. Box 568 Artesia, NM 88211-0568 575-746-1280 10 Field and Pool, or Exploratory Area Grayburg-Jackson 4. Location of Well (Foolage, Sec., T., R., M., or Survey Description)
1650 FNL, 790 FEL
UL H, Section 29, T178 R29E 11. County or Parish, State Eddy, NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Alter Casing Fracture Treat Reclamation Well Integrity Casing Repair New Construction Recomplete Other Change of Operator Subsequent Report Change Plans Temporarily Abandon Plug and Abandon Final Abandonment Notice Convert to Injection ___ Plug Ba≎k ■ Water Disposal 13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate curation 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 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.) As required per Oushore Orders, Judah Oll, LLC has taken over as operator for Yeso Energy, Inc. on the above described effective 8/11/2010. Judah Oll, LLC as a new operator accepts all terms, conditions, restrictions and stipulations concerned for any and all operation conducted on the lease or portion of this lease as described above. Operator Contact Info: Judah Oll, LLC PO Box 568 Artesia, NM 88211-0568 Responsible Party: James B Companella 575-746-1280 575-748-5488 575-746-1290 Fax Bonding Coverage NM 14840 Bond Amount: \$25,000.00 plus an additional \$100,000.00 Bond # NMB00451 I hereby certify that the foregoing is true and correct Name (Printed/Typed) antes B. Can Title Member/Manager 08/11/2010 Signature THIS SPACE FOR FEDERAL OR STATE OFFICE USE 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 Office 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)

> ATTACHMENT . B-1

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Conditions of Approval

Judah Oil LLC

Dalton Federal #1, Dow "28" Federal #1 and Gulf McKay Federal #1

 Submit plan for approval of well operations within 30 days of this approval to change operator.

The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a Shut-in (SI) or Temporarily Abandoned (TA) are as follows. Shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities, but which may have value as a service completion.

43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Therefore, an Operator must submit a Sundry Notice as a Notice of Intent prior to beginning any operation. It may be approved with condition of approval attached. You need to submit a plan for the well within in 30 days stating your intent for the well.

Do one of the following.

- 1. Return the well to production or beneficial use.
- 2. Submit notice of intent to plug and abandon.

If you decide to plug and abandon the well, submit a Sundry Notice (form 3160-5, original and 3 copies) describing the proposed plugging program with before and after diagrams of well bore.

If you decide to return the well to production, submit a Sundry Notice (form 3160-5, original and 3 copies). Include the date you anticipate the well being placed back in service. 43 CFR 3162.4-1(c) also requires you to notify the Authorized officer, not later than the fifth business day after production is resumed for any well which has been off production for more than 90 days, include the date on which such production was resumed. Notification may be by letter or Sundry Notice, or orally followed by letter or Sundry Notice.

2. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909

Form 3160-5 (September 2001)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OM B No. 1004-0175 Expires: January 31, 2004

 Lease Serial No. N.M. 14840

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.

6. If Indian, Allottee or Tribe Name

			•	1	
SUBMIT IN TRIPLICATE- Other instructions on reverse side.			7. If Unit or	CA/Agreement, Name and/or No.	
1. Type of Well Oil Well O Gas Well O Other					ne and Na
2. Name of Operator Judab Oil, L.	LC			Dalton 9. API We	Federal #1
31 Address 36 Phone No. (include area code) PO Box 568 Artesia, NM 88211-0568 575-746-1280			e area code)	30-015-26239- 30-015-25 10. Field and Pool, or Exploratory Area	26259- 30-015-250
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)			Graybu	irg-Jacskon	
Ul H, Section 29, T 17S, R 29E	PPROPRIATE BOX(ES) TO	O INDICATE NATUE	PE OF NOTICE	Eddy C	or Parish, State County, NM COTHER DATA
TYPE OF SUBMISSION	PROPRIATE BOX(ES) TO		PE OF ACTION	KEPUKI, UK	OTHER DATA
✓ Notice of Intent Subsequent Report Final Abandonment Notice	Acidize Alter Casing Casing Repair Change Plans Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Production (S Reclamation Recomplete Temporarily A Water Disposa	.bandon	Water Shut-Off Well Integrity Other
					rk and approximate duration thereof

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 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.)

Judah Oil, LLC proposes to return the well to production. The well will be returned to production by October 1, 2010. Condition pending upon NMOCD approval of Change of Operator.

nte	09/07/2010			
THIS SPACE FOR FEDERAL OR STATE OFFICE USE				
Title	Date			
Office				
	R STATE OFFI Title Office	R STATE OFFICE USE Title Date		

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.



✓ Gas Well □□

OPERATOR'S COPY

Form 3160-5 (September 2001)

Type of Well

3a Address

Öil Well 🗆 🗆

P.O. Box 568 Artesia, NM 88211-0568

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

2. Name of Operator Judah Oil, LLC

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

Lease Serial No.

NM 67088

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.

	11111 07500
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA/Agreement, Name and/or No.
	8. Well Name and No. Gulf McKay Federal #1
	9. API Well No. 30-025-25471
	10. Field and Pool, or Exploratory Area Lusk San Andres
	11. County or Parish, State Lea County, NM
RI	EPORT, OR OTHER DATA
Star	t/Resume) Water Shut-Off Well Integrity

FORM APPROVED OM B No. 1004-0135

Expires: January 31, 2004

1980' FWL and 660' FSL Unit N, Section 34 Township 18S, Range 22 East 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, TYPE OF SUBMISSION TYPE OF ACTION Acidize Deepen Production (S Notice of Intent Alter Casing Fracture Treat Reclamation Other Change of Operator Casing Repair New Construction Recomplete Subsequent Report Change Plans Plug and Abandon Temporarily Abandon Final Abandonment Notice Plug Back Water Disposal Convert to Injection

3b. Phone No. (include area code)

575-746-1280

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 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.)

As required per Onshore Orders, Judah Oil, LLC has taken over as operator for Yeso Energy, Inc. on the above described effective 8/11/2010. Judah Oil, LLC as a new operator accepts all terms, conditions, restrictions and stipulations concerned for any and all operation conducted on the lease or portion of this lease as described above.

Operator Contact Info: Judah Oll, LLC PO Box 568

Artesia, NM 88211-0568

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Responsible Party: James B Campanella 575-746-1280 575-748-5488 575-746-1290 Fax

Bonding Coverage NM 67988 Bond Amount: \$25,000.00 plus an additional \$100,000.00 Bond # NMB00451

TARILLE IS A LOCAL CONTRACTOR OF THE CONTRACTOR				
 I hereby certify that the foregoing is true and correct Name (Printed/Typed) 				
James B. Campanella	Title Me	ember/Manager		
Signature Signature	Date	0	8/11/2010	
THIS SPACE FOR FEDERAL	OR ST	ATE OFFICE	USE	
Approved by J.D.W Billocka	Tit	ie <i>LPE-</i> 7	Date 8/31/10	
Conditions of approval, if any, are attached. Approval of this notice does not warrant certify that the applicant holds legal or equitable title to those rights in the subject leas which would entitle the applicant to conduct operations thereon.		ice (Fo		
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any p States any false, fictitious or fraudulent statements or representations as to any matter v	erson kno within its	wingly and willfully to	o make to any department or agency of	the United



BUREAU OF LAND MANAGEMEN Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Conditions of Approval

Judah Oil LLC

Dalton Federal #1, Dow "28" Federal #1 and Gulf McKay Federal #1

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Form 3160-5 . (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

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7	FORM APPROVED
	OMB No. 1004-0137
	Expires: July 31, 2010

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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.				6. If Indian, Allottee or Tribe Name	
SUBMIT IN TRIPLICATE - Other instructions on page 2.			7. If Unit of CA/Agr	eement, Name and/or No.	
1. Type of Well	······································				
Oil Well 🕢 Gas V	Well Other		8. Well Name and No Gulf McKay Federa		
2. Name of Operator Judah Oil, LLC			9. API Well No. 30-025-25471		
3a. Address		3b. Phone No. (include area code)	10. Field and Pool or	Exploratory Area	
PO Box 568 Artesia, NM 88211-0568		575-746-1280	Lusk San Andres		
4. Location of Well (Footage, Sec., T., 1980' FWL and 660' FSL, Unit N, Section 34, To	R., M., or Survey Description ownship 18S, Range 32 East	ı)	11. Country or Parish Lea County, NM	, State	
12. CHEC	X THE APPROPRIATE BO	DX(ES) TO INDICATE NATURE C	OF NOTICE, REPORT OR OTH	IER DATA	
TYPE OF SUBMISSION		TYPE	OF ACTION		
✓ Notice of Intent	✓ Notice of Intent Acidize Deepen ✓ Production (Star Alter Casing Fracture Treat Reclamation		= ` '	Water Shut-Off Well Integrity	
Subsequent Report	Casing Repair	New Construction	Recomplete	Other	
Final Abandonment Notice	Change Plans Convert to Injection	Plug and Abandon Plug Back	Temporarily Abandon Water Disposal		
Attach the Bond under which the v following completion of the involv	ally or recomplete horizontal work will be performed or pro ed operations. If the operati Abandonment Notices must	ly, give subsurface locations and me ovide the Bond No. on file with BLM	asured and true vertical depths of MBIA. Required subsequent re or recompletion in a new interva	of all pertinent markers and zones. ports must be filed within 30 days I, a Form 3160-4 must be filed once	
Judah Oil, LLC proposes to run tubin 2010. Condition pending upon NMC			duction. We intend to return	to production by December 1,	
•					
'25-	,				
-					
14. I hereby certify that the foregoing is to James B. Campanella	ie and correct. Name (Printea	VTyped)	•		
James B. Campanella		Title Member/Ma	nager		
8: () 74	1	- 00/40/0040			
Signature (· ///	Date 09/16/2010			

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 ' fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

entitle the applicant to conduct operations thereon.

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

Approved by

がHIS SPACE FOR FEDERAL OR STATE OFFICE USE

Title

Office

Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

AMENDED

FORM APPROVED OMB No. 1004-0137 Expires: March 31, 2007

5.	Lease Serial No. NM 67988
6	If Indian, Allottee or Tribe Name

SUNDRY NOTICES AND REPORTS ON WELLS				NM 679	NM 67988	
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.				6 If Indian	, Allottee or Tribe Name	
SUBMIT IN TRIPLICATE- Other instructions on reverse side.				7. If Unit or CA/Agreement, Name and/or No.		
1. Type of Well Oil Well O Gas Well O Other				8. Well Name and No.		
2. Name of Operator Judah Oil, LLC				Gulf M	cKay Federal #1	
3a Address 3b. Phon P.O. Box 568 Artesia, NM 88211-0568 575-74			lude area code)	30-025-25471 10. Field and Pool, or Exploratory Area		
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)			Lusk San Andres			
1980' FWL and 660 FSL Unit N, Section 34 Township 18S, Range 32 East				11. County	or Parish, State	
200 1 1 2 ma 000 1 22 0 m 1 1, 000 m 1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2				Lea County, NM		
12. CHECK AF	PPROPRIATE BOX(ES) TO	INDICATE NAT	URE OF NOTICE,	REPORT, OF	OTHER DATA	
TYPE OF SUBMISSION TYPE OF ACTION						
Notice of Intent ✓ Subsequent Report	quent Report Casing Repair New Construction Recomplete Other Change of Or					
Change Plans Plug and Abandon Temporarily A					- <u></u>	
Final Abandonment Nouce Convert to Injection Plug Back Water Disposal						
following completion of the invitesting has been completed. Fin determined that the site is ready As required per Onshore (Judah Oil, LLC as a new of the lease or portion of this Operator Contact Info: Judah Oil, LLC PO Box 568 Artesia, NM 88211-0568 Responsible Party: James B Campanella 575-746-1280 575-748-5488 575-746-1290 Fax Bonding Coverage NM 679	olved operations. If the operation hal Abandonment Notices shall be for final inspection.) Orders, Judah Oil, LLC has ta operator accepts all terms, con lease as described above.	results in a multiple or filed only after all requ ken oever as opera ditions, restrictions	empletion or recompletion airements, including reclar tor for Yeso Energy, I and stipulations conc	in a new interva mation, have bee nc. on the above erned for any	eports shall be filed within 30 days l, a Form 3160-4 shall be filed once in completed, and the operator has be described effective 8/11/2010. and all operation conducted on	
Name (Printed/Typed) James B. Campanella			Member/Manager			
Signature			20115-2010			
my	THIS SPACE FOR F	Date DEPAL OR			•	
	THIS STACE FOR F	EDERAL OR	SIAIE UPPICE	USE		
Approved by Conditions of approval, if any, are attached. Approval of this notice does not warra certify that the applicant holds legal or equitable title to those rights in the subject lewhich would entitle the applicant to conduct operations thereon.		pes not warrant or the subject lease	Title Office	D	ate	
Title 18 U.S.C. Section 1001 and Title 4 States any false, fictitious or frauduler	13 U.S.C. Section 1212 make it a	crime for any person to any matter within	knowingly and willfully its jurisdiction.	to make to any	department or agency of the United	

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION COMMISSION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE COMPLIANCE AND ENFORCEMENT MANAGER, FOR AN ORDER AUTHORIZING THE DIVISION TO RECOGNIZE AN OPERATOR OF RECORD FOR WELLS CURRENTLY OPERATED BY YESO ENERGY, INC., LEA, EDDY AND CHAVES COUNTIES, NEW MEXICO.

CASE NO. 14547 De Novo

AFFIDAVIT OF JAMES B. CAMPANELLA

James B. Campanella, being first sworn, state as follows:

- 1. I am the agent and managing partner of Judah Oil, LLC, with its principal offices located in Artesia, New Mexico. I have personal knowledge of all facts stated in this Affidavit.
- 2. Judah Oil has been approved by the BLM as the successor operator to Yeso Energy, Inc., for the following wells located on federal lands: the Dalton Federal No. 1 (API 30-015-25259); the Dow "B" 28 Federal No. 1 (API 30-15-28676); and the Gulf McKay Federal No. 1 (API 30-025-25471).
- 3. Judah Oil is not affiliated with Yeso Energy, Inc., and the two companies do not share common employees, managers, principals or shareholders.
- 4. I have discussed with BLM representatives the current conditions at each of these well sites and Judah Oil's operational plans for these well sites. I am scheduled to meet with BLM representatives at each of these well sites to discuss and address any concerns that they have about the current conditions.
- 5. Judah Oil has met all of the BLM's bonding requirements for Judah's proposed operations at these well sites.

ATTACHMENT

6. In addition to the filing of an Application to Inject with the Oil Conservation

Division, Judah has applied with the BLM for a Right-of-Way to use the Dow B "28" Federal

No. 1 for a commercial saltwater disposal well.

FURTHER AFFIANT SAYETH NAUGHT.

James B. Carripanella

STATE OF NEW MEXICO) ss. COUNTY OF \underline{Ebby})

The foregoing instrument was subscribed and sworn to before me this 28^{th} day of September, 2010 by James B. Campanella, an individual.

Witness my hand and official seal.

mission expires:

Notary Public (