

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0137
Expires: October 31, 2014

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 <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> | 2. Name of Operator SHACKELFORD OIL CO. | 3a. Address P.O. BOX 10665, MIDLAND, TX 79702 | 3b. Phone (Area code) 432-682-9784 | 5. Lease Serial No. NMLC 063586 | 6. If Indian, Allottee or Tribe Name | 7. If Unit or CA, Agreement, Name and/or No. | 8. Well Name and No. Southern California Federal #7 | 9. API Well No. 30-025-30328 | 10. Field and Pool, or Exploratory Area Lusk; Delaware, West | 11. County or Parish, State Lea, 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 checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | CHANGE OF OPERATOR |
| | <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 shall 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 determined that the site is ready for final inspection.)

As required by 43 CFR 3100.0-5(a) and 43 CFR 3162.3, we are notifying you of a change of operator on this lease effective September 1, 2013.

Shackelford Oil Co., as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning Operations conducted on the lease portion of lease described.

Shackelford Oil Co. meets federal bonding requirements as follows (43 CFR 3104):

Bond Coverage:

Individually Bonded
Oil & Gas Lease Bond

BLM Bond File No: RLB 0013850
BLM Bond File No: PIB 0003229

**SUBJECT TO LIKE
APPROVAL BY STATE**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

| | |
|---|-----------------------|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) CLAY HOUSTON | Title 432-682-9784 |
| Signature <i>Clay Houston</i> | Date 9-5-13 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved by /s/ Jerry Blakley | Title |
| 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. | |
| Accepted for Record Only /s/ DCD 12/26/13 | |
| 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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction | |

APPROVED

DEC 18 2013

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

DEC 30 2013

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

Effective 9/1/2013
Bond NM2156

**12/17/2013 Approved subject to Conditions of Approval. JDB
Change of Operator
Conditions of Approval**

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method.
3. Submit updated facility diagrams as per Onshore Order #3
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.