NMOCD Hobbs FORM APPROVED OMB No. 1004-0137 Form 3160-5 UNITED STATES (June 2015) Expires: January 31, 2018 DEPARTMENT OF THE INTERIOR 5. Lease Serial No. BUREAU OF LAND MANAGEMENT NMLC-065607 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 of CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on page 2 1. Type of Well MAR 1 4 2016 8. Well Name and No. HUDSON FEDERAL #5 V Oil Well Gas Well Other 9. API Well No. 30-025-33247 2. Name of Operator READ & STEVENS, INC 3a. Address P.O. BOX 1518 3b. Phone No. (include area code) 10. Field and Pool or Exploratory Area (575) 622-3770 LEA; DELAWARE NE ROSWELL, NM 88202-1518 11. Country or Parish, State 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 560' FNL & 2130' FEL SEC 4, T20S-R34E LEA COUNTY, NM 12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Deepen Production (Start/Resume) Water Shut-Off ✓ Notice of Intent Alter Casing Hydraulic Fracturing Reclamation Well Integrity New Construction Casing Repair Recomplete 1 Other Subsequent Report Change Plans Plug and Abandon Temporarily Abandon Final Abandonment Notice Convert to Injection Plug Back Water Disposal 13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be perfonned or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has detennined that the site is ready for final inspection.) Read & Stevens, Inc. is requesting a Change of Operator for the Hudson Federal #5 to: Read & Stevens, Inc. BLM Bond No. NMB001324 SEE ATTACHED FOR P. O. Box 1518 Bond Type: Oil & Gas Personal Bond CONDITIONS OF APPROVAL Roswell, NM 88202-1518 Bond Amount: \$300,000 \$50,000 Blanket Cash Plugging Bond Read & Stevens, Inc., Principal Pioneer Bank - Roswell Depository CD Account #0140101609 Bond #OCD-1042 Read & Stevens, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described above. 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Production & Regulatory Analyst Kelly Barajas Title 01/29/2016 Signature Date THE SPACE FOR FEDERAL OR STATE OFICE USE MAR 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 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.

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MAR 1 4 2016

Read & Stevens, Inc. March 02, 2016 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.
- 9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
- 10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
- 11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.

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