

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District 1

1625 N. French Drive

Hobbs, NM 88240

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

**SUNDRY NOTICES AND REPORTS ON WELLS** JAN 28 2013  
**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.  
NMNM 82040X NM0164650  
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

RECEIVED

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator  
Ridgeway Arizona Oil Corp

3a. Address  
200 N. Loraine, Suite 1440  
Midland, Texas 79701

3b. Phone No. (include area code)  
432-687-0303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
1980 FNL 660 FEL  
Sec-19, T-07S, R-34E

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

NM 82040X

8. Well Name and No.  
Jennifer Chaveroo #7

9. API Well No.  
30-041-10653

10. Field and Pool or Exploratory Area  
Chaveroo; San Andres

11. County or Parish, State  
Roosevelt, NM

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"/> 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 INC response
	<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 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 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 determined that the site is ready for final inspection.)

In response to INC 13KSB311

Ridgeway Arizona Oil respectfully requests that it be given until the third quarter of 2013 to begin working on this well.

In response to INC 12KSB221

F -- Denied; wells are in Temporary Abandonment  
( Status without approval, Submit Plugging  
Procedures or request to Temporary Abandon  
the Wells for Approval within 30 Days of  
Receipt of this Notice Waives 1-11-13

ell's dated 12/20/12 for Ridgeway's

will request timeline.

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

Jana True

Title Production/Regulatory Manager

Signature

Date

12/27/12

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

ROSWELL FIELD 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.

(Instructions on page 2)

<input checked="" type="checkbox"/> Certified Mail - Return Receipt Requested 70081830000260366244
<input type="checkbox"/> Hand Delivered Received by

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification	
IID	
Lease	NMNM0164650
CA	
Unit	NMNM82040X
PA	

Bureau of Land Management Office ROSWELL FIELD OFFICE				Operator RIDGEWAY ARIZONA OIL CORP			
Address 2909 W. SECOND ST. ROSWELL NM 88201				Address ONE RIVERWAY SUITE 610 HOUSTON TX 77056			
Telephone 505-627-0229				Attention			
Inspector BUSSELL				Attn Addr			
Site Name JENNIFER CHAVEROO UNIT	Well or Facility 7	1/4 1/4 Section SENE 19	Township 7S	Range 34E	Meridian NMP	County ROOSEVELT	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
11/19/2012	09:00	43 CFR 3162.3-4 (c)	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
01/02/2013			43 CFR 3163.1()

Remarks  
THE ABOVE REFERENCED WELL IS TEMPORARY ABANDONED / SHUT-IN WITHOUT PRIOR APPROVAL. 43 CFR 3162.3-4 (c) REQUIRES THAT WELL(S) INCAPABLE OF PRODUCTION IN PAYING QUANTITIES BE PROMPTLY PLUGGED AND ABANDONED AND REQUIRES APPROVAL FOR ANY WELL TEMPORARILY ABANDONED/ SHUT-IN FOR MORE THAN 30 DAYS. THEREFORE YOU ARE ORDERED TO DO ONE OF THE FOLLOWING:  
(Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address.

Company Representative Title Prod./Res. Mgr. Signature [Signature] Date 12/27/12  
Company Comments Sundry response attached

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <u>[Signature]</u>	Date <u>11/19/12</u>	Time <u>14:19</u>
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FOR OFFICE USE ONLY

Number 53	Date	Assessment	Penalty	Termination
Type of Inspection PI				

BLM Remarks, continued

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1. IF YOU DECIDE TO RETURN THE WELL TO PRODUCTION, SUBMIT A SUNDRY NOTICE (FORM 3160-5, ORIGINAL AND 5 COPIES) OF INTENT WITHIN 30 DAYS OF RECEIPT OF THIS LETTER. INCLUDE THE DATE YOU ANTICIPATED 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, THE DATE ON WHICH SUCH PRODUCTION WAS RESUMED. NOTIFICATION MAY BE BY LETTER OR SUNDRY NOTICE, OR ORALLY FOLLOWED BY LETTER OR SUNDRY NOTICE.

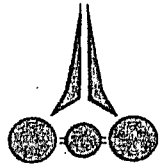
2. IF THE WELL IS TO BE USED FOR BENEFICIAL PURPOSES, SUBMIT A SUNDRY NOTICE (FORM 3160-5, ORIGINAL AND 5 COPIES) WITHIN 30 DAYS OF RECEIPT OF THIS LETTER AND INCLUDE INFORMATION CONCERNING FUTURE USE. A BRIEF DESCRIPTION OF YOUR PROPOSED PLANS AND ECONOMIC FEASIBILITY AND AN ANTICIPATED DATE FOR PLACING THE WELL IN BENEFICIAL USE WILL SUFFICE.

3. IF YOU DECIDE TO PLUG AND ABANDON THE WELL, SUBMIT A SUNDRY NOTICE (FORM 3160-5, ORIGINAL AND 5 COPIES) WITHIN 30 DAYS OF RECEIPT OF THIS LETTER AND DESCRIBE THE PROPOSED PLUGGING PROGRAM.

FOR MONITORING AND TRACKING PURPOSES;  
SUBMIT APPROPRIATE PAPERWORK TO THIS OFFICE  
ATTENTION: Kevin Bussell

IF YOU HAVE ANY QUESTIONS, CONTACT:

Kevin Bussell  
Petroleum Engineering Technician  
2909 West Second Street  
Roswell, NM 88201  
Office: (575) 627-0229  
Cell: (575) 420-2832  
E-Mail: kbussell@blm.gov



**Ridgeway**

**Arizona Oil Corporation**

**COPY**

December 26, 2012

Bureau of Land Management  
Roswell Field Office  
Attention: Kevin Bussell  
2909 W. Second Street  
Roswell, NM 88201

Re: Notices of Incidents of Noncompliance issued to Ridgeway Arizona Oil Corp on 11/19/12 for various Jennifer Chaveroo Unit wells, Roosevelt County, New Mexico

Mr. Bussell;

Ridgeway Arizona Oil Corp ("Company") is in receipt of the various Incidents of Noncompliance issued by your office on November 19, 2012 for twelve wells located in the Jennifer Chaveroo Unit, Roosevelt County, New Mexico. Twelve of the notices require that various wells be returned to production, a justification for future beneficial use be submitted or the wells be plugged.

In 2012, Ridgeway Arizona plugged twelve federal wells in the Chaveroo Field and plans are under way to plug an additional twenty wells in 2013. In addition, new geological data is being gathered and analyzed across the field that will better enable the Company to develop our plans to maximize the remaining productive potential at Chaveroo.

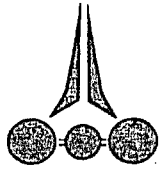
As we have discussed several times in the past, the Chaveroo Field was allowed to deteriorate over a thirty-year period prior to Ridgeway purchasing the property in 2008. The BLM has admitted that it was unable to obtain compliance from previous operators in the Field. Since acquiring the Field, Ridgeway has done the best that it could with the resources available and has made considerable progress in improving the overall condition of the Field. In order to continue to make this progress in its capacity as a prudent operator, it must be able to generate the revenues necessary to complete the vast amount of work that is still needed in the Field.

Geological studies are currently under way that will better enable the Company to rehabilitate a Field that, we all agree, has been neglected for decades and provide some much needed data to support the future beneficial use of a substantial number of wellbores within the Field. Ridgeway hereby requests some leniency in rectifying the above mentioned Incidents of Noncompliance for the twelve wells located within the Jennifer Chaveroo Unit. The Company believes that these wellbores remain a beneficial component of the overall redevelopment of the Field, particularly for future water flooding and or tertiary oil recovery. The Company is in the process of analyzing new information that will address the overall approach to rehabilitating the Field.

Ridgeway proposes that it MIT the seven Jennifer Chaveroo Unit wells located in Section 26, Township 7S, Range 33E (Jennifer Unit wells #'s 31,32,33,34, 44,45,46) and, based on the test results and new information being compiled, put together a plan to reactivate these wells. The Company will need additional time to process

200 N. Loraine, STE 1440  
Midland, TX 79701

Tel: 432-687-0303  
Fax: 432-687-0321



***Ridgeway***

***Arizona Oil Corporation***

information on the initial seven wells and review the results of our reactivation/rework efforts prior to initiating work on the remaining five wells on which Notices of Incidents of Noncompliance were received. Ridgeway respectfully requests that it be given until the third quarter of 2013 to begin work on the five Jennifer Chaveroo Unit wells located in Sections 19 and 20, Township 7S, Range 34E (Jennifer Unit wells #'s 5,6,7,8, 11).

We are available at your convenience to discuss our request.

Sincerely,

Jana True  
Ridgeway Arizona Oil Corp

200 N. Loraine, STE 1440  
Midland, TX 79701

Tel: 432-687-0303  
Fax: 432-687-0321