

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018**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 type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NM 0241 |
| 2. Name of Operator Herman L. Loeb LLC | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address PO Box 838 Lawrenceville, Ill. 62439 | 3b. Phone No. (include area code) (618) 943-2227 | 7. If Unit of CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 990' FSL, 330' FEL, Unit Itr P, Sec 35/24S/36E | | 8. Well Name and No. Cities Service Fed. #4 |
| | | 9. API Well No. 30-025-25176 |
| | | 10. Field and Pool or Exploratory Area Jalmat |
| | | 11. Country or Parish, State Lea Co. NM |

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | INT TO PA _____ P&A NR _____ P&A R <u>fm</u> X |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | |
| | <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 recompleate 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 recompleation 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.)

1/26/2016: MIRU Capitan WL. Set CIBP @ 2,900' GL. MIRU Per-Five. Load csg w/fresh wtr. PT csg & CiBP to 500 psi. Tstd OK. Spotted 50 sx Class C cmt mixed @ 14.8 ppg cmt on top of CIBP @ 2,900'.

1/27/2016: Tgd cmt plug @ 2,436'. Spot 23 bbls 9.5 ppg salt gel spacer fr/2,436' to 1,450'. RIH & perf 1,450'-1,451'. Established injection rate down 5 1/2" csg @ 3 BPM @ 70 psi w/full returns up 5 1/2" csg annulus. Mixed & ppd 478 sx Class C cmt mixed @ 14.8 ppg. Circ 20 sx good cmt to pit. Cmt standing at surface.

2/2/2016: Cut off all casing strings. Found top of cmt 6' below ground level. Welded cap on all csg strings & installed dry hole marker. Removed all surface equipment and reseeded location.

RECLAMATION
DUE 8-2-16**RECLAMATION PROCEDURE**
ATTACHEDAccepted as to plugging of the well bore.
Liability under bond is retained until
Surface restoration is completed.

| | | | |
|------------------------------------------------------------------------------------------------------------------|--|------------------------------|--|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Michael Polley 719-342-5600 | | Agent for Hermal L. Loeb LLC | |
| Signature <u>Michael Polley</u> | | Date 06/12/2016 | |

| | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------|-------------------------------------------|--|
| Accepted for Record | | | THE SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved by <u>James E. Amos</u> | | Title <u>SPE</u> | Date <u>8-23-15</u> | |
| 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 <u>CFO</u> | | |

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)

FOR RECORD ONLY
MW/OCD 8/29/2016



BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, redistribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Petroleum Engineering Tech
575-234-5909, 575-361-2648 (Cell)

Arthur Arias
Environmental Protection Specialist
575-234-6230

Henryetta Price
Environmental Protection Specialist
575-234-5951

Shelly Tucker
Environmental Protection Specialist
575-234-5979