Form 3160-5 (June 2015)

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

| FORM APPROVED |
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| OMB No. 1004-0137 |
| Expires: January 31, 2018 |

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|--|--|-------------------------------|---------------------|--|--|--|--|
| BUR | EAU OF LAND MANA | AGEMENT | | Lease Serial No. | LC063228 | | |
| Do not use this | NOTICES AND REPO form for proposals to Use Form 3160-3 (Al | o drill or to re-er | nter an | 6. If Indian, Allottee | or Tribe Name | | |
| SUBMIT IN TRIPLICATE - Other instructions on page 2 | | | | 7. If Unit of CA/Ag | 7. If Unit of CA/Agreement, Name and/or No. | | |
| 1. Type of Well | | | | 8 Well Name and N | lo | | |
| Oil Well Gas Well Other | | | | 8. Well Name and No. CORSAIR 27 FEDERAL #1 | | | |
| 2. Name of Operator U.S. ENERGY DEVELOPMENT CORPORATION | | | | | 9. API Well No. 30-025-34901 | | |
| 3a. Address 1521 N. COOPER ST SUITE 700 ARLINGTON TX 76011 3b. Phone No. (682) 305-2 | | | area code) | 10. Field and Pool or Exploratory Area TRISTE DRAW DELAWARE | | | |
| 4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description) 330' FSL & 1980' FEL, SEC 27 T23S R32E | | | | 1 | 11. Country or Parish, State LEA COUNTY, NM | | |
| 12. CHE | ECK THE APPROPRIATE BO | X(ES) TO INDICATE | NATURE OF NO | TICE, REPORT OR O | THER DATA | | |
| TYPE OF SUBMISSION TYPE OF AC | | | | CTION | • | | |
| Notice of Intent | Acidize Alter Casing | Deepen Hydraulic Fra | acturing Re | oduction (Start/Resume clamation | · · · · · · · · · · · · · · · · · · · | | |
| Subsequent Report | Casing Repair Change Plans | New Construction Plug and Aba | | complete mporarily Abandon | Other CHANGE OF | | |
| Final Abandonment Notice | Convert to Injection | Plug Back | | ater Disposal | CHANGE OF OPERATOR | | |
| completed. Final Abandonment Nois ready for final inspection.) THIS IS NOTIFICATION THAT DELAWARE. U.S. ENERGY DEVELOPMEN RESTRICTIONS CONCERNIN BOND COVERAGE: BLM BO CHANGE OF OPERATOR EFFORMER OPERATOR: ECHO | T U.S. ENERGY DEVELOP T CORP. AS NWEE OPER NG OPERATIONS CONDU OND FILE NO: NMB001538 FECTIVE: 01/31/2018 D PRODUCTION INC (6742) | All requirements, includ | ing reclamation, ha | ERATIONS OF THIS TERMS, CONDITION OF LEASE DESTRUCTION OF LEASE DESTRUC | ESCRIBED. | | |
| 14. I hereby certify that the foregoing is ANGIE CATE | s true and correct. Name (Prin | R | REGULATØRY AI | NALYST | | | |
| ANGIE CATE | , | Title | | | | | |
| Signature | | Date | | ABP | ROVED | | |
| | THE SPACE | FOR FEDERAL | OR STATE O | FICE USE | | | |
| Approved by Conditions of approval, if any, are attaccertify that the applicant holds legal or which would entitle the applicant to contain the applicant the applicant to contain the applicant the applicant the applicant to contain the applicant the | equitable title to those rights in | oes not warrant or | itle | AUG BUREAJ OA LA SARLSBAD | 2 2018 Date Direction of the control | | |
| | | t a crime for any man- | knowingly and | illfully to make to a | department or agency of the United States | | |
| any false, fictitious or fraudulent statem | | | | minuty to make to any | ocpariment of agency of the onlined States | | |
| (Instructions on page 2) | | | | | NAT / | | |

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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