

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
Budget Bureau No. 1004-0137
Expires: July 31, 2010

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"/>		5. Lease Serial No. NMLC-029418B
2. Name of Operator CAPSTONE NATURAL RESOURCES, LLC		6. If Indian, Allottee or Tribe Name
3a. Address 200 N. LORRAINE, SUITE 1225, MIDLAND, TX 79701	3b. Phone No. (include area code) 432-218-7924	7. If Unit or CA, Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1280' FSL & 2599' FWL, SEC. 11, T17S, 31E, NMPM		8. Well Name and No. Lea C Federal #18
		9. API Well No. 30-015-40993
		10. Field and Pool, or Exploratory Area GRAYBURG JACKSON; SR-Q-G-SA
		11. County or Parish, State EDDY, NM

12. CHECK 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)	<input type="checkbox"/> Water Shut-Off
<input checked="" 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 SPUD & Set Casing
	<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 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.)

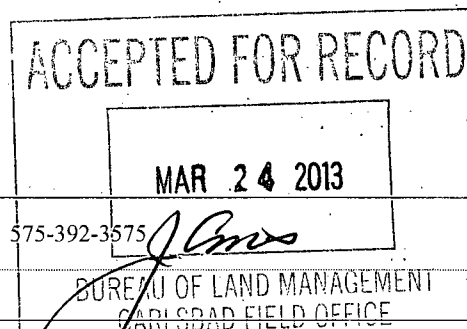
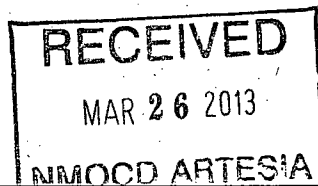
2/9/13 - Spud 12 1/4 hole @ 6:45 a.m. Drill to 694'. Ran 16 jts. (698.01') 8 5/8" 24# J-55 STC 8rd. csg. and set @ 694' (float collar @ 652'), Cent 1st 3 jts. (4 total). Cement with 200 sxs Class C + 4% bentonite + 2% CaCl₂ + .125 celloflake @ 13.5#, yield 1.75, 8.869 gal/sx H₂O. Tail w/250 sxs Class C + 2% CaCl₂ @ 14.8#, yield 1.35, displace w/41.5 bbls. fresh water, plug down @ 8:44 p.m. Circulate 48 sx 18 hrs.

2/10/13 - Test BOP to 2000# for 10 min, ok. Test csg. to 2000# for 30 min. ok.

2/12/13 - Drill 7 7/8" hole to TD 4413'. Ran logs.

2/13/13 - Ran 101 jts. 5 1/2", J-55 15.5#, LT&C csg. (4417.85') set @ 4413', float collar @ 4366', 24 centralizers. Cemented w/ 585 sx 35/65 POZ H @ 12.8#, yield (298 bbls.), tail w/370 sxs 50/50 POZ H @ 14.2#, Yield 1.29 (85 bbls.); displace with 101 bbls. fresh water. Plug down @ 9:43pm. Circ. 118 sxs to surface. WOC 18 hrs.

LR Wade 3/27/13
Accepted for record
NMOCD



14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) DEBBIE MCKELVEY		Title AGENT	575-392-3575
Signature <i>Debbie McKelvey</i>		Date 2/28/13	

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	

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