

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 23 2013

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

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill on NMOC or abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-06838

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Breck Operating Corp.

3a. Address
P.O. Box 911 Breckenridge, TX 76424

3b. Phone No. (include area code)
254-559-3355

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

8. Well Name and No.
Atlantic Federal "5" #1

9. API Well No.
30-015-25931

10. Field and Pool or Exploratory Area
N. Shugart (Bone Spring)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 5 T18S R 31E
Unit Letter B 660' FNL & 1980' FEL

11. County or Parish, State
Eddy

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 type="checkbox"/> Other _____
	<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 recompleting 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.)

We as the operator, propose to plug & abandon this well. After a failed attempt to restore the production, we deem it no longer economically viable to continue producing this well.

Current Well Status

- 13-3/8" CSG @ 427'. TOC: Surface.
- 8-5/8" CSG @ 2168'. TOC: Surface.
- 5-1/2" CSG @ 9006'. TOC: 657'.
- Perfs: 8901'-8930'.
- CIBP @ 8850' w/ 35' cmt on top.
- Perf: 8036'-8196'.

Proposed Operations

1. Set CIBP @ +/- 8000' w/ 3 sx Class C cmt. w/ Dumpbail or Spot 25 sx.
2. Circ. hole w/ 9.5 ppg mud. * Add 2 Plugs.
3. Set 100' plug (2118'-2218') w/ 25 sx Class C cmt. 120' plug
4. WOC & tag. * Add Plug
5. Perf @ 650' & squeeze to surface w/ 125 sx Class C cmt. Perf @ 650' SQZ surf.
6. Install dry hole marker, clean & restore location.

* Add Plug From 5380'-5230' (T/Bone Spring). Add Plug From 5093'-4943' (DVT). WOC Tag. Can combine the two.
* Add Plug From 1850'-1740' (CB/salt). WOC Tag. Can combine w/ shoe Plug.

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

Matthew Thompson

Title Engineer

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Signature

Date 06/10/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title SEPS

Date 7-16-13

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 LFD

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)

* Ground Level Dry Hole Marker Required. RECLAMATION PROCEDURE ATTACHED

PLUGGING & ABANDONMENT WORKSHEET

(2 STRING CSNG)

OPERATOR Brick Operating Corp.

LEASENAME Atlantic Federal 5

WELL # 1

SECT 5 TWN

18S RNG 31E

FROM 660' NSL

1980' EWL

TD: 9006'

FORMATION @ TD Wolfcamp

PBTD: 8815'

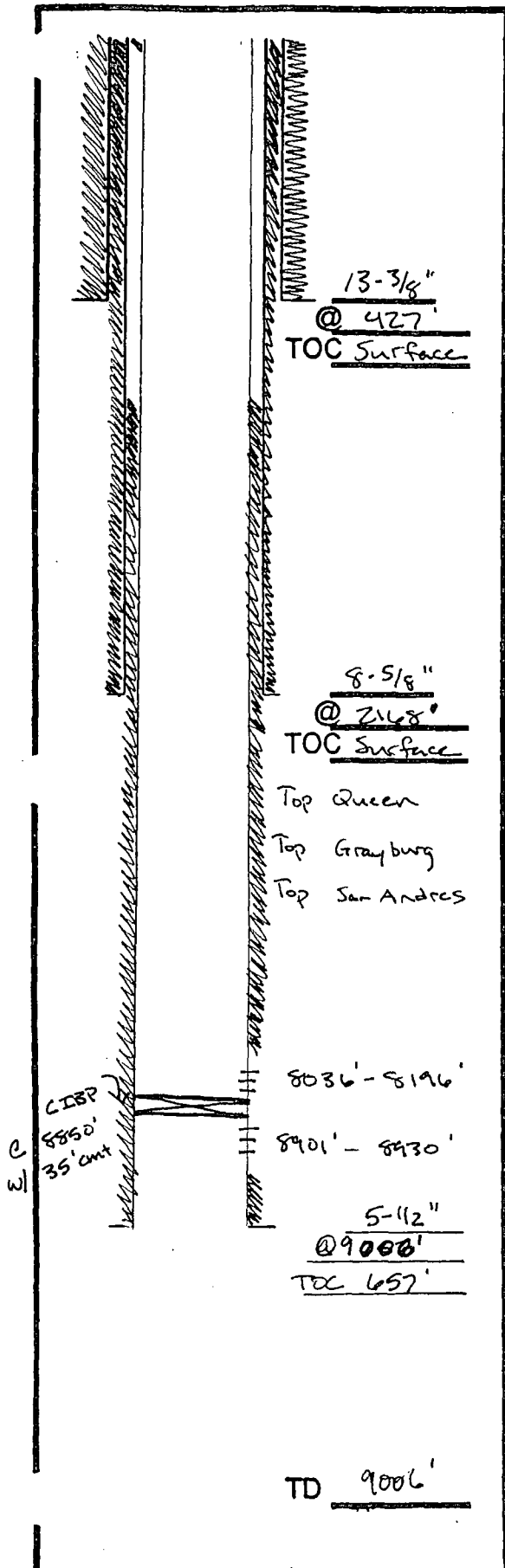
FORMATION @ PBTD Wolfcamp

	SIZE	SET @	TOC	TOC DETERMINED BY
SURFACE	13-3/8"	427'	Surf.	Circulated
INTMED 1	8-5/8"	2168'	Surf.	Circulated
INTMED 2				
PROD	5-11/2"	9006'	657'	Temp. Survey
	SIZE	TOP	BOT	TOC DETERMINED BY
LINER 1				
LINER 2				
	CUT & PULL @		TOP - BOTTOM	
INTMED 1			PERFS	8036' - 8196'
INTMED 2			OPENHOLE	-
PROD				

*REQUIRED PLUGS DISTRICT I

RUSTLER (ANYTD)	
YATES	
QUEEN	2890
GRAYBURG	3218
SAN ANDRES	3750
CAPTAIN REEF	
DELAWARE	
BELL CANYON	
CHERRY CANYON	
BURNET CANYON	
BONE SPRING	5330
GLORIETA	
BLINDESKY	
TUBB	
DRINKARD	
ABO	
WC	
PENN	
STRAWN	
ATOKA	
MORROW	
MISS	
DEVONIAN	

PLUG	TYPE	SACKS	DEPTH
PLUG	PLUG	CMNT	
PLUG#1	OH	35 SXS	6400'
PLUG#2	SHOE	50 SXS	5350'-5450'
PLUG#3	CIBP/35'	25 SXS	4800'
PLUG#4	CIBP	25 SXS	4800'
PLUG#5	STUB	50 SXS	3600'-3700'
PLUG#6	SETNR SQZ	200 SXS	400'
PLUG#7	SURF	10 SXS	0-10'
PLUG#8			
PLUG#9	CIBP/35'	3	8000'
PLUG#10	Shoe	25	2118' - 2218'
PLUG#11	Surface	125	Surface - 477'
PLUG#12			
PLUG#13			
PLUG#14			
PLUG#15			
PLUG#16			
PLUG#17			
PLUG#18			
PLUG#19			
PLUG#20			



Current

PLUGGING & ABANDONMENT WORKSHEET

(2 STRING CSNG)

OPERATOR Breck Operating Corp.
LEASENAME Atlantic Federal 5

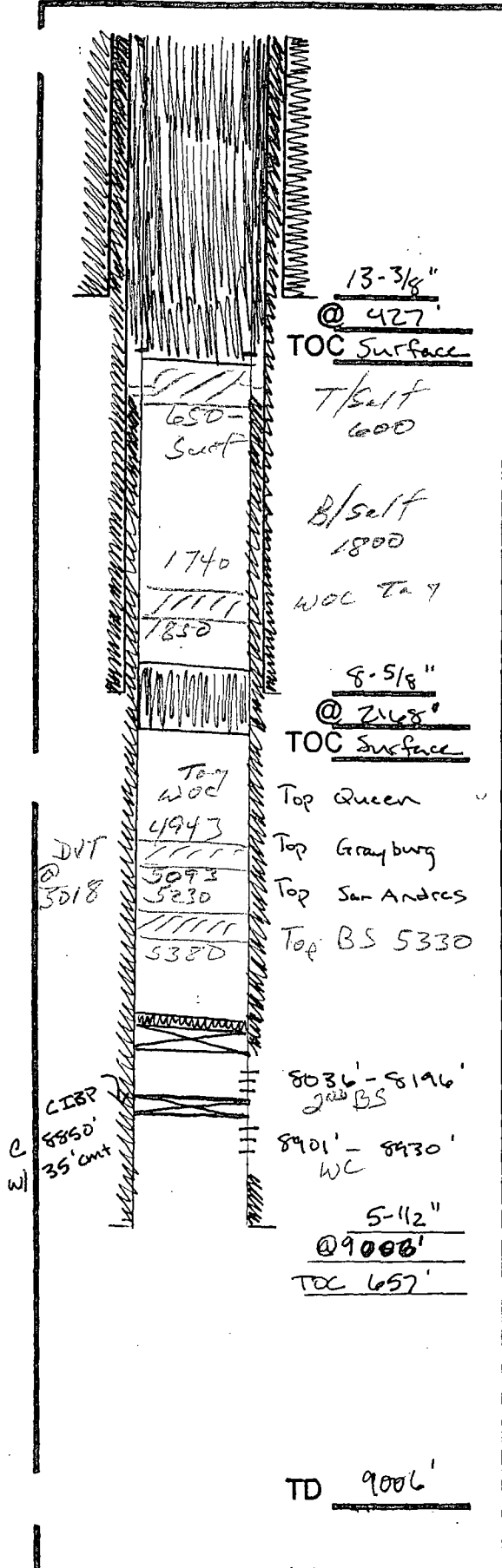
SECT 5 TWN 18S RNG 81E
FROM 660' (BSL) 1980' EWL
TD: 9006' FORMATION @ TD Wolfcamp
PBDT: 8815' FORMATION @ PBDT Wolfcamp

	SIZE	SET @	TOC	TOC DETERMINED BY
SURFACE	13-3/8"	427'	Surf.	Circulated
INTMED 1	8-5/8"	2168'	Surf.	Circulated
INTMED 2				
PROD	5-11/2"	9006'	657'	Temp. Survey
	SIZE	TOP	BOT	TOC DETERMINED BY
LINER 1				
LINER 2				
CUT & PULL @			TOP - BOTTOM	
INTMED 1			PERFS	8036' - 8196'
INTMED 2			OPENHOLE	-
PROD				

*REQUIRED PLUGS DISTRICT 1

PLUG	TYPE	SACKS	DEPTH
PLUG	PLUG	CMNT	
QUEEN	2890		
GRAYBURG	3218		
SAN ANDRES	3750		
CAPTAN REEF			
DELAWARE			
BELL CANYON			
CHERRY CANYON			
BRUSHY CANYON			
BONE SPRING	5330		
CLOQUETA			
BLINDBRY			
TUBS			
DEINKARD			
ABO			
WC	5880		
PENN			
STRAWN			
ATOKA			
MOSELOW			
MISS			
DEVONIAN			

PLUG	TYPE	SACKS	DEPTH
PLUG	PLUG	CMNT	
PLUG 1	OH	35 SXS	6400'
PLUG 2	SHOE	50 SXS	3350'-3450'
PLUG 3	CIRP/35'	25	4800'
PLUG 4	CIRP	25 SXS	4800'
PLUG 5	STUB	50 SXS	3600'-3700'
PLUG 6	STNR SQZ	200 SXS	400'
PLUG 7	SURF	10 SXS	0-10'
PLUG 8			
PLUG 9	CIRP/35'	3	8000'
PLUG 10	Shoe	25	2118'-2218'
PLUG 11	Surface	125	Surface - 477'
PLUG 12			
PLUG 13			
PLUG 14			
PLUG 15			
PLUG 16			
PLUG 17			
PLUG 18			
PLUG 19			
PLUG 20			



Proposed

Water Flow 4400-4500
30-45 BPH

H2S Max
300 PPM
600-7000

Breck Operating Corp
Closed Loop System Permit Application (P&A)

Design Plan

Above ground steel tanks will be used to collect and manage all fluids during the P&A process.

Operations and Maintenance Plan

An approved contractor will supply, operate and maintain all steel tanks used in the P&A operation. Daily inspections of the tanks will be made to insure that no leaks or spills occur. Should a leak or spill occur, all operations will be halted until the NMOCD is notified and the source of the leak or spill is isolated and repaired. Any contaminated soil or liquids will be dealt with in accordance with NMOCD rules.

Closure Plan

After P&A operations are completed, all fluids and solids will be removed from the steel tanks and disposed of at a NMOCD approved facility.

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

**Permanent Abandonment of Federal Wells
Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). **The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off.**

The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.

J. Amos 3/6/11

Requirements for ground level dry hole markers

Well Identification Markers

Conditions of Approval (COA)

The BLM Carlsbad Field Office (CFO) Conditions of Approval (COA) Requires that ground level dry hole markers be placed on well within the Lesser Prairie Chicken habitat area. The dry hole markers will be to the following specifications. The operator will construct the markers as follows:

1. An 8 inch X 8 inch steel plate 1/8 to 3/16 of an inch thick is to be placed on the old dry hole marker stand pipe 2 inches from ground level, in the Lesser Prairie Chicken habitat area.
2. Steel plate may be welded or bolted approximately 2 inches from ground level on the stand pipes. If plates are bolted to the stand pipe, the person installing the plate will be required to weld a pipe collar on the plate and place a minimum of two set screws/bolt on each collar. Aluminum data plates may be bolted with minimum 1/4 inch bolt and locking nuts or self tapping fine threaded screws. A minimum of one in each corner is to be installed on each plate.
3. An 8 inch x 8 inch aluminum plate, which is 12 gauge or .080 sign material (1/8 inch aluminum plate may be used in place of the .080 plate) with the required information for that well stamped or engraved in a minimum 3/8 inch tall letter or number.
4. The following information will be stamped or engraved on the 8 inch X 8 inch aluminum plate in the following order.
 - a. First row: Operators name
 - b. Second row: Well name and number
 - c. Third row: Legal location to include 1/4 1/4, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the 1/4 1/4 (example: 1980 FNL 1980 FWL) being on the top row.
 - d. Fourth row: Lease Number and API number.
 - i. Example marker plate: (attached)

NMOCD Order No. R-12965 also required the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a ground level dry hole marker was installed as required in the COA's from the BLM.



United States Department of the Interior

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, re-distribute 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:

Inspection & Enforcement

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Mike Burton
Environmental Protection Specialist
575-234-2226

Jeffery Robertson
Natural Resource Specialist
575-234-2230

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Permitting

Cody Layton
Natural Resource Specialist
575-234-5959

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Todd Suter
Surface Protection Specialist
575-234-5987

Tanner Nygren
Natural Resource Specialist
575-234-5975

Amanda Lynch
Natural Resource Specialist
575-234-5922

Leglon Brumley
Environmental Protection Specialist
575-234-5957

Realty, Compliance

Randy Pair
Environmental Protection Specialist
575-234-6240