

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB 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.

5. Lease Serial No.
LC-029387B

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Black Mountain Operating

3a. Address
500 Main Street Suite 500, Fort Worth, TX 76116

3b. Phone No. (include area code)
(817) 698-9901

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 1980' FWL, Congress Section, SEC 19-18S-31E

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

8. Well Name and No.
Shugart West 19 Federal #005

9. API Well No.
30-015-30688

10. Field and Pool or Exploratory Area
Shugart, Bone Spring, North

11. Country or Parish, State
Eddy, 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 type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" 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 rcomplete 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.)

After unsuccessfully fishing/milling at the same point (-5,222') from 8/10/2016 - 8/16/2016 we are notifying the BLM of our intent to bullhead cement/block squeeze from 50' above known top of fish (5,172') to bottom perf (8,236') as discussed with Chris Walls with the BLM in Carlsbad.

Proposed Operation to start Friday 8/19/2016:

MIRU cmt equipment.
RIH with squeeze packer to 4,800' and test integrity of tbg-csg annulus.
Establish injection rate and pump 250 sks Class "C" neat cmt displaced to 5,172'.
SDFN and WO cmt cure.
Unset and POOH sqz pkr.
RIH and tag cmt plug @ 5,172'
RDMO all services and pulling unit.

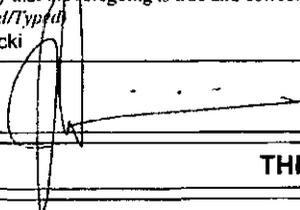
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 22 2016

Submit NOI to P+A by 11/18/2016

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
John Wierzowiecki

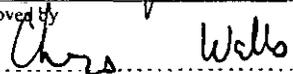
Signature 

Title Operations Consultant

Date 08/17/2016

RECEIVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 

Title Eng

Office CFO

Date 8/18/16

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.

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.

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

Black Mountain Oil & Gas

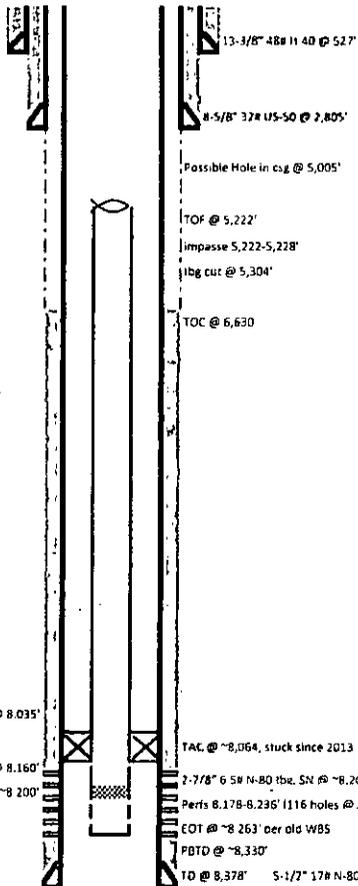
500 Main Street Suite 500

Fort Worth, Texas 76102

ACTUAL WELLBORE

Lease: Shugart West 19 Federal #005		OH Information									
County/Parish: Eddy		Section	Size	Reg. Depth	End Depth	MW	Comments				
State: NM											
API: 30-015-30688											
State Lease #: 29387											
SHL Legal: 1980 FNL, 1980 FWL, 18S, 31E, Section 19											
Spud Date: 9/21/1999		Casing Information									
Rig Release: 10/1/1999		Size	Weight	Grade	Thread	Depth	ID	Drift	Collapse	Burst	bbl / ft
Comments:		13-3/8"	48.0	H-40	7	527					
		8-5/8"	32.0			2,805					
		5-1/2"	17.0	N-80		8,378					0.0232
TOF @ 5,222'. Unable to get past this point over 6 day period of fishing and milling. Plan to RIH and set packer @ 4,800'. Test backside for integrity. Establish injection down tbg and pump 250 sks neat class "C" cmt. Displace to 5,172'. SD WO cmt. RIH lag cmt to verify top.		Tubing Information									
		2-7/8"	8.50	N-80		8,263	2,441				0.0039
Comments:											

Cement Information			
Spacer			
Volume, bbl			
Density, lb/gal			
Lead Cement 1			
Sacks			
Yield, ft ³ /sk			
Volume, ft ³			
Density, lb/gal			
Tail Cement 1			
Sacks			
Yield, ft ³ /sk			
Volume, ft ³			
Density, lb/gal			
Est TOC, ft			
Calc or Actual			
CBL TOC			



Tubing Detail (approximation)		
Description		
256 jts 6.5# 2-7/8" tbg		
5-1/2" x 7-7/8" TAC		
7 jts 6.5# 2-7/8" tbg		
4' perforated sub		
Mud Anchor		
Bull Plug		

State Plugging Contact: Robert Byrd (575) 626-0836
 BLM Contact: Chris Walls (575) 234-2234
 BLM 24 hr Contact: (575) 706-2779

Queen 3112
 Penrose 3344
 Grayburg 3585
 Delaware 4616
 Bone Springs 5800
 2nd Bone Spring 7968

Directions to Location:

Last Update: 8/17/2016

Black Mountain Oil & Gas

500 Main Street Suite 500

Fort Worth, Texas 76102

Proposed

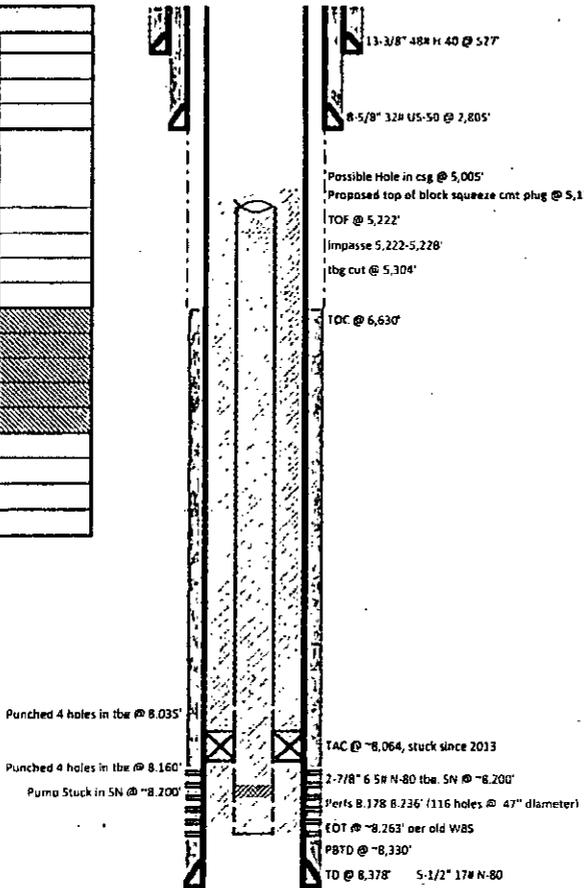
PROPOSED WELLBORE

Lease:	Shugart West 19 Federal #005	OH Information										
County/Parish:	Eddy	Section	Size	Beg. Depth	End Depth	MW	Comments					
State:	NM											
API:	30-015-30688											
State Lease #:	29387											
SHL Legal:	1980 FNL, 1980 FWL, 18S, 31E, Section 19											
Spud Date:	9/21/1999	Casing Information										
Rig Release:	10/1/1999	Size	Weight	Grade	Thread	Depth	ID	Drift	Collapse	Burst	bbl / ft	
Comments:		13-3/8"	48.0	H-40	?	527						
		8-5/8"	32.0			2,805						
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		Comments										

Cement Information			
Spacer			
Volume, bbl			
Density, lb/gal			
Lead Cement 1			
Sacks			
Yield, ft ³ /sk			
Volume, ft ³			
Density, lb/gal			
Fail Cement 1			
Sacks			
Yield, ft ³ /sk			
Volume, ft ³			
Density, lb/gal			
Est TOC, ft			
Calc or Actual			
CBL TOC			

State Plugging Contact: Robert Byrd (575) 626-0836
 BLM Contact: Chris Walls (575) 234-2234
 BLM 24 hr Contact: (575) 706-2779

Duren 3112
 Penrose 3344
 Grayburn 3565
 Delaware 4616
 Bone Spring 5800
 7nd Bone Spring 7968



Directions to Location:

Last Update: 8/17/2016

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

Permanent Abandonment of Production Zone 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. Plug back operations shall commence within ninety (90) days from this approval. **If you are unable to plug back 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 back. Failure to do so will result in enforcement action.**

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in 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.

Before pumping 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. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back 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 work was completed.** If plugging back to a new zone submit a Completion Report, form 3160-4 with the Subsequent Report.

7. **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.