FORM APPROVED DEPARTMENT OF THE INTERIOR OMB No 1004-0137 Expires March 31, 2007 ARTESIKEAU OF LAND MANAGEMENT 5. Lease Serial No. MN-911 IDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name o not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit of CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on page 2. 0101PM 1. Type of Well 8. Well Name and No El Paso "3" Federal No. 1 Oil Well Gas Well Other 2. Name of Operator Fasken Oil and Ranch, Ltd. 9. API Well No. 30-015-20906 3b Phone No (include area code) 10. Field and Pool or Exploratory Area 303 West Wall St , Suite 1800, Midland, TX 79701 Foster Draw; Delaware Oil 432-687-1777 4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description) 2724' FNL & 2870' FEL, Sec. 3, T21S, R26E 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 Deepen Acidize Production (Start/Resume) Water Shut-Off ✓ Notice of Intent Fracture Treat Alter Casing Reclamation Well Integrity Casing Repair New Construction Recomplete Other Subsequent Report __ Change Plans ✓ Plug and Abandon Temporarily Abandon Plug Back Final Abandonment Notice Convert to Injection 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 the proposal is to deepen directionally or recomplete 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) Fasken Oil and Ranch, Ltd. proposes to plug and abandon the El Paso "3" Federal No. 1. Please see attached for procedure, current and proposed plug and abandon wellbore diagrams. SEE ATTACHED FOR CONDITIONS OF APPROVAL RECLAMATION PROCEDURE **ATTACHED** 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Kım Tyson Title Regulatory Analyst 06/28/2010 Date Signature THIS SPACE FOR FEDERAL OR STAT

Title

ached 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

fictitious or fraudulent statements Or representations as to any matter within its jurisdiction

Title 18 U S C Section 1001 and Title 43 U S C Section 1212, make it a crime for any person knowingly and

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Dustin Winkler

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CARLSBAD FIELD OFFICE

the United States any false,

(Instructions on page 2)

Conditions of approval, if any, are at

entitle the applicant to conduct operations thereon

Plug and Abandon Procedure EL PASO "3" Federal No. 1 489'FNL and 195' FEL of Lot 11 (Old numbering) Section 3, T21S, R26E Eddy Co., NM

OBJECTIVE: Plug and Abandon

API Number: 30-015-20906

WELL DATA:

13-3/8" 48# H-40 casing: Set at 346", cement circ. 8 5/8" 24 K-55 casing: Set at 2267" cement circ.

5-1/2" 17 & 20# N-80 casing: Set at 10,997', Primary cmt TOC @ 6796' by CBL.

Surface to 1450' 17# N-80 Buttress, 1450' - 8448' 17# N-80

LT&C, 8448' = 10,997' 20# N-80 LT&C.

5-1/2" Remedial: Sqz holes 5300" (4), Cmt w/525sx Super "H" (13.2 ppg, yld 1.64

cf/sk). TOC 2084 by CBL

kr: none

Tubing Detail: none

Perfs& Plugs: CURRENT: Delaware 3266-71', 88'-90', 3302'-04' (21 holes Dec

'08)

Cmt ret 5100'
Sqz holes 5300' (4)

Plug 2 25sx 6436'-6694' ((Dec '08))

Sqz holes 6695' (4) (Dec '08) Plug 1 40sx 8194'-7828' (Dec '08)

CIBP @ 8250' w/cmt 8194'

Abandoned: Wolfcamp 8320'-40' (Dec '03)

CIBP @ 9090' w/35' cmt

Abandoned: Cisco 9184-88', 9221'-28', 9312'-22' (Feb'07) Abandoned: Strawn: 9847' 55', 9910'- 22' (Oct. 1973) Abandoned: Atoka: 9988'- 93', 10,069' - 74' (Nov. 1993) Abandoned: Morrow: 10,708'- 26' (Oct. 1973), 10788-94' and

10878'-88' (Jan '93)

KB: 15.4' TD: 11,240'

PBTD: 5100' Cmt Retainer (Dec. '08)

10,480' Jan. 93 set CIBP w/2sx cement on top. (Original PBTD

10,945?)

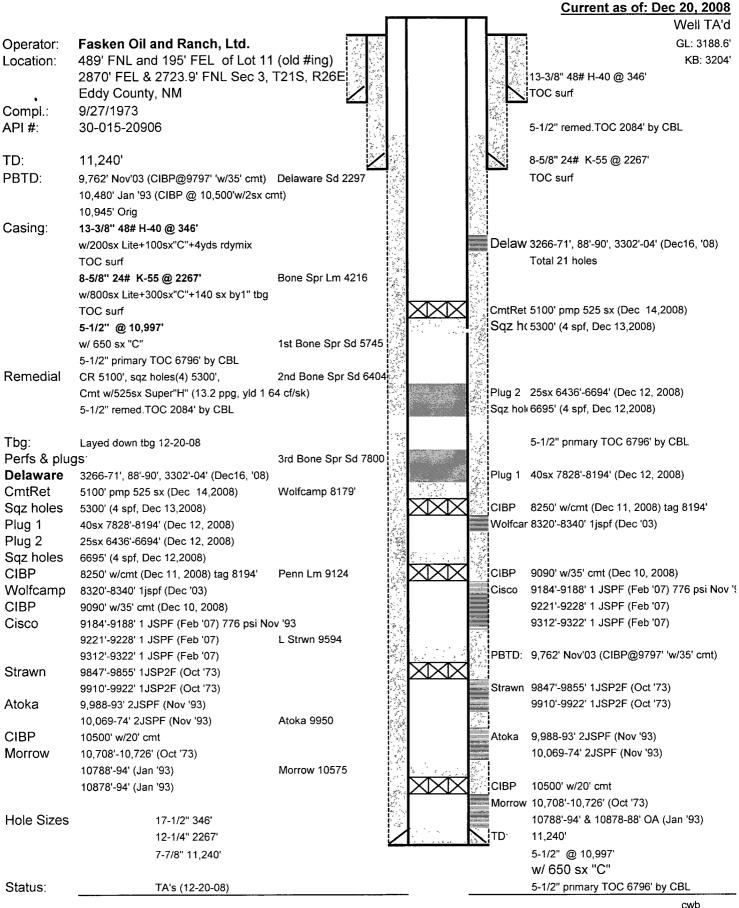
Status: TA'd 12-20-08. Left tree on well

- Notify BLM in Carlsbad @ 575-361-2822 of the intent to plug and abandon 24 hours prior to rigging up on well.
- 2. Make sure mast anchors have been tested and tagged in last 24 months.
- 3. RUPU and set rig mats, pipe racks and 2- 250 bbls half-frac work over tank on location.
- 4. Receive 3100' 2-3/8" EUE 8rd J-55 work string and a full set of 2-3/8" J-55 tubing subs.
- 5. Lay flow line to work over tank. Open casing valve and bleed pressure off 5-1/2" casing and check surface casing and intermediate casing pressures.
- 6. ND wellhead and NU 7-1/16" 3K manual BOP with 2-3/8" pipe rams and blind rams.
- 7. RUWL and 3000 psi lubricator and RIW with 4.75" OD gauge ring to 3225'. Set 5-1/2" CIBP at 3225'. Dump bail 4sx (35') Class "C" cement on CIBP and dump bail 35' cmt. POW and RDWL.

- 8. PU and RIW with collar, perforated sub, seating nipple and 2-3/8" EUE 8rd J-55 work string. Tag PBTD at 3190'. **Note:** if tag is lower than 3190' spot 15 sx Class "C" cement with tubing.
- 9. Displace the well down tubing with 80 bbls 9.5# salt gel mud with a minimum of 12.5 pounds of gel per barrel. POW laying down tubing to 2350'.
- 10. Plug #1 (8-5/8" shoe plug): mix and spot a 25 sx Class "C" cement plug at 2350'-2084'. POW and WOC 2 hours. RIW with tubing and <u>TAG</u> cement plug @ or above 2217' (at least 50' above 8-5/8" shoe depth of 2267'). Notify Midland Office and BLM of the results. POW laying down tubing to 725'.
- 11. Plug #2 (13-3/8' shoe & surface plug): Mix and spot a 40 sx Class "C" cement plug at 400' displacing cement to the surface'. POW laying down tubing.
- 12. Bleed pressure off 13-3/8" X 8-5/8" annulus and 8-5/8" X 5-1/2" annulus.
- 13. Dig out wellhead and cut-off well head 36" below ground level. Weld ¼" plate with a 2000 psi ball valve and dry hole marker on top of well & 48" AGL with well information.
- 14. Clean location, RDPU and release all rental equipment.

6-21-10

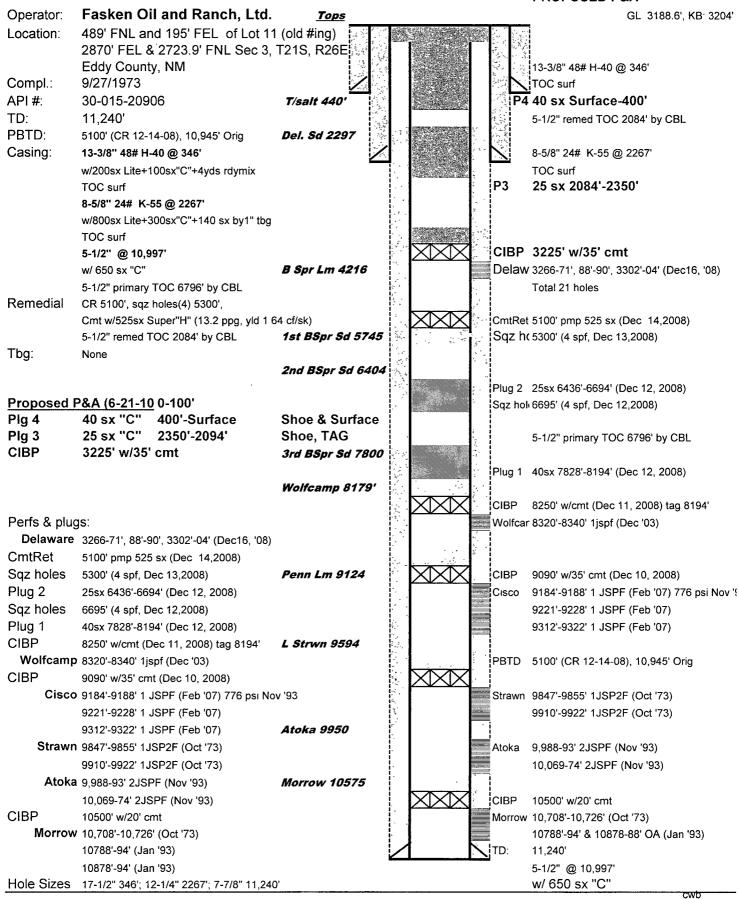
El Paso "3" Federal No. 1



cwb 12-20-08 EP1 WB diag.xls

El Paso "3" Federal No. 1

PROPOSED P&A



Fasken Oil and Ranch, Ltd. NM-911: El Paso 3 Federal #1

API: 30-015-20906

Eddy County, New Mexico

RE: Plugging and Abandonment Requirements, Conditions of Approval

H2S monitoring equipment is requested to be on site.

- 1. OK
- 2. OK
- 3. OK
- 4. OK
- 5. OK
- 6. OK
- 6a. Spot a 140' (minimum 25sx) plug from 4266'-4126'. (Bone Spring)
- 7. OK (Perfs)
- 8. If tag is low, minimum is 25sx Otherwise OK
- 9. OK
- 10. OK (Delaware Casing Shoe)
- 11. Change: Perf and squeeze plug to fill in and out of casing to surface Otherwise OK (Casing shoe Cave/Karst Surface)
- 12. OK
- 13. Verify Cement to surface in all annuluses Otherwise OK.
- 14. OK
- 15. Submit a subsequent report to the BLM.

See attached standard COAs.

DHW 072010

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 <u>ninety (90)</u> 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. <u>Notification:</u> 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. <u>Blowout Preventers</u>: 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. <u>Mud Requirement:</u> 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. In lieu of a cement plug in a cased hole, 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. Any plug that requires a tag will have a minimum WOC time of 4 hours.

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. <u>Dry Hole Marker</u>: 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 when the wellhead is cut off to verify that cement is to surface in the casing and all annuluses.** The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. 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. <u>Subsequent Plugging Reporting</u>: Within 30 days after plugging work is completed, file one original and five 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. <u>Trash</u>: 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.

DHW 112309



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:

Jim Amos

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

Terry Gregston

Environmental Protection Specialist 575-234-5958

Bobby Ballard

Environmental Protection Specialist

575-234-2230

Randy Rust

Natural Resource Specialist

575-234-5943

Linda Denniston

Environmental Protection Specialist

575-234-5974

Jennifer Van Curen

Environmental Protection Specialist

575-234-5905

Justin Frye

Environmental Protection Specialist

575-234-5922

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

Doug Hoag

Civil Engineering Technician

575-234-5979

Tanner Nygren

Natural Resource Specialist

575-234-5975

John Fast

Natural Resource Specialist

575-2345996