

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM-67103
2. Name of Operator Laguana Grande LLC		6. If Indian, Allottee or Tribe Name
3a. Address 601 W. 2nd Street, Suite 18, Roswell, NM 88201	3b. Phone No. (include area code) 575-622-1100	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1380' FSL & 990' FEL Sec 28-T23S-R29E		8. Well Name and No. Laguana Grande Federal #1
		9. API Well No. 30-015-21636
		10. Field and Pool, or Exploratory Area Und Laguna Salado Bone Spring
		11. County or Parish, State Eddy County, New Mexico

12. CHECK 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 checked="" 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 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 recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Laguana Grande, LLC is submitting this Sundry Notice to place the above well back into a producing well status. This well has been idle and shut in for over a year after having been plugged back from the Wolfcamp. BLM officials from the CRO witnessed the plug back operations and the new PBTD is 8647' inside the 7 5/8" casing.

Laguana Grande LLC is placing the Laguna Grande Federal #1 well on pump to produce the previous Bone Spring perforations from the depths of 6701 to 6986'. This interval was recently swab tested and is deemed to be commercial. A new pumping unit is scheduled to be set on Wed, December 2, 2009 and the well placed on pump. The pumping unit will be powered by a natural gas engine.

The BLM will be notified of commencement of production immediately upon placing the well back in service with another Sundry Notice. A new updated site security diagram will be submitted also at this point accurately reflecting the location and equipment in use. Any other equipment that may be idle will be removed from location. Gas contract negotiations are currently underway and a gas analysis will be obtained with the chromatograph readings submitted when the sundry notice is submitted placing well in a producing status.

After a 72 hour test is performed, the proper completion form will be submitted for your review.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Ron Rutherford		Title Managing Manager
Signature <i>Ron Rutherford</i>		Date 11/25/09

RECEIVED

OCT 19 2010

NMOCD ARTESIA

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 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 Office
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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)

Accepted for record
NMOCD

ACCEPTED FOR RECORD

Bureau of Land Management
Carlsbad Field OfficeBUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE