

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

MAY 27

511 Lease Serial No.
NMNM-077281

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.

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

7. If Unit of CA/Agreement, Name and/or No.
NMNM-78403A

2. Name of Operator
Chuza Oil Company

8. Well Name and No.
Northeast Hogback Unit #34

3a. Address
1000 Cordova Place #376, Santa Fe, NM 87505

3b. Phone No. (include area code)
505-690-7803

9. API Well No.
30-045-09640

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
530' FSL 365' FWL Sec. 10 T30N R16W

10. Field and Pool or Exploratory Area
Horseshoe Gallup

11. Country or Parish, State
San Juan County, New Mexico

12. CHECK THE 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 well communication | |
| | <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 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.)

On April 10th, 2014, Chuza Oil Company began stimulation and completion operations on the Northeast Hogback Unit #74H (API 30-045-34755). Baker Hughes was contracted to provide hydraulic fracturing services based on Chuza Oil Company's 15-stage treatment design. The last stage of hydraulic fracturing operation was completed at approximately 9pm on April 12th, and all frac equipment was moved off location on April 13th.

On the morning of April 14th, Chuza personnel performing a post-frac field inspection discovered pressure on the Bradenhead valve of the Northeast Hogback Unit #34. A sample of the gas escaping from the Bradenhead valve was analyzed and determined to be 91.348% nitrogen, and the Bradenhead valve was observed to have a pressure reading of 110psi.

It is Chuza's belief that the hydraulic fracturing operations on the Northeast Hogback Unit #74H possibly caused a casing or cement failure on the Northeast Hogback Unit #31, which may have resulted in the pressure at the Bradenhead of the Northeast Hogback Unit #34. Chuza intends to re-test this well and either plug and abandon it or perform a remedial operation to ensure that well integrity is maintained or restored.

ACCEPTED FOR RECORD

JUN 02 2014

FARMINGTON FIELD OFFICE
BY: TL Salyers

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

Patrick Padilla

Title President, Chuza Oil Company

Signature

Date 05/18/2014

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)