

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Hobbs

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

HOBBS OCD
APR 18 2018
RECEIVED

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 page 2.

| | | |
|---|---|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Oil Well | | 5. Lease Serial No. NM-40449 |
| 2. Name of Operator Three Forks Resources, LLC | | 6. If Indian, Allottee, or Tribe Name |
| 3a. Address 555 17th Street, Suite 975 Denver, CO 80202 | 3b. Phone No. (include area code) 303-318-0717 | 7. If Unit or CA. Agreement Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SW/4 NE/4, Sec 7, T18S, R32E 1980' FSL, 660' FEL | | 8. Well Name and No. Young North 7 Fed #1 |
| Lat. Long. | | 9. API Well No. 30-025-30897 |
| | | 10. Field and Pool, or Exploratory Area |
| | | 11. County or Parish, State Lea County NM |

12. CHECK APPROPRIATE BOX(S) 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 type="checkbox"/> Subsequent Report | <input type="checkbox"/> Altering Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity | |
| <input checked="" type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | Other _____ | |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and abandon | <input type="checkbox"/> Temporarily Abandon | <u>Change of Operator</u> | |
| | <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 or pertinent markers and sands. Attach the Bond under which the work will be performed or provide the Bond No. on file with the 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 Notice 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.)

Effective January 1, 2017 the operator/owner of the above well changed from Morexco, Inc. to:

Three Forks Resources, LLC
555 17th Street, Suite 975
Denver, CO 80202
303-318-0717

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Three Forks Resources, LLC, as the new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on this lease, or portion of lease described.
Bond coverage pursuant to 43CFR3104 for lease activities is being provided by Three Forks Resources, LLC. with their BLM Bond #NMB000852.

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

| | |
|---|--------------------------------|
| Name (Printed Typed) IRENE TRUJILLO | Title OPERATIONS TECHNICIAN |
| Signature <i>Irene Trujillo</i> | Date 4/6/2018 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | |
|--|--------|
| Approved by | Title |
| 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 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)

APPROVED
4/6/2018
APR 19 2018
BUREAU OF LAND MANAGEMENT
SARAH FIELD

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. Greene St
Carlsbad, NM 88220
Ph: (575) 234-5972

Conditions of Approval for Change of Operator

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method within 60 days, if changes have been made from previously approved disposal method.
3. Review facility diagram on file, and submit updated facility diagrams, as per Onshore Order #3 within 60 day.
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.