

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources

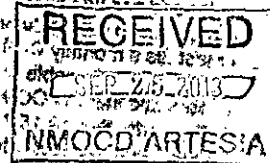
Oil Conservation Division

1220 S. St Francis Dr.
Santa Fe, NM 87505

Change of Operator

Form C-145
August 1, 2011

Permit 174002



Previous Operator Information

Effective Date: _____
OGRID: 269864
Name: CANYON E & P COMPANY
Address: 911 Lake Carolyn Pkwy
Suite 104
City, State, Zip: Irving, TX 75039

New Operator Information

Effective on the date of approval by the OCD.
OGRID: 300825
Name: BLUE SKY NM, INC.
Address: 7941 Katy Freeway
Suite 522
City, State, Zip: Houston, TX 77024

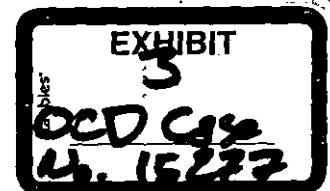
I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, BLUE SKY NM, INC. certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(i) NMAC.

BLUE SKY NM, INC. understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.



Previous Operator

Signature

Printed
Name

Title

Date

[Signature]
EVAS Chaudhary
President
9/24/13 Phone: 744-277-8180

New Operator

Signature

Printed
Name

Title

Date

[Signature]
Robert Thomason
VP
9/24/13 Phone: 501-772-3456

Permit 174002

NMOCD Approval

Electronic Signature: Randy Dade, District 2

Date: September 25, 2013

Home » Corporations Details
Corporation is in Good Standing
Back to Search

Name	BLUE SKY NM, INC.
Type	Domestic Profit
Good Standing Status:	The above corporation is in Good Standing until 8/14/2013

Filing Information

Corp #	4754581
Status	New Corporation
Date of Incorporation	Jul-12-2013
State of Incorporation	NM
Fiscal Year Date	Dec-31-2013
Report Due date	Aug-14-2013

Address Information

No Addresses were found

Agent Information

PETE V. DOMENICI JR.
320 GOLD AVE. SW STE. 1000,
ALBUQUERQUE, NM - 87102

Directors Information

1. IIVAS CHAUDHARY

Officers Information

1. Incorporator - PETE V. DOMENICI JR.

Instrument History

1. Instrument	
Number	4754581
Filing Date	Jul-12-2013
Type	Certificate Of Incorporation
Text	BLUE SKY NM, INC.

As the operator of record of wells in New Mexico,

1. I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See 19.15.9.9.B NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See 19.15.9.9.C(2) NMAC.
3. I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24.C NMAC.
4. I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance, even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See 19.15.8.9.C NMAC. I understand that I can check my compliance with the single-well financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record.
7. I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See 19.15.9.9.B NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.

Blue Sky Nm, Inc

Operator Company Name

7/16/13
Date

Carla Petty

Signature of Individual Signing for Operator

Carla Petty - Sr. Accts Mgr
Printed Name and Title of Individual Signing for Operator

C-104 APPROVAL INFORMATION

The following must be received and approved prior to approval of the C104:

- 1) Form C101 DRILLING APPLICATION
- 2) Form C102 ACREAGE DEDICATION PLAT
- 3) Form C103 SUNDRY NOTICES AND REPORTS ON WELLS
- 4) Form C104 REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT
- 5) Form C105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG
- 6) Deviation Survey or Directional Survey w/ "As-Drilled" plat
- 7) Complete set of logs

Forms C101, C102, and a pit permit for all wells should be approved and on file prior to spudding:

NMOCD Rule 19.15.7.11 UNITED STATES GOVERNMENT LEASES:

For wells located on land that the United States or a native American nation/tribe or pueblo owns, an operator shall file applications for permit to drill, deepen or plug back, BLM form no. 3160-3; sundry notices and reports on wells, BLM form no. 3160-5; and well completion or recompletion report and log, BLM form no. 3160-4 with the BLM in lieu of filing the corresponding division forms with the division. All such forms are, however, subject to division approval in the same manner and to the same extent as the corresponding division forms.

[19.15.7.11 NMAC - Rp, 19.15.1.14 NMAC, 12/1/08]

Subsequent drilling sundries should follow the drilling plan set forth in the approved APD. Change of Plans should be filed on a sundry as "Intent". Drilling Pit permits on Federal wells may accompany the Application to Drill; it will be forwarded to the OCD by the BLM. If it is not attached to the APD, the Form C144, or C-144-CLEZ should be submitted to NMOCD and approved prior to beginning any pit construction work on location. (Current pit rule effective date is June 16, 2008.)

NMOCD Rule 19.15.7.15 REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT OIL AND GAS (Form C-104):

An operator shall file with the division a complete form C-104 to request the division assign an allowable to a newly completed or re-completed well or a well completed in an additional pool or issue an operator authorization to transport oil or gas from the well.

[19.15.7.15 NMAC - Rp, 19.15.13.1104 NMAC, 12/1/08]

NMOCD Rule 19.15.16.19 ALLOWABLES AND AUTHORIZATION TO TRANSPORT OIL AND GAS:

A. The division may assign an allowable to a newly completed or re-completed well or a well completed in an additional pool or issue an operator authorization to transport oil or gas from the well if the operator:

- (1) has filed a complete form C-104;
- (2) has provided a sworn and notarized tabulation of all deviation tests the operator has run on the well, and directional surveys with calculated bottom hole location, in accordance with the requirements of 19.15.16.14 NMAC;
- (3) has dedicated a standard unit for the pool in which the well is completed, a standard unit has been communitized or pooled and dedicated to the well or the division has approved a non-standard unit; and
- (4) is in compliance with Subsection A of 19.15.9 NMAC;

Property Code. List available from our web page by accessing:

- 1) *OCD Online*
- 2) *E-Permitting*
- 3) *Well List : enter OGRID*

Property Name

Well Number

Surface Location, S-T-R + footages

Bottom Hole Location, S-T-R + footages, per C102 (plat) or Directional Survey

Lease Code

F Federal

S State

P Private / Fee

J Jicarilla

N Navajo

U Ute Mountain Ute

I Other Indian Tribe

Transporter Name, if available

Spud Date

Ready to produce Date

TD (measured depth)

PBTD (measured depth)

Perforations (top and bottom of producing interval; should include open hole if applicable)

DHC or MC order number

DHC-9999 (Santa Fe approved commingle orders)

AZT-9999 (Aztec District approved commingle orders)

ART-9999 (Artesia District approved commingle orders)

HOB-9999 (Hobbs District approved commingle orders)

Casing and Tubing Record

Well Test Data (If not available, follow up with Form C-103 when well is placed on production and test is run)

Operator signature

On ALL sundries and reports, etc., submitted for a well, verify that the API number, well name and number, and location listed on the form are correct for that well. If one of

Form C103 COMPLETION SUNDRY

Describe all work done ((i.e., logs to include date and type of log(s), pressure tests conducted and results obtained)) on well **to be ready to produce**. Include: date of work done; setting of bridge plugs; perforating; tubing record; logs, if run; any other operations which affect the well's status, as per Rule 19.15.7-16. Sundry should also include a tubing record for all wells with a production string of greater than 2-7/8", per NMOC Rule 19.15.16.10.

EXAMPLE:
12-30-06 MIRU PU (or rigless completion)
1-1-07 Blue Jet ran CBL, GR, GSL, CCL from PBTD 4932' to surface. TOC @ 1300'.
1-3-07 Perf 4800-4831 w/2 JSPF. Fracs w/40,000# 10-20 sand @ 8500 psi. A/perfs 4800-4831 w/1000 gals 15% acid. PU and ran 156 jts 2-3/8" 4-7# J 55 EUE 8rd tubing set @ 4826' ND BOP. RD.
2-6-07 Turned well over to production.

Well Tubing Requirements (Rule 19.15.16.10J)

- (1) The operator shall tube flowing oil wells equipped with casing larger in size than 2 7/8-inch OD.
- (2) The operator shall tube gas wells equipped with casing larger in size than 3 1/2-inch OD.
- (3) The operator shall set tubing as near the bottom as practical and tubing perforations shall not be more than 250 feet above top of pay zone.
- (4) The district supervisor of the appropriate division district office, upon application, may grant exceptions to these requirements provided waste will not be caused.

Form C103 RECOMPLETION SUNDRY

A recompletion is work done on a well after initial completion and production, and directly affects the well's original status. This could result by adding pay to the original zone; zone abandoning the original zone and recompleting to another zone; completing an additional zone and downhole commingling with the existing zone(s), or completing an additional zone and producing as a multiple completion. Form C102 (plat) is required for additional pools not already on file.

Form C103 with a summary of operations outlining work done and the manner in which such work was performed; the size and depth of shots; the quantity of crude, chemical or other materials employed in the operation; and any other pertinent information, per Rule 19.15.7-14.H. It is critical that the date of the work is reported, as that date will be reflected as the status change date and should compliment C-105 reporting.

If a 24-hour potential test is not available in a new pool, the C-104 may be submitted without this information provided a follow-up C-103 w/test results is subsequently filed. In the event of downhole commingling, the production tests should reflect allocations as set forth in the downhole commingle order for each pool, and a separate C-104 should be provided for each pool.

Well Compliance Deadlines:

Commencement of drilling operations (spud)	10 days
Casing and cement test	10 days
Altering well's casing installation	10 days
Work to secure approved TA	30 days
Plugging back or deepening / same pool	20 days
Remedial work	30 days
Installation of artificial lift equip	30 days
All other operations not specified above	10 days
Completion Report + logs	20 days
Deviation / Directional Survey	Filed with or prior to C104
C104 Authorization to Transport	Approval prior to producing well
Plug and Abandonment	30 days
(Form C105 must accompany notice of intent to P&A if not previously filed)	
P&A Restoration	30 days

Each form submitted on a well should include the date(s) the work was performed, particularly dates which affect the status of a well or given pool (i.e., CIBP set @ 4050' 10/01/06).

Karen Sharp
(575) 748-1283
Artesia District II office