

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

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.

5. Lease Serial No
NMLC 055561

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
FAIRWAY RESOURCES OPERATING, LLC

3a. Address
538 SILICON DR, SUITE 101
SOUTHLAKE, TX 76092

3b. Phone No (include area code)
817-416-1946 X223

7. If Unit of CA/Agreement, Name and/or No
SOUTH RED LAKE UNIT II

8. Well Name and No.
46

9. API Well No
30-015-025157-00-S1

10. Field and Pool or Exploratory Area
RED LAKE QUEEN, GRAYBURG, SAN ANDRES

4. Location of Well (Footage, Sec, T., R., M., or Survey Description)

1656 FNL AND 1656 FEL, SEC 35 T17S-R27E

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

- ☐ Notice of Intent
☐ Subsequent Report
☒ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|--|--|---|
| ☐ Acidize | ☐ Deepen | ☐ Production (Start/Resume) | ☐ Water Shut-Off |
| ☐ Alter Casing | ☐ Fracture Treat | ☒ Reclamation | ☐ Well Integrity |
| ☐ Casing Repair | ☐ New Construction | ☐ Recomplete | ☐ Other _____ |
| ☐ Change Plans | ☒ Plug and Abandon | ☐ Temporarily Abandon | |
| ☐ Convert to Injection | ☐ Plug Back | ☐ 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 recompleate 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 recompleation 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.)

P&A COMPLETED 3/18/2008

ALL CORRECTIVE RECLAMATION WORK HAS BEEN COMPLETED AND LOCATION WAS INSPECTED BY BLM PRIOR TO SALE OF UNIT TO LEGACY RESERVES IN 4/2010.

RECEIVED

JAN 31 2012

NMOCD ARTESIA

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

Title ENGR. TECH

Signature

Date 12/09/2011

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)

Accepted for record
NMOCD

Fairway Resources Operating, LLC
538 Silicon Dr. Suite 101
Southlake, TX 76092

RE: LC055561; South Red Lake II No. 46
1656' FNL & 1656' FEL, Section 35, T17S-R27E
Eddy County, New Mexico

Subject: Final Abandonment Notice – Denial

The reclamation and restoration of the referenced well location does not meet the BLM objectives (attached). The BLM objectives are to be met prior to release and/or Final Abandonment can be approved. Take appropriate action to meet objectives. Contact Jennifer Van Curen @ 575-234-5905 if any questions, or to set up an onsite to identify a path forward to meet the objectives.

James A. Amos
Supervisory Environmental Protection Specialist

Reclamation Objective

At final abandonment, well location, 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 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.

The reclamation process involves restoring the original landform or creating a landform that approximates and blends in with the surrounding landform. It also involves salvaging and reusing all available topsoil in a timely manner, revegetating disturbed areas to native species, controlling erosion, controlling invasive non-native plants and noxious weeds, and monitoring results. With proper reclamation measures, over time, local native species will become re-established on the site and the area will regain its original productive and scenic potential.

Reclamation generally can be judged successful when a self-sustaining, vigorous, diverse native (or otherwise approved) plant community is established on the site, with a density sufficient to control erosion and non-native plant invasion and to re-establish wildlife habitat or forage production. Erosion control is generally sufficient when adequate groundcover is reestablished, water naturally infiltrates into the soil, and gullying, headcutting, slumping, and deep or excessive rilling is not observed. The site must be free of State- or county listed noxious weeds, oilfield debris, contaminated soil, and equipment. The operator should inform the surface management agency that reclamation has been completed and that the site is ready for final inspection when these requirements have been met. Use Form 3160-5 (Sundry Notices and Reports on Wells), Final Abandonment Notice (one original and 3 copies).

If any questions, Contact Jim Amos @ 575-234-5909 (office) or 575-361-2648 (cell).