

Form 3160-5
April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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



Oil Well



Gas Well



Other

2 Name of Operator

SUNDOWN ENERGY LP

3a Address

13455 NOEL RD, STE. 2000, DALLAS, TX 75240

3b Phone No (include area code)

214-368-6100

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

1650' FSL & 1980' FEL
S20, T-22S, R-28E

5. Lease Serial No.

NMNM86542

6. If Indian, Allottee or Tribe Name

7. If unit or CA/Agreement, Name and/or No.

8. Well Name and No.

FEDERAL 'AE' #1

9. API Well No.

30-015-23027

10. Field and Pool, or Exploratory Area

Herradura Bend (Delaware)

11. County or Parish, State

EDDY CO., NM

12 CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

Acidize



Alter Casing



Casing Repair



Change Plans



Convert to Injection



Deepen



Fracture Treat



New Construction



Plug and Abandon



Plug Back



Production (Start/Resume)



Reclamation



Recomplete



Temporarily Abandon



Water Disposal



Water Shut-Off



Well Integrity



Other

WRITTEN ORDER

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 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.)

IN REFERENCE TO WRITTEN ORDER 10TG023, Sundown Energy is submitted the following plan to address the noted problem of re-vegetation of the Reserve Pit Area, for your approval:

1. Cover 150' X 150' Reserve Pit with HDPE GEO Membrane Liner
2. Cover GEO Membrane Liner w/ 2' of Top Soil
3. Seed area with BLM Seed Mix

Accepted for record SEE ATTACHED FOR
NMOC D CONDITIONS OF APPROVAL

See Attachments

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Belinda Bradley

Title

Admin. Asst.

Signature

Date

7/21/2010

RECEIVED

JAN 25 2012

NMOC D ARTESIA

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

SEAS

Date

1-20-12

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 right in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CFO

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)

OPERATOR'S COPY

Form 3160-18
(October, 1999)

Number 10TG023

Page 1 of 2

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

☒ Certified Mail - Return
Receipt Requested
70073020000206490565

IDENTIFICATION	
ID	
Lease	NMNM86542
CA	
Unit	
PA	

Bureau of Land Management Office CARLSBAD FIELD OFFICE				Operator SUNDOWN ENERGY LP			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address 13455 NOEL ROAD STE 2000 DALLAS TX 75240			
Telephone 575-234-5958				Attention			
Inspector GREGSTON				Attn Add			
Site Name FEDERAL AE	Well or Facility 1	1/4 1/4 Section NWSE 20	Township 22S	Range 28E	Meridian NMP	County EDDY	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
06/15/2010	16:20	07/24/2010		43 CFR 3162.1(a), 43 CFR 3162.1(a), 43 CFR 3162.5-1(a), 43 CFR 3162.5-1(c), 43 CFR 3162.5-1(b), APD COA

Remarks

A surface inspection of the Federal AE 1 on 06/15/10 discovered the following issues that need to be addressed:

1. Current operator is not legible on well sign. Fix or replace well sign.
2. Chemical catchment basin is not netted; net chemical catchment tank.
3. Trash: remove and/or disconnected pipe, scrap, and any trash from location; dispose of trash at an authorized landfill facility.
4. Address leakage issues on wellhead/pumpjack. Pick up contaminated soils around wellhead and the small pile of contaminated soil that is currently sitting on reserve pit. Haul contaminated soils to an authorized land disposal facility. Contact Terry Gregston, (575) 234-5958 when:

(Remarks continued on following page(s):)

(cont. on pg. 2.)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title Admin. Asst. Signature Belinda Bradley Date 7/21/10

Company Comments

See attachments

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <u>Terry Gregston</u>	Date <u>06/16/10</u>	Time <u>16:30</u>
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FOR OFFICE USE ONLY

Number 3	Date	Type of Inspection ES
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BLM Remarks, continued

excavation around wellhead is complete and prior to backfilling for onsite inspection of cleanup. Present a copy of the land disposal ticket to the authorized officer during that onsite. Once excavation of contaminated soils is cleared, backfill with clean caliche.

5. Sample reserve pit to determine if pit is not revegetating due to presence of salts. Call Terry Gregston, (575) 234-5958, to witness sampling and sealing of soil samples from pit. After pit is sampled, send soil sample analysis to a third party lab. Submit sample analysis along with a reserve pit reclamation plan to the BLM, Attention Terry Gregston. Plan should address stabilization and vegetation establishment on the pit area.

If you have any questions, contact Terry Gregston, Environmental Protection Specialist, at (575) 234-5958.



ROADRUNNER ENVIRONMENTAL, INC.
P.O. BOX 1238
1705 E. GREENE ST.
CARLSBAD, NM 88220
OFFICE: (575)887-6067
FAX: (575)887-2057
roadrunneroffice@swwmail.net



JULY 13, 2010

ATTN: TERRY GREGSTON
CARLSBAD FIELD OFFICE
620 E. GREENE STREET
CARLSBAD, N.M. 88220
OFFICE: 575-234-5958

RE: SUNDOWN FEDERAL AE #1 PLAN OF ACTION

PLAN OF ACTION TO RECLAIM TO BLM SPECIFICATIONS THE RESERVE
PIT ON THE FEDERAL AE #1 LOCATION.

- 1.MET WITH TERRY GREGSTON TO WITNESS INITIAL TAKING OF SOIL
SAMPLES AND DISCUSS OPTIONS.
- 2.SOIL SAMPLE RESULTS FROM LAB (SEE ATTACHMENT).
- 3.START OF REMEDIATION: USE DOZER TO SCRAPE SOIL DOWN TO
CALICHE BED ROCK.
- 4.MATERIALS TO BE HAULED OFF TO CRI FOR DISPOSAL.
- 5.CAP CALICHE BEDROCK WITH HDPE GEO MEMBRANE LINER.
- 6.TEST BACKFILL MATERIAL -BLM TO WITNESS-AND DELIVER TO LAB.
- 7.HAUL IN BACK FILL MATERIAL TO A DEPTH OF 3' TO 4' ABOVE HDPE
GEO MEMBRANE LINER.
- 8.SEED WITH BLM SEED AND WATER.
- 9.15 DAYS LATER WATER AREA AGAIN.
- 10.CHECK AREA AGAIN IN 30 DAYS.



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

July 9, 2010

Shawn H.
Roadrunner Environmental
P.O. Box 1236
Carlsbad, NM 88210

Re: Sundown (Federal A-E)

Enclosed are the results of analyses for sample number H20271, received by the laboratory on 07/06/10 at 12:40 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

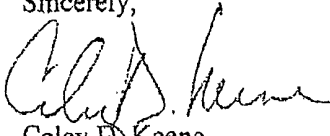
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,


Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
ROADRUNNER ENVIRONMENTAL
ATTN: SHAWN H.
P.O. BOX 1236
CARLSBAD, NM 88220
FAX TO: (575) 887-2057

Receiving Date: 07/06/10
Reporting Date: 07/07/10
Project Owner: SUNDOWN
Project Name: SUNDOWN
Project Location: FEDERAL A-E

Sampling Date: 07/06/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: JH
Analyzed By: AB/ZL/HM

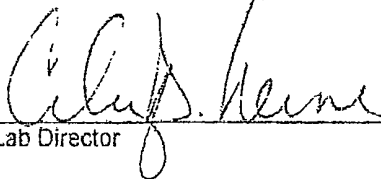
LAB NO.	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (C ₁₀ -C ₂₈) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)	Cl ⁻ (mg/kg)
ANALYSIS DATE:		07/07/10	07/07/10	07/06/10	07/06/10	07/06/10	07/06/10	07/06/10
H20271-1**	975374 N.W. TOP	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	4,880
H20271-2	975375 N.W. 3' 7" BOTTOM	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	6,320
H20271-3	975373 S.W. TOP	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	7,440
H20271-4	975343 S.W. 2' 4" BOTTOM	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	7,840
H20271-5	975363 N.E. TOP	<10.0	<10.0	<0.050	0.060	<0.050	<0.300	272
H20271-6	975365 N.E. 2' 5" BOTTOM	<10.0	<10.0	<0.050	0.087	0.055	<0.300	3,280
H20271-7	975350 CENTER TOP	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	4,320
H20271-8	975366 CENTER 4' BOTTOM	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	7,920
H20271-9	975364 S.E. TOP	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	5,120
H20271-10	975376 S.E. 4'	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	17,600
H20271-11	975371 S.E. 5' BOTTOM	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	9,600
Quality Control		478	554	0.009	0.009	0.009	0.027	500
True Value QC		500	500	0.010	0.010	0.010	0.030	500
% Recovery		95.2	111	90.0	90.0	90.0	90.0	100
Relative Percent Difference		0.6	0.6	2.0	1.3	1.3	1.2	10.9

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B; Cl⁻: Std. Methods 4500-Cl-B

*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Not accredited for GRO/DRO and Chloride.

**One or more TPH surrogates outside historical limits due to matrix interference.


Lab Director

07/09/10
Date

H20271 TBCL RRE

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analytical services. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

ARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 FAX (575) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Company Name: <u>Roadrunner Env.</u>		BILL TO		ANALYSIS REQUEST											
Project Manager: <u>Shawn H</u>		P.O. #:													
Address: <u>PO BOX 1236</u>		Company: <u>Roadrunner</u>													
City: <u>Carlsbad</u> State: <u>NM</u> Zip: <u>88220</u>		Attn: <u>Shawn H.</u>													
Phone #: <u>687-6067</u> Fax #: <u>887-2057</u>		Address:													
Project #:		Project Owner: <u>Sundown</u>		City:											
Project Name: <u>Sundown</u>		State:		Zip:											
Project Location: <u>Federal A-E</u>		Phone #: <u>575-497-6067</u>													
Sampler Name: <u>Mike F.</u>		Fax #:													
FOR LAB USE ONLY															
Lab I.D.	Sample I.D.	(GRAS OR COMPO.)	# CONTAINERS	MATRIX			PRESERV.		SAMPLING		<u>B Tech</u> <u>TPH</u> <u>Chlorides</u>				
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACIDBASE:		ICE / COOL	OTHER:	DATE	TIME
<u>H20271</u>						✓								<u>7/6</u>	<u>10:10</u>
<u>975374</u>	<u>N.W. Top</u>														
<u>975375</u>	<u>N.W. 3' 7" Bottom</u>														<u>10:15</u>
<u>975373</u>	<u>S.W. Top</u>														<u>10:20</u>
<u>975343</u>	<u>S.W. 2' 4" Bottom</u>														<u>10:25</u>
<u>975363</u>	<u>N.E. Top</u>														<u>10:30</u>
<u>975365</u>	<u>N.E. 8' 5" Bottom</u>														<u>10:35</u>
<u>975350</u>	<u>Center Top</u>														<u>10:40</u>
<u>975366</u>	<u>Center 4' Bottom</u>		✓										<u>7/6</u>	<u>10:45</u>	

[illegible]

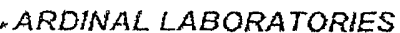
Relinquished By: <i>[Signature]</i> Date: <i>7/6</i> Time: <i>10:10</i>		Received By: Date: Time:		Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No {Add'l Phone #: Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No {Add'l Fax #: REMARKS:	
Relinquished By: Date: <i>7/6/10</i> Time: <i>12:40</i>		Received By: <i>[Signature]</i> Date: Time:			
Delivered By: (Circle One) Samples: UPS - Bus - Other:		Sample Condition Cool <input checked="" type="checkbox"/> Intact <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/>		CHECKED BY: (Initials) <i>[Initials]</i>	

~~FORM-006~~

Revision 1.0

† Cardinal cannot accept verbal changes. Please fax written changes to 676-393-2478

#26



101 East Marland, Hobbs, NM 88240

(575) 393-2326 FAX (575) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

9-
10
11-

PLEASE NOTE: Plaintiff, and Defendant, and each of Plaintiff and Defendant's respective attorneys, shall not be bound by the terms of this stipulation, and the stipulation shall not be enforceable, if Plaintiff or Defendant, or either of their respective attorneys, shall fail to comply with the terms of this stipulation. Plaintiff and Defendant, and each of Plaintiff and Defendant's respective attorneys, shall not be bound by the terms of this stipulation, and the stipulation shall not be enforceable, if Plaintiff or Defendant, or either of their respective attorneys, shall fail to comply with the terms of this stipulation. Plaintiff and Defendant, and each of Plaintiff and Defendant's respective attorneys, shall not be bound by the terms of this stipulation, and the stipulation shall not be enforceable, if Plaintiff or Defendant, or either of their respective attorneys, shall fail to comply with the terms of this stipulation.

Relinquished By: <i>[Signature]</i> Date: <i>7/6</i> Time: <i>0:10</i>		Received By: Date: Time:		Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No Add'l Phone #: Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No Add'l Fax #: REMARKS:	
Relinquished By: Date: <i>7/6/10</i> Time: <i>12:40</i>		Received By: <i>[Signature]</i> Date: Time:		CHECKED BY: <i>[Signature]</i> (Initials)	
Delivered By: (Circle One) Sampler: <input checked="" type="checkbox"/> UPS <input type="checkbox"/> Bus <input type="checkbox"/> Other:		Sample Condition Cool Intact <i>50c</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No			

2F 01R44-006

Revision 1.0

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476

426

Manifest # 2788

Lazy Ace Landfarm

Lease Operator Information:

Name: Sundown Energy
 Address: 13455 Noel Road Ste 2000
 Phone #: _____

Originating Location of waste material:

Lease Name: Federal AE #1
 Sec. _____ T _____ R _____

Transporter Information:

Name: Road Runner
 Address: PO Box 1238
 Phone #: 575-887-6667
 Driver Signature: Bobby Padgett
 Date: 7-6-2010

Non-Hazardous Hydro-Carbons:

Waste material placed in cell number: A-6 # of Yards: 27

Lazy Ace Landfarm, L L C
 P O Box 130
 Eunice, NM 88231

Permit # NM 01-0041
 W1/2SW1/4 S22T20SR34E

Contacts:

Danny Berry
 (575) 393-6964 - Home
 (575) 369-5266 - Cell

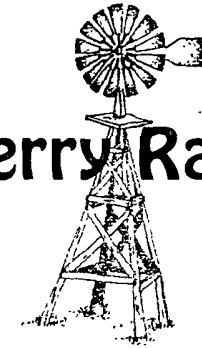
"As a condition of acceptance for disposal, I hereby certify that this waste is an exempt waste as defined by the Environmental Protection Agency (EPA). The waste are generated from oil and gas exploration and production operations, exempt from Resource Conservation and Recovery Act (RCRA) Subtitle C Regulations, and not mixed with non-exempt waste."

Facility Representative: Danny Berry Date: 7-6-10
 White - Original Canary - Invoice Pink - Trucker

Manifest

1310

Berry Ranch



H (505) 393-6964
 C (505) 369-5266

Box 160
 Eunice, NM 88231

Date 7-6-2010☒ Caliche☐ Clay☐ Topsoil☐ OtherNumber Of Loads Hauled: 2Size of loads: 15 yds.Total yards hauled 30 yds.**Transported To:**

Company Name: Sundown
 Lease: Federal AE #1
 Address: 13455 Noel Rd. Ste 2000 Dallas TX
 Phone: _____

Transported By:

Company Name: Road Runner
 Address: PO Box 1238
 Phone: 575-887-6667
 Driver Signature: Bobby Padgett

White - Original

Yellow - Invoice

Pink - Trucker



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To:
NMNM86542
API# 3001523027

To:
Sundown Energy LP
13455 Noel Road, STE 2000
Dallas, TX 75240

01/19/12

Conditions of Approval for the Federal AE 1 work plan:

1. The Sundry Notice outlines different work plan requirements than what are submitted in the work plan. The Sundry Notice is approved on the condition that the operator follows the submitted work plan attached to the Sundry.
2. Contact Terry Gregston, (575) 361-2635 to witness the installation of the liner.
3. Backfill material can be clean caliche, with 1 foot of clean topsoil on the top.
4. Install erosion control measures on the reclaimed location; do not breach erosion control measures during the seeding process.
5. Contact Terry Gregston, (575) 361-2635 to inspect the final reclamation work prior to seeding and while equipment is still on location.
6. Rip and seed location with a combination of #3 and #4 seed mix. Contact Terry Gregston, (575) 361-2635 prior to seeding. It is preferred that the location be left rough, rather than backdragging the location to smooth.

BLM approval of this proposal does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to groundwater, surface water, human health, or the environment, or if the location fails to reclaim properly. In such an event that location does not revegetate, or future issues with contaminants are encountered, the operator will be asked to address the situation until contaminant issues are fully addressed and the location is successfully reclaimed. In addition, BLM approval does not relieve the operator of responsibility for compliance with any other federal, state, or local laws/regulations.

Terry Gregston
Environmental Protection Specialist
BLM CFO