

**RECEIVED**  
MAR 13 2013  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SUNDRY ARTESIA  
SUNDRY NOTICES AND REPORTS ON WELLS

**OPERATOR'S COPY**

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

Do not use this form for proposals to drill or reenter 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  
**LRE OPERATING, LLC.**

3a. Address c/o Mike Pippin LLC  
 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)  
 505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 660' FNL & 660' FWL Unit D  
 Sec. 22, T5S, R25E

5. Lease Serial No.  
**NM-40029**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**ALKALI FEDERAL #4**

9. Well No.  
 30-005-61121

10. Field and Pool, or Exploratory Area  
 Pecos Slope Abo (82730)

AND  
 Chaves County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input checked="" 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
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <u>P&amp;A</u>

13. Describe Proposed or Completed Operations (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 recomple horizontally, give subsurface locations and measured 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.)

LRE would like to P&A this Abo well as follows: **MIRUSU. TOH w/all production equipment. Plug#1, 3650'-3550'. Abo perms 3730'-3844'. Set 4-1/2" CIBP @ 3650' & top w/25 sx cmt (~323'). WOC. Circ hole w/P&A mud (25 sx gel/100 bbls water). Plug #2 (1662'-1516'), 8-5/8" shoe @ 1612' & Top of Glorieta @ 1566'. Perf 3 SQ holes @ 1662'. Establish rate into SQ holes. Set 4-1/2" cmt ret @ 1612'. Mix 73 sx cmt & SQ 56 sx outside 4-1/2" csg & 17 sx inside csg. Plug #3 (876'-776') 13-3/8" csg shoe @ 826'. Perf 3 SQ holes @ 876'. Establish rate into SQ holes. Set 4-1/2" cmt ret @ 826'. Mix 54 sx cmt & SQ 42 sx outside 4-1/2" csg & leave 12 sx inside csg. Plug #4 (60'-Surface). Perf 3 SQ holes @ 60'. Establish circ out bradenhead w/water. Pump cmt down 4-1/2" csg & circ out bradenhead, (~18 sx). Cut off csg below surface csg flange. Install P&A marker with cmt to comply with government specs. RD move off location, cut off anchors & restore location.**

All cmt calc between csg & hole are @ 200% & inside csg are 150%.

*RD* 3/18/13  
 Accepted for record  
 NMOCB

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

Name (Printed/Typed) <b>Mike Pippin</b>	Title <b>Petroleum Engineer (Agent)</b>
Signature <i>Mike Pippin</i>	Date <b>January 17, 2013</b>

**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by *David P. Glass* Title **PETROLEUM ENGINEER**

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.

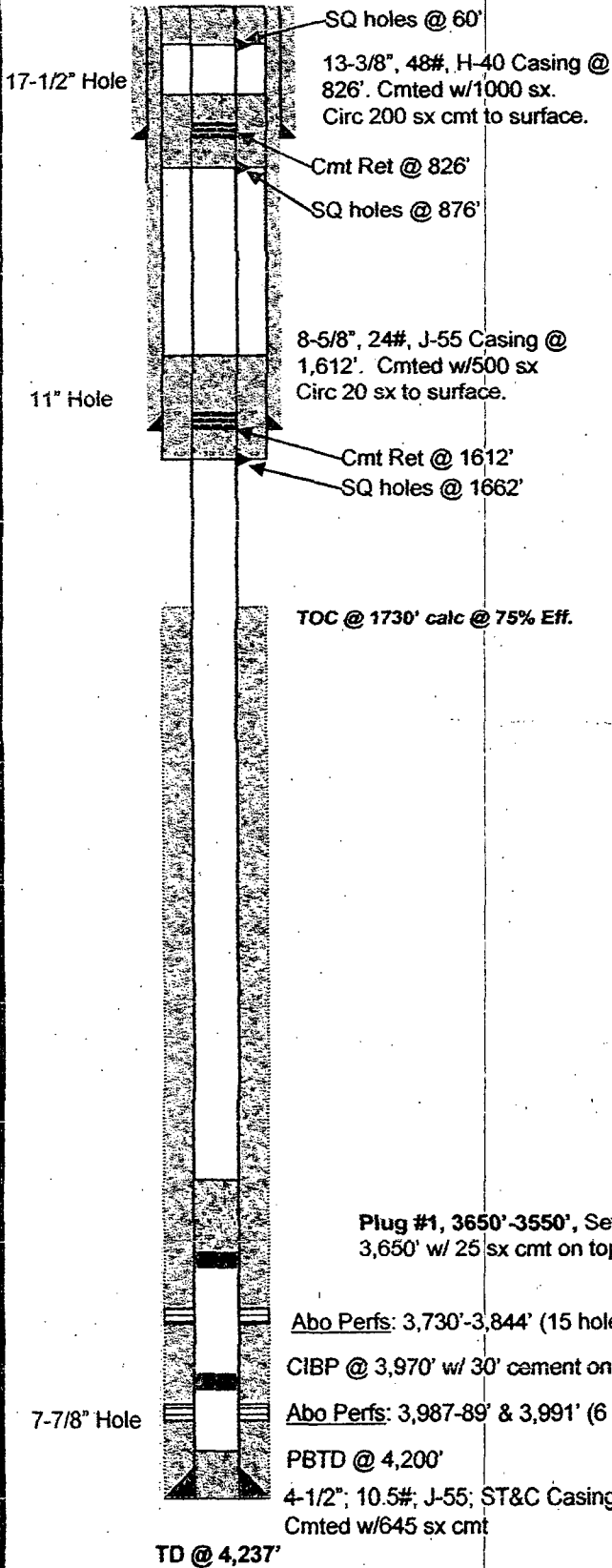
Office **JAN 29 2013**

Title 18 U.S.C. Section 1001 makes 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 reports, or to knowingly and willfully obstruct any investigation of any such statement or report.

**APPROVED FOR 3 MONTH PERIOD**  
**ENDING APR 29 2013**



# PROPOSED ABANDONMENT



**Plug #4, 60'-Surface**, Cmt w/18 sx,  
13 sx outside & 5 sx inside

**Plug #3, 876'-776'**, Cmt w/54 sx,  
Sq 42 sx outside & 12 sx inside

**Plug #2, 1662'-1516'**, Cmt w/73 sx,  
Sq 56 sx outside & 17 sx inside

Zone	Top
San Andres	626'
Glorieta	1,566'
Tubb	3,028'
Abo	3,679'

**LRE Operating, LLC**  
**Alkali Federal 4**  
**Sec 22D-5S-25E**  
**Chaves County, NM**

**BUREAU OF LAND MANAGEMENT**

**Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201  
(575) 627-0272**

**Permanent Abandonment of Federal Wells  
Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. **Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon. If you are unable to plug the well by the 90<sup>th</sup> day provide the BLM Roswell Field Office (RFO), prior to the 90<sup>th</sup> day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action. Unless the well has been properly plugged, the rig shall not be removed from over the hole without prior approval.**

2. **Notification:** Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours or after office hours call (575) 627-0205. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10 feet in length, 4 feet above the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to the BLM Roswell Field Office. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.