

UNITED STATES
DEPARTMENT OF THE INTERIOR **OCD Artesia**
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau 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.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/>		5. Lease Serial No. NMLC-029418B
2. Name of Operator CAPSTONE NATURAL RESOURCES, LLC		6. If Indian, Allottee or Tribe Name
3a. Address 200 N. LORRAINE, SUITE 1225, MIDLAND, TX 79701	3b. Phone No. (include area code) 432-218-7924	7. If Unit or CA, Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 660' FEL, SEC. 11, T17S, 31E, NMPM		8. Well Name and No. Lea C Federal #16
		9. API Well No. 30-015-20707
		10. Field and Pool, or Exploratory Area GRAYBURG JACKSON; SR-Q-G-SA
		11. County or Parish, State EDDY, NM

12. CHECK APPROPRIATE BOX(es) 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 checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input 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	

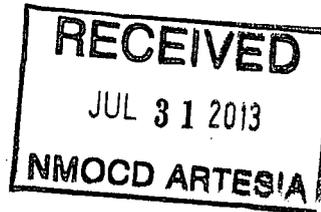
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths 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 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.)

4/29/13 - RIH with tbg. rods and pump. Set 117 jts. 2 7/8" 6.5#, J-55 tbg. @ 3903'. ND BOP and NU tree. Run pump and rods. Load and test tbg. Returned to production.

5/16/13 - 24-hr test: 10.5 BO and 47 BW

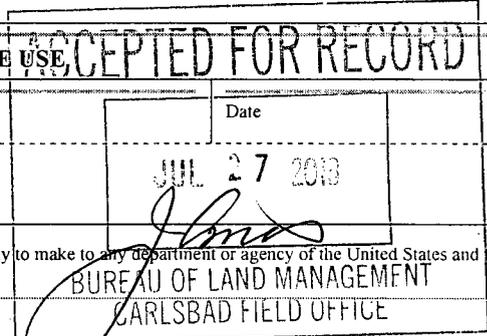
Accepted for record
NMBCD

Wade 8/1/13



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Debbie McKelvey	Title: Agent 575-392-3575
Signature: <i>Debbie McKelvey</i>	Date: 7/17/13

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 to any department or agency of the United States and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

SAW

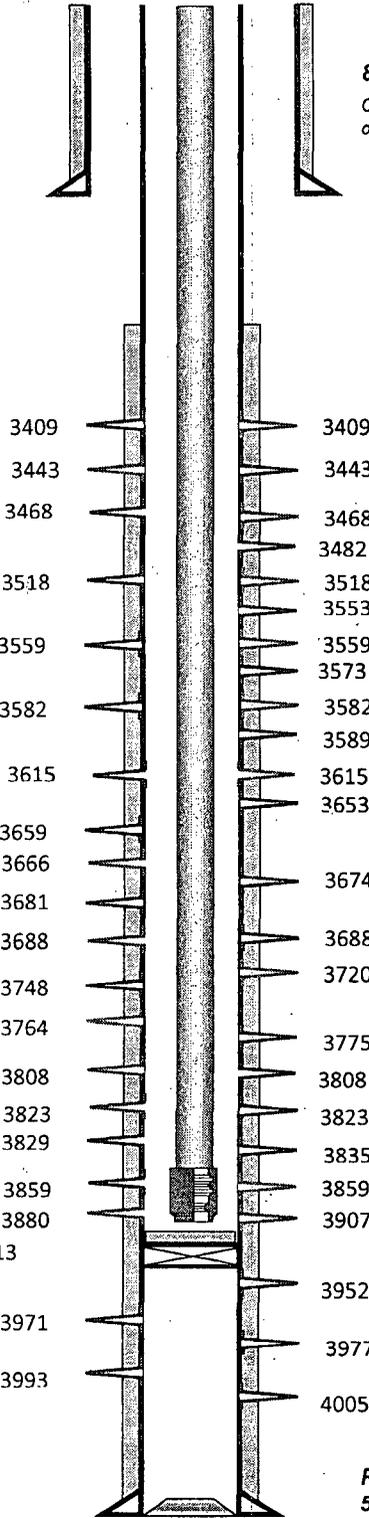
Capstone Natural Resources

17 July 2013 CAB

Lease :	Lea "C" #16				
Field :	Grayburg Jackson				
DF :					
Legals :					
Directions to Location :					
		Casing			
		Size	Weight	Grade	Depth
		8 5/8	24		650
		5 1/2	14	J-55	4,059
		Tubing			
		Size	Weight	Grade	Depth
		2-7/8"	6.5	J-55	3,903

Perforations

Existing Perfs (in red): 3409; 3443; 3468; 3482; 3518; 3553; 3559; 3573; 3582; 3589; 3615; 3653; 3659; 3674; 3681; 3688 (16 X 0.42" holes) 3748; 3775; 3808; 3823; 3829; 3835; 3859; 3952; 3971; 3977; 3993; 4005.
 (12 X .375" Holes) **New Perfs (in green):** 3409, 43, 68, 3518, 59, 82, 3615, 66, 88, 3720, 64, 3808, 23, 59, 80, 3907 (0.36" 1 spf 120 degree Phase 16 Holes) **Re shot perfs 4-6-13 that did not break down 4-5-13:** 3409, 3443; 3468; 3518, 3615, 3720; 3764; 3808 (0.38" holes, 2 SPF 16 holes)
 On 4-5-2013 all new perfs were isolated individually with packers and approximately 3.38 BBLs of acid was used to acidize each set of perfs for a total of 54 BBLs of acid on 16 perfs. On 4-8-2013, the perfs that did not break down were re-shot and approximately 6.75 BBLs of acid was used on the two new holes at each of the 8 intervals for a total of 54 BBLs of acid. A total of 108 BBLs of acid used on all new perfs.



8-5/8" 24# @ 650' (11" Hole)

Cmt with 350 Sacks. (Does not say if circulated to surface or not.)

CIBP @ 3923' w/ TOC @3913

PBTD = 4015'

5-1/2" 14# J-55 @ 3930'

7-7/8" hole TD @ 4060'

1550 sx Class "C" w/ additives