Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD Artesia

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

5. Lease Serial No. NMNM 093771

NMNM 093771

6. If Indian, Allottee or Tribe Name

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.

| abandoned well. | Use Form 3160-3 (A | APD) for su | ch proposa | ls. | <u> </u> | | | |
|---|---|---|---|-------------------|---|----------------|------------------------|--|
| SUBMI | T IN TRIPLICATE - Othe | r instructions o | n page 2. | | 7. If Unit of CA/Agreement, Name and/or No. | | | |
| I. Type of Well | | | | | · | | | |
| Oil Well Gas V | Vell Other | T. | | | 8. Well Name and No. Ritz Federal 3 & 4 | | | |
| 2. Name of Operator Ray Westall Operating, Inc. | | | | | 9. API Well No. See attached | | | |
| 3a. Address | | 3b. Phone No | . (include area co | de) | 10. Field and Pool or E | Exploratory Ar | ea · | |
| P.O. Box 4 Loco Hills, NM 88255 | | 575-677-237 | 0 . | | Shugart; Yates - 7R | - QN - GB | | |
| 4. Location of Well (Footage, Sec., T., | R.,M., or Survey Description | 1) | - 1 | | 11. Country or Parish, | State | | |
| Several | | | | | Eddy County, NM | | | |
| 12. CHEC | CK THE APPROPRIATE BO | OX(ES) TO INE | DICATE NATUR | E OF NOT | ICE, REPORT OR OTHE | ER DATA · | | |
| TYPE OF SUBMISSION | | | T | TION . | | | | |
| Notice of Intent | Acidize | Deep | Deepen | | duction (Start/Resume) | Water Shut-Off | | |
| Notice of Intent | Alter Casing | Frac | ture Treat | Rec | | | ntegrity | |
| | Casing Repair | New | Construction | Rec | omplete | ✓ Other | | |
| ✓ Subsequent Report | Change Plans | _ | and Abandon | _ | nporarily Abandon | OPERATOR | | |
| Final Abandonment Notice | Convert to Injection | | Back | | ter Disposal | CH | IANGE | |
| testing has been completed. Final determined that the site is ready for Operator has changed from Endura Ray Westall Operating, Inc., as new lease or portion of lease described. Ray Westall Operating, Inc. meets to Bond Coverage: Statewide BLM Bond NMXXXXXX | or final inspection.) Ince Resources, LLC to Review operator, accepts all appreciate bonding requirements and the second | ay Westall Opi olicable terms, ents as follows: | erating, Inc. conditions, stip | ulations an | | ng opërations | conducted on the $ ho$ | |
| 14. I hereby certify that the foregoing is t | rue and correct. | | | | | | | |
| Ray Westall | Name (Printed/Typed) y Westall | | | Title Book Reeper | | | | |
| | , | | 1 | 001010 | Ceper | | | |
| Signature | Date 04/15/2014 | | | | | | | |
| | THIS SPACE | FOR FEDE | RAL OR ST | ATE OF | FAPUSROVE | D | | |
| Approved by Conditions of approval, if any are attached that the applicant holds legal or equitable tentitle the applicant to conduct operations | itle to those rights in the K ibje | s not warrant or o | Title · · · · · · · · · · · · · · · · · · · | | MAY 1 6 2014 | nte | | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and

fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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|----------------|----------------|-------------------------------|--|--|--|--|
| | | | | | | |
| Well Name | ULSTR | API Number | Footage | Pool | | |
| Ritz Federal 3 | G-35-T18S-R30E | 30-015-24982 | 2311' FNL & 1980' FEL | 56439 Shugart Yates 7 Rivers Queen Grayburg | | |
| Ritz Federal 4 | B-35-T18S-R30E | 30-015-25142 | 890' FNL & 2110' FEL | 56439 Shugart Yates 7 Rivers Queen Grayburg | | |
| . ' | | | | | | |
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| | Ritz Federal 3 | Ritz Federal 3 G-35-T18S-R30E | Ritz Federal 3 G-35-T18S-R30E 30-015-24982 | Ritz Federal 3 G-35-T18S-R30E 30-015-24982 2311' FNL & 1980' FEL | Ritz Federal 3 G-35-T18S-R30E 30-015-24982 2311' FNL & 1980' FEL 56439 Shugart Yates 7 Rivers Queen Grayburg | |

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Effective 4/1/2014 Bond NM0322

5/16/2014 Approved subject to Conditions of Approval. JDB Change of Operator Conditions of Approval

- 1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
- 2. Submit for approval of water disposal method.
- 3. Submit updated facility diagrams as per Onshore Order #3
- 4. This agency shall be notified of any spill or discharge as required by NTL-3A.
- 5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
- 6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
- 7. Subject to like approval by NMOCD.
- 8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
- 9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
- 10. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.