

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

ARTESIA DISTRICT
OCT 17 2014

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

RECEIVED

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.
NMNM11327

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE -Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.
NMNM72645

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
HENSHAW FED 1

2. Name of Operator
NADEL & GUSSMAN PERMAN LLC
Contact: DAVID A EYLER
E-Mail: DEYLER@MILAGRO-RESCOM

9. API Well No.
30-015-25743-00-S1

3a. Address
601 NORTH MARIENFELD SUITE 508
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 432-687-3033

10. Field and Pool, or Exploratory
WILDCAT

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 14 T16S R30E SESW330FSL 1750FWL

11. County or Parish, and State
EDDY COUNTY, NM

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"/> Water Shut-Off
<input 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 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	

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.)

- 1) SET 5-1/2" CIBP @ 10,268'; PUMP 45 SXS.CMT. @ 10,268'-9950'(T/ATOKA); CIRC. *Add. 8893-8703*
- 2) PERF. X ATTEMPT TO SQZ. 65 SXS.CMT. @ 7,745'-7,575'(T/WC); WOC X TAG.
- 3) PERF. X ATTEMPT TO SQZ. 65 SXS.CMT. @ 6,530'-6,370'(T/ABO).
- 4) PERF. X ATTEMPT TO SQZ. 55 SXS.CMT. @ 4,520'-4,380'(T/GLOR.); WOC X TAG.
- 5) CUT X PULL 5-1/2" CSG. @ +/-3,443' *3/163*
- 6) PUMP 55 SXS.CMT. @ 3,478'-3,048'(5-1/2" CSG.CUT, 8-5/8" CSG.SHOE); WOC X TAG. *3213-3083*
- 7) PUMP 45 SXS.CMT. @ 1,505'-1,395'(T/YATES).
- 8) PUMP 45 SXS.CMT. @ 554'-454'(13-3/8" CSG.SHOE); WOC X TAG CMT. PLUG.
- 9) PERF. X CIRC. TO SURF., FILLING ALL ANNULI, 100 SXS.CMT. @ 100'-3'.
- 10) DIG OUT X CUT OFF WELLHEAD 3' B.G.L.; WELD ON STEEL PLATE TO CSGS. X INSTALL DRY HOLEMARKER.

*Accepted for record
NMCCD*

DURING THIS PROCEDURE WE PLAN TO USE THE CLOSED-LOOP SYSTEM W A STEEL TANK AND HAUL CONTENTS TO

Below ground marker Required

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

**Electronic Submission #258514 verified by the BLM Well Information System
For NADEL & GUSSMAN PERMAN LLC, sent to the Carlsbad
Committed to AFMSS for processing by JAMES AMOS on 09/12/2014 (14JA1170SE)**

**RECLAMATION PROCEDURE
ATTACHED**

Name (Printed/Typed) DAVID A EYLER	Title AGENT
Signature (Electronic Submission)	Date 08/27/2014

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>James L. Amos</i>	Title <i>SPET</i>	Date <i>9-29-14</i>
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 <i>CFO</i>

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.

Additional data for EC transaction #258514 that would not fit on the form

32. Additional remarks, continued

THE REQUIRED DISPOSAL, PER OCD RULE 19.15.17.

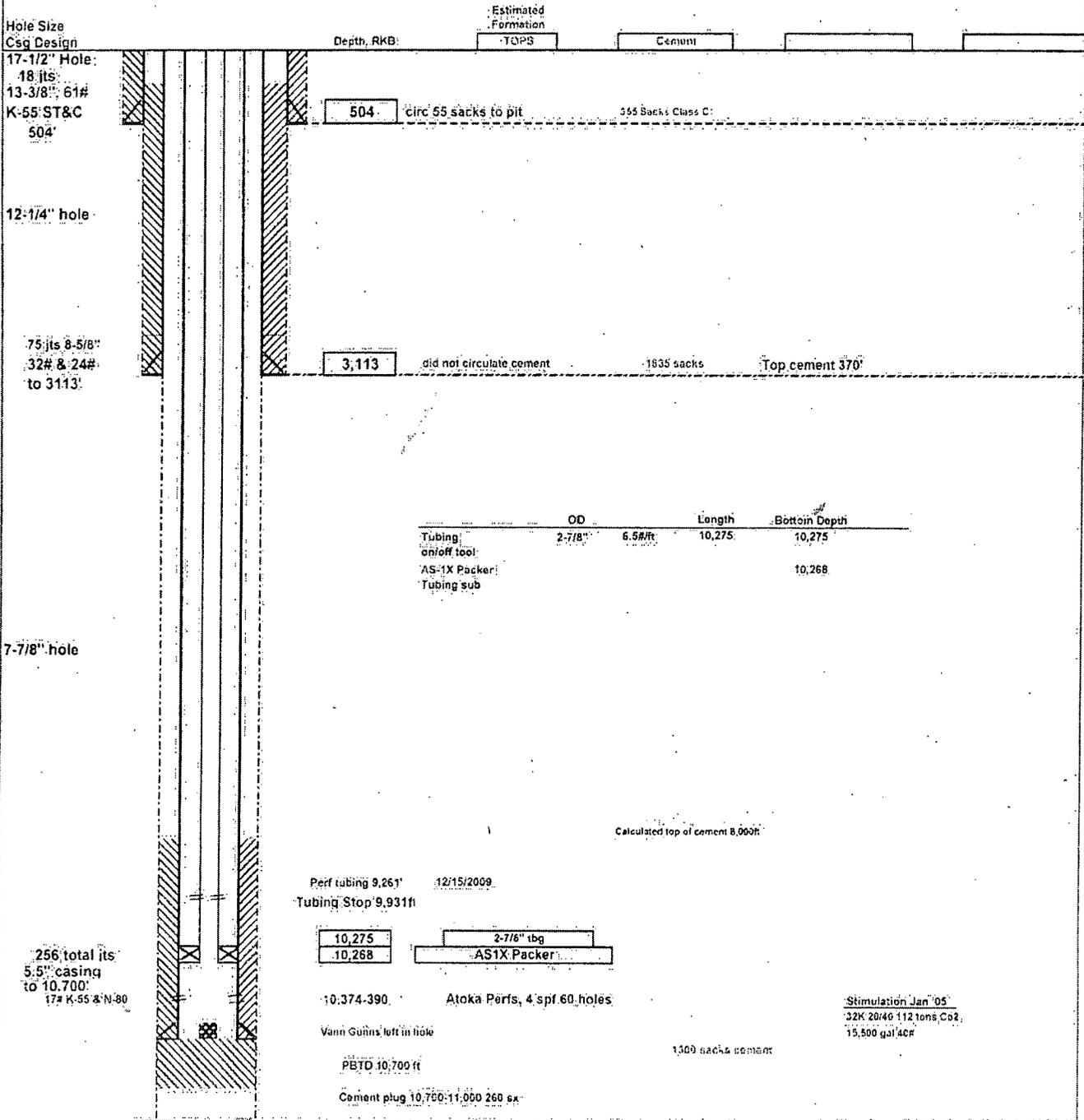
Nadel & Gussman Permian, LLC

LEASE: **Henshaw Federal**
 FIELD: **Henshaw Atoka**
 LOCATION: **330: FSL 1750: FWL**
 SPUD DATE: **6/12/1987**
 CONTRACTOR:

WELL NO.: **11**
 COUNTY: **Eddy**
 LEGAL: **Sec. 14-16S-30E**
 DRAWN BY: **Jason Goss**
 DATE: **8/26/2014**

API #: **30-015-257434**
 STATE: **New Mexico**
 GL: **3821**
 OF: **3821**
 KB:

Henshaw Federal Well No. 11



Driller TD **11,775ft**

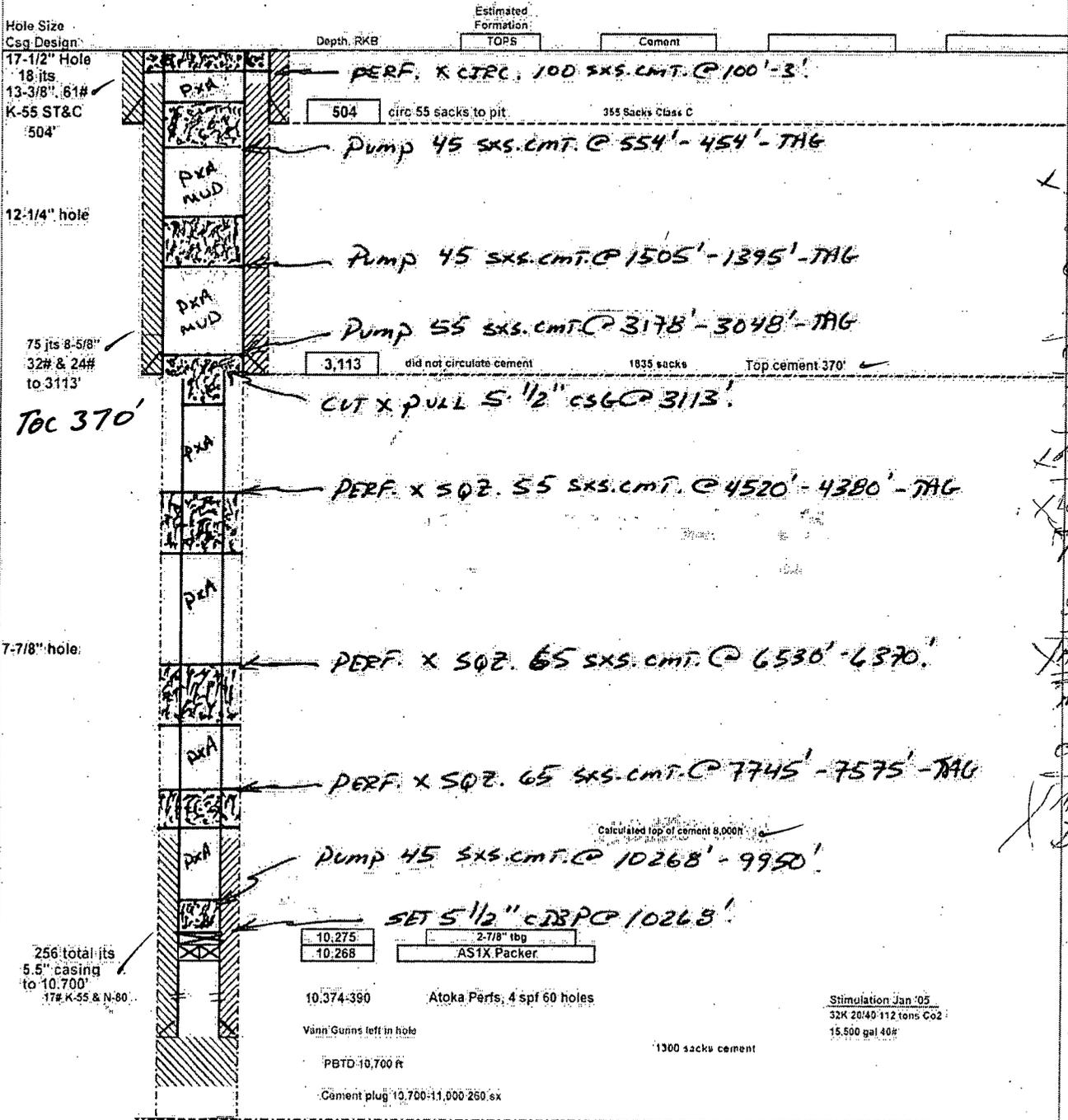
Nadel & Gussman Permian, LLC

LEASE: Henshaw Federal
 FIELD: Henshaw Atoka
 LOCATION: 330' FSL 1750' FWL
 SPUO DATE: 6/12/1987
 CONTRACTOR:

WELL NO.: 11
 COUNTY: Eddy
 LEGAL: Sec. 14-16S-30E
 DRAWN BY: Jason Goss
 DATE: 7/10/2014

API #: 30-015-257434
 STATE: New Mexico
 GL: 3821
 DF: 3821
 KB:

Henshaw Federal Well No. 11



- LY 1450
- Q 2258
- CB 2440
- SH 2970
- GI 4450
- TB 5698
- LABO 6450
- X WC 7660
- Pen 8798
- ST 9568
- X AT 1000
- MR 10408
- ch 10492
- X M 10928
- De 10962

Driller TD: 11,775ft

BHT 133

Stimulation Jan '03
 32K 20'40' 112 tons Co2
 15,500 gal 40#

DAE 08/25/14

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

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 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** 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 are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

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 BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off.**

The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (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 three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. 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.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.

J. Amos 3/6/11

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

Permanent Abandonment of Federal Wells
Conditions of Approval (LPC Habitat)

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 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine 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 are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Below Ground Level Cap (Lesser Prairie-Chicken Habitat): All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off. Upon the plugging and subsequent abandonment of wells that are located in lesser prairie-chicken habitat, the casings 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 covered with a metal plate at least ¼ inch thick and welded in place. A weep hole shall be left in the plate and/or casing.

NMOCD also requires the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a below ground cap was installed as required in the COA's from the BLM.

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. 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.

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation objectives.

Timing Limitation Stipulation/ Condition of Approval for Lesser Prairie-Chicken:

From March 1st through June 15th annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted