

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

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.

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| SUBMIT IN TRIPLICATE - Other instructions on page 2 | | 5. Lease Serial No. NMNM 36192 |
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Scythian, Ltd. | | 7. If Unit of CA/Agreement, Name and/or No. |
| 3a. Address 300 N. Marienfeld, Suite 950 Midland, Texas 79701 | | 8. Well Name and No. Lookout Federal #008 |
| 3b. Phone No. (include area code) (432) 685-3602 | | 9. API Well No. 30-005-62411 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) A-09-06S-22E | | 10. Field and Pool or Exploratory Area Pecos Slope; Abo (Gas) |
| | | 11. Country or Parish, State Chaves County, NM |

12. CHECK THE 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 checked="" type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <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 recompleat 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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.)

It should be noted that nitrogen is inherently found throughout the Pecos Slope Field.

Due to an unacceptable level of nitrogen found in the gas from this specific well, it has been necessary to temporarily Shut-in this well. It is our understanding that Transwestern has dictated the "acceptable level" of nitrogen in the gas they accept from Agave Energy Company (Purchaser).

Last Production Date: Production has been shut-in curtailed since May 2012.


The protracted status of this specific well is due to the failures of Agave Energy Company in the design, the construction, and operation of their nitrogen removal plant.

It is our intent to return this specific well to production in the next 30 days.

NM OIL CONSERVATION
ARTESIA DISTRICT
DEC 19 2016

Approved to shut in well for 30 days.
Submit 5th day production startup via sundry notice.
If production does not resume within 30 days
submit sundry with reasoning and new time frame.

RECEIVED

| | | | |
|---|--|-----------------|--|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Thomas A. Clifton | | Title V.P. | |
| Signature  | | Date 12/08/2016 | |
| THE 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. | | Date | |
| | | 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.