BUR	UNITED STATES PARTMENT OF THE INTERIOR EAU OF LAND MANAGEMENT IOTICES AND REPORTS ON WEL Form for proposals to drill or to re	UN 2.5 2019	5. Lease Serial No.	004-0137 ch 31, 2007	
SUBMIT IN TRIPLICATE - Other instructions on reverse side.			7. If Unit of CA / Agreemen	7. If Unit of CA / Agreement, Name and/or No.	
1. Type of Well Oil Well Oil Well	Gas Well Other		8. Well Name and No. Shugart West 24 Federal B 5		
2. Name of Operator	CHI Operating Inc	с.	9. API Well No. 30-015-32130-00-S1		
). (include area code)	10. Field and Pool, or Exploratory Area		
P.O. Box 1799 Midland, TX 79702 (432 4. Location of (Footage, Sec., T., R., or Survey Description)		2) 685-5001	Shugart 11. County or Parish, State		
Sec 24 T18S	R30E NWNE 370FNL 1700FEL		EDI	DY, NM	
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA					
TYPE OF SUBMISSION		TYPE OF	ACTION		
Notice of Intent	Acidize	,	Production (Start/Resume)	Water Shut-off	
	Alter Casing	Fracture Treat	Reclamation	Well Integrity	
Subsequent Report	Casing Repair	New Construction	Recomplete	Other	
Final Abandonment Notice	Change Plans		Temporarily Abandon Water Disposal		
Bond under which the work will be performed or provide the bond No. on file with the BLM / BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in 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.) 4/15/2019 MIRU. 4/15/2019 MIRU. 4/16/2019 Tag existing CIBP @ 8103' circ well w/ MLF, spot 25 sxs H @ 7665' TOC @ 7462'. DUF/0-26-/9 4/17/2019 Perf @ 5820' pressure up SIW. 4/18/2019 BLM ok'd to spot 25 sxs @ 5870' TOC @ 5617' WOC Tag @ 5722' SIW. 4/22/2019 BLM ok'd to spot 25 sxs @ 5870' TOC @ 5617' WOC Tag @ 5722' SIW. 4/22/2019 BLM ok'd to perf @ 56420' BLM ok'd to spot 25 sxs @ 5470' TOC @ 5217' Tag @ 5363', perf @ 5358' sqz 150 sxs dip to 4785' SIW. 4/24/2019 Tag @ 4742' perf @ 4525' sqz 40 sxs disp to 4351' WOC Tag @ 4325', perf @ 2850' SIW. 4/24/2019 Sqz 40 sxs disp to 2678' WOC Tag @ 2630', perf @ 1858' sqz 65 sxs disp to 1686' SIW. (Back)					
 I hereby certify that the following is tr Name 	ue and correct				
Chris Romero Title		P&A Tech (432)685.5001			
Signature Cric 2		Date 4/29/19			
THIS SPACE FOR FEDERAL OR STATE OFFICE USE					
Approved by		Title	ACCEPTED	FOR RFCORD	
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 operatins thereon.		Office	JUN	1 9 2019	
Title 18 U.S.C., Section 1001 and Title 43 U.S.C., Section 1212, make it a crime for any person knowingly an States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.			willfully to make to any departm	ent or agency of the United	
(Instructions on page 2)	······································	··		FIELD OFFICE	

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 E. Greene St. Carlsbad, New Mexico 88220-6292 www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its predisturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines (Contact service companies, allowing plenty of time to have the risers and power lines and poles removed prior to reclamation, don't wait till the last day and try to get them to remove infrastructure). Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

- The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1
- 2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months.
- 3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
- 4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you

have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

- 5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
- 6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
- 7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos Supervisory Petroleum Engineering Tech 575-234-5909, 575-361-2648 (Cell)

Arthur Arias Environmental Protection Specialist 575-234-6230

Crystal Weaver Environmental Protection Specialist 575-234-5943

Melissa Horn Environmental Protection Specialist 575-234-5951

Kelsey Wade Evnironmental Protection Specialist 575-234-5996

Trishia Bad Bear, Hobbs Field Station Natural Resource Specialist 575-393-3612