

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA FORM APPROVED  
OMB NO 1004-0137  
Expires March 31, 2007

AUG 10 2009

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 reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	SWD	5. Lease Serial No. NMLC070938
2. Name of Operator Nearburg Producing Company		6. If Indian, Allottee or Tribe Name
3a. Address 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705	3b. Phone No. (include area code) 432/818-2950	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2310 FSL and 1650 FWL, Sec 9, 18S, 27E		8. Well Name and No. CC Federal #5
		9. API Well No. 30-015-34163
		10. Field and Pool, or Exploratory Area
		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 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 recompleate 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 final site is ready for final inspection.)

NPC is requesting 90 days to either sale the subject well or P&A as follows:

Current Wellbore diagram attached.

Spot 40 sx plug 2050 - 1900

Spot 25 sx plug 1230 - 1130

Spot 10 sx surface plug

Install dry hole marker and clean location.

Remediate location as per BLM and NMOC guidelines.

Encloses is Written Order 09-KC-W05

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

\* Interim Reclamation Procedure Attached

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Sarah Jordan	Title Production Analyst
Date 7-17-09	
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved by <i>[Signature]</i>	Title Office
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.	

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

Form 3160-5  
(April 2004)

N.M. Oil Cons. Div-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**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 reverse side**

1. Type of Well  
☒ Oil Well ☐ Gas Well ☐ Other

NOV 16 2005

2. Name of Operator  
SDX Resources, Inc.

000-ARTESIA

3a. Address  
PO Box 5061, Midland, TX 79703

3b. Phone No. (include area code)  
432/685-1761

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
2310' FSL 1650' FWL  
Sec 9, T18S, R27E, K

5. Lease Serial No.  
NMLC-070938

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
CC Federal #5

9. API Well No.  
30-015-34163

10. Field and Pool, or Exploratory Area  
Red Lake, ON-GB-SA 51300

11. County or Parish, State  
Eddy Co., 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
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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 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.)

Current wellbore diagram attached.

Estimated tops: GL-YE 2880'  
SA 1430'

Propose to P&A as follows:

1. Spot 40 sx plug 2050'-1900'
2. Spot 25 sx plug 1230'-1130'
3. Spot 10 sx surf plug
4. Install marker & clean location
5. Close pits & remediate location as per BLM & NMOCD guidelines.

APPROVED

NOV 10 2005

LES BABYAK  
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Bonnie Atwater

Title Regulatory Tech

Signature

*Bonnie Atwater*

Date 11/7/05

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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.

Title

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.

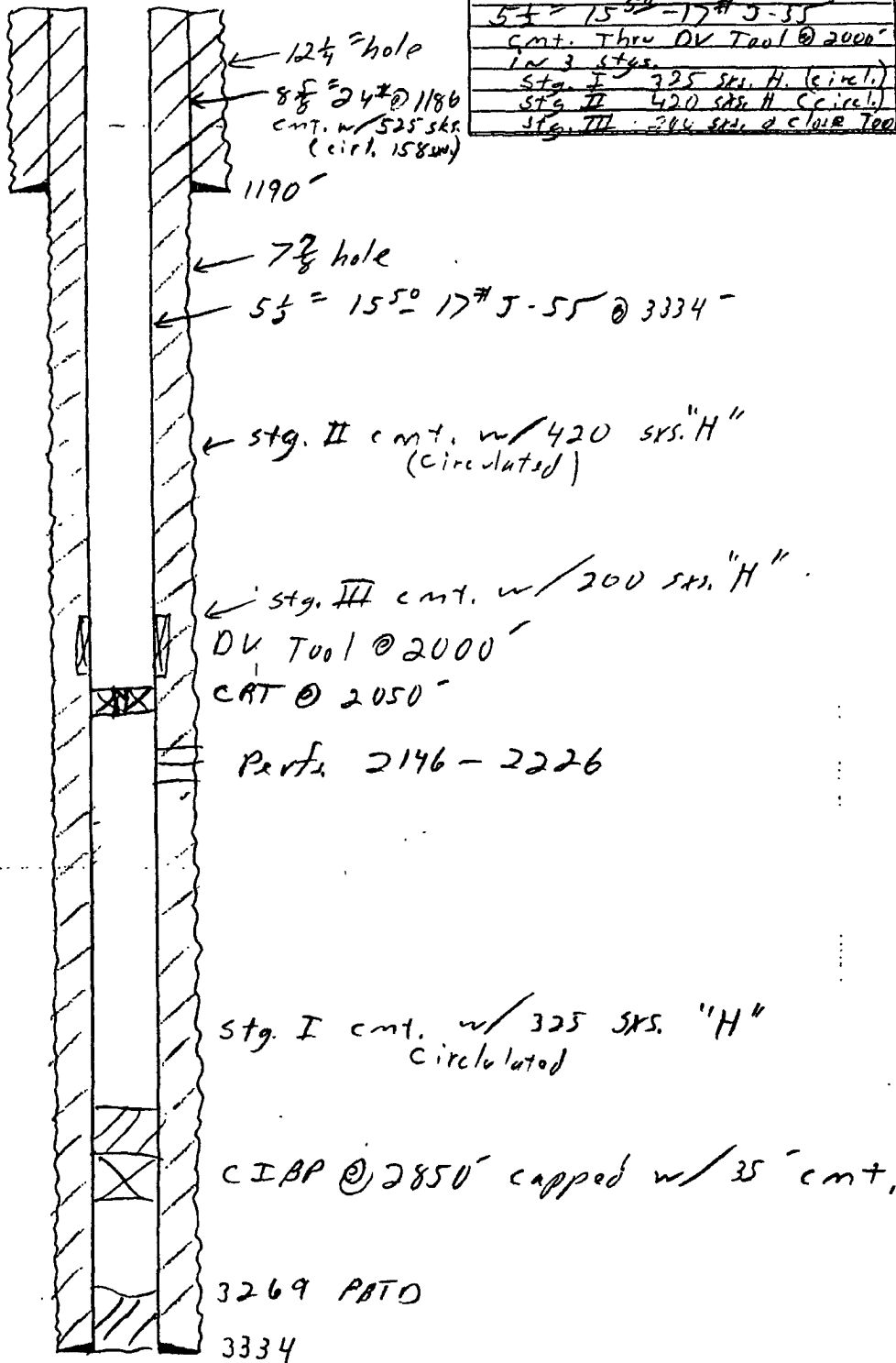
(Instructions on page 2)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

WELL NAME: CC Fed. #5 FIELD AREA: NE Red Lake  
 LOCATION: Sec. 9 T18S R27E "K" 2310 FSL + 1650 FWL  
 GL: 3531' ZERO:        AGL:         
 KB:        ORIG. DRG./COMPL. DATE:         
 COMMENTS: API # 30-015-34163

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
8 5/8" 24# J-55	1186
Cmt. w/ 325 sks. head 200 sks.	
"6" Tail cirt. 158 sks.	
5 1/2" 15.5# 17# J-55	3334
Cmt. Thru DV Tool @ 2000'	
In 3 stgs.	
Stg. I 325 sks. H. (cirt.)	
Stg. II 420 sks. H. (cirt.)	
Stg. III 200 sks. & cirt. Tool	



- SKETCH NOT TO SCALE -

REVISED: 11/7/05

# I & E CFO

Number 09-KC-W05

Page 1 of 2

☒ Certified Mail - Return  
Receipt Requested  
70053110000010624297

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
NOTICE OF WRITTEN ORDER**

IDENTIFICATION	
IID	
Lease	NMLC070938
CA	
Unit	
PA	

Bureau of Land Management Office <b>CARLSBAD FIELD OFFICE</b>				Operator <b>NEARBURG PRODUCING CO</b>			
Address <b>620 E GREENE STREET CARLSBAD NM 88220</b>				Address <b>3300 NORTH A STREET BLDG 2 STE120 MIDLAND TX 79705</b>			
Telephone <b>575-234-5906</b>				Attention <b>SARAH JORDAN</b>			
Inspector <b>CAFFALL</b>				Attn Addr <b>3300 N A ST BLDG 2, SUITE 120 MIDLAND TX 79705</b>			
Site Name <b>CC FEDERAL</b>	Well or Facility <b>5</b>	1/4 1/4 Section <b>NESW 9</b>	Township <b>18S</b>	Range <b>27E</b>	Meridian <b>NMP</b>	County <b>EDDY</b>	State <b>NM</b>
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
06/17/2009	13:00	07/24/2009		43CFR3162.1(a) 43CFR3162.3-4(a)

Remarks.

3162.3- 4 Well abandonment.

(a) The operator shall promptly plug and abandon, in accordance with a plan first approved in writing or prescribed by the authorized officer, each newly completed or recompleted well in which oil or gas is not encountered in paying quantities or which, after being completed as a producing well, is demonstrated to the satisfaction of the authorized officer to be no longer capable of producing oil or gas in paying quantities, unless the authorized officer shall approve the use of the well as a service well for injection to recover additional oil or gas or for subsurface disposal of produced water.

(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title Prod Analyst Signature S Jordan Date 7/17/09  
Company Comments See attached summary

### Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

### Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer [Signature] Date 6/18/09 Time 10:25

### FOR OFFICE USE ONLY

Number 51 Date  Type of Inspection WS

BLM Remarks, continued

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An inspection is being conducted on the CC Federal Well#5; the well is in Temporary Abandonment status as per 43CFR3162.3-4 [1] return the well to production or beneficial use or [2] submit Notice of Intent to Plug and Abandon.

Nearburg Producing Company  
NMLC-070938: CC Federal #5  
2310' FSL & 1650' FWL Sec 9, T18S-R27E  
Eddy County, New Mexico

RE: Plugging and Abandonment Requirements, Conditions of Approval

1. WOC and tag the 40 sx plug being set at 2050'.
2. Surface casing shoe plug is to extend at least 50' below (1240') and 50' above (1140') the shoe, with a minimum of 25 sx or a minimum of 110' of length, whichever is greater. WOC and tag.

See attached standard COA.

DHW 080409

**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 90<sup>th</sup> day provide this office, prior to the 90<sup>th</sup> 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.**

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. In lieu of a cement plug in a cased hole, 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.

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 well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. 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 five 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 conditions of approval will be developed and furnished to you.

DHW 071309



# 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

### Interim Reclamation 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.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. 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). Interim reclamation is to be completed within 6 months of well completion.
3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. 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.
4. 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.
5. 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 there are any questions, please feel free to contact any of the following specialists:

Jim Amos  
Supervisory Environmental Protection Specialist  
575-234-5909, 575-361-2648 (Cell)

Cody Layton  
Natural Resource Specialist  
575-234-5959

Terry Gregston  
Environmental Protection Specialist  
575-234-5958

Trishia Bad Bear  
Natural Resource Specialist  
575-393-3612

Bobby Ballard  
Environmental Protection Specialist  
575-234-2230

Todd Suter  
Surface Protection Specialist  
575-234-5987

Randy Rust  
Environmental Protection Specialist  
575-234-5943

Doug Hoag  
Civil Engineering Technician  
575-234-5979

Linda Denniston  
Environmental Protection Specialist  
575-234-5974

Jennifer Van Curen  
Environmental Protection Specialist  
575-234-5905

Justin Frye  
Environmental Protection Specialist  
575-234-5922