

OCD-ARTISIA

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 ☒ Other2 Name of Operator
Southwest Royalties, Inc.3a Address
6 Desta Drive, Suite 2100, Midland, TX 797053b. Phone No (include area code)
432/688-32674. Location of Well (Footage, Sec, T, R, M, or Survey Description)
1980' FSL & 330' FWL, Sec. 24, T19S, R30E, Eddy County, NMRECEIVED
DEC 31 2009

5 Lease Serial No.

NMNM 06766

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No
North Hackberry Yates Seven Rivers8 Well Name and No.
North Hackberry Yates Unit #1089 API Well No.
30-015-0462210 Field and Pool, or Exploratory Area
North Hackberry Yates11 County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF ACTION, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

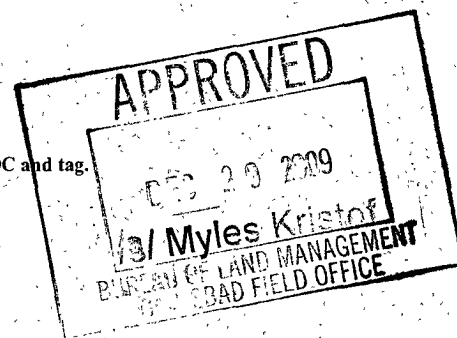
TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☒ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other

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 recompleat 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.)

Procedure to P&A North Hackberry Yates Unit #108

1. Notify the BLM Office 24 hrs prior to commencing P & A operations. MIRU Pulling Unit.
2. ND Wellhead. NU BOP's.
3. Release 4-1/2" Tension Packer and POOH w/packer and injection tubing.
4. RU Wireline. RIH and set 4-1/2" CIBP @ 1700'. Dump bail 35' of cement on CIBP @ 1700'.
5. Circulate the 4-1/2" casing w/MLF.
6. Perforate the 4-1/2" casing @ 580' and squeeze perfs with 50 sacks of cement (580'-480'). WOC and tag.
7. Spot 15 sack plug from 100' to surface. RDPU.
8. Cut off wellhead, cover cellar, install P & A marker, rip and re-seed location and berm roads.

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

Dawn M. Howard

Title Operations Assistant

Signature

Date

12/17/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

Title 18 U.S.C. Section 1001 and Title 43 USC 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)

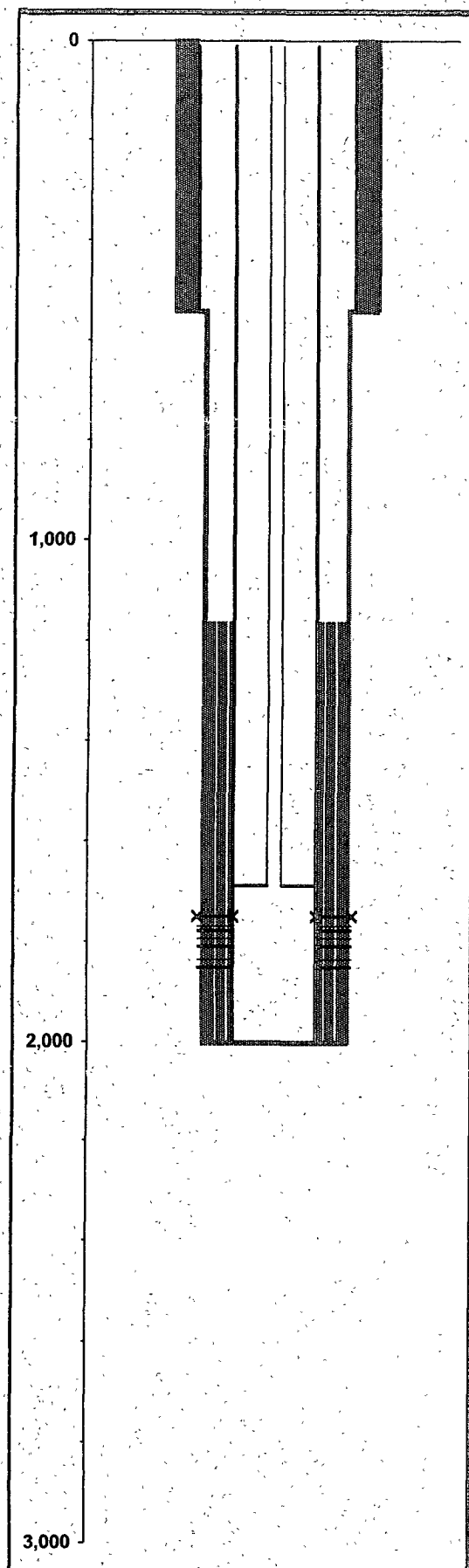
Wellbore Schematic (From Surface to TD)

Printed: 12/17/2009

North Hackberry Yates Unit # 108

Well ID: 101106-108

API # 30-015-04622



1980' FSL & 330' FWL	GL Elev:	3,249.41
Sec,Blk,Sur(Lbr,Lge,Sur)or(Sec,Twn,Rng): 24, , 24L-T19S-R30E	Fill Depth:	
County, State: Eddy, NM	PBTD:	1,935.00
Aux ID:	TD:	
KB = 10.8; DF = ; All Depths Corr To: KB	BOP:	

Hole Size

Diameter	Top At	Btm At	Date Drilled
11.0000	0.00	541.00	7/2/1961
7.8750	541.00	2,000.00	7/8/1961

Surface Casing

Date Ran: 7/5/1961

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing	17	8.6250	24.00	J55	529.58	10.80	540.38

Production Casing String 1

Date Ran: 7/10/1961

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Casing	64	4.5000	9.50	J55	1,989.20	10.80	2,000.00

Cement

#	Sx	Class	Weight	I D	O D	Top At	Btm At	TOC Per
300		Neat		8.625	11.000	0.00	541.00	Circ

Circ 10 sx

390	Incor	4.500	7.875	1,165.00	2,000.00	TS
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Temp survey found TOC 1165

Zone and Perfs

Yates-7 Rvrs, Nort

Perforations

Top	Bottom	Formation	Status	Opened	Closed	# / Ft	Ttl #
1,749.00	1,751.00	Yates	PA	7/11/1961	5/22/1985	2	4

Top perfs sqzd 5/85

1,768.00	1,770.00	Yates	A	7/11/1961	2	4
1,777.00	1,779.00	Yates	A	7/11/1961	2	4
1,792.00	1,794.00	Yates	A	7/11/1961	2	4
1,808.00	1,810.00	Yates	A	7/11/1961	2	4
1,834.00	1,836.00	Yates	A	7/11/1961	2	4
1,849.00	1,851.00	Yates	A	7/11/1961	2	4

Tubing String 1

Date Ran: 5/22/1985

Description	#	Diameter	Weight	Grade	Length	Top At	Btm At
Tbg Sect 1	54	2.3750	4.70	J55	1,674.20	10.80	1,685.00

Plastic coated tubing

Packer	1	4.5000			3.00	1,685.00	1,688.00
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S-Ten 4-1/2" x 2-3/8" Tension Type w/ 8 pts pull on it.

**North Hackberry Yates Unit #108
30-015-04622
Southwest Royalties, Inc.
December 22, 2009
Conditions of Approval**

Operator to have H2S monitoring equipment on location as H2S has been reported.

Subject to like approval by state.

- 1. OK – Notify BLM**
- 2. OK – NU BOP**
- 3. OK – POH w/tbg**
- 4. Tag CIBP & pump 25 sx, Tag cmt plug.**
 - a. Well is located within R-111-P potash. Need to have solid plug across salt section (1700'–480'). This also includes 8-5/8" csg shoe plug.**
 - b. Perforate 10' above the cmt tag in Step #4, attempt to establish circulation to the surface. If circulation can be established, circulate cement to the surface. Then place solid plug from top of cmt plug in step #4 to 480'. WOC and tag.**
 - c. If circulation cannot be established, pump 25 sacks. WOC and tag. Perforate 10' above tag and repeat step 5b. Continue until plug reaches 480'.**
- 5. Step 4 covers this.**
- 6. Step 4 covers this.**
- 7. Need to perf and sqz @ 100' and pump cement to surface. If cement circulated in step # 4 the perforations are not required.**
- 8. Need to verify all annuli are full of cement – P&A Marker**
- 9. See attached general plugging COA and reclamation procedures.**

MAK 122209

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. 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. Any plug that requires a tag will have a minimum WOC time of 4 hours.

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 when the wellhead is cut off to verify that cement is to surface in the casing and all annuluses.** 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 will be required. See attached reclamation procedure.

DHW 112309



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 pre-disturbance 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. 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.

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). 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 of well abandonment.
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 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