

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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 page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
NADEL AND GUSSMAN PERMIAN, LLC

3a. Address
601 N. MARIENFELD, SUITE 508, MIDLAND, TEXAS 79701

3b. Phone No. (include area code)
432-682-4429

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

8. Well Name and No.
HENSHAW FEDERAL - 1

9. API Well No.
30-015-25743

10. Field and Pool or Exploratory Area
HENSHAW; ATOKA (GAS)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330 FSL & 1750', SEC. 14, T16S, R30E

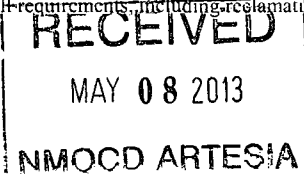
11. County or Parish, State
EDDY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input checked="" 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 recompletable 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 recompletable 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.)

SUBSEQUENT REPORT TO 13MRB036I (ATTACHED)



1. WE IS NOW ACTIVE. RIGGED UP SWAB RIG. SWAB WELL, WELL KICKED OFF. PRODUCTION 6 BBLS OIL, 139 BBLS WATER.

* 2. HEATER TREATER REFERENCED IN REPORT IS NOT IN USE.

3. ADDED MATERIAL WHERE EROSION OCCURED

* IF NOT in use, may need to remove. Issue is Owl's like to nest in old fire box's. Min. plate placed over fire box

Accepted for record
NMOC D CR Date 5/10/13

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

JASON GOSS

Title ENGINEER

Signature

Date 04/29/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

ACCEPTED FOR RECORD

MAY 5 2013

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 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)

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

☒ Certified Mail - Return
Receipt Requested
7012346000174037805

☐ Hand Delivered Received
by

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
IID
Lease NMNM11327
CA NMNM72645
Unit
PA

Bureau of Land Management Office CARLSBAD FIELD OFFICE				Operator NADEL & GUSSMAN PERMIAN LLC			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address 601 NORTH MARIENFELD SUITE 508 MIDLAND TX 79701			
Telephone 575.234.5972				Attention			
Inspector BURTON				Attn Addr			
Site Name HENSHAW FED	Well or Facility 1	1/4 1/4 Section SESW 14	Township 16S	Range 30E	Meridian NMP	County EDDY	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
03/14/2013	12:00	43CFR3162.1, COA's	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
05/05/2013			43 CFR 3163.1()

Remarks

An environmental inspection of the referenced facility location was conducted on 03/14/2013. Below are the violations found that must be addressed.

1. Produce or plug this well.
(Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation 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. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (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 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, record, 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 violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands 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 	Date 4/17/13	Time 0700
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FOR OFFICE USE ONLY

Number 6	Date	Assessment	Penalty	Termination
Type of Inspection ES				

BLM Remarks, continued

2. The old heater treater needs to have the hole where the fire box was filled in.
3. Repair the erosion on the west side of the location.
4. Notify this office of any change of operations of this well.

Location should be kept clean and free of trash and/or contaminants. Please plan to address these issues before abatement date, and return I&E copy with signature into Carlsbad field office in attn: to Mike Burton. If you have any questions, you can contact Mike Burton at 575-234-2226 mburton@blm.gov. Or call 575-361-3574. All of the above issues must be addressed. All leakage sources must be abated to prevent present and future leakages. In cases of contaminated soil, proper delineation of the contamination is required. 43CFR3162.5-1(a) (b) (c) also requires removal of all pollutants. Contaminated soils must be excavated and disposed of at a proper land disposal facility.