

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
Budget Bureau No. 1004-0137
Expires: July 31, 2010

5. Lease Serial No.
NMLC-029418B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Lea C Federal #16

9. API Well No.
30-015-20707

10. Field and Pool, or Exploratory Area
GRAYBURG JACKSON; SR-Q-G-SA

11. County or Parish, State
EDDY, NM

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 page 2.

1. Type of Well

☒ Oil ☐ Gas ☐

2. Name of Operator

CAPSTONE NATURAL RESOURCES, LLC

3a. Address

200 N. LORRAINE, SUITE 1225, MIDLAND, TX 79701

3b. Phone No. (include area code)

432-218-7924

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 660' FEL, SEC. 11, T17S, 31E, NMPM

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

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize
☐ Alter Casing
☐ Casing Repair
☐ Change Plans
☐ Convert to Injection

☐ Deepen
☐ Fracture Treat
☐ New Construction
☐ Plug and Abandon
☐ Plug Back

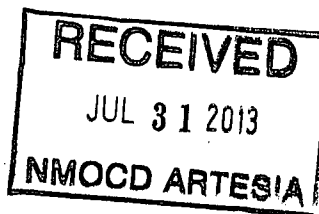
☒ Production (Start/Resume)
☐ Reclamation
☐ Recomplete
☐ Temporarily Abandon
☐ Water Disposal

☐ 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 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.)

4/29/13 - RIH with tbg. rods and pump. Set 117 jts. 2 7/8" 6.5#, J-55 tbg. @ 3903'. ND BOP and NU tree. Run pump and rods. Load and test tbg. Returned to production.

5/16/13 - 24-hr test: 10.5 BO and 47 BW



Accepted for record
NMOC D

Debbie McKelvey

8/1/13

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

Title: Agent 575-392-3575

Signature

Debbie McKelvey

Date: 7/17/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

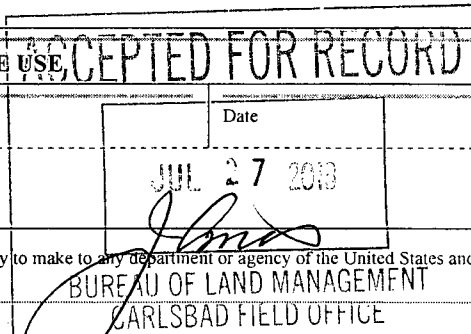
Date

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 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 and false, Fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instruction on page 2)



SAU

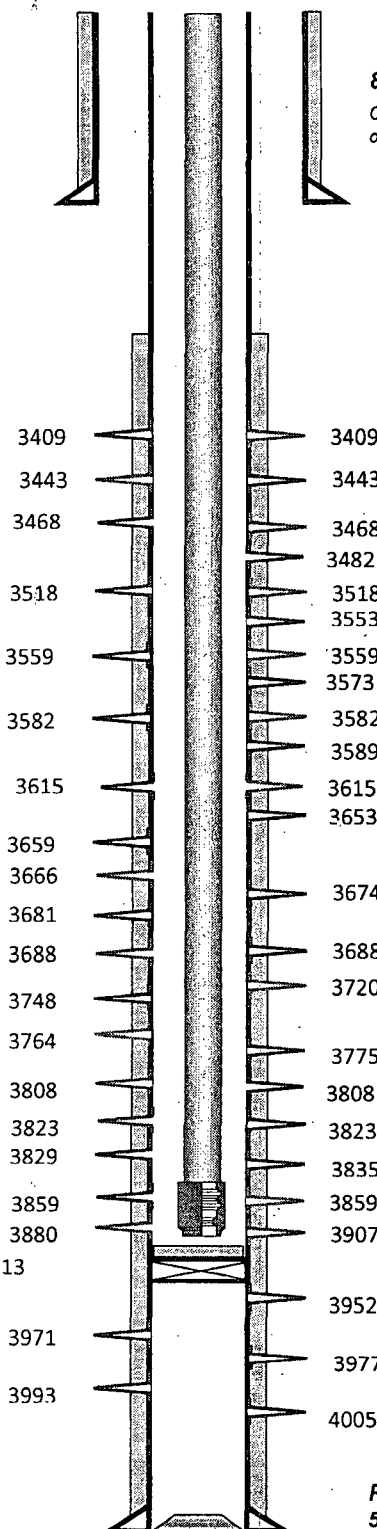
Capstone Natural Resources

17 July 2013 CAB

Lease :	Lea "C" #16	Casing			
Field :	Grayburg Jackson	Size	Weight	Grade	Depth
DF :		8 5/8	24		650
Legals :		5 1/2	14	J-55	4,059
Directions to Location :		Tubing			
		Size	Weight	Grade	Depth
		2-7/8"	6.5	J-55	3,903

Perforations

Existing Perfs (in red): 3409; 3443; 3468; 3482; 3518; 3553; 3559; 3573; 3582; 3589; 3615; 3653; 3659; 3674; 3681; 3688 (16 X 0.42" holes) 3748; 3775; 3808; 3823; 3829; 3835; 3859; 3952; 3971; 3977; 3993; 4005.
(12 X .375" Holes) **New Perfs (in green):** 3409, 43, 68, 3518, 59, 82, 3615, 66, 88, 3720, 64, 3808, 23, 59, 80, 3907 (0.36" 1 spf 120 degree Phase 16 Holes) **Re shot perfs 4-6-13 that did not break down 4-5-13:** 3409, 3443; 3468; 3518, 3615, 3720; 3764; 3808 (0.38" holes, 2 SPF 16 holes)
On 4-5-2013 all new perfs were isolated individually with packers and approximately 3.38 BBLs of acid was used to acidize each set of perfs for a total of 54 BBLs of acid on 16 perfs. On 4-8-2013, the perfs that did not break down were re-shot and approximately 6.75 BBLs of acid was used on the two new holes at each of the 8 intervals for a total of 54 BBLs of acid. A total of 108 BBLs of acid used on all new perfs.



8-5/8" 24# @ 650' (11" Hole)

Cmt with 350 Sacks. (Does not say if circulated to surface or not.)

CIBP @ 3923' w/ TOC @3913

PBTD = 4015'

5-1/2" 14# J-55 @ 3930'

7-7/8" hole TD @ 4060'

1550 sx Class "C" w/ additives