

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
OCD Artesia

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

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.
NMLC065680

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
Colgate Operating, LLC

3a. Address
306 W. Wall St. Suite 500
Midland, TX 79701

3b. Phone No. (include area code)
432.695.4222

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple see below, Section 24 & 23, T-18-S R-31-E

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

8. Well Name and No.
Multiple see below

9. API Well No.
Multiple see below

10. Field and Pool or Exploratory Area
Shugart; Yates-7RS-QU-GB

11. Country or Parish, State
New Mexico, Eddy

12. CHECK THE 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 checked="" type="checkbox"/> Other <u>Change of Operator</u>	
	<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 recomple 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 recompletion 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.)

This is notification that Colgate Operating, LLC is taking over operations of these wells.

Colgate Operating, LLC accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on this lease, or portion of lease described.

-BLM Bond No.: NMB001382
-Surety No: B010098
-Bond Amount: \$25,000.00
-Execution date: 7/25/2016

Change of Operator Effective: 8/31/2016
Former Operator: SM Energy Company
For the Following Wells:

	API	Footages	Sec.	Twn./Range	Lease #
Blackhawk Federal 2	30-015-25360	2310' FNL & 2310' FEL	24	T18S R31E	065680
Blackhawk Federal 3	30-015-25516	790' FNL & 940' FEL	24	T18S R31E	065680
Blackhawk Federal 5 (below 4000')	30-015-25651	1750' FNL & 990' FEL	23	T18S R31E	065680
" (above 4000')	30-0152565100-1	" "	"	" "	" "
Blackhawk Federal 7	30-015-25651	1750' FNL & 990' FEL	24	T18S R31E	065680

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**NM OIL CONSERVATION
ARTESIA DISTRICT
DEC 12 2016**

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Robert Shannon

Title Vice President & CFO, Colgate Operating, LLC

Signature

Date

9/28/2016

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Charles Nimmer

PETROLEUM ENGINEER

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

**BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. Greene St
Carlsbad, NM 88220
Ph: (575) 234-5972

Conditions of Approval for Change of Operator

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method within 60 days, if changes have been made from previously approved disposal method.
3. Review facility diagram on file, and submit updated facility diagrams, as per Onshore Order #3 within 60 day.
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.