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

| OCD-ARTESIA | |
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FORM APPROVED OM B No 1004-0137 Expires: March 31, 2007

5. Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS

| 1 121 42 1212 | | |
|---------------|--------------------------|--|
| If Indian | , Allottee or Tribe Name | |

| | is form for proposals t ell. Use Form 3160-3 (/ | | | о. п пшал,) | Allonee of Thoe Name | |
|--|--|---|--|--|---|--|
| SUBMIT IN TRI | PLICATE- Other insti | ructions on rever | se side. | 7. If Unit or | CA/Agreement, Name and/or No. | |
| 1. Type of Well Oil Well 2. Name of Operator NADEL AND | Gas Well Other GUSSMAN HEYCO, LLC | V | | 8. Well Nan CAN K | EN 4 FED #1 | |
| 3a Address PO BOX 1936 ~ ROSWELL NM 88202-1936 | | 3b. Phone No. (include area code) 505/623/6601 | | 30-015-24862 10. Field and Pool, or Exploratory Area | | |
| 4. Location of Well (Footage, Sec., T, R, M, or Survey Description) 1980' FNL & 660' FEL, Sec. 4: T18S, R31E | | JUN 0 3 2008 OCD-ARTESIA | | Shugart Bone Spring 11. County or Parish, State Eddy, New Mexico | | |
| 12. CHECK AF | PROPRIATE BOX(ES) TO | | | EPORT, OR | OTHER DATA | |
| TYPE OF SUBMISSION | | TYF | E 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 (Sta Reclamation Recomplete Temporarily Ab Water Disposal | | Water Shut-Off Well Integrity Other Add Pay | |
| 12 Describe Dromond or Complete | d Onamition (alaambu etata all marti | mant dataile including acti- | | | والمحمولة حوالتحول والمسانيوسوس السوايات | |

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 recomplete 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.)

Test additional Bone Spring Pay, perf the Upper 1st Bone Spring Sand 7282'-91' (30) and acidize with 750 gals. NE Fe 7.5% HCL. If decision made to frac, will frac using low gel load crosslink fluid carrying 100,000 lbs sand.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

| I hereby certify that the foregoing is true and correct Name (Printed/Typed) | | | | | | |
|--|--------|----------------------------|-----------------------|--|--|--|
| Tammy R. Link | Title | Production Tech | | | | |
| Signature any P. J. | Date | 05 | /2 7/200 8 | APPROVED | | |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | | | | | |
| Approved by | | Title | | Date JUN 2 2008 | | |
| Conditions of approval, if any, are attached. Approval of this notice does not warran certify that the applicant holds legal or equitable title to those rights in the subject lewhich would entitle the applicant to conduct operations thereon. | | Office | | WESLEY W. INGRAM | | |
| 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 | diff department of Agency Git the United | | |

(Instructions on page 2)

Can-Ken 4 Federal 1 Nadel and Gussman HEYCO, LLC June 2, 2008 Conditions of Approval

- 1. Contact the BLM at 575-361-2822 prior to commencing work.
- 2. The RBP at 8600' will need to be removed, tag sand on top of RBP at 11350' and place a 200' cement plug minimum of 25 sacks. This will be top of Morrow plug.
- 3. A plug will be required at the top of the Wolfcamp and is to be 190' in length and a minimum of 25 sacks. Plug to be set from 8925' 8735'.
- 4. Subsequent sundry required with new production test to be included.
- 5. Work to be complete by 9/30/2008.

WWI 060208