

UNITED STATES **OCD-ARTESIA**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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.

5. Lease Serial No.
NMNM27276

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
SandRidge Exploration and Production, LLC

3a. Address
123 Robert S. Kerr Ave, Oklahoma City, OK 73102

3b. Phone No. (include area code)
405-429-5682

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec. 33; T-18S, R-30E

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

8. Well Name and No.
McClay Federal

9. API Well No.
various- well listing attached

10. Field and Pool or Exploratory Area
Benson; Queen-Grayburg, North

11. Country 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 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 | |

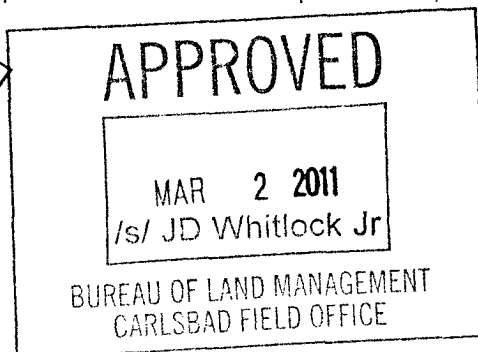
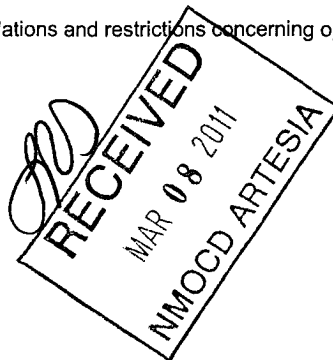
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 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.)

SandRidge Exploration and Production, LLC respectfully requests a change of operator from Arena Resources, Inc. from the above referenced lease to SandRidge Exploration and Production, LLC.

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations on the leased land or portion thereof, as described below:

Lease #: NMNM27276
Wells: See attached
Legal Description of Land: Sec. 33; T-18S, R-30E
Formations: Benson; Queen-Grayburg, North
BLM Bond #: NMB000548
Effective Date: August 1, 2010

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



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

Name (Printed/Typed)
Terri Stathem

Title Regulatory Manager

Signature

Date 08/17/2010

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 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
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Conditions of Approval

SandRidge Exploration and Production, LLC. McClay Fed. #7,10,11,12,13

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. All above ground structures and equipment on the lease shall be painted Shale Green (5Y 4/2). This is to be done within 90 days, if you have not already done so.
3. Submit for approval of water disposal method.
4. Submit updated facility diagrams as per Onshore Order #3
5. This agency shall be notified of any spill or discharge as required by NTL-3A.
6. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
7. Subject to like approval by NMOCD.

| Well Name | Lease Type | | ULSTR | API | Well Type | |
|---------------------|------------|-----------------------|--------------|--------------|-----------|------------------------------|
| MCCLAY FEDERAL #007 | F | 330' FNL & 1650' FWL | C-33-18S-30E | 30-015-10370 | O | BENSON;QUEEN-GRAYBURG, NORTH |
| MCCLAY FEDERAL #010 | F | 1650' FNL & 2310' FWL | F-33-18S-30E | 30-015-21674 | O | BENSON;QUEEN-GRAYBURG, NORTH |
| MCCLAY FEDERAL #011 | F | 2385' FSL & 1834' FWL | K-33-18S-30E | 30-015-23014 | O | BENSON;QUEEN-GRAYBURG, NORTH |
| MCCLAY FEDERAL #012 | F | 1980 FSL & 660' FWL | L-33-18S-30E | 30-015-23125 | O | BENSON;QUEEN-GRAYBURG, NORTH |
| MCCLAY FEDERAL #013 | F | 660' FSL & 2310' FWL | N-33-18S-30E | 30-015-23126 | O | BENSON;QUEEN-GRAYBURG, NORTH |