

District I
1625 N Trench Dr Hobbs NM 88240
District II
1301 W Grand Avenue, Artesia NM 88210
District III
1000 Rio Brazos Road Aztec NM 87410
District IV
1220 S St Francis Dr Santa Fe NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St Francis Dr
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action Permit Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1
Operator Manzano, LLC OGRID = 231429
Address P.O. Box 2107 Roswell, NM 88202-2107
Facility or well name Golden Spur Federal #1Y
API Number 30-015-39649 OCD Permit Number 211749
U/L or Qtr/Qtr C Section 25 Township 26 S Range 31 E County Eddy
Center of Proposed Design Latitude N 366838.243 Longitude E 727171.221 NAD 1927 1983
Surface Owner Federal State Private Tribal Trust or Indian Allotment

2
 Closed-loop System: Subsection H of 19.15.17.11 NMAC
Operation Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A
 Above Ground Steel Tanks or Haul-off Bins

3
Signs: Subsection C of 19.15.17.11 NMAC
 12" x 24" x 2" lettering, providing Operator's name, site location, and emergency telephone numbers
 Signed in compliance with 19.15.3.103 NMAC Normal Well Sign

RECEIVED
JAN 31 2012

4
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
 Previously Approved Design (attach copy of design) API Number _____
 Previously Approved Operating and Maintenance Plan API Number _____

NMOCD ARTESIA

5
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13 D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name CRI Disposal Facility Permit Number R 9166
Disposal Facility Name _____ Disposal Facility Permit Number _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
 Yes (If yes, please provide the information below) No
Required for impacted areas which will not be used for future service and operations
 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6
Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief
Name (Print) Mike Hanagan Title Managing Member
Signature [Signature] Date 01-30-2012
e-mail address mhanagan@qwestoffice.net Telephone 575-623-1996

STATE OF NEW MEXICO EMNRD - OCD

Closed-Loop Systems Permit Application Attachment - Golden Spur Federal #1Y

Design Plan

A closed-loop system will be used while drilling the Golden Spur Federal #1Y in order to separate and contain all oil, water, drilling fluid, and drill cuttings. Returns from drilling operations will travel up the wellbore annulus, through a flowline at the surface, and into the closed-loop system. As the returning drilling fluid exits the flowline it will pass over two shakers with screens sized to more effectively separate liquids from solids. Liquids will be discharged into temporary above ground steel mud pits for reuse in drilling procedures. Solids will be shaken off into steel haul-off cuttings bins. Two centrifuges placed above the haul-off bins will have suction lines placed under the shaker with liquid discharge in the steel mud pits. The fluid suctioned here will pass through the centrifuges, dropping out any remaining solids into the steel haul-off bins used by the shaker discharge. Once a steel haul-off bin is adequately filled, it will be replaced by an empty bin and hauled away for disposal. This system will keep all drilling fluids and drill cuttings completely contained while waiting for re-use or until ready for disposal.

Operating and Maintenance Plan

The closed-loop system will be operated during all drilling, circulating, and drilling fluid-conditioning operations. The system will be monitored twenty four hours a day for the duration of drilling operations, and will contain only fluids and solids used or generated during drilling operations. Monitoring will include inspection of temporary steel pits, flowlines, solids control equipment, haul-off bins, mud-pump suction lines, and transfer lines between pits. Inspections will focus on leak prevention, detection, and remediation if leaks are found. Equipment condition and effectiveness will be closely monitored to ensure that no failures are encountered that would result in any foreign solids or fluids coming into contact with the ground. Flowlines and transfer lines will be checked regularly to ensure that no plugging is taking place. Temporary steel pit levels will be monitored in order to keep at least two feet of freeboard as specified in subsection B of 19.15.17.12 NMAC in order to prevent overtopping. Haul-off bins containing solids will be monitored in order to prevent over filling or overflow of cuttings. All steel pits will be emptied and removed as soon as rig is released from location.

Closure Plan

The closed-loop system used on the Golden Spur Federal #1H will use only above ground steel tanks for drilling fluids, and haul-off bins for drill cuttings. As soon as drilling operations are completed, the above ground tanks will be emptied of all drilling fluids, which will be disposed of at CRI, facility permit number R 9166. The drill cuttings generated during drilling operations will be removed from the location in haul-off bins and disposed of at the same disposal facility as drilling fluid. The cuttings will be removed from location as needed throughout drilling procedures. Once drilling is completed, any remaining bins containing cuttings will be transported to disposal facility, emptied, and cleaned thoroughly.

OCD Approval Permit Application (including closure plan) Closure Plan (only)

OCD Representative Signature: of Wade Approval Date 07/07/11
Title: Dist. Dir. OCD Permit Number 211749

Closure Report (required within 60 days of closure completion): Subsection K of 19 15 17 13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

Closure Completion Date _____

Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized

Disposal Facility Name _____ Disposal Facility Permit Number _____

Disposal Facility Name _____ Disposal Facility Permit Number _____

Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?

Yes (If yes please demonstrate compliance to the items below) No

Required for impacted areas which will not be used for future service and operations

Site Reclamation (Photo Documentation)

Soil Backfilling and Cover Installation

Re-vegetation Application Rates and Seeding Technique

Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

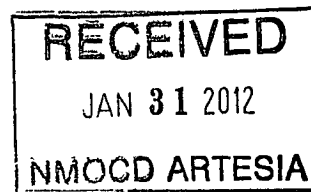
Name (Print) _____ Title _____

Signature _____ Date _____

e-mail address _____ Telephone _____

January 30, 2012

Randy Dade
Oil Conservation Division
811 South First
Artesia, NM 88210



Re: Golden Spur Fed #1 Y
330 FSL & 1873 FWL
Sec 25-T26S-R31E
Eddy County, NM

Dear Randy,

Please find enclosed the Application to Drill, a revised C-102 and a revised C-104 for the referenced Golden Spur Fed #1Y as you discussed with Mike. Please let me know if you need anything else.

My cell is 575-626-7903.

Thanks,

A handwritten signature in cursive script that reads "Paul Ragsdale".

Paul Ragsdale

TC 748-9720

Form 3160-5
(August 2007)

UNITED STATES OPERATOR'S COPY
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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
NMLC-068282b

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No
GOLDEN SPUR FED #1H

2. Name of Operator
MANZANO, LLC

9. API Well No.
30-015-39235

3a. Address
P.O. BOX 2107, ROSWELL, NM 88202-2107

3b. Phone No (include area code)
575-623-1996

10. Field and Pool or Exploratory Area
WILDCAT-BONESPRINGS

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SURF: 330 FSL & 1880 FWL, SEC 25-T26S-R31E

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 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 checked="" 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 type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" 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 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/BLA. 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.)

11/19/11 Current op. laying down drill pipe to set Surface cement plug. Wait on BJ until 2.00 p.m. TIH to 1786' with dp. Set 100 sx Class Cw/2% CaCl2 plug. TOH to 1300'. Spot 200 bbls heavy vis mud WOC 2 hrs. Tag plug @ 1490'. Spot 100 sx Class C w/2% CaCl2 plug at 1105'. WOC 4 hrs. Tag plug @ 990'. Lay down dp to set surface plug.

11/20/11 Rig released at 8:00 p.m. 11/19/11 Pulled dp to 60' Top out surface pipe with 35 bbls of cement and circulate 4 bbls to pits. Nipple down BOP's. Check for cement at surface BLM inspected the same. Cut off well head and clean pits.

Filled cellar with gravel Will install dry hole marker when ng is moved from Golden Spur 1Y.

RECEIVED
FEB 03 2012
NMOC D ARTESIA

ACCEPTED FOR RECORD
DEC 2 2011
BUREAU OF LAND MANAGEMENT
GOLDEN SPUR FIELD OFFICE

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

Title Engineer

Signature

Date 11/30/2011

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)



McVAY DRILLING COMPANY
P.O. Box 2450
Hobbs, New Mexico 88241
(575) 397-3311
FAX: 39-DRILL

Well Name and Num: Golden Spur Fed #1H
Location: Sec. 25. T26S. R31E
Operator: Manzano
Drilling Contractor: McVay Drilling Company

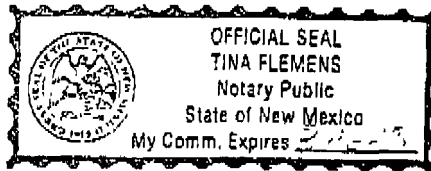
The undersigned certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

<u>Degrees @</u>	<u>Depth</u>
0.60	269
1.06	504
0.58	798
5.80	1063
5.00	1316
3.53	1501
2.64	1658
1.75	1812
1.08	2095
1.30	2343
1.31	2685

By *[Signature]*

Subscribed and sworn to before me this 24th day of October, 2011

[Signature]
Notary Public, Lea County, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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
NMLC-068282b

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

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

1. Type of Well

Oil Well Gas Well Other

8 Well Name and No
GOLDEN SPUR FED #1HY

2 Name of Operator
MANZANO, LLC

9 API Well No
30-015-39649 **39235 39649** K2

3a Address
P O BOX 2107, ROSWELL, NM 88202-2107

3b Phone No (include area code)
575-623-1996

10 Field and Pool or Exploratory Area
WILDCAT-BONESPRINGS

4 Location of Well (Footage, Sec, T, R, M, or Survey Description).
SURF 330 FSL & 1873 FWL, SEC 25-T26S-R31E

11 Country or Parish, State
EDDY, NM

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TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
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11/21/11 Drill and set 40' 20" conductor Cement with ready mix
11/22/11 Drill rat hole and mouse hole. Prep rig and location to skid to new hole
11/26/11 Skid rig over new hole Move mud pumps and pits and connect all equipment. Will spud on 11/26/11
11/29/11 Running 13 3/8" casing Drilled to 1390'(406') in sand and anhydrite MW-9 8 Vis-34 pH-10 0 Circulate 1 hr. TOH WLS@1000' .93* @1095' 1 33* @1272' 67* @1347' 2 2* Drlg-18 hrs Trip-4 hrs Survey-2 hrs
11/30/11 Nipple up BOP's Ran 1390' (33 jts) 13 3/8" 48# J-55 CSG Wait on BJ for 9 hrs. Cemented with 24 bbls GW27 spacer, 850sx 35/65/6/C+5% salt +1/4#/sx CF+5#/sxSK LCM-1, 12 6 ppg, 2 0 yld ft3, 200 sx Class Cw/2%CaC12+ 1/4 #sx CF, 14 8 PPG, 1.35 yld. Plug down at 9 30 p m. 11/29/11 Circulated 55 sx to surface WOC-4hrs Cut conductor pipe and install well head

RECEIVED
DEC 06 2011
NMOCD ARTESIA

Accepted for record
NMOCD
TOS
12/8/2011
ACCEPTED FOR RECORD
DEC 2 2011
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

Title Engineer

Signature *Paul Ragsdale*

Date 11/30/2011

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