

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED  
OMB NO 1004-0135  
Expires January 31, 2004

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 reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>LC-029418-B</b>
2. Name of Operator <b>CAPSTONE NATURAL RESOURCES, LLC</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>2250 E. 73RD STREET, SUITE 500, TULSA, OK 74136</b>	3b. Phone No. (include area code) <b>918.236.3800</b>	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>UNIT LETTER D</b> <b>660 ENL &amp; 660 FWL</b> <b>SEC. 11, T-17S, R-31E</b>		8. Well Name and No <b>LEA "C" #003</b>
		9. API Well No <b>30-015-05131</b>
		10. Field and Pool, or Exploratory Area <b>GRAYBURG JACKSON 7-RIVERS</b> <b>ON-GB-SA</b>
		11. County or Parish, State <b>EDDY COUNTY NM</b>

12. CHECK 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 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 recompleate 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 recompleation 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 final site is ready for final inspection.)

PROPOSED PROCEDURE FOR PLUG AND ABANDONMENT:

- 1) SET 5-1/2" CIBP @ 3,404'; CIRC. WELL W/ PXA MUD; MIX X PUMP A 25 SX. CMT. PLUG @ 3,404'; WOC X TAG.
- 2) PERF. X ATTEMPT TO SQZ. A 50 SX. CMT. PLUG @ 1980'-1860' (T/YATES); WOC X TAG CMT. PLUG.
- 3) PERF. X ATTEMPT TO SQZ. A 60 SX. CMT. PLUG @ 925'-767' (8-5/8"CSG.SHOE X T/SALT); WOC X TAG CMT. PLUG.
- 4) PERF. X ATTEMPT TO CIRC. TO SURF. FILLING ALL ANNULI A 40 SX. CMT. PLUG @ 100'-3'.
- 5) DIG OUT X CUT OFF WELLHEAD 3' B.G.L.; WELD ON STEEL PLATE TO CASINGS X INSTALL DRY HOLE MARKER.

RECLAMATION PROCEDURE  
ATTACHED

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

*Ground Level DIRM*

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <b>DAVID A. EYLER</b>	Title <b>AGENT</b>
<i>David A. Eyer</i>	Date <b>05/14/12</b>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>James R. Barnes</i>	Title <b>SEAS</b>	Date <b>5-21-12</b>
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 <b>CFO</b>	

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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 or to any person in the United States any such statements or representations with intent to obstruct or impede or to defeat the ends of justice.

*AS 5/30/2012*

Accepted for record  
NMOC

**(3 STRING CSNG)**

OPERATOR CAPSTONE NATURAL RESOURCES LLC  
LEASENAME LEA "C"

SECT	<u>11</u> TWN	WELL #	<u>003</u>
FROM	<u>660</u> (N) SL	<u>175</u> RNG	<u>31E</u>
TD:	<u>3,952'</u>	FORMATION @ TD	
PBTD:	<u>3,942'</u>	FORMATION @ PBTD	

8 5/8"  
@ 875'  
TOC N/A

$5\frac{1}{2}"$   
                      
 @ 3626'  
                      
 TOC N | A  
                      
  
 $3610'$   
 4" @ 3952'  
  
 TOC -  $3610'$

TD 3,952'

	SIZE	SET @	TOC	TOC DETERMINED BY	
SURFACE	8 5/8	875'	N/A	95 SXS.	
INTMED 1					
INTMED 2					
PROD	5 1/2	3626'	N/A.	375 SXS.	
	SIZE	TOP	BOT	TOC	DETERMINED BY
LINER 1	4"	3610'	3752'	3610'	CJRC.75 SXS.
LINER 2					
	CUT & PULL @			TOP - BOTTOM	
INTMED 1			PERFS	-	
INTMED 2			OPENHOLE	-	
PROD					

RUSTLER (ANHYD)	
YATES	
QUEEN	
GRAYBURG	
SAN ANDRES	
CAPTAN REEF	
DELAWARE	
BELL CANYON	
CHERRY CANYON	
BRUSHY CANYON	
BONE SPRING	
GLORIETA	
BLINEBRY	
TUBB	
DRINKARD	
ABO	
WC	
PENN	
STRAWN	
ATOKA	
MORROW	
BOSS	
DEVONIAN	

[illegible]

**(3 STRING CSNG)**

OPERATOR CAPSTONE NATURAL RESOURCES LLC  
LEASENAME LEA "C"

SECT 11 TWN 175 RNG 3/E  
FROM 660 (N) SL 660 EAW (N) L  
TD: 3,952' FORMATION @ TD  
PBTD: 3,942' FORMATION @ PBTD

	SIZE	SET @	TOC	TOC DETERMINED BY	
SURFACE	8 5/8	875'	N/A	95 sxs.	
INTMED 1					
INTMED 2					
PROD	5 1/2	3626'	N/A.	375 sxs.	
	SIZE	TOP	BOT	TOC	DETERMINED BY
LINER 1	4"	3610'	3952'	3610'	CIRC. 75
LINER 2					
	CUT & PULL @			TOP - BOTTOM	
INTMED 1			PERFS	3430' - 3606'	
INTMED 2			OPENHOLE	3669' - 3932'	
PROD					

**\* REQUIRED PLUGS DISTRICT I**

RUSTLER (ANHYD)	
YATES	
QUEEN	
GRAYBURG	
SAN ANDRES	
CAPTAN REEF	
DELAWARE	
BELL CANYON	
CHERRY CANYON	
BRUSHY CANYON	
BONE SPRING	
GLORIETA	
BLINEBRY	
TUBB	
DRINKARD	
ABO	
WC	
PENN	
STRAWN	
ATOKA	
MORROW	
MAISS	
DEVONIAN	

[illegible]

DAE	05/14/12
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