

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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

CAPSTONE NATURAL RESOURCES, LLC

3a. Address

2250 E. 73RD STREET, SUITE 500, TULSA, OK 74136

3b. Phone No. (include area code)

918.236.3800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

UNIT LETTER I

1980 FSL & 660 FEL

SEC. 11, T-17S, R-31E

5. Lease Serial No.

LC-029418-B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

LEA "C" #014

9. API Well No.

30-015-20705

10. Field and Pool, or Exploratory Area

GRAYBURG JACKSON 7-RIVERS
ON-CB-SA

11. County or Parish, State

EDDY COUNTY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☒ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

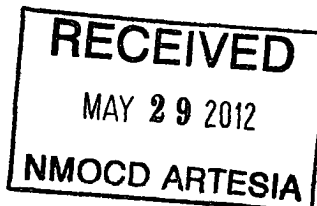
☐ Other

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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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 @ 3,399'; CIRC. WELL W/ PXA MUD; MIX X PUMP A 25 SX. CMT. PLUG @ 3,399'; WOC X TAG.
- 2) MIX X PUMP A 25 SX. CMT. PLUG @ 1,878'-1,758' (B/SALT); WOC X TAG CMT. PLUG.
- 3) PERF. X ATTEMPT TO SQZ. A 135 SX. CMT. PLUG @ 900'-494' (8-5/8" CSG. SHOE X T/SALT, CSG. LEAKS); WOC X TAG.
- 4) PERF. X ATTEMPT TO CIRC. TO SURF. FILLING ALL ANNULI A 40 SX. CMT. PLUG @ 100'-3'.
- 5) DIG OUT X OUT 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 Dry Hole Marker Reg.

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

DAVID A. EYLER

Title

AGENT

Date 05/14/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

SEAS

Date

5-21-12

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

CFO

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 matter within its jurisdiction.

Accepted for record
NMOCD

(4) STRING CSNG)

OPERATOR CAPSTONE NATURAL RESOURCES, LLC
LEASENAME LEA "C"

SECT	<u>11</u>	TWN	<u>175</u>	RNG	<u>014</u>
FROM	<u>1980</u>	NISL	<u>660</u>	EWL	<u>31E</u>
TD:	<u>4,020'</u>	FORMATION @ TD			
PBTD:		FORMATION @ PBTD			

8 5/8"
@ 652'
TOC SURF.

5 1/2"
@ 4020'
TOC 950'

TD 4020'

	SIZE	SET @	TOC	TOC DETERMINED BY	
SURFACE	8 5/8	652'	SURF.	CIRC. 375x35	
INTMED 1					
INTMED 2					
PROD	5 1/2	4020'	950'	r/s	
	SIZE	TOP	BOT	TOC	DETERMINED BY
LINER 1					
LINER 2					
	CUT & PULL @			TOP - BOTTOM	
INTMED 1			PERFS	3748 - 3987	
INTMED 2			OPENHOLE	3429 - 3697	
PROD					

*** REQUIRED PLUGS DISTRICT I**

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

PLUG	TYPE PLUG	SACKS CMNT	DEPTH
EXAMPLES			
PLUG # 1	OH	25 SXS	9850'
PLUG # 2	SHOE	50 SXS	8700'-8800'
PLUG #3	CIBP/35'		5300'
PLUG # 3	CIBP	25 SXS	5300''
PLUG # 4	STUB	50 SXS	4600'-4700'
PLUG # 6	RETNR SQZ	200 SXS	400
PLUG # 7	SURF	10 SXS	0-10'
PLUG #1			
PLUG # 2			
PLUG # 3			
PLUG # 4			
PLUG # 5			
PLUG # 6			
PLUG # 7			
PLUG # 8			
PLUG # 9			
PLUG # 10			
PLUG #			
PLUG #			
		D&E	05/14/12

(4) STRING CSNG)

OPERATOR CAPSTONE NATURAL RESOURCES, LLC
LEASENAME LEA "C"

SECT 11 TWN 17S RNG 31E
FROM 1980 N(S)L 660 E(W)L
TD: 4,020' FORMATION @ TD
PBTD: FORMATION @ PBTD

	SIZE	SET @	TOC	TOC DETERMINED BY	
SURFACE	8 5/8	652'	SURF.	CIRC. 375x5.	
INTMED 1					
INTMED 2					
PROD	5 1/2	4020'	950'	7/8	
	SIZE	TOP	BOT	TOC	DETERMINED BY
LINER 1					
LINER 2					
	CUT & PULL @			TOP - BOTTOM	
INTMED 1			PERFS	3748 - 3987	
INTMED 2			OPENHOLE	3429 - 3697	
PROD					

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DELAWARE	
BELL CANYON	
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BONE SPRING	
GLORIETA	
BLINERRY	
TUBB	
DRINKARD	
ABO	
WC	
PENN	
STRAWN	
ATOKA	
MORROW	
MASS	
DEVONIAN	

[illegible]

DAE	05	14	12
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