

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO 1004-0135
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.**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 NMLC064023
2. Name of Operator ALAMO PERMIAN RESOURCES LLC		6. If Indian, Allottee or Tribe Name
Contact: CARIE STOKER E-Mail: cstoker@alamoresources.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 415 WEST WALL STREET SUITE 500 MIDLAND, TX 79701	3b. Phone No. (include area code) Ph: 432-897-0673	8. Well Name and No SAUNDERS 9
4. Location of Well (Footage, Sec., T, R, M., or Survey Description) Sec 13 T17S R27E SESE 660FSL 660FEL		9. API Well No 30-015-00443-00-S1
10. Field and Pool, or Exploratory GRAYBURG		11. County or Parish, and State EDDY COUNTY, NM

RECEIVED
JUL 10 2012
NMOCD ARTESIA

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 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 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.)

PLUG & ABANDONMENT PROCEDURE (REVISED):

Notify BLM 24 hours prior to pulling unit RU. Ru PU, install BOP, TIH with 1" tubing to 1,900' (TD), and determine if cleanout is necessary. Spot cement plug at 1575' PUH and wait on cement. Tag cement to plug. POOH with 1" tubing laying it down. Pull 20' of parted 4 5" casing. TIH with 2 3/8" tubing and spot a cement plug at 1250'. POOH with tubing and attach a 4.5" casing spear. TIH with casing spear and tubing to 60'. Engage casing spear and TIH with wireline through the tubing to 1200' and chemically cut the casing. POOH with wireline, tubing, and casing. TIH with tubing to 1175'. POOH filling casing with approximately 117 sacks of cement to surface. WOC and top off cement to surface. Remove BOP. Get approval from BLM before RD PU. Notify BLM 4 hours prior to wellhead cut off (wellhead should be cut off within 10 days of plugging job). Cut off wellhead and install PA marker. Reclaim location.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #142327 verified by the BLM Well Information System For ALAMO PERMIAN RESOURCES LLC, sent to the Carlsbad Committed to AFMSS for processing by WESLEY INGRAM on 07/07/2012 (12WWI0090SE)	
Name (Printed/Typed) CARIE STOKER	Title REGULATORY AFFAIRS COORDINATOR
Signature (Electronic Submission)	Date 07/06/2012

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 _____

APPROVED
JUL 7 2012
WESLEY W. INGRAM
REGULATORY ENGINEER

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.

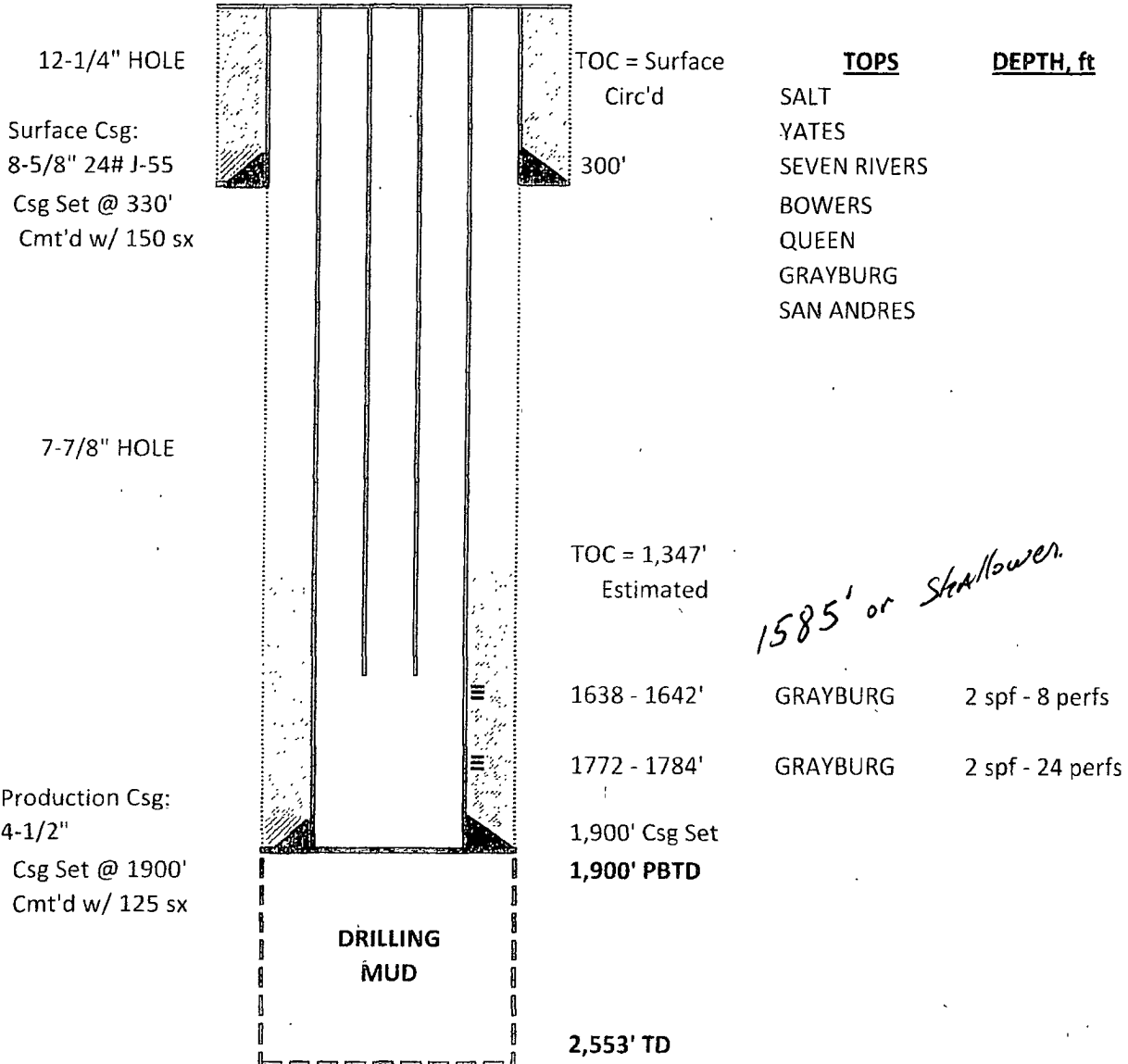
**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****Accepted for record
NMOCD

7/11/2012

ALAMO PERMIAN RESOURCES, LLC

WELLBORE DIAGRAM

Lease/Well No.: **SAUNDERS FEDERAL No. 9** ELEVATION, GL: 3,568 ft
 Location: 660' FSL & 660' FEL
 UL: P, SEC: 13, T: 17-S, R: 27-E FIELD: RED LAKE; QN-GB-SA
 EDDY County, NM
 LEASE No.: LC 064023 Spudded: 12/17/1956 6/22/1976
 API No.: **30-015-00443** Drlg Stopped: 7/9/1957 6/24/1976
 Completed: 10/11/1963 6/25/1976
 CABLE then ROTARY TOOLS LAT:
 LONG:



Well originally drilled to 2,553'. 10-5/8" csg @ 300' & 8-5/8" csg @ 1,040' were pulled & cmt plugs were set to T&A well in Oct. 1963. Well was Re-Entered in June 1976 - 8-5/8" & 4-1/2" csg strings were run & cemented for completion.

HPS: 07/28/2011.

**Saunders 9
30-015-00443
Alamo Permian Resources LLC
July 7, 2012
Conditions of Approval**

1. Contact BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.
2. Surface disturbance beyond the originally approved pad must have prior approval.
3. Closed loop system required.
4. Operator to have H2S monitoring equipment on location.
5. A minimum of a 2,000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
6. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
 - A. Modify plan for spotting plug at 1575'. This is not what was discussed on 7/6/2012. Plug shall be set from 1900' to 1575'. Plug shall be Class C neat, a minimum of 25 sacks and tagged at 1575' or shallower. Plug required across the perforations.
 - B. Operator shall not set the plug at 1250'. Operator shall cut the casing at 1200' and remove the casing.
 - C. When casing is removed, operator shall set a stub plug from 1250'-1140' using Class C neat cement, a minimum of 25 sacks and tag at 1140' or shallower.
 - D. Operator can then fill wellbore with cement to surface. Operator will not have casing from 300' to top of stub plug, so proposed cement volume may not be adequate.
 - E. Operator to verify cement behind 8-5/8" casing when cut-off occurs.

WWI 070712

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Permanent Abandonment of Federal Wells
Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action. .

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement.

Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). **The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off.**

The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and power lines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Supervisory Environmental Protection Specialist

Jim Amos	575-234-5909	575-361-2648
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Environmental Protection Specialist

Jennifer Van Curen	575-234-5905	575-361-0042
Linda Denniston	575-234-5974	575-361-3568
Mike Burton	575-234-2226	
Terry Gregston	575-234-5958	575-361-2635

Natural Resource Specialist

Bobby Ballard	575-234-2230	575-361-0084
Justin Frye	575-234-5922	575-361-2632
Trishia Bad Bear	575-393-3612	575-390-2258

Civil Engineering Technician

Doug Hoag	575-234-5979
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