

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau 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.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

5. Lease Serial No.
NMLC-029418B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Lea C Federal #18

9. API Well No.
30-015-40993

10. Field and Pool, or Exploratory Area
GRAYBURG JACKSON; SR-Q-G-SA

11. County or Parish, State
EDDY, NM

1. Type of Well
 Oil Gas
 2. Name of Operator
 CAPSTONE NATURAL RESOURCES, LLC
 3a. Address
 2250 E. 73rd St., Suite 500, Tulsa, OK 74136
 3b. Phone No. (include area code)
 Debbie McKelvey, Agent
 575-392-3575
 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1280' FSL & 2599' FWL, SEC. 11, T17S, 31E, NMPM

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 checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Venting and/or Flaring Gas
	<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/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 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.)

Capstone Natural Resources LLC would like to request an additional extension to Flare at the Lea C #18 well as Frontier's system unable to take our gas: they have had some delays with the equipment they ordered to deal with the issue. Therefore, we respectfully request an additional 90-day extension.

RECEIVED
MAR 26 2014
NMOCD ARTESIA

22D 3/26/14
Accepted for record
NMOCD

SUBJECT TO LIKE
APPROVAL BY STATE

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)
 DEBBIE MCKELVEY Title AGENT 575-392-3575
 Signature *Debbie McKelvey* Date 12/26/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by */s/ Jerry Blakley* Title _____
 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
Date
MAR 18 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

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

3/18/2014 Approved subject to Conditions of Approval. JDB

Condition of Approval to Flare Gas

From date of receipt

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. **Flared volumes will still require payment of royalties**
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5. Include meter serial number on sundry.
6. This approval does not authorize any additional surface disturbance.
7. Submit updated facility diagram as per Onshore Order #3.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report to this sundry with actual volumes of gas flared monthly on 3160-5 (sundry notice).
10. If flaring is still required past 90 days submit new request for approval.
11. If a portable unit is used to flare gas it must be monitored at all times.
12. Comply with any restrictions or regulations when on State or Fee surface.

JDB