

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-0428657
2. Name of Operator CHI Operating Inc.		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 1799 Midland, TX 79702	3b. Phone No. (include area code)	7. If Unit of CA / Agreement, Name and/or No.
4. Location of (Footage, Sec., T., R., or Survey Description) Unit E, Sec 34, T=19S, R=28E 1980'FNL & 660'FWL		8. Well Name and No. Arco Fed #1
		9. API Well No. 30-015-20912
		10. Field and Pool, or Exploratory Area Winchester-Morrow
		11. County or Parish, State Eddy

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 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 the BLM / BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in 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.)

"See Attached Changes"

- 1 Set Cibp @ 11,300' cap w/ 35' "H" cmt CTOC @ 11,265.
- 2 Set CIBP @ 10,837' cap w/ 35' "H" cmt CTOC @ 10,802'.
- 3 Circ hole w/ 9.5# MLF.
- 4 Spot 25 sxs "H" cmt from 7802'-7702'.
- 5 Spot 25 sxs "C" cmt from 4702'-4602'.
- 6 P/S 60 sxs "C" cmt from 2990'-2890' WOC/Tag.
- 7 P/S 40 sxs "C" cmt from 361'-261' WOC/Tag.
- 8 P/S @ 100' circ 20 sxs to surface.
- 9 Cut & cap well & install dry hole marker.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

RECLAMATION PROCEDURE
ATTACHED

RECEIVED
MAY 07 2014

J. Dade 5/2/14
Accepted for record
NMBCD

14. I hereby certify that the following is true and correct	
Name Will White	Title Agent
Signature <i>W. White</i>	Date 4/23/14

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>James R. [Signature]</i>	Title SEPS	Date 4-24-14
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 operating thereon.	Office CEO	

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.

PLUGGING & ABANDONMENT WORKSHEET

WELL # 1

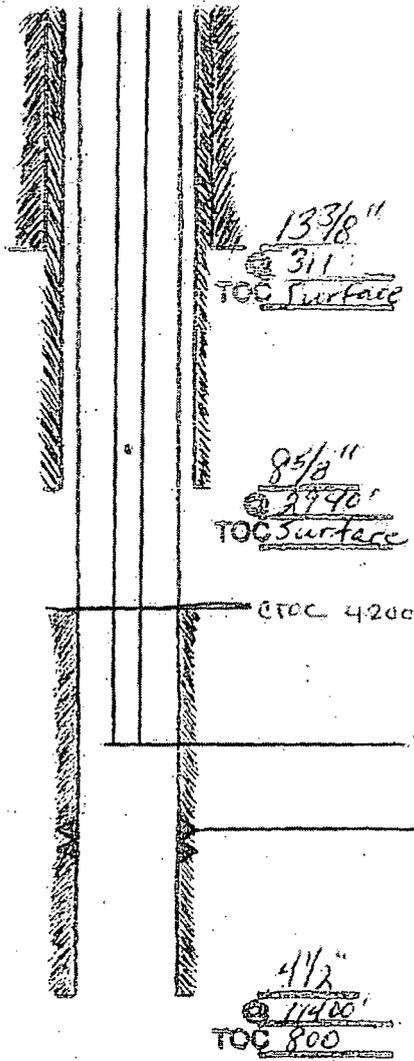
API: 30-015-20912

OPERATOR Chl. Operating Inc.
 LEASENAME Arco Fed

WELL # 1

Unit E
 Sec. 34
 Range 193
 Towns. 28E

FORMATION @ TD 11400'
 FORMATION @ PBD 11400'



	SIZE	SET @	TOC	INTERESTED PARTY
SURFACE	13 3/8"	311'	Surf	
INTMED 1	8 5/8"	2940'	Surf	
INTMED 2				
PROD	4 1/2"	11400'		
	SIZE	TOP	BOT	TOC INTERESTED PARTY
LINER 1				
LINER 2				
		CUT & PULL @		TOP - BOTTOM
INTMED 1				
INTMED 2				
PROD				

CTOC 4200'

2 3/8" bbg EOT 10742' w/ PKR * unknown type

Perfs - top - 10937' open
 Bottom - 10963'

4 1/2"
 @ 11400'
 TOC 800

TD 11400'

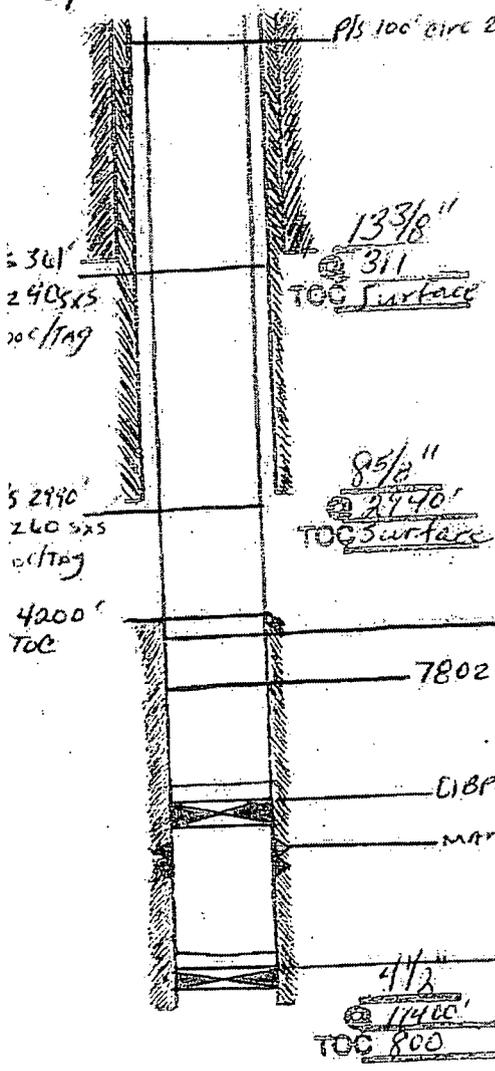
PLUGGING & ABANDONMENT WORKSHEET

WELLS COMPANY

Api: 30-015-20912

OPERATOR Chi Operating Inc.
 LEASENAME Arco Fed.

WELL # 1



SECT E
 BLK 34
 SUR 145
 LEASE 28E

FORMATION @ TD
 FORMATION @ FBTD 11400

	SIZE	SET @	TOC	DEPTH (FEET)
SURFACE	7 3/8"	311'	Surf	
INTMED 1	8 5/8"	2940'	Surf	
INTMED 2				
PROD	4 1/2"	11400'		
	SIZE	TOP	BOT	TOC
LINER 1				
LINER 2				
	CUT & PULL @			TOP - BOTTOM
INTMED 1				
INTMED 2				
PROD				

TD 11400'

Chi Operating Inc.
P. O. Box 1799
Midland, TX 79702

RE: NM0428657: Arco Federal No. 1
1980' FNL & 0660' FWL, Sec. 34, T19S-R28E
Eddy County, New Mexico

Conditions of Approval for the Plugging and Abandonment for the Arco Federal No. 1 well:

1. OK as submitted.
 2. OK as submitted.
 3. OK as submitted.
- Add plug, covering Top of Strawn and Canyon. Spot Class H cement plug from 10075'-9713'.
4. Spot the plug from 8129'-7949' (covers Top of Wolfcamp).
 5. Spot the plug from 4702'-4562'.
 6. Suggest an attempt to cut and pull 4-1/2" casing @ 3000', spotting a plug from 3050'-2860'. WOC and tag. Note: The well file indicates TOC behind the 8-5/8" casing is @ 1120', not circulated as per submittal. The removal of the 4-1/2" will help facilitate a better, plugging.
- Add plug, covering Top of Yates. Perforate and squeeze plug from 1420'-1320'. WOC and tag.
7. OK as submitted. Note: If the 4-1/2" casing was not cut and pulled, deep penetrating perms will be required.
 8. OK as submitted. Note: If the 4-1/2" casing was not cut and pulled, deep penetrating perms will be required.
 9. OK as submitted. At cut-off verify cement to surface all annulus.

If any questions, contact Jim Amos @ 575-234-5909 (office), or 575-361-2648 (cell 24/7):

4/24/14

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.

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 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 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. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

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 well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. 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 five 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 conditions of approval will be developed and furnished to you.



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

Interim Reclamation 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.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

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). Interim reclamation is to be completed within 6 months of well completion.
3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. 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.
4. 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.
5. 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 there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909 (Office), 575-361-2648 (Cell)

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Mike Burton
Environmental Protection Specialist
575-234-2226

Jeffery Robertson
Natural Resource Specialist

Solomon Hughes
Natural Resource Specialist
575-234-5951

Douglas Hoag
Civil Engineering Technician
575-234-5979