

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

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 #4

9. API Well No.  
30-015-05132

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. 73<sup>rd</sup> 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)  
1980' FSL & 1980' FEL, 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 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 checked="" 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 type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input checked="" 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 recomplate 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.)

**Convert to Injector:**

Reinstatement of authorization to inject for waterflood operations authorized by NMOCD Order No. R-4697-B

See attached procedure for conversion.

This information is also being submitted to the OCD on OCD Form C-103.

**NM OIL CONSERVATION**  
ARTESIA DISTRICT

AUG 13 2014

Accepted for record  
NMOCD RE  
8/15/14

RECEIVED

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 3/24/14

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by \_\_\_\_\_ 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 \_\_\_\_\_

ACCEPTED FOR RECORD  
ACCEPTED FOR RECORD

AUG 6 2014  
Date  
*[Signature]*

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

2/24/14 – MIRU. POOH with rods and pump.

2/25/14 – RU & Install and test 6" 900 BOP to 500 psi. POOH with production tubing.

2/26/14 – RIH and tag top of fill @ 3773'. Clean out fill to TD @ 3798'. POOH.

2/27/14 – TIH with 5 1/2" RBP and set @ 3380'. Circulate w/57 bbls. Of fresh water and test 5 1/2" casing for 10 minutes and did not loose any pressure. TOH. RU wireline and run CBL log from 3380' to surface. Found good cement from 3380-2800', poor cement from 2800-2740, and scattered good and poor cement from 2740' to TOC @ 1380'. Electronic copy of CBL was emailed to Paul Swartz, BLM. RD wireline. TOH with RBP. TIH with 5 1/2" casing scraper to 3411'. Scraper ran smoothly. TOH.

2/28/14 – TIH w/5 1/2" Loc-set pkr. To 3388'. Load w/52 bbls. of fresh water and pressure up to 500 psi leaving pressure on csg. Test lines to 5500 psi and acidize perms., 3443-3682' and 3700-3798', with 2000 gals. NEFE HCL 15% acid using 2000# of rock salt diverter.

3/3/14 – TOH. At approximately 2:30 p.m., notified Paul Swartz, BLM, and Richard Inge, OCD, that MIT was to be performed on 3/5/14 @ 8 a.m.

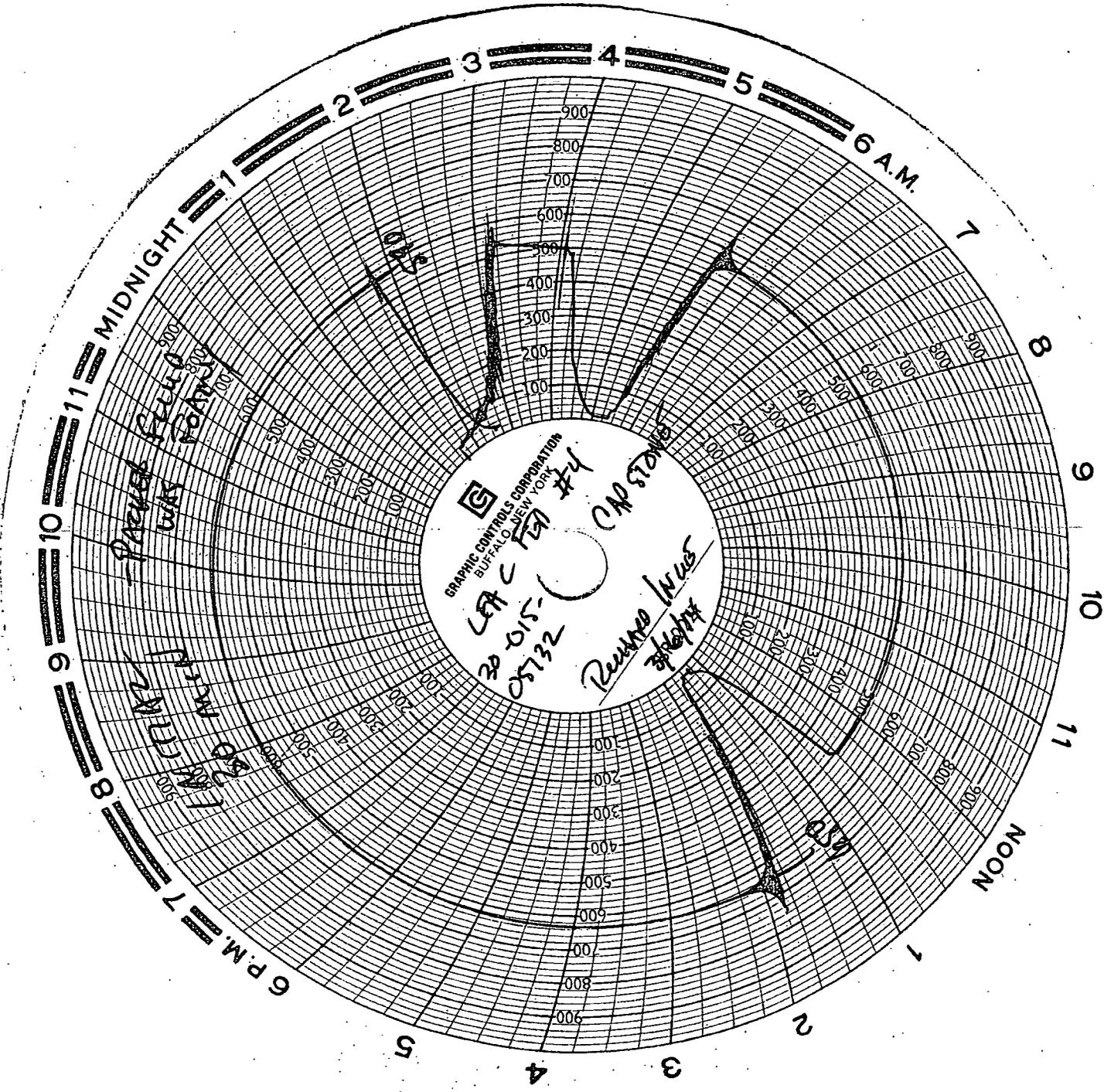
3/4/14 – TIH w/5 1/2" IPC nickel plated Loc-set pkr., 2 3/8" x 1.78R nickel plated profile nipple, 2 3/8" nickel plated on/off tool and 104 jts. Of 2 3/8" IPC tbg. Circulate 85 bbls. Of pkr. Fluid. Set pkr. @ 3374' with 14000# of tension. See additional detail below for tubing and pkr. Remove BOP and NU wellhead. Ran a test chart to 530 psi and held constant for 35 min. Paul Swartz, BLM, called and could not make MIT; rescheduled test for 3/6/14 @ 8 a.m. Richard Inge, OCD will be on location for test.

3/6/14 RU. Pressured up to 550 psi and chart MIT pressure for 30 min. and lost 55 psi. Test was witnessed by Richard Inge, OCD; original chart given to Mr. Inge. Paul Swartz was unable to witness test due to illness.

TUBING/PKR. DETAIL:

	6.00'	KB Correction
104	3361.90'	2 3/8" IPC tbg.
1	2.00'	2 3/8" Nickel Plated On-Off Tool
1	.40'	2 3/8" x 1.78R Nickel Plated Profile Nipple
		5 1/2" x 2 3/8" IPC Nickel Plated Loc-Set
1	<u>4.00'</u>	Pkr.
	3374.30'	Pkr. set depth

Injection set to start soon.



# Capstone Natural Resources

3/6/2014 CAB

<b>Lease :</b> Lea "C" #4	<b>Perforations</b>	<b>Casing</b>			
<b>Field :</b> Grayburg Jackson	3443; 3499; 3503; 3515; 3543; 3558; 3574; 3592; 3604; 3625; 3633; 3650; 3660; 3669; 3682.	Size	Weight	Grade	Depth
<b>DF :</b> 3954.00		8 5/8	24	J-55	894
<b>Legals :</b> Sec 11-17S-31E		5 1/2	15.5	J-55	3,700
Unit L 1980' FSL & 1980' FEL		4 3/4	OH	OH	3700-3798
Eddy County, NM		<b>Tubing</b>			
<b>API: 30-015-05132</b>	Size	Weight	Grade	Depth	
	2 3/8	4.7	J-55 IPC	3,374	
<i>All intervals shot with 1 spf 24 (3/8" holes)</i>					

