

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM CD
Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

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.

5. Lease Serial No. NM-61345
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit of CA/Agreement, Name and/or No.
NM-82102

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No. MORRISON FED #1

2. Name of Operator SOVEREIGN EAGLE, LLC

9. API Well No. 30-041-20846

3a. Address PO BOX 968, ROSWELL, NM 88202

3b. Phone No. (include area code)
(575) 622-1127

10. Field and Pool or Exploratory Area
TULE; PENN

4. Location of Well (Footage, Sec., T.R., M., or Survey Description)
750 FNL & 990 FEL SEC 22-T2S-R29E

11. Country or Parish, State
ROOSEVELT

12. CHECK THE 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"/> Hydraulic Fracturing	<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	
	<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 must 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.)

THIS IS A REQUEST TO SHUT IN THE MORRISON FED #1 FOR UP TO ONE YEAR OR UNTIL TRANSWESTERN PIPELINE CAN CONTINUOUSLY ACCEPT THE GAS. THIS WELL IS CAPABLE OF PRODUCING IN PAYING QUANTITIES (CUM => 620,045 MCF, 2015=> 11,539 MCF) BUT IS CURRENTLY SHUT IN BECAUSE THE GAS CONTAINS HIGH NITROGEN CONTENT AND TRANSWESTERN DOES NOT HAVE ENOUGH GAS FLOWING ON ITS PANHANDLE LATERAL TO "BLEND DOWN" THE GAS TO ACCEPTABLE LEVELS. IT IS ALSO UNECONOMIC AT CURRENT LOW GAS PRICES TO PROCESS TO REMOVE THE NITROGEN.

IT IS POSSIBLE TO PRODUCE THE WELL AND RECOVER THE CONDENSATE AND WATER BUT THE GAS WOULD HAVE TO BE VENTED OR FLARED. IN ORDER TO COMPLY WITH THE NO FLARING RULES AND PREVENT WASTE, WE REQUEST THAT THE WELL REMAIN SHUT IN.

Talked w/ Paul Ragdale

NM OIL CONSERVATION
ARTESIA DISTRICT

APR 11 2016

RECEIVED

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

PAUL RAGSDALE

OPERATIONS MANAGER

Title

Signature

Date

ACCEPTED FOR RECORD
MAR 29 2016

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

MAR 29 2016

Date

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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.

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.

(Instructions on page 2)

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87402
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-041-20846

5. Indicate Type of Lease

STATE ☒ FEB ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

MORRISON

8. Well Number 001

9. OGRID Number
263940

10. Pool name or Wildcat
TULE-PENN (GAS)

SUNDY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

SOVERBIGN EAGLE, LLC

3. Address of Operator

PO BOX 968, ROSWELL, NM 88202

4. Well Location

Unit Letter A : 750 feet from the N line and 990 feet from the E line

Section 22 Township 28 Range 29E NMPM ROOSEVELT County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4339 G.L.

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☒

PULL OR ALTER CASING ☐

MULTIPLE COMPL. ☐

DOWNHOLE COMMINGLE ☐

CLOSED-LOOP SYSTEM ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCED DRILLING OPNS. ☐

P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

THIS IS A REQUEST TO SHUT IN THE MORRISON #001 FOR UP TO ONE YEAR OR UNTIL TRANSWESTERN PIPELINE CAN CONTINUOUSLY ACCEPT THE GAS. THIS WELL IS CAPABLE OF PRODUCING IN PAYING QUANTITIES (CUM 620,045 MCF, 2015-11,539 MCF) BUT IS CURRENTLY SHUT IN BECAUSE THE GAS CONTAINS HIGH NITROGEN CONTENT AND TRANSWESTERN DOES NOT HAVE SUFFICIENT GAS FLOWING ON THE PANHANDLE LATERAL TO "BLEND DOWN" THE GAS TO ACCEPTABLE LEVELS. IT IS ALSO UNECONOMOMIC AT CURRENT LOW GAS PRICES TO PROCESS TO REMOVE THE NITROGEN.

IT IS POSSIBLE TO PRODUCE THE WELL AND RECOVER THE CONDENSATE AND WATER BUT THE GAS WOULD HAVE TO BE VENTED OR FLARED. IN ORDER TO COMPLY WITH THE NO FLARING RULES AND TO PREVENT WASTER, WE REQUEST THE WELL REMAIN SHUT IN.

Well shut in: December 23, 2015

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Paul Ragsdale TITLE OPERATIONS MANAGER DATE 03/24/2016
Type or print name Paul Ragsdale E-mail address: pragsdale@stratanm.com PHONE: 575-622-1127 ext 18

For State Use Only

APPROVED BY: Mary H Brown TITLE Dist Supervisor DATE 3/24/2016
Conditions of Approval (if any):

MAR 25 2016

MB