

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION
ARTESIA DISTRICT

DEC 22 2016

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.

RECEIVED

5. Lease Serial No. LC-029387b
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator Black Mountain Operating, LLC

3a. Address 500 Main St, Suite 500, Fort Worth, TX 76102 3b. Phone No. (include area code) (817) 698-9488

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 1980' FWL, Congress Section, SEC 19-18S-31E

7. If Unit of CA Agreement, Name and/or No.
8. Well Name and No. Shugart West 19 Federal #005
9. API Well No. 30-015-30688
10. Field and Pool or Exploratory Area
Shugart, Bone Spring, North
11. Country or Parish, State
Eddy, NM

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 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 recomple 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 recomple 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.)

Proposed Operation to start December 2016.

The Shugart West 19 Federal #5 was plugged back via block squeeze and a tag was witnessed by BLM representative Jim Hughes. Black Mountain Operating is requesting permission to continue plugging operations and intends to permanently abandon this well. A total of five plugs will be set and the csg will be perforated at the base of each plug. Each plug will be tagged to verify proper set depth. 9.5# mud laden fluid will remain between each cement plug.

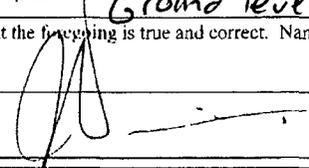
- 69 sks Class C cmt; 4,666'-4,516' Tag (top of Delaware)
38.5 bbl 9.5# mud laden fluid
- 60 sks Class C cmt; 2,855'-2,725' Tag (intermediate shoe);
16.8 bbl 9.5# mud laden fluid
- 56 sks Class C cmt; 2,000'-1,880' Tag (top of Yates/base of salt);
25 bbl 9.5# mud laden fluid
- 154 sks Class C cmt; 810'-475' Tag (top of salt and surface shoe)
9.6 bbl 9.5# mud laden fluid
- 28 sks Class C cmt; 60'-surface.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Upon final plugging witness the wellhead will be removed and the csg will be capped with a steel plate. A 4" diameter marker with the well name and API will be welded in place.

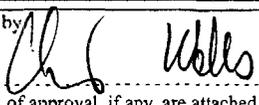
Ground level abandonment marker required

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) John Wierzowiecki Title Operations Manager

Signature  Date 11/16/2015

Accepted for record
NMOCD
A. B. B.

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by  Title Eng Date 12/13/16

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 CFO

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.

Black Mountain Oil & Gas

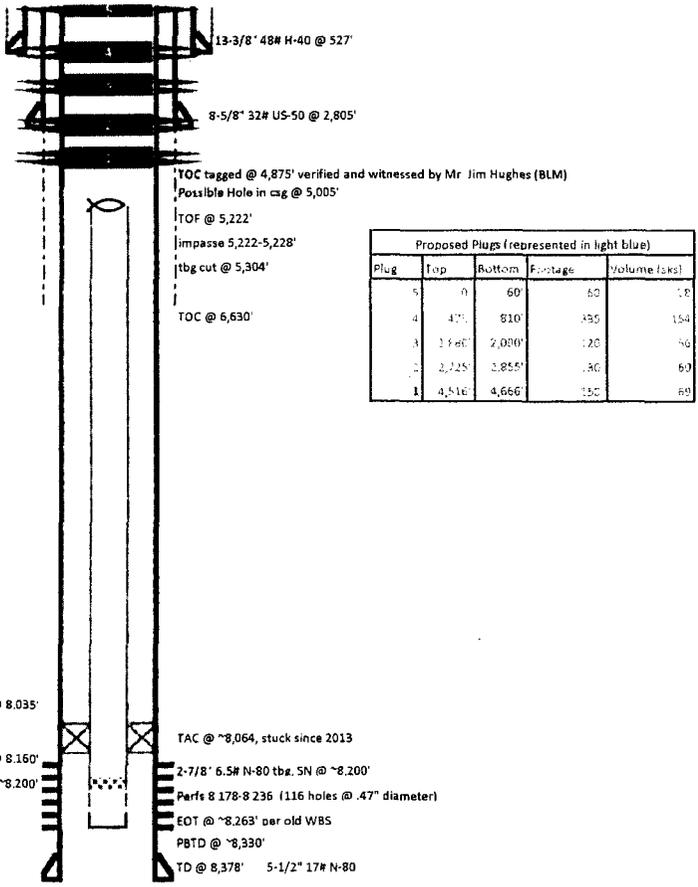
500 Main Street Suite 500

Fort Worth, Texas 76102

ACTUAL WELLBORE

Lease: Shugart West 19 Federal #005		OH Information					
County/Parish:	Eddy	Section	Size	Beg. Depth	End Depth	MW	Comments
State:	NM						
API:	30-015-30688						
State Lease #:	29387						
SHL Legal:	1980 FNL, 1980 FWL, 18S, 31E, Section 19						
Spud Date:	9/21/1999	Casing Information					
Rig Release:	10/11/1999	Size	Weight	Grade	Thread	Depth	ID
Comments:		13-3/8"	48.0	H-40	?	527	
		8-5/8"	32.0			2,805	
		5-1/2"	17.0	N-80		8,378	0.0232
Block squeeze 325 sk Class C neat cmt plug set from 4,875' to prior perforations at 8,178'		Tubing Information					
		2-7/8"	6.50	N-80		8,263	2.441
		Comments:					

Cement Information	
Spacer	
Volume, bbl	
Density, lb/gal	
Lead Cement 1	
Sacks	
Yield, ft³/sk	
Volume, ft³	
Density, lb/gal	
Tail Cement 1	
Sacks	
Yield, ft³/sk	
Volume, ft³	
Density, lb/gal	
Est TOC, ft	
Calc or Actual	
CBL TOC	



State Plugging Contact: Robert Byrd (575) 626-0836
 BLM Contact: Chris Walls (575) 234-2234
 BLM 24 hr Contact: (575) 706-2779

Queen 3112
 Pantofa 3344
 Gravura 3565
 Malware 4616
 Bone Spring 5800
 7nd Bone 7968

Directions to Location:

Last Update: 11/16/2016

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

NM OIL CONSERVATION
ARTESIA DISTRICT
DEC 22 2016

RECEIVED

**Permanent Abandonment of Federal Wells
Conditions of Approval (LPC Habitat)**

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. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing 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. Below Ground Level Cap (Lesser Prairie-Chicken Habitat): 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 annulus. 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.** Upon the plugging and subsequent abandonment of wells that are located in lesser prairie-chicken habitat, the casings 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 covered with a metal plate at least ¼ inch thick and welded in place. A weep hole shall be left in the plate and/or casing.

NMOCD also requires the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a below ground cap was installed as required in the COA's from the BLM.

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 objectives.

Timing Limitation Stipulation/ Condition of Approval for Lesser Prairie-Chicken:

From March 1st through June 15th annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted