

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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
☐ Oil Well ☐ Gas Well ☒ Other2. Name of Operator
SOUTHWEST ROYALTIES, INC.3a. Address
6 DESTA DRIVE, STE 2100, MIDLAND, TX 797073b. Phone No. (include area code)
432/688-3267

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FSL, 1980' FEL, SEC 23, T19S, R30E, NMPM, J

RECEIVED

MAY 04 2006

5. Lease Serial No.

NM 06765

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

N HACKBERRY YATES UNIT #106

9. API Well No.

30-015-04617

10. Field and Pool, or Exploratory Area

N. HACKBERRY YATES

11. County or Parish, State

EDDY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE ~~WELL PROPOSED~~ 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 recompleat 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 recompleat 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.)

This SI well failed an MIT and the proposal to plug this well is as follows:
MI RU P&A contractor & equipment. Set CIBP at approx 1650'.
Fill 5-1/2" w/cmt from 1650' to surface with approx 115 sx cmt.
Cut off WH, fill in ptt. Clean location and restore surface.

Schematic attached.

APPROVED
MAY - 2 2006
GARY GOURLEY
PETROLEUM ENGINEER

APPROVED FOR 4 MONTH PERIOD
ENDING -9-02-06

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Dawn M. Howard

Title Operations Assistant

Signature

Date

4/24/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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 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)

Accepted for record - NMOCD

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO.

30-015-04617

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
NM06765

7. Lease Name or Unit Agreement Name

North Hackberry Yates Unit

8. Well Number
106

9. OGRID Number

10. Pool name or Wildcat
N. HACKBERRY YATES

SUNDRY 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

SOUTHWEST ROYALTIES, INC.

3. Address of Operator

6 DESTA DRIVE, STE 2100, MIDLAND, TEXAS 79705

4. Well Location

Unit Letter J : 1980 feet from the S line and 1980 feet from the E line
Section 23 Township 19S Range 30E NMPM EDDY County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3303' GL

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water

Pit Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This SI well failed an MIT and the proposal to P&A is as follows:
MI & RU P&A contractor and equipment. Set CIBP at approx. 1650'.
Fill 5-1/2" with cement from 1650' to surface with 115 sx cement.
Cut off WH, fill in pit. Clean location and restore surface.

Schematic attached.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE DAWN M. HOWARD TITLE Operations Assistant DATE 3/31/06

Type or print name DAWN M. HOWARD dhoward@claytonwilliams.com 432/688-3267
For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

WELL DATA SHEET

Lease NORTH HACKBERRY YATES UNIT Well No. 106 Pool NORTH HACKBERRY YATES
Location 1980 FSL 1980 FEL SEC 23 T19S R30E County EDDY State N.M.

GL: 3303'

KB: 3313'

H: 10'

Spud date: 12-24-60

8 5/8 MOD 24 # Grade J55
Set @ 532' w/400 sx
Top of Cmt @ SURFACE
By: Crc

Set @ 532 w/400 SX

Top of Cmt @ SURFACE

By: Cinc

NO INTERMEDIATE
 _____ "OD _____ #Grade

Set @ W/ SX

Top of Cmt @

By :

2 3/8" O.D. 4.70# EUE J55
RICE TBG

PKR @1742' Guiberson tension

PERFS:
1763'-94' w/ (4) 1/2" HPF

5 1/2" MOD 15.50 #Grade J55
Set @ 1968' w/590 sx
Top of Cmt @ 29'
By: TS

Set @ 1968 w/590 SX

Top of Cmt @ 29

By: TS

[illegible]

Treatment History (Current Zone)

Producing History (Current Zone)

| <u>Month/Year</u> | <u>Oil</u> | <u>Water</u> | <u>Gas</u> |
|-------------------|------------|--------------|------------|
| | | | |
| | | | |
| | | | |
| | | | |

Remarks and Recommendation:

Last Test Dated:

BOPD BWPD MCFGPD

| <u>Cum. Oil</u> | <u>Cum. Gas</u> |
|-----------------|-----------------|
| | |

Prepared By: K. M. Lahiry

Date: 8-30-79

INJECTOR

BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
505-627-0272

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 505-627-0272, Eddy County call 505- 234-5972; for wells in Lea County call 505-393-3612.

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 otherwise specified in the approved procedure, the cement plug shall consist of either class "C", for up to 7,500 feet of depth, mixed at 14.8 lbs./gal. with 6.3 gallons of fresh water per sack or class "H", for deeper than 7,500 feet plugs, mixed at 16.4 lbs./gal. with 4.3 gallons of fresh water per sack.

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, the name of the operator, the lease serial number, the surveyed location (the 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.