Form 3160-5

OCD-ARTESIA UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WEL

Do not use this form for proposals to drill or to deepen or reent

FORM	APPR	OVE	O
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Budget Bureau No. 1004-0135 Expires: March 31, 1993

5. Lease Designation and Serial No.

NMNM 04421

6. If Indian, Allottee or Tribe Name

to a different reservoir. Use 'APPLICA' for such proposals	ATION FOR PERMIT"	
SUBMIT IN TRIPLICA	TE	7. If Unit or CA, Agreement Designation
1. Type of Well		NMNM71003X
Oil Gas Well Other INJECTIO	N	8. Well Name and No.
2. Name of Operator . TIPTON OIL & GAS ACQUISITIONS		Northeast Square Lake #12 9. API Well No.
2. Address	Telephone No.	30-015-04831
P.O. BOX 1234, LOVINGTON, NM 88260 505-631-4121		10. Field and Pool, or Exploratory Area
3. Location of Well (Footage, Sec., T.,R.,M., or Survey Description)		Northeast Square Lake
660' FNL & 660' FEL		11. County or Parish, State
Sec. 9, T16S, R31E		Eddy, NM
12. CHECK APPROPRIATE BOX(s)		
TYPE OF SUBMISSION	TYPE OF ACTION	
Notice of Intent Subsequent Report Final Abandonment Notice	X Abandonment Recompletion Plugging Back Casing Repair Altering Casing Other	Change of Plans New Construction Non-Routine Fracturing Water Shut-Off Conversion to Injection Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
	and measured and true vertical depths for all markers BP @ 3600'. Circulate hole w/mud. 1 2360'; tag. 1300'; tag. 223'; shoe.	
14. Thereby certify that the foregoing is true and correct	Accepted for record MAY 2007	APPROVED 2007

SUNDRY NOTICE SPECIAL STIPULATIONS

- 1. Approval is granted to P/A this well with the following modifications to the procedure:
- 2. BLM records indicate that a CIBP has been set @ 3560' with 4 sacks of cement on top of it and a cement squeeze performed on a hole in the casing between 410' and 465'; leaving a cement plug in side of the casing, that was tagged @ 320'. If this information can be verified, the plug @ 320' should be drilled out and the plug on top of the CIBP should be tagged. A 25 sack plug should be spotted on top of this plug.
- 3. The plug proposed for 2360' should be moved to 1850' with perfs and a 28 sack cement squeeze, leaving at least 12 sacks of cement inside of the casing, for the base of the salt. Tag
- 4. The plug proposed for 1300' should be moved to 1550' with perfs and a 28 sack cement squeeze, leaving at least 12 sacks of cement inside of the casing, for the top of the salt. Tag
- 5. A 25 sack plug should be set @ 515' to cover the hole in the casing @ 410'-465'.
- 6. The plug proposed for 223' should be moved to 273' with perfs and a 25 sack cement squeeze, leaving no more than 11 sacks of cement inside of the casing, for the surface casing shoe. Tag
- 7. The plug proposed for 60' should be moved to 100' with perfs and circulating cement to the surface through the annulus. If cement is circulated with the plug @ 273' these two plugs can be combined.
- **8.** This well is located in the Lesser Prairie Chicken Habitat and all work must conform to the attached timing limitations.

* All plugs, including the surface plug, should leave at least 25 sacks of cement inside the casing and be at least 100 feet, plus an additional 10% for each 1000 feet of depth.

Plugging procedures must conform to 43 CFR 3162.6.d and Onshore Order No.

2.III.G or NMOCD orders if they are more stringent.

All of the work approved here must be completed within 90 days

Engineering can be reached at 505-706-2779 for any variances that might be necessary.

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 15 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, power line, and well pad construction, will be allowed **except between 3:00 am and 9:00 am**. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

In light of these requirements and mitigation measures, minimal impacts to the lesser prairie-chicken are anticipated as a result of oil and gas activity.

Exceptions to these requirements will be considered in emergency situations such as mechanical failures, however, these exceptions will not be granted if BLM determines, on the basis of biological data or other relevant facts or circumstances, that the grant of an exception would disrupt prairie-chicken booming activity during the breeding season. Requests for exceptions on a non-emergency basis may also be considered, but these exceptions will not be granted if BLM determines that there are prairie-chicken sightings, historic leks and or active leks within 1.5 miles of the proposed location, or any combination of the above mentioned criteria combined with suitable habitat.

In light of the circumstances under which exceptions may be granted, minimal impacts to the lesser prairie-chicken are anticipated as a result of the grant of exceptions to this Condition of Approval.

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Carlsbad Field Office 620 E. Greene St. Carlsbad, NM 88220

Interim Reclamation Procedures for Permanently Abandoned Federal Wells

- 1. After Subsequent Report of Abandonment, Form 3160-5, is filed and approved by the BLM the surface protection specialist (SPS) will conduct a surface inspection of the abandonment. The SPS will establish the reclamation requirements the operator will need to complete. **DO NOT START RECLAMATION UNTIL THE SPS HAS INSPECTED THE LOCATION.**
- 2. The reclamation requirements will be given to an environmental protection specialist (EPS). The EPS will issue the operator a Notice of Written Order outlining the reclamation requirements. **DO NOT START**RECLAMATION UNTIL A NOTICE OF WRITTEN ORDER FOR RECLAMATION HAS BEEN RECEIVED. The EPS will be responsible for all further abandonment work and inspections.
- 3. Notification: CONTACT THE EPS 3 DAYS PRIOR TO RECLAMATION WORK. This notification gives the EPS an opportunity to discuss by phone or on location the reclamation requirements, any special concerns and the timeframes. It also allows the EPS an opportunity to witness various aspects of the reclamation work to determine if an adequate seedbed has been prepared and all reclamation requirements have been completed. CONTACT THE EPS AT LEAST 3 DAYS PRIOR TO SEEDING. This allows the EPS to witness the seeding operation to make sure the location is seeded properly and with the appropriate seed mixture. DO NOT START RECLAMATION UNTIL THE EPS HAS BEEN NOTIFIED.
- 4. After reclamation work has been completed, submit the I & E copy of the Notice of Written Order to the BLM. It will need to be signed by a company representative and dated. Also submit one original and five copies of the Final Abandonment Notice, Form 3160-5. The report should state that all reclamation work has been completed, and the location is ready for a final abandonment inspection.
- 5. The BLM will continue to monitor the location to ensure the location vegetates successfully, and salts from the reserve pit do not leach to the surface. The location will be monitored until such time as vegetation (20%) is established evenly across the location (including the reserve pit and access road). Once EPS determines that vegetation (20%) is evenly spread across the location, final abandonment will be authorized.

If there are any questions please feel free to contact any of the following:

Jim Amos Supervisory Environmental Protection Specialist (505) 234-5909

Barry Hunt Surface Protection Specialist (505) 234-5965

Todd Suter Surface Protection Specialist (505) 234-5987

Trishia Bad Bear Natural Resource Specialist – Lea County (505) 393-3612 Cody Layton Natural Resource Specialist (505) 234-5959

Paul Evans Environmental Protection Specialist (505) 234-5977

Terry Gregston Environmental Protection Specialist (505) 234-5958