

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

AUG 03 2011

FORM APPROVED
OMB No 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS RECEIVED

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 <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <u>Injection</u>	5 Lease Serial No <u>NM NM 7488</u>
2 Name of Operator <u>McDonnold Operating Inc.</u>	6 If Indian, Allottee or Tribe Name
3a Address <u>505 N. Big Spring #204</u> <u>Midland, TX 79701</u>	7 If Unit or CA/Agreement, Name and/or No
3b Phone No (include area code) <u>432-682-3499</u>	8 Well Name and No. <u>Langlie Jack Unit #10</u>
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) <u>1980' FNL and 660' FWL</u> <u>E-21-24S-37E</u>	9 APT Well No. <u>30-025-11177</u>
	10 Field and Pool, or Exploratory Area <u>Langlie Mathis Tracts QN GB</u>
	11 County or Parish, State <u>Lea, NM</u>

12. CHECK 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"/> 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 recompleate 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 recompleation 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.)
- Estimated date to start work is 8-20-11.

1. MIRR PEA rig.
2. Loss attached for 865' (PBD) to surf w/ 12.5# / gal mud laden fluid.
3. See attached for conditions of approval from 1230' - 1330'.
4. Cap w/ 155x Cmt plug @ surf.

RECLAMATION PROCEDURE
ATTACHEDSEE ATTACHED FOR
CONDITIONS OF APPROVAL
See Attached

14 I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) <u>Craig M. McDonnold</u>	Title <u>President</u>
Signature <u>Craig M. McDonnold</u>	Date <u>6-17-11</u>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <u>James G. Pons</u>	Title <u>SEPS</u>	Date <u>7-30-11</u>
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 <u>CFO</u>	

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)

THE OIL CONSERVATION DIVISION MUST
BE NOTIFIED 24 HOURS PRIOR TO THE
BEGINNING OF PLUGGING OPERATIONS

SEP 07 2011

McDonnold Operating Inc
505 N. Big Spring @204
Midland, TX 79701

RE: NMNM7488; Langlie Jack Unit No. 10
1980' FNL & 660' FWL, Sec. 21, T24S-R37E
Lea County, New Mexico

Plugging and Abandonment, Conditions of Approval:

The plugging procedure submitted is not adequate to meet requirements of Onshore Oil and Gas Order No. 2. To meet the requirements, the following procedures are to be used for the plugging of the referenced wellbore.

1. RIH and tag PBTD. Load hole with plugging mud.
2. Spot a plug @ 130' plug from 3360'-3230' (25 sack min. shoe plug). WOC and tag no lower than 3230'.
3. Set a CIBP @ 2900' (50' above the uppermost perforations) and cap with 35' cement using a dump bail, or spot a 25 sack cement plug on top of the CIBP. A second option would be to place a cement plug across the perforations from 3140'-2900'. WOC and tag no lower than 2900'.
4. Spot a 120' plug from 2642'-2522' (25 sack min. to cover the base of salt). WOC and tag no lower than 2522'.
5. Perforate @ 1430' and attempt to squeeze a plug from 1430'-1230' (covers the top of salt and the casing shoe). WOC and tag no lower than 1230'. If unable to pump into perforations, lower tubing to 1480' and spot a plug from 1480'-1230'. WOC and tag no lower than 1230'.
6. Perforate @ 331' and circulate cement in/out to surface.

Cut off the wellhead at least 3' below ground level and verify cement to surface behind casing strings (see COAs).

If any questions, contact Jim Amos @ 575-234-5909.

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

**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.

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.**



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

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

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Natural Resource Specialist
575-234-5959

Terry Gregston
Environmental Protection Specialist
575-234-5958

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Todd Suter
Surface Protection Specialist
575-234-5987

Randy Rust
Environmental Protection Specialist
575-234-5943

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922

OPERATOR COPY

Number AJM-088-11

Page of

☒ Certified Mail - Return
Receipt Requested
70090820000144020830

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	
Lease	NMNM7488
CA	
Unit	
PA	

Bureau of Land Management Office HOBBS INSPECTION OFFICE				Operator MCDONNOLD OPERATING INC			
Address 414 WEST TAYLOR HOBBS NM 88240				Address 505 NORTH BIG SPRING SUITE 204 MIDLAND TX 79701-4347			
Telephone 575.393.3612				Attention			
Inspector MASSENGILL				Attn Addr			
Site Name MYERS B	Well or Facility 04	1/4 1/4 Section SWNW 21	Township 24S	Range 37E	Meridian NMP	County LEA	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
05/20/2011	09:30	06/27/2011		43 CFR 3162 3-4(c)

Remarks

This well is temporary abandoned/shut-in without prior approval. Well must be placed bck on production or plugged and abandoned. Submit to this office a Notice of Intent on a Sundry Notice (3160-5), a intent to place well back on production or plans to plug and abandon this well. Failure to comply will result in a Incident of Noncompliance.

- Langley Park #10*
Estimated date to start work 8-20-11
1. MIRU PEA rig.
 2. Load hole from 2865' (PBTD) to Surf w/ 12.5#/gal mud laden fluid.
 3. Spot 100' Cmt plug from 1230' - 1330'.
 4. Cap w/ 15 SX Cmt plug @ Surf.

When the Written Order is complied with, sign this notice and return to above address

Company Representative Title Craig M. McDonnold Signature Craig M. McDonnold Date 6-17-11
President

Company Comments

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer Andrea Massengill Date 5/20/11 Time 09:30

FOR OFFICE USE ONLY

Number 53	Date	Type of Inspection RV
---------------------	------	---------------------------------