

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

OCD - Hobbs

FORM APPROVED
OMB NO 1004-0135
Expires July 31, 2010

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.

ACT 20 2011

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1 Type of Well ☒ Oil Well ☐ Gas Well ☐ Other		5 Lease Serial No. NMLC065607
2 Name of Operator READ & STEVENS, INC.		6 If Indian, Allottee or Tribe Name
3a. Address P O. BOX 1518 ROSWELL, NM 88202		7 If Unit or CA/Agreement, Name and/or No
3b. Phone No (include area code) Ph: 575-622-3770 Fx: 575-396-7274		8 Well Name and No HUDSON FEDERAL 8
4 Location of Well (Footage, Sec, T, R, M, or Survey Description) Sec 4 T20S R34E 1980FNL 1980FEL		9 API Well No 30-025-33511
		10. Field and Pool, or Exploratory NE LEA; DELAWARE
		11 County or Parish, and State LEA COUNTY, NM

12.. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
☒ Notice of Intent	☐ Acidize
☐ Subsequent Report	☐ Deepen
☐ Final Abandonment Notice	☐ Fracture Treat
	☐ Production (Start/Resume)
	☐ Alter Casing
	☐ Reclamation
	☐ Casing Repair
	☐ Recomplete
	☐ Change Plans
	☒ Plug and Abandon
	☐ Temporarily Abandon
	☐ Convert to Injection
	☐ Plug Back
	☐ Water Disposal
	☐ Water Shut-Off
	☐ Well Integrity
	☐ Other

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.)

Read & Stevens, Inc. plans on Plugging and Abandoning the Hudson Federal #8 as follows:

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

See Charges

MIRUPU Receive & rack 2 3/8" workstring. RIH w/2 3/8" sand bailer, tbg. Clean to CIBP at 7400'. POH w/tbg. tools. RIH w/3 1/2" OD sandline bailer. Knock out CIBP at 7400'. POH & LD bailer. RIH w/2 3/8" tbg. open ended to 7900'. Circ mud displacing hole. Pump 25 sxs cmt plug from 7900' to 7755'. Pull uphole. WOC. RIH w/tbg plug ensuring TOC no lower than 7604'. POH w/tbg laying dwn to 5600'. Pump 30 sxs cmt plug from 5600' to 5455'. Pull uphole. WOC. RIH w/tbg tagging plug no lower than 3360'. Lay dwn tbg to 4940'. Pump 25 sxs cmt plug from 4940' to 4800'. POH w/tbg. RIH & cut csg at 1280'. Lay dwn csg. RIH w/tbg to 1800'. Pump 25 sxs cmt from 1800' to 1655'. Pull uphole to 1330'. Pump 30 sxs cmt plug from 1330' to 1215'. POH laying dwn tbg to 60'. Pump cmt plug bringing cmt to surface. Install dryhole marker. RDPU. Cut anchors. Restore location to BLM/OCD specifications.

RECLAMATION PROCEDURE
ATTACHED

Ground Level DHM (see Attached)

14 I hereby certify that the foregoing is true and correct.	
Electronic Submission #117958 verified by the BLM Well Information System For READ & STEVENS, INC., sent to the Hobbs	
Name (Printed/Typed) WILL PALMER	Title MANAGER, PROD & COMPLETIONS
Signature (Electronic Submission)	Date 09/20/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>James A. Conner</i>	Title <i>SEAS</i>	Date <i>10-16-11</i>
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 <i>CFO</i>

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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

MW/OCD 11-18-2011

Read & Stevens, Inc.
P. O. Box 1518
Roswell, NM 88202

RE: NMLC065607; Hudson Federal No. 8
1980' FNL & 1980' FEL, Sec. 4, T20S-R34E
Lea County, New Mexico

HOBBS OCD

OCT 20 2011

RECEIVED

Abandonment Conditions of Approval;

Knock out CIBP at 7400' (+/-)

A cement plug shall be placed opposite all open perforations and extend to a minimum of 50 feet below to 50 feet above the perforated interval. Plug #1 Spot 278' plug from 8222' – 7944', WOC and tag no lower than 7944. An option is to set a CIBP 50' -100' above the upper most perforation (7944- 7894') and cap with 35' utilizing a dump bailer, or by spotting a 25 sack minimum plug on top of the CIBP.

Displace hole with MLF.

Plug #2 Spot 160' (5750' – 5590') plug across the open Delaware perforations at 5663' – 5678'. WOC and tag no lower than 5590'. Plug #3 would require a 150' plug to cover the top of the Delaware formation (5360'), from 5435' - 5285'. Suggest setting a CIBP @ 5613' – 5563' (50-100' above the uppermost perforations), and capping with a 310' plug to cover the open perforations and the top of the Delaware. No tag required.

Plug #3 Spot 150' plug from 4966' – 4816' (25 sack minimum) across the 8-5/8" casing shoe. WOC and tag no lower than 4816'.

Plug #4 Perforate 5-1/2" casing @ 3280' and attempt to squeeze a 130' (cover the top of Yates, considered by NMOCD as Base of Salt) plug in/out of the 5-1/2" casing. WOC and tag no lower than 3150'.

Plug #5 Perforate 5-1/2" casing @ 1710' and attempt to squeeze a 220' (covers the top of Salt and the 13-3/8" shoe) plug in/out of the 5-1/2" casing. WOC and tag no lower than 1490.

Cut and pull the 5-1/2" casing @ 1280'.

Spot stub plug from 1330'-1230'. WOC and tag no lower than 1230'.

Perforate 8-5/8" casing and attempt to squeeze a surface plug from 60', in and out of the 8-5/8" bringing cement to surface.

Install a ground level dry hole marker as per attached.

If you have questions, please contact Jim Amos at 505-234-5909.

HOLE SIZE 17 1/2"

1200 SX CMT
Circ

J-55
CASING SIZE 13 3/8" 54.5"
TD 1546

HOLE SIZE 11"

1st stage 400 SX
No Circ. TOC?

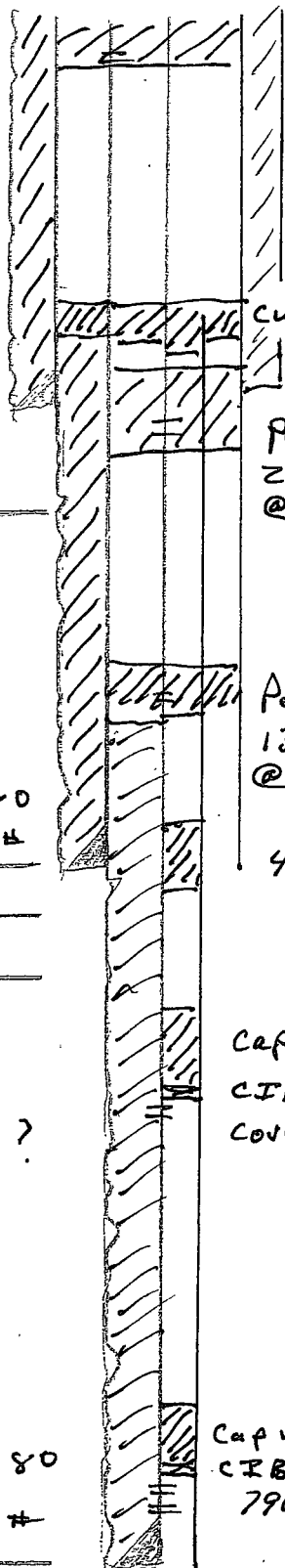
2nd stage 1350 SX
No Circ. TOC?
DVT @ ?

S-80
CASING SIZE 8 5/8" 32"
TD 4891

HOLE SIZE 7 7/8"

1200 SX CMT
TOC UNKNOWN?

N-80
CASING SIZE 5 1/2" 17"
TD 8286



SALT SECTIONS TOP 1460
BASE
RIMP N/A

CAVE / KARST

SPEC. WATER

cut/pull TOC SURF Circ.
1280 Stub plug INT W.K.
1330 - 1230 Tag PROD W.K.

Perf @ 1710 Sp
220' WOC Tag
@ 1490 (shoe & top salt)

FORMATIONS Yates 3230

7 Rivers 3806

Del 5360

BS 8220

Perf @ 3280 Sp
130' plug WOC Tag
@ 3150 (Yates)

4966 - 4816
WOC Tag

Cap w/ 310' cmt
CIBP @ 5550 +/-
Covers Perfs & Top Delaware

Cap w/ 35' DB or 25 SX plug
CIBP @ DVT UNKNOWN Depth
7900 +/-

PERFORATIONS 7994 - 8172

5663 - 5678

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.**

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. 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 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 annuluses. 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.**

The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (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 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 procedure.

J. Amos 3/6/11

Requirements for ground level dry hole markers

Well Identification Markers

Conditions of Approval (COA)

The BLM Carlsbad Field Office (CFO) Conditions of Approval (COA) Requires that ground level dry hole markers be placed on well within the Lesser Prairie Chicken habitat area. The dry hole markers will be to the following specifications. The operator will construct the markers as follows:

1. An 8 inch X 8 inch steel plate 1/8 to 3/16 of an inch thick is to be placed on the old dry hole marker stand pipe 2 inches from ground level, in the Lesser Prairie Chicken habitat area.
2. Steel plate may be welded or bolted approximately 2 inches from ground level on the stand pipes. If plates are bolted to the stand pipe, the person installing the plate will be required to weld a pipe collar on the plate and place a minimum of two set screws/bolt on each collar. Aluminum data plates may be bolted with minimum 1/4 inch bolt and locking nuts or self tapping fine threaded screws. A minimum of one in each corner is to be installed on each plate.
3. An 8 inch x 8 inch aluminum plate, which is 12 gauge or .080 sign material (1/8 inch aluminum plate may be used in place of the .080 plate) with the required information for that well stamped or engraved in a minimum 3/8 inch tall letter or number.
4. The following information will be stamped or engraved on the 8 inch X 8 inch aluminum plate in the following order.
 - a. First row: Operators name
 - b. Second row: Well name and number
 - c. Third row: Legal location to include 1/4 1/4, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the 1/4 1/4 (example: 1980 FNL 1980 FWL) being on the top row.
 - d. Fourth row: Lease Number and API number.
 - i. Example marker plate: (attached)

NMOCD Order No. R-12965 also required 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 ground level dry hole marker was installed as required in the COA's from the BLM.



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