

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

NON-PROCESSED
MAY 02 2012

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

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7 If Unit of CA/Agreement, Name and/or No. NMNM71114
2 Name of Operator Element Petroleum Operating, LLC		8 Well Name and No. McDermott #1
3a. Address 110 W. Louisiana Ave, Suite 405, Midland, TX 79701	3b Phone No (include area code) 918-621-6533	9 API Well No. 30-025-07075
4. Location of Well (Footage, Sec., T, R, M., or Survey Description) 1980' FNL & 1980' FWL F Section 30-T9S-R38E		10. Field and Pool or Exploratory Area Sawyer.
		11 Country or Parish, State Lea

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 checked="" 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 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 must 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 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.)

Determine fluid level, swab well, return to production based on findings.

Workover ng estimated availability 3-4 weeks.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Connie Swan		Title Regulatory Administrator
Signature <i>CSwan</i>		Date 03/21/2012
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by		<div style="border: 2px solid black; padding: 5px; text-align: center;"> APPROVED APR 28 2012 WESLEY W. INGRAM PETROLEUM ENGINEER </div>
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.		
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.		

MAY 03 2012

McDermott 1
30-025-07075
Element Petroleum Operating, LLC
April 28, 2012
Conditions of Approval

Operator is in non-compliance on this well. Operator should note on sundries replying to a Written Order or Incidence of Non-Compliance the reference number of that document.

Operator will be given only a short amount of time to bring this well into compliance.

This well is tied to a Communitization Agreement (CA) since the formation from which it produced requires 80 acres. The agreement should have terminated due to lack of production in paying quantities 6 years ago, but is still authorized.

OPERATOR REQUESTED 3-4 WEEKS FROM THE DATE OF SUBMISSION (3/21/12). OPERATOR SHALL BE ON LOCATION BY MAY 15, 2012 TO COMMENCE WORK ON THE WELL. OPERATOR TO FILE DAILY REPORTS – WINGRAM@BLM.GOV.

- 1. Surface disturbance beyond the originally approved pad must have prior approval.**
- 2. Closed loop system required.**
- 3. Operator to have H2S monitoring equipment on location.**
- 4. A minimum of a 2,000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.**
- 5. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.**
- 6. Operator shall submit a Subsequent Report sundry within 30 days of completing work with details by date of work performed.**
- 7. Operator shall submit a Subsequent Report sundry within 5 days of placing the well back on production. Operator shall perform a 72 hour well test utilizing an independent well tester, which shall be approved by the BLM. If the well test indicates that the well cannot produce in paying quantities, the operator is to submit an NOI sundry to Plug and Abandon the well within 10 days of the well test results.**
- 8. Should the work on the well be successful, operator shall place the well on production and is required to notify the BLM anytime the well will be down more than 24 hours.**