

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DOO. HORRS
HOBBS OCD

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDY 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.

MAY 14 2012

SUBMIT IN TRIPLICATE - Other instructions on reverse RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. NM-17238
2. Name of Operator Shackelford Oil Company	6. If Indian, Allottee or Tribe Name
3a. Address 3510 N. A ST. Bldg. B Ste 100	7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) 432 682 9784	8. Well Name and No. Tonto Federal #3
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330' FSL and 330' FEL 3 20S 33E	9. API Well No. 30-025-38728
	10. Field and Pool, or Exploratory Area Texas Delaware
	11. County or Parish, State Lea, NM

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 checked="" 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 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.)

See Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

BLM PET Witness Required.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) DON SHACKELFORD	Title President
Signature <i>[Signature]</i>	Date 3/1/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title
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

APPROVED

MAY Date 8 2012

WESLEY W. INGRAM
PETROLEUM ENGINEER

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 15 2012

Tonto Federal #3

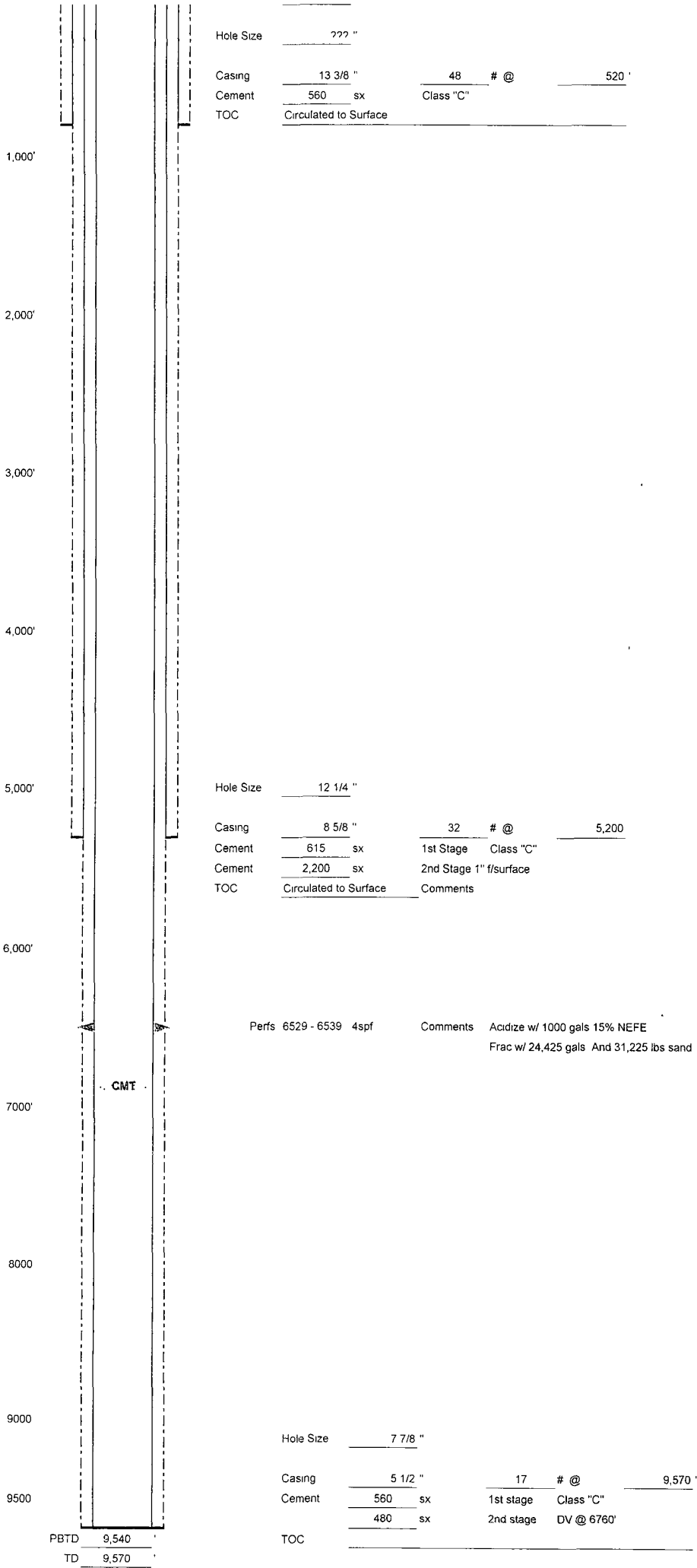
Procedure for Recompletion to ~~Lower Delaware~~ and Bone Spring

1. MIRU Well Service Unit
2. POOH w/Rods and Tubing
3. GIH w/packer set at 6250, squeeze existing perf w/100 sks of cement. WOC 12 hours.
4. POOH w/tubing and packer
5. GIH w/Bit and scraper drill out cement. Tag bottom at 9540
6. POOH w/tubing and bit
7. GIH w/wireline perforate as follows:
 - 9485-9502 4spf
 - 9270-9320 4 spf
8. GIH w/ppi tool and breakdown zones w/acid
9. POOH GIH w/packer 3 ½ tubing set at 9,000' Load backside to monitor
10. Frac w/145,000 lbs of sand and 65,000 gal
11. Rig up swab GIH to swab test well

Shackelford Oil Co

API	30-025-39728	Location	Section 3 - T - 20S R33E
Field	Teas Delaware	Footage	330' FSL & 330' FEL
Cnty, State	Lea, New Mexico		

STATUS: Recom

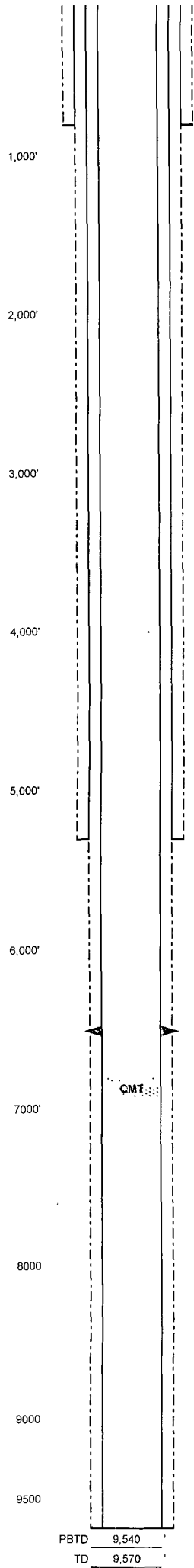


Shackelford Oil Co

API 30-025-39728
Field Teas Delaware
Cnty, State Lea, New Mexico

Location Section 3 - T - 20S R33E
Footage 330' FSL & 330' FEL

STATUS. Recomp



Hole Size 7 7/8 "
Casing 13 3/8 " 48 # @ 520 '
Cement 560 sx Class "C"
TOC Circulated to Surface

Hole Size 12 1/4 "
Casing 8 5/8 " 32 # @ 5,200
Cement 615 sx 1st Stage Class "C"
Cement 2,200 sx 2nd Stage 1" f/surface
TOC Circulated to Surface Comments

Perfs 6529 - 6539 4spf Comments Acidize w/ 1000 gals 15% NEFE
Frac w/ 24,425 gals And 31,225 lbs sand

Hole Size 7 7/8 "
Casing 5 1/2 " 17 # @ 9,570 '
Cement 560 sx 1st stage Class "C"
480 sx 2nd stage DV @ 6760'
TOC

Conditions of Approval

Shackelford Oil Company

Tonto Federal - 03

API 3002534728

May 8, 2012

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 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, 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.

1. **Notify BLM 575-361-2822 before squeezing the existing perforations. The squeezed perforations, DV tool and entire casing shall be pressure tested prior to perforating the Bone Spring formation. The pressure test shall be witnessed by a BLM PET and shall be for 30 minutes on a two hour chart. A 10% decrease in pressure will require remediation. Since there is no record of the Casing Integrity test for the production casing, the operator shall base the pressure requirement as per Onshore Order 2. Note the contact, time and date in your subsequent report.**
2. A new "Well Location and Acreage Dedication Plat" (NMOCD Form C-102) is required with the notice of intent package when completing a new pay zone.
3. Surface disturbance beyond the existing pad shall have prior approval.
4. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
5. Functional H₂S monitoring equipment shall be on location.

6. A minimum of 3000 (3M) BOPE is 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 (3M) 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.
7. All waste (i.e. 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.
8. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 9600' or below to top of cement. Less than 500' between the proposed top perforation and top of cement or lack of a 500' overlap above next casing shoe may require correction. The CFO BLM on call engineer may be reached at 575-706-2779.**
9. **The operator shall tag fracture material with a tracer and run a tracer survey to verify that the fracture material is not placed out of zone. Results of the tracer to be reported on the workover subsequent sundry Form 3160-5.**
10. File a **subsequent sundry** Form 3160-5 within 30 days of the recompletion. Include an updated wellbore diagram. File the subsequent sundry for the fracture treatment separately if it is delayed as much as 20 days.
11. Submit the BLM Form 3160-4 **Completion Report** within 30 days of the date all BLM approved procedures are complete.
12. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

PRS / WWI 050812

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

Use of Form 3160-5 "Sundry Notices and Reports on Wells"

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.