

New Mexico Oil Conservation Division, District I

1601 N. French Drive
Hobbs, NM 88240

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBS OCD

FORM APPROVED
OMB No. 1004-0137
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.

MAY 29 2012

SUBMIT IN TRIPLICATE – Other instructions on page 2.

RECEIVED

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other		5. Lease Serial No. 1NMLC-062471
2. Name of Operator EOR Operating Company		6. If Indian, Allottee or Tribe Name
3a. Address 200 N. Loraine, STE 1440 Midland, TX 796701	3b. Phone No. (include area code) 432-687-0303	7. If Unit of CA/Agreement, Name and/or No. Milnesand Unit
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330 FNL & 330 FWL Sec 8, T-08S, R-35E		8. Well Name and No. 62
		9. API Well No. 30-041-10034
		10. Field and Pool or Exploratory Area Milnesand - San Andres
		11. Country or Parish, State Roosevelt Co, NM

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

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

Please see the attached surface reclamation agreement w/ surface owner, The Nature Conservancy. Site is ready for final inspection.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Jana True		Title Prod. Asst.
Signature <i>Jana True</i>		Date 09/08/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>ISI Angel Mayes</i>	Assistant Field Manager, Lands And Minerals	Date <i>5/25/12</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.		

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)

MAY 30 2012



200 N. Loraine, Suite 1440
Midland, TX 79701
(432) 697-0303 *office*
(432) 687-0321 *fax*

August 15, 2011

The Nature Conservancy
c/o Ms. Tish McDaniel
#1 Pueblo Pt.
Clovis, NM 88101

RE: Surface Reclamation Agreement w/ Surface Owner
Milnesand SA Unit #62, API #3004110034, NWNW Section 8, T8S-R35E, NMPM
Milnesand SA Unit #63, API #3004110036, NENW Section 8, T8S-R35E, NMPM
Roosevelt Co., NM

Dear Tish:

The Bureau of Land Management ("BLM") has been promoting the Restore New Mexico ("RNM") Initiative, which focuses on restoring grasslands and riparian areas to a healthy and productive condition. Surface disturbances from historic oil and gas operations – from a period when there were not any requirements for surface reclamation – are being repaired, thereby defragmenting (consolidating) wildlife habitat to benefit the Lesser Prairie Chicken, Sand Dune Lizard and other grassland-dependent species. The Initiative is being achieved by working with cooperative partners such as the New Mexico State Land Office, New Mexico Department of Game and Fish, private land owners, BLM grazing allottees and the oil and gas industry.

During the BLM review process of potential RNM projects, they have determined that some of these historic wells that were plugged and abandoned years ago are located on lands that have privately owned surface with federal owned minerals. Recent field inspections of the captioned well(s), well pads(s) and road(s) on your property by BLM field inspectors have indicated prior reclamation efforts do not meet today's more stringent standards. Current standards call for well pads and associated roads be reclaimed by removing the caliche, any related oil field infrastructure, re-contouring the site to match the surrounding landscape and re-seeding with native seed mix prescribed by the BLM. In addition, in-active overhead power poles and power lines are to be removed when the associated oil field activities are no longer in effect. Based on the BLM field inspections, EOR Operating Company, as current operator, has been instructed to comply with the revised reclamation standards.

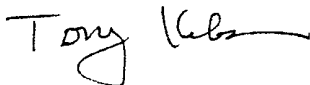
August 15, 2011

As the private surface owner, you have indicated that you prefer NOT to have the caliche removed from the well pad(s) and road(s). In regard to in-active power poles and power lines, we have determined that the primary and secondary power lines which provided electrical power to the well(s) are owned by and the responsibility of Roosevelt County Electric Cooperative, Inc.. They have indicated that the power lines are still active and will remain in place for present and future use.

Before the BLM can proceed with acceptance of reclamation by the operator, it is necessary to confirm that you are either: i) satisfied with the current surface condition, or, ii) require the BLM to order the operator to remove the caliche from the well pad(s) and road(s). Should you choose to keep the well pad(s) and road(s) with caliche intact, the BLM requires that they have written confirmation to that effect. Upon your acceptance of the current surface condition, the un-reclaimed areas become your responsibility thereby relieving EOR Operating Company and the BLM of any further surface reclamation.

Please indicate your choice on the attached statement and return one original in the enclosed envelope at your earliest convenience. I may be contacted at my Roswell, NM office at (575) 625-5503 should you have any questions or concerns.

Sincerely,



Tony Krakauskas, CPL
Land Manager
Enhanced Oil Resources, Inc.
P.O. Box 3539
Roswell, NM 88202-3539
(575) 625-5503 office
(575) 626-9915 cell

August 15, 2011

Please initial the appropriate statement below, sign, date and return to EOR Operating Company in the return envelope.

TM I am satisfied with the current condition of the well pad(s) and road(s) on the:
Milnesand SA Unit #62, API #3004110034, NWNW Section 8, T8S-R35E, NMPM
Milnesand SA Unit #63, API #3004110036, NENW Section 8, T8S-R35E, NMPM
Roosevelt Co., NM. The caliche on the well pad(s) and road(s) shall remain intact with no further action necessary. I agree to accept full responsibility for these well pad(s) and road(s) and hereby release EOR Operating Company and the Bureau of Land Management from any further surface reclamation.

_____ I hereby authorize the BLM to proceed with enforcing surface reclamation as described herein.

Surface Owner

By: Tish McDaniel

Tish McDaniel, Coordinator for
The Nature Conservancy

Date: 8-29-11

EXECUTE AND RETURN