

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007HOBBS OCD
AUG 20 2012
RECEIVED

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
NADEL AND GUSSMAN HEYCO, LLC3a. Address
P.O. BOX 1936, ROSWEL, NM3b. Phone No. (include area code)
575/623-66014. Location of Well (Footage, Sec., T., R., M., or Survey Description)
560' FSL & 1980' FWL, SE SW of Section 8, T18S, R32E5. Lease Serial No.
NM-40448

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No
Federal AF #29. API Well No.
30-025-3060610. Field and Pool, or Exploratory Area
North Young; Wolfcamp11. County or Parish, State
Lea, New Mexico

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 to 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 shall 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 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.)

Current perforations: Bonespring 8790'-8937'

Nadel & Gussman HEYCO proposes to test 3 Delaware zones:

Set CHBP+35' cmt @ 6000'; Test csg to 2500 psi.

5400'-5410' Acidize and swab test, set composite bridge plug.

4950'-4979' Acidize and swab test, set composite bridge plug.

4642'-4668' Acidize and swab test, if show is present, frac with 100,000 #'s prop.

Drill out bridges plugs, set production tubing, set pumpjack, and place well on production.

Nadel & Gussman HEYCO, LLC currently is the operator of the lease from a depth of 5500' to PBTD, Devon Energy is the operator of the lease from surface to 5500'. The original plan was to relinquish operatorship to Devon, however, due to surface logistics, it is Devon Energy's wish for Nadel & Gussman HEYCO, to assume operations from surface to PBTD. As such, Nadel & Gussman HEYCO, wishes to test these zones prior to plugging.

Anticipated work date start: August 1, 2012

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Tammy R. Link

Title Production Analyst

Signature

Date

06/14/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Edward G. Fernandez

Title

PETROLEUM ENGINEER

Date

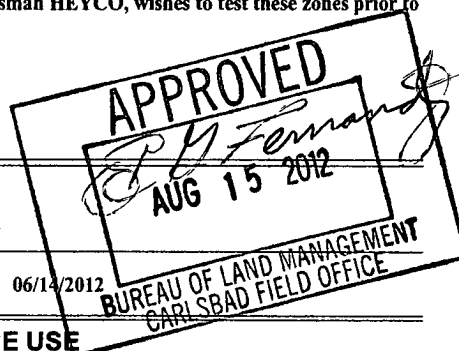
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVALWITNESS
PLUG BACK

AUG 21 2012



Nadel & Gussman Heyco, LLC

Conditions of Approval

NM-40448: Federal AF #2

API: 30-025-30606

Lea County, New Mexico

Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging back operations. Lea County, call 575-393-3612.

1. Surface disturbance beyond the existing pad must have prior approval.
2. Closed loop system required.

3000 (3M) 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 (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.

3. Operator to have H2S monitoring equipment on location as H2S has been reported from wells in the area.

BLM requires the well to be properly plugged/plug back and the required plugs are as follows: See attached general plugging requirements

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.

4. Drill out CIBP at 9175'
5. Verify plug above Wolfcamp perforations should tag hard cement at 10,330'
6. If unable to tag at 10,330' or shallower spot additional cement WOC and Tag
7. **Top of Wolfcamp plug required** - Spot a 200 plug across top of Wolfcamp. Plug shall be from 9550 to 9350. WOC and tag at 9350 or shallower.
8. CIBP shall be 50' to 100' above open Bone Spring perforations. Set CIBP at approx.. 8700' and spot 35' of cement on top. WOC and Tag cement at 8665' or shallower.
9. **Plug across DVtool required.** Spot a 175' plug from 7580' to 7406' WOC and tag.
10. **Top of Bone Spring plug required** -Spot 160' plug from 6210' to 6050' WOC and Tag
11. Continue with procedure to perfs test the Delaware
12. Subsequent sundry with well test, completion report and wellbore schematic required.
13. If operator is unable to establish a commercial well a sundry shall be submitted to properly plug the well to surface. Note: a cement plug is required to be set across all casing shoes, top and bottom of Salt and all annulus shall be filled with cement.

14. Operator to begin plugging back and recompletion procedures within 90 days of receiving this approval.

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.

EGF 020712

**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.

EGF 101311