

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs
HOBBS **OCD**

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

JAN 2 2013

5. Lease Serial No.
NM 026524

6. If Indian, Allottee or Tribe Name

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 page 2.

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator
JAY MANAGEMENT CO., LLC

3a. Address
2425 WEST LOOP SOUTH, SUITE 810 - HOUSTON, TX 77027

3b. Phone No. (include area code)
713.621.6785

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SEC. 17, T-11S, R-33E - 1980' FSL & 810' FWL

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

8. Well Name and No.
CHANEY FEDERAL NO. 1

9. API Well No.
30-025-22554

10. Field and Pool or Exploratory Area
N. BAGLEY (PERMO PENN)

11. Country or Parish, State
LEA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 checked="" 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 recomplate 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 recompletion 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.)

MOVE IN RIG 12/10/12

*Trip in hole with 5,500' CIBP and set at 8350' and dump 10' of cement on top.

*3-1/8" Perforating gun loaded 2 SPF, for block squeeze. Perforate 8270' to 8272'. POOH.

*Pick up 5,500" cement retainer. TIH and set with WL at 8260'. RD WL.

*Trip in hole with stinger and block squeeze with 150 sks cement (30 bbls). ETOC 7900'.

*POOH. Pick up 3-1/8" gun 2 SPF. TIH and perforate 7750-7752'.

*Trip in hole with squeeze tool and squeeze with 75 sacks.

*WOC 12 hrs.

*TIH and drill cement and test squeeze 1,000#. Continue to bottom 8350'. Circulate & condition (C&C). POOH.

*PERFORATE: TOTAL OF 85 NET FEET @ 2 SPF

7700-7705 7859-7863 8035-8039 8136-8146

7736-7738 7893-7898 8081-8094 8162-8166

7802-7804 7913-7917 8100-8105 8173-8177

7816-7818 7966-7970 8112-8125 8210-8212

7823-7830 7973-7977 8128-8132 8225-8243

7850-7852

*Set Packer @ 7600'. Test backside to 500#. Acidize with 22000 gallons of acid. Flow back and test.

OBJECTIVE FORMATION IS: Upper Wolfcamp.

*Rejected ✓
see attached
MM Diagram
1/27/13
KE*

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
BETTIE WATSON

Title CONSULTANT

Signature

Bettie Watson

Date 12/11/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

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.

Office

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)

FEB 27 2013

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

RECEIVED

2012 DEC 12 PM 3:10

BUREAU OF LAND MGMT
CARLSBAD FIELD OFFICE

**Chaney Federal 1
30-025-22554
Jay Management Co., LLC
January 27, 2013
Conditions of Rejection**

- 1. Consultant submitting document does not have an approved agent letter stating that she can submit these documents for the operator.**
- 2. Operator commenced work prior to submitting the paperwork and did not wait for approval. Document was received by the BLM on 12/12/12.**
- 3. Sundry should have been marked as a Notice of Intent not a Subsequent Report.**
- 4. Operator will be required to drill out the plugs set and set them according to BLM requirements. Operator to submit a well bore schematic of what is currently in the hole. Onshore Order 2 states that an operator can dump bail 35' (not 10') of cement on a CIBP. Operator has also missed other required plugs and operator still does not show any information as to how the original Strawn perforations were plugged.**
- 5. Operator shall run a cement bond log to determine what was accomplished with the squeeze and this would have been required in the initial Conditions of Approval.**
- 6. Pursuant to the original completion report for the Strawn, the proposed perforations are in the Abo and not the Wolfcamp.**
- 7. It is the operator's responsibility to verify that they have approval for an operation prior to commencing it.**

WWI 012713