

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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.

RM/OCD

Case Serial No. NMMN14154

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page

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

1. Type of Well

Oil Well Gas Well Other

Well Name and No. Chambers Federal #3

2. Name of Operator Cano Petro of New Mexico, Inc.

9. API Well No. 30-041-20478

3a. Address PO Box 4470, Tulsa, OK 74159-0470

3b. Phone No. (include area code) 918-582-0088

10. Field and Pool or Exploratory Area Tomahawk, San Andres

4. Location of Well (Acquire Sec. 16, R. 1E, NE 1/4, Survey Description) Unit Lit #: 692 FEL & 2910 FSL, Sec 80 - T7S - R2E

11. County or Parish, State Roosevelt County, New Mexico

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

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

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. 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.

- 1.) MIFU Well Plugger.
2.) POOH w/rods, pump & tbg if any. Then RIH w/bit & scraper to top of perfs @ 4151'.
3. RIH w/4-1/2" OIBP & set @ 4110'. Mix & spot 50 sx Class H 16.4 #/gal cmt on top of OIBP. Filling csg to about 3500'.
4. POOH w/WS to 2250'. WOC 4 hrs then tag bottom plug @ 3800' or higher. Add 130' plug (25 sx min) from 3404'-3274' (T/SA)
5. RU perforator & shoot csg @ 2300'. Establish circulation in annulus. Then mix & pump 65 sx Class H 16.4 #/gal cmt spot @ 2300' & sqz 45 sx into annulus. Making a 200' balanced plug from 2300' to 2100'.
6. POOH w/WS to 1700'. WOC 4 hrs Tag plug above 2290'. If not mix extra cmt to fill above 2100'. 2147'
7. RU perforator & shoot 4 spft @ 1930'. Establish circ & mix & pump 50 sx Class H 16.4 #/gal cmt, then sqz 25 sx into annulus. This should make a 200' plug half in & half out of surf csg set point. (Covers T/Salt, Rustler & Shore)
8. POOH w/WS & lay down for night. Let cmt set overnight.
9. Tag plug above 1730'.
10. RU perforator & shoot csg @ 300'. RIH w/WS to 300' & establish annular circ.
11. Mix 105 sx Class H 16.4 #/gal cmt & circulate to surface.
12. WOC 6 hrs & assure cmt still at surf. If not mix & fill hole to surf.
13. RDMO Well Plugger & restore location to BLM specifics.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECLAMATION PROCEDURE ATTACHED

Below ground. Day Hole Marker Required.

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

Name (Printed/Typed) David P. Spencer
Signature [Handwritten Signature]

Title Senior Oil & Gas Engineer
Date 7/16/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

[Handwritten Signature]

Title SPET

Date 8-13-14

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 Roswell Field 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)

MRS/OCD 8/19/2014 AUG 19 2014

ENTERED IN

5756270276

Well bore Schematic

Well: Chambers Federal #3
Field: Tomahawk, San Andres

Unit Ltr: 1 660 FEL & 2310 FSL
Sec 30 - T75-R32E
Roosevelt County, New Mexico

Present: XXXX
Proposed:

Original Elev: GL 4429'
KB

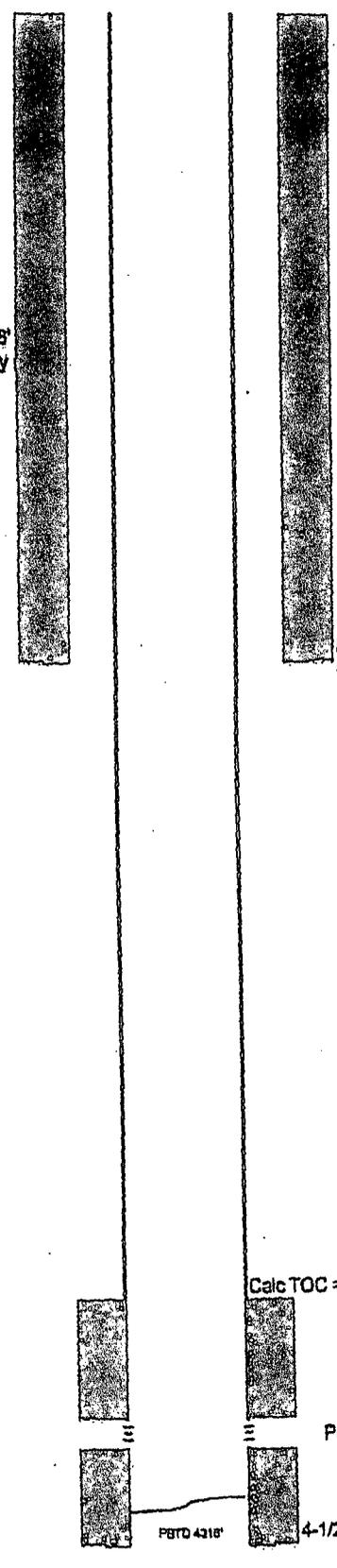
S U R F A C E

API Number: 30-041-20478
Spud Date: 12/26/78
Comp Date: 2/22/79
First Prod:

Lease No. or Type: NMMN14154

Rustler	1803
Salado	1835
Yates	2197
SA	3339

Aug 1993: RIH w/1jt BPMA, Perf'd Sub, SN & 133 jts 2-3/8" tbg to 4288'
RIH w/2"X1-1/2"X16' RHTC pump, 168 3/4" rods & 1 2' & 1 4' 3/4" pony
POP.



12 1/4 R.2
8-5/8" 24#/ft @ 1828' in 11" hole
Cmt'd w/ 425 sx & circ to surface

Calc TOC = 2928'

Perfs: 4151' - 4270' w/2 spt

P8TD 4318'

4-1/2" 10.5 #/ft @ 4350' w/300 sx

TD: 7-7/8" hole @ 4350'

Not to Scale

Well bore Schematic

Well: Chambers Federal #3
Field: Tomahawk; San Andres

Unit Ltr: I 660 FEL & 2310 FSL
Sec 30 - T7S-R32E
Roosevelt County, New Mexico

Present:
Proposed: XXXXXX

Original Elev: GL 4429'
KB

SURFACE

API Number: 30-041-20478
Spud Date: 12/26/78
Comp Date: 2/22/79
First Prod:

Lease No. or Type: NMNM14154

Perforate 4-1/2" Csg @ 300'. Mix 105 sx Class H cmt to circulate to surface by sqz. from 300' to surf.

Aug 1993: RIH w/1jt BPMA, Perf'd Sub, SN & 133 jts 2-3/8" tbg to 4288'
RIH w/2"X1-1/2"X16' RHTC pump, 168 3/4" rods & 1 2' & 1 4' 3/4" pony rod.
POP.

Perforate 4-1/2" @ 1930'. Then mix 50 sx Class H 16.4 #/gal cmt & sqz 25 sx into annulus to make a 200' plug @ Surf sq point.
C

8-5/8" 24#/R @ 1828' in 11" hole
Cmt'd w/ 425 sx & circ to surface

Perf 4-1/2" @ 2300' w/4 jspft. Mix 65 sx Class H 16.4 #/gal cmt & sqz 45 sx into annulus. This will make a 200' plug inside and outside the 4-1/2" csg from 2300' to 2100'.

50 sx class H 16.4 #/gal cmt plug from 4110' to 3500'

CIBP @ 4110'

Calc TOC = 2928'

Perfs: 4151' - 4270' w/2 spft

PSTD 4316'

4-1/2" 10.5 #/R @ 4350' w/300 sx

TD: 7-7/8" hole @ 4350'

Not to Scale

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.

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 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 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. In lieu of a cement plug in a cased hole, 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.

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 well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. 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 five 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 conditions of approval will be developed and furnished to you.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation.

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Petroleum Engineering Tech
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Supervisory Multi Resources
575-234-5959

Solomon Hughes
Natural Resource Specialist
575-234-5951

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Jeffery Robertson
Natural Resource Specialist
575-234-2230

Amanda Lynch
Natural Resource Specialist
575-234-5922

Duncan Whitlock
Environmental Protection Specialist
575-234-5926

Jessie Rice
Natural Resource Specialist
575-234-5913

Linda Denniston
Environmental Protection Specialist
575-234-5974

Indra Dahal
Natural Resource Specialist
575-234-5996

*Contact Roswell Field Office for Reclamation,
575-627-0272.*