

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OC D Hobbs

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.

5. Lease Serial No.
NMCL054687

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator
V-F Petroleum Inc.

3a. Address
P.O. Box 1889
Midland, TX 79702

3b. Phone No. (include area code)
432-683-3344

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1,980' FSL & 1,980' FWL, Section 15, T-17-S, R-32-E

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

8. Well Name and No.
Hudson Federal #1

9. API Well No.
30-025-25107

10. Field and Pool or Exploratory Area
Maljamar Abo

11. Country or Parish, State
Lea, NM

12. CHECK THE 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 checked="" 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 checked="" 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 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.)

Set CIBP @ 8,800'. Dump 35' of cmt on top of CIBP.
Perf and Squeeze 5 1/2" csg w/ 300 sx cmt from 5600' to 3000'.
Perf and Squeeze 5 1/2" csg w/ 200 sx cmt from 7,750' to 6,350'.
Perf Yeso from 6,650' to 6,850' OA.
Acidize and Sand Frac Perfs.
Return Well to Production.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Name (Printed/Typed)
Eric Sprinkle

Title Petroleum Engineer

Signature



Date 08/20/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

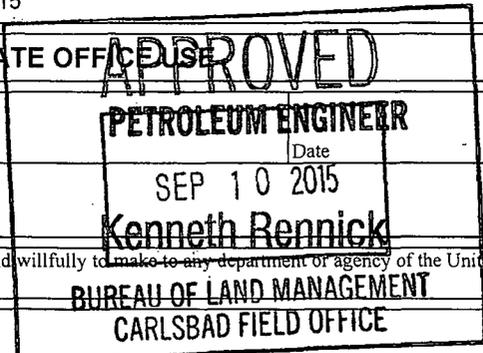
Title

Office

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)



SEP 15 2015



Hudson Federal #1
30-025-25107
V-F Petroleum Inc.
Conditions of Approval

Notify BLM at 575-393-3612 (Lea County) a minimum of 24 hours prior to commencing work. Some procedures are to be witnessed, which for this case shall be the tagging of certain Cement Plugs. If there is no response, leave a voice mail with the API#, workover purpose and a call back phone number.

Work to be completed by December 11th, 2015.

1. Operator shall verify Cast-Iron Bridge Plug (CIBP) at 10,400 feet and tag. 50 feet of Neat Class "H" Cement shall be spot at this CIBP as an additional cap. Wait on Cement (WOC), then tag.
2. Operator shall set a CIBP at 9690 feet, which is above the perforated interval of 10,123 to 9747 feet, and be capped with 50 feet of Neat Class "H" Cement. Tag is required which shall be witnessed by BLM. (Wolfcamp Perforations Plug)
3. Operator shall set a Balance Plug with Neat Class "H" Cement to isolate the Top of Wolfcamp formation. This plug shall have minimum length of 190 feet, covering the interval of 9170 to 8980 feet. Tag is required.
4. Operator shall run Cement Bond Log (CBL) to confirm existing Top of Cement before Perforation and Squeeze operations. **Provide BLM with an electronic copy (Adobe Acrobat Document) of the CBL record. This electronic copy must be submitted before any Perforating and Cementing is done.**
5. Operator may set a CIBP at 8800 feet as proposed, which is above the perforated interval of 8985 to 8874 feet. The CIBP shall be capped with 50 feet of Neat Class "H" Cement. Tag is required which shall be witnessed by BLM. (Abo Perforations Plug)
6. Operator shall conduct a Casing Integrity Test (CIT) before Perforating and Fracturing. **Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**

7. Operator may complete Perforation and Squeeze operations as proposed. Then, shall run another CBL to confirm placement of cement. **Provide BLM with an electronic copy (Adobe Acrobat Document) of the CBL record. This electronic copy must be submitted before Perforating within the Yeso formation interval.**
8. When well is about to be abandon, Operator shall set a Balance Plug to isolate the Top of Abo formation. This plug shall have minimum length of 175 feet.
9. Surface disturbance beyond the originally approved pad must have prior approval.
10. Closed loop system required.
11. All waste (i.e. drilling fluids, 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.
12. Operator to have H2S monitoring equipment on location.
13. A minimum of a 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 (2M 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.
14. **Subsequent sundry required detailing work done, a C-102 form, and completion report for the new formations. Operator to include well bore schematic of current well condition when work is complete.**
15. **See attached for General Plugback Guidelines.**

KGR 09102015

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Production Zone 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 this approval.

If you are unable to plug back 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 back. 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 plug back operations. For wells in Eddy County, call 575-361-2822. For wells in 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.**

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. Subsequent Plug back Reporting: Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back 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 work was completed.**

7. 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.