

HOBBS
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UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

OCD 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.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC048741B
2. Name of Operator Forty Acres Energy, LLC		6. If Indian, Allottee or Tribe Name
3a. Address 11777-B Katy Freeway Suite 305 Houston, TX 77079	3b. Phone No. (include area code) 281-509-1915	7. If Unit of CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description)		8. Well Name and No. See Below
		9. API Well No. see Below
		10. Field and Pool or Exploratory Area
		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 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Change of Operator</u>
	<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 recomplete 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.)

Forty Acres Energy will assume operations of these wells and certifies that it is authorized by the proper lease interest owners to conduct lease operations and is responsible under the terms and conditions of the lease associated with these wells.

Previous Operator - Finley Resources Inc.

BLM Bond No: NMB001380

By: [Signature]
 Name/Title: Brent D. Talbot, Pres.

30-025-04413 LC Fopcano #2
30-025-04415 LC Fopcano #7
30-025-04416 LC Fopcano #8

**SEE ATTACHED FOR
 CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) <u>Huxley Song</u>		Title <u>CEO</u>
Signature <u>[Signature]</u>		Date <u>07/18/2016</u>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <u>Charles Nimmer</u>	PETROLEUM ENGINEER	Date <u>JAN 25 2017</u>
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.		

APPROVED
 BUREAU OF LAND MANAGEMENT
 CARLSBAD 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)

[Signature]



IN REPLY REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

www.blm.gov/nm



Statewide Bond
3104 (92200-emr)

December 16, 2016

DECISION

Obligor:

Forty Acres Energy LLC
11777B Katy Freeway, Suite 305
Houston, TX 77079

Financial Institution:

ZB, N.A., d/b/a Amegy Bank
4400 Post Oak Parkway, 2nd Floor
Houston, TX 77027

BLM Bond No.: NMB001380

LOC No.: SBFTX301279

Bond Type: Oil and Gas

Bond Amount: \$35,000.00

Amendment No. 1

Bond Amount Increased

On December 5, 2016, this office received amendment No. 1 to the bond described above. The amendment increases the bond amount from \$25,000.00 to \$35,000.00. The additional \$10,000.00 covers all Federal leases in the Pecos District. The amendment has been examined, found satisfactory, and accepted effective December 5, 2016.

All other bond terms and conditions remain unchanged.

If you have any questions about this decision, please contact Elizabeth Rivera at 505-954-2162.

Gloria S. Baca
Supervisory Land Law Examiner
Branch of Adjudication

cc:

ZB, N.A., d/b/a Amegy Bank
4400 Post Oak Parkway, 2nd Floor
Houston, TX 77027

NMP010, R. Sanchez

✓ NMP020, C. Layton

NMF010, D. Mankiewicz

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. Greene St
Carlsbad, NM 88220
Ph: (575) 234-5972

Conditions of Approval for Change of Operator

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method within 60 days, if changes have been made from previously approved disposal method.
3. Review facility diagram on file, and submit updated facility diagrams, as per Onshore Order #3 within 60 day.
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.