

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**Carlsbad Field Office**  
**OCD Hobbs**

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**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.  
NM 62665

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  
Penroc Oil Corporation

3a. Address  
P.O. Box 2769  
Hobbs, NM 88241-2769

3b. Phone No. (include area code)  
575-492-1236

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
UL I, UL F, UL G ; Sec 1; T22S; R36E

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

8. Well Name and No.  
Lockhart B-1

9. API Well No.  
see list below

10. Field and Pool or Exploratory Area  
Eumont

11. County 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 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.)

Penroc has assumed operator rights for the well(s) listed below:  
Lockhart B-1 9 API 30-025-24529  
Lockhart B-1 10 API 30-025-34099  
Lockhart B-1 4 API 30-025-08725  
The change in operator effective date: March 1, 2017

Penroc Oil Corporation accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM 62665

Bond Coverage: NMB001399

Legal Description of Land: UL I, UL F, UL G ; Sec 1; T22S; R36E

Change of Operator has been filed with the State of New Mexico Oil Conservation Division.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

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

M.V. Merchant Title President

Signature [Signature] Date 6/12/17

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by  
**Charles Nimmer**

**PETROLEUM ENGINEER**  
Title

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

**APPROVED**

Date  
**JUN 29 2017**

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.

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.