

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CCD-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.
NM 01124

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

CROWNQUEST OPERATING, LLC

3a. Address

c/o P.O. Box 953, Midland, TX 79702

3b. Phone No. (include area code)

432 684-6381/685-3116

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL & 660' FEL, Section 25, T13S, R33E, NMPM, Lea County, New Mexico

Unit P

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

8. Well Name and No.

Willard Beaty, Well #4

9. API Well No.

30 025 21929

10. Field and Pool or Exploratory Area

Lazy J

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 checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input checked="" 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 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 type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

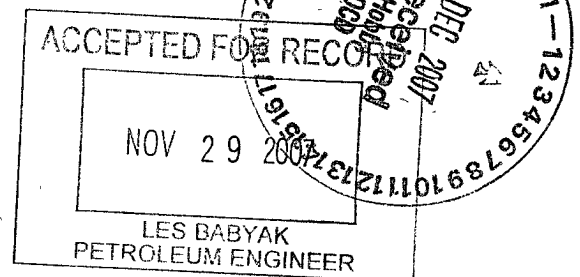
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 recompleat 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.)

CrownQuest intends to put this well back on production within 30 days.

Please see "Return to Production" procedure attached.

Written Order dated 11-2-07.

After 12/14/07 the well must be online or plans to P & A must be submitted.



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

Ann E. Ritchie

Title Regulatory Agent

Signature

Date 11/14/2007

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)

GWV

CrownQuest Operating LLC
Return to Production

| | | | |
|----------------------|----------------------------|-------------------------|---------------------|
| <u>Date:</u> | November 2007 | <u>Location:</u> | 13S/33E Ne/4 Sec 35 |
| <u>Field:</u> | Lazy J | | Lea, New Mexico |
| <u>Well:</u> | Willard Beaty #4 (Federal) | <u>WI:</u> | 1.00 |
| <u>API:</u> | 30-025-21929 | <u>NRI:</u> | 0.855 |

Well Status: Shut in

Objective: Return to Production

Hole Details:

TD: 9,960' **PBTD:** 9921 (6/9/89) **Spud Date:** 11/18/1966 **Unit:** C320-305-120

Tubing: None

Anchors: Tested 10/2006

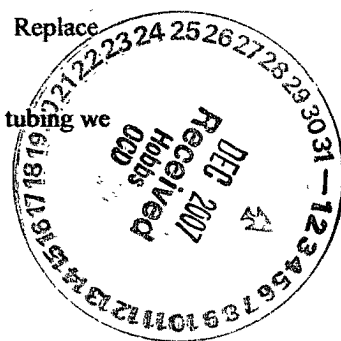
Casing: **Production:** 5-1/2" 15.5-17# J-55 & N-80 to 9,960' (700 sxs & Temp Survey TOC @ 7928')
 Intermediate: 8-5/8" 24-32# J-55 to 4200' (800 sxs & CTOC @ 1400')
 Surface: 11-3/4" 31.2# to 370' (circulated cmt)

Perforations: 9735-36, 9752-57, 9776-77, 9776-84, 9779-80, 9845-46, 9848-49, 9851-52, 9854-55, 9890-9901, & 9906-10'

Casing Leaks: None

GENERAL PROCEDURE:

1. File sundry notice w/ BLM for intent to return to production. If not approved three days prior to rigging up, call and get a verbal approval.
2. Install a gas engine on the pumping unit.
3. Inspect and pressure test flow line. Make obvious repairs before pumping liquid though. Replace parts or whole as needed.
4. Set pipe racks and deliver 315 joints of new 2-7/8" N-80 tubing to location (use any new tubing we have in the yard instead if possible).
5. MIRU PU.
6. Remove wellhead & NU BOP.
7. PU 2-7/8" N-80 tubing & 17# casing scraper. RIH and tag PBTD, tallying tubing.
8. If perforations are covered, RIH w/ bull dog bailer & CO to 9921'. POH w/ tbg.
9. RIH w/ 2-7/8" x 5.5" 17# pkr and set at ~9675'.
10. MIRU acid company & 2 transports carrying 240 bbls Load backside w/ 147 bbls of 2% KCl & test csg to 300 psi (annular capacity of 0.0152 bbl/ ft). Bleed pressure off and leave annular valve open. Pump 10 bbls 2% KCl down tubing, followed by 250 gal 15% NEFE, 25 ball sealers, 250 gal 15%



CrownQuest Operating LLC
Return to Production

NEFE, 25 ball sealers, 250 gal 15% NEFE, 250 gal 15% NEFE, & 60 bbls 2% KCl at 3-7 bpm & max pressure of 2000 psi.

11. RD MO acid company and leave well shut in for 2 hrs for acid to spend.
12. Unset pkr & run across perforations to clean off balls. POH w/ pkr & tbg.
13. RIH w/ BP mud anchor, 4' perf sub, API 2.5" SN, 35 jnts 2-7/8" N-80, TAC, & 278 jnts 2-7/8" N-80 (set SN @ ~ 9860' & TAC @ 8750').
14. ND BOP & NU WH. RIH w/ 2.5 x 1.25 x 24' RHBC pump w/ 12' gas anchor, 6 1.5" sinker bars, and best rod design based on available used rods (a grade D or N-78 string is 152 3/4, 126 7/8, & 110 1" for a 96% rod loaded & a HS string is 210 3/4 & 178 7/8 either T-66 or N-97).
15. Load well & pressure test tbg to 500 psi. Space well out and insure pumping correctly.
16. RDMO PU.

Engineer Contact:

Luke Dunn
505-325-5750 (Farmington)
432-638-4731 (Cell)



OPERATOR COPY

Number AJM-001-08

Page of

☒ Certified Mail - Return
Receipt Requested
70070220000117351742

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NOTICE OF WRITTEN ORDER**

| IDENTIFICATION | |
|----------------|-----------|
| IID | |
| Form | NMNM01124 |
| CA | |
| Unit | |
| PA | |

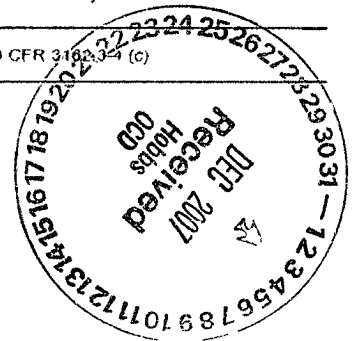
| | | | | | | | |
|--|-------------------------------|-----------------------------------|------------------------|---|------------------------|----------------------|--------------------|
| Bureau of Land Management Office HOBBS INSPECTION OFFICE | | | | Operator CROWNQUEST OPERATING LLC | | | |
| Address 414 WEST TAYLOR HOBBS NM 88240 | | | | Address 303 VETERANS AIRPARK LANE SUITE 5100 MIDLAND TX 79705 | | | |
| Telephone 505 393.3612 | | | | Attention MARY ESCHBERGER | | | |
| Inspector MASSENGILL | | | | Attn Addr PO BOX 53310 MIDLAND TX 79710 | | | |
| Site Name WILLARD BEATY | Well or Facility 04 | 1/4 1/4 Section SESE 35 | Township 13S | Range 33E | Meridian NMP | County LEA | State NM |
| Site Name WILLARD BEATY | Well or Facility 05 | 1/4 1/4 Section NESE 35 | Township 13S | Range 33E | Meridian NMP | County LEA | State NM |
| Site Name | Well or Facility | 1/4 1/4 Section | Township | Range | Meridian | County | State |

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above:

| Date | Time (24-hour clock) | Corrective Action to be Completed by | Date Corrected | Authority Reference |
|------------|-------------------------|---|-------------------|---------------------|
| 11/02/2007 | 08:00 | 12/09/2007 | | 43 CFR 3163.3-4 (c) |

Remarks:

Wells #4 and #5 are temporary abandoned (TA) without prior approval. Wells must be placed back on production or plugged and abandoned. Submit to this office on Sundry Notices (3160-5) for each well, a intent to place back on production or plans to plug and abandon.



When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title Regulatory Agent Signature [Signature] Date 11-14-07

Company Comments

Please see "Return to Production" Sundry procedure attached.

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer [Signature] Date 11/16/07 Time 6:50 PM

FOR OFFICE USE ONLY

| | | |
|---------------------|------|---------------------------------|
| Number 53 | Date | Type of Inspection RV |
|---------------------|------|---------------------------------|

EWV