

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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

CROWNQUEST OPERATING, LLC

3a. Address

c/o P.O. Box 963, 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)

1650' FSL & 660' FEL, Section 25, T13S, R33E, NMPM, Lea County, New Mexico

5. Lease Serial No.

NM 01124

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Willard Beaty, Well #5

9. API Well No.

30 025 22010

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 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 checked="" 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 plug and abandon this well upon approval and unit availability.

Will Notify BLM & NMOCD offices 48 hours prior to rigging up to P & A.

Please see plugging procedure and wellbore attached.

Written Order dated 11-2-07.



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

/S/ DAVID R. GLASS

Title PETROLEUM ENGINEER

Date NOV 20 2007

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

SEE ATTACHED FOR

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)

GW

OPERATOR COPY

Form 3160-18
(October, 1999)

Number AJM-001-08

Page of

☒ Certified Mail - Return
Receipt Requested
70070220000117351792

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	
Lease	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 3162.3-4 (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 Ann E. Ritchie, Agent Signature [Signature] Date 11-14-07
Company Comments Please see intent to P&A Sundry attached.
Will plug upon approval & unit availability.

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 Andrea Massengill Date 11/02/07 Time 08:00

FOR OFFICE USE ONLY

Number 53 Date Type of Inspection RV

GW

/

**CrownQuest Operating LLC
Plug and Abandon Procedure**

Date: November 2007

Field: Lazy J

Location:

13S/33E N4 Sec 35
Lea, New Mexico

Well: Willard Beaty #5 (Federal)

WI:

1.00

API: 30-025- 22010

NRI:

0.855

Well Status: Shut in

Objective: Plug and abandon

Hole Details:

TD: 9,970' **PBTD:** 9,650' **Spud Date:** 1/14/1967

Tubing: None

Anchors: Tested 10/2006

Casing: **Production:** 5" 18# N-80 csg to 9970' (cmt w/ 600 sxs, Toc from temp survey @ 7318')
 Intermediate: 8-5/8" 24 & 32# J-55 csg to 4200' (cmt w/ 400sxs TOC temp survey @ 2792')
 Surface: 11 3/4" casing to 357' (cement circulated)

Perforations: 9744-9841, 9842, 9844, 9849, 9852, 9878, 9882, 9889, & 9891'

Casing Leaks: None

Form. Tops: Wolfcamp 9160', San Andres 4045', Yates 2650', & Rustler 1800'

Capacities: 5" 18# (ID 4.276") - Cp 0.01776 bbls/ ft & 8-5-8" 24# (ID 8.097") - Cp 0.0637 bbl/ ft

GENERAL PROCEDURE:

1. MIRU BCM & Associates plugging unit. We are on schedule to receive unit by early to middle of December.
2. PU 2-7/8" work string & RIH w/ 5" 18# casing scraper & tally pipe. Tag CIBP.
3. Circulate hole w/ 9.0-9.5 ppg plugging mud.
4. PU tbg to 9175' & spot 25 sxs 8875-9175'. Wait 4 hrs and tag plug. POH w/ tbg.
5. RIH & cut 5" casing at 7300'. Pull & recover 5" casing.
6. RIH w/ tbg & spot 50 sxs cmt from 7170-7350'. Wait 4 hrs and tag cement.
7. RIH to 4250' & spot 55 sxs from 4125-4275'. Wait 4 hrs and tag cement.
8. Cut casing at 2750'. Pull and recover 8-5/8" casing.
9. RIH to 2800' & spot 120 sxs from 2600-2800'. Wait 4 hrs and tag cmt.
10. RIH to 420' & spot 61 sxs from 320-420'. Wait 4 hrs and tag cmt.
11. RIH to 50' & spot 27 sxs from 0-50' surface plug.
12. LD tubing. RD MO PU.
13. Weld on dry hole marker.

**CrownQuest Operating LLC
Plug and Abandon Procedure**

2

Willard Beatty #5

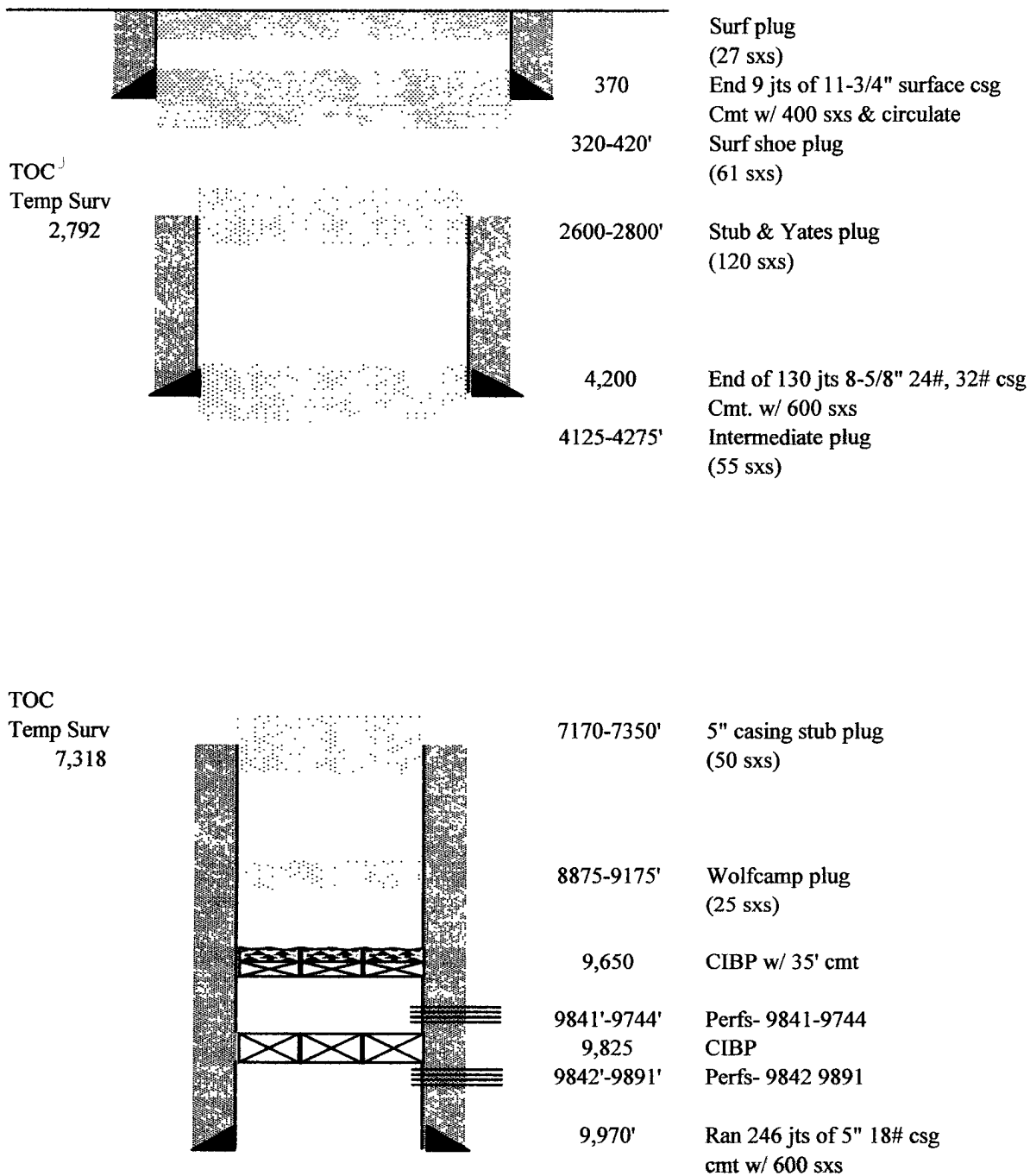
Engineer Contact:

Luke Dunn

505-325-5750 (Farmington)

432-638-4731 (Cell)

Crown Quest Operating, LLC
Beaty Willard #5



Drilled

Jan-1967

Crown Quest Operating, LLC
Attachment Beaty #5
wellbore P&A procedure

ID 5	4.276 in
ID 8-5/8	8.907 in
ID 7-7/8 hole	8.6625 in
ID 11 hole	12.1 in
ID 11.75	10.88 in

Cp 5	0.09972 cf/ ft
Cap 8.625	0.43270 cf/ ft
Cap 7.875	0.40927 cf/ ft
Cp 11	0.79854 cf/ ft
Cp 11.75	0.64563 cf/ ft

	Top	Bottom	Vol	Sxs
Wolfcamp plug	8875	9175	29.91741	25
Cut 5" csg	7300			
5" stub plug	7350	7170	58.19182	49
Interm plug	4275	4125	63.14828	54
Cut 8-5/8" csg	2750			
8-5/8" stub plug	2800	2600	141.4166	120
Surf shoe plug	420	320	72.20874	61
Surf plug	0	50	32.28161	27

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220-6292
(505) 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 the appropriate BLM office, prior to the 90th day, with the reason for not meeting the deadline and a date when the appropriate BLM office 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 Eddy County call (505) 361-2822; for wells in Lea County call (505) 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 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a 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 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 cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet 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 class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

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 the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the 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.**

Following the submittal and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval shall be developed and furnished to you.



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Interim Reclamation Procedures for Permanently Abandoned Federal Wells

1. After Subsequent Report of Abandonment, Form 3160-5, is filed and approved by the BLM the surface protection specialist (SPS) will conduct a surface inspection of the abandonment. The SPS will establish the reclamation requirements the operator will need to complete. **DO NOT START RECLAMATION UNTIL THE SPS HAS INSPECTED THE LOCATION.**

2. The reclamation requirements will be given to an environmental protection specialist (EPS). The EPS will issue the operator a Notice of Written Order outlining the reclamation requirements. **DO NOT START RECLAMATION UNTIL A NOTICE OF WRITTEN ORDER FOR RECLAMATION HAS BEEN RECEIVED.** The EPS will be responsible for all further abandonment work and inspections.

3. **Notification: CONTACT THE EPS 3 DAYS PRIOR TO RECLAMATION WORK.** This notification gives the EPS an opportunity to discuss by phone or on location the reclamation requirements, any special concerns and the timeframes. It also allows the EPS an opportunity to witness various aspects of the reclamation work to determine if an adequate seedbed has been prepared and all reclamation requirements have been completed. **CONTACT THE EPS AT LEAST 3 DAYS PRIOR TO SEEDING.** This allows the EPS to witness the seeding operation to make sure the location is seeded properly and with the appropriate seed mixture. **DO NOT START RECLAMATION UNTIL THE EPS HAS BEEN NOTIFIED.**

4. After reclamation work has been completed, submit the I & E copy of the Notice of Written Order to the BLM. It will need to be signed by a company representative and dated. Also submit one original and five copies of the Final Abandonment Notice, Form 3160-5. The report should state that all reclamation work has been completed, and the location is ready for a final abandonment inspection.

5. The BLM will continue to monitor the location to ensure the location vegetates successfully, and salts from the reserve pit do not leach to the surface. The location will be monitored until such time as vegetation (20%) is established evenly across the location (including the reserve pit and access road). Once EPS determines that vegetation (20%) is evenly spread across the location, final abandonment will be authorized.

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

Jim Amos
Supervisory Environmental Protection Specialist
(505) 234-5909

Barry Hunt
Surface Protection Specialist
(505) 234-5965

Todd Suter
Surface Protection Specialist
(505) 234-5987

Trishia Bad Bear
Natural Resource Specialist – Lea County
(505) 393-3612

Cody Layton
Natural Resource Specialist
(505) 234-5959

Paul Evans
Environmental Protection Specialist
(505) 234-5977

Terry Gregston
Environmental Protection Specialist
(505) 234-5958

10/18/2006