

Office

Energy, Minerals and Natural Resources

May 27, 2004

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

NOV 30 2009

HOBBSCOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-04395

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

NMLC-063116

7. Lease Name or Unit Agreement Name

Seale Federal

8. Well Number 2

9. OGRID Number

180387

10. Pool name or Wildcat

Eumont: Yates-7 Rivers-Queen

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

Finley Resources, Inc.

3. Address of Operator

1308 Lake Street, Ste. 200, Fort Worth, Texas 76102

4. Well Location

Unit Letter K : 1983' feet from the South line and 1983' feet from the West line
Section 34 Township 20S Range 36E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3609' KB

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Well is TA'ed would like to request PA well.

Set 25 SX plug on top of CIBP @ 3300'

Spot 25 SX plug at top of the Yates @ 3150

Spot 35 SX plug at 300' to 200'

Spot 25 SX plug 60' to surface

Cut off csg and weld dry hole marker to P&A

The Oil Conservation Division **Must be notified**
24 hours prior to the beginning of plugging operationsI hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.SIGNATURE Cristal Martinez TITLE: Sr. Production Analyst DATE 10/29/2009Type or print name Cristal Martinez E-mail address: crystal@finleyresources.com Telephone No. (817) 231-8735

For State Use Only

APPROVED BY: Craig W. Hill TITLE DISTRICT 1 SUPERVISOR DATE DEC 02 2009

Conditions of Approval (if any):

Seale Federal #2

1983' FSL, 1983' FWL, Sec 34K
T20S, R36E Lea Co., NM
Eumont Field completion Date: 9/29/55

KB 3587' (11')
API # 30 025 04395
NM ID 1150068

DST#1: 3650-93'
Rec 360' gas, 90' GCM.
DST#2: 3694-3718'
Rec 20' DM,
DST#3 3743-80' GTS
2 min. Meas 2100 mcf/d rate
Rec 190' GCM
DST#4: 3782-3830' Fair Blow.
GTS 55 min. Rec 3540' Gas,
240' GCM
DST #5: 3830-3900'
Rec 125' DM

Potential:
None

8 5/8" 24# @ 267' w/ 200 sx. Circ.

Status: Active
2 3/8" tbg: 126 jts
3/4" rods: 144 rods

4) 20SX to
surface
3) 35SX in foot
of surface
2) 25SX Plug
@ Yates
ADD: 1) 25SX Plug

Stimulation:

9/55: 3788-3803' 500 gal MA, 5000 gal oil, 5000# sd
3834-50' 500 gal ret acid, 5000 gal oil, 2500# sd
CIBP 3825' + 1 sx cmt. CIBP 3784' + 1 sx cmt.
3749-76' 500 gal MCA, 10000 gal oil, 10000# sd
4/80: 2000 gal acid, 40000 gal gel, 40000# sd
8/82: 1200 gal acid

CIBP @ 3300

CIBP 3784'
CIBP 3825'

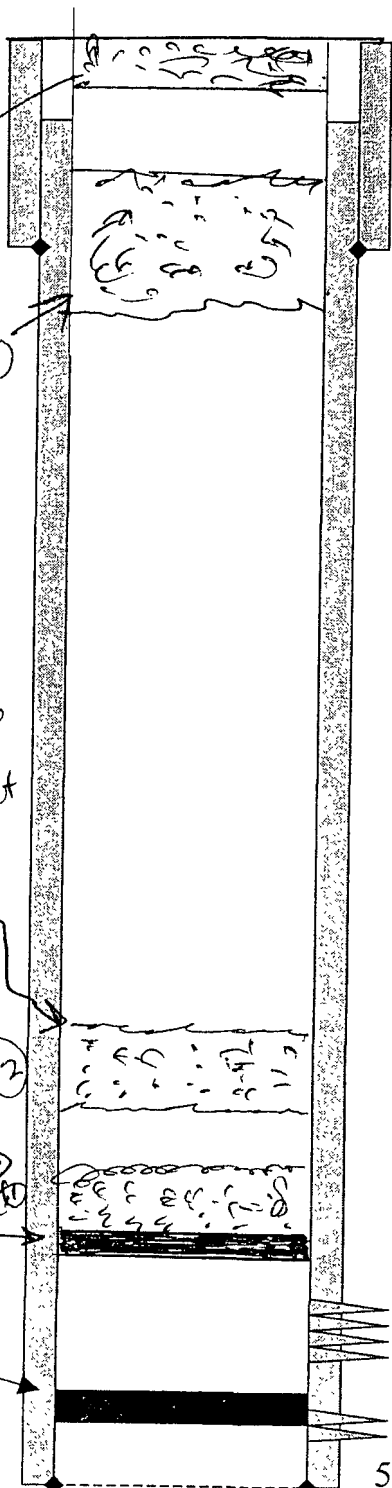
Yates, 7 Rivers:

3360-63, 3375-77, 3388-90, 3447-49, 3454-56, 3458-62, 3495-97,
3609-14, 3620-23, 2660-80, 3708, 3746-53'
3749-76'

3788-3803'
3834-50'

Current
2/11/2003

5 1/2" 14# J-55 @ 3899' w/ 1550 sx, TOC 280'



Finley Resources, Inc.
NMLC-063116: Seale Federal #2
API: 30-025-04395
Lea County, New Mexico

RE: Plugging and Abandonment Requirements, Conditions of Approval

1. Spot plug from the CIBP at 3300'-3070' (minimum 25sx). WOC and tag at 3070' or shallower. (Perfs – Yates – BOS)
2. Move and spot plug from 1920-1800' (minimum 35 sx). WOC and tag at 1800' or shallower. (TOS)
3. Spot plug from 370'-270' – Variance to use enough cement for exactly 100'. WOC and tag at 270' or shallower. Follow by a perf and squeeze at 270'. Try to circulate cement in annulus to surface with 100' left in casing. WOC and tag at 170' or shallower. (Casing shoe)
4. Spot plug from 60' to surface. (Surface)
5. OK – Verify cement to surface in all annuluses before sealing the well. Remedial cementing may be required.
6. Submit a subsequent report to the BLM.

See attached standard COAs.

DHW 111309

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

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 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. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may 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 Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; 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. In lieu of a cement plug in a cased hole, 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. Any plug that requires a tag will have a minimum WOC time of 4 hours.

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

8. **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.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.

DHW 111109



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To 1310

Interim Reclamation Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). Interim reclamation is to be completed within 6 months of well completion.
3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.
4. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
5. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met.

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

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Natural Resource Specialist
575-234-5959

Terry Gregston
Environmental Protection Specialist
575-234-5958

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Todd Suter
Surface Protection Specialist
575-234-5987

Randy Rust
Environmental Protection Specialist
575-234-5943

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922