

District I

1625 N. French Dr., Hobbs, NM 88249

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

AUG 31 2010
HOBSOCD

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-025-39630
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-1355
7. Lease Name or Unit Agreement Name LOBO 31 STATE
8. Well Number 1
9 OGRID Number 231429
10. Pool name or Wildcat BAGLEY PERMO PENN, NORTH

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
MANZANO, LLC

3. Address of Operator
PO BOX 2107 - ROSWELL, NM 88202-2107

4. Well Location
Unit Letter A : 400 feet from the NORTH line and 200 feet from the EAST line
Section 31 Township 10S Range 33E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4220' GR / 4235' RKB

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS
- CASING/CEMENT JOB
- ALTERING CASING
- P AND A

OTHER:

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SPUD IN DRILLING 17.5" HOLE @1:30PM ON 03/31/10. TD 17.5" HOLE @ 433' @ 9:00PM ON 03/31/10. RAN 10JTS OF 13 3/8" 54.50#/ft J-55 BTC CASING TO 432'. RU HALLIBURTON & CEMENTED w/500sx PREMIUM PLUS + 2%CaCl (yield=1.35), PLUG DOWN @ 5:00AM ON 4/1/10, CIRCULATED 200sx TO HALF TANK & HAULED TO DISPOSAL. WOC. NU WELLHEAD & BOP. TEST BOP TO 500#. START DRILLING 12.25" @ 2:00AM ON 4/02/10.

REACH TD FOR 12.25" HOLE OF 3738' @ 4:15PM ON 4/6/10. RUN 92jts 9 5/8" 36#/ft CASING TO 3722' (COULD NOT GET CASING TO 3738'). RU HALLIBURTON & CEMENTED 9 5/8" CASING W/1100sx HALL-LITE PREMIUM PLUS LEAD CEMENT (yield+1.9) & TAILED IN W/200sx PREMIUM PLUS (yield=1.33). PLUG DOWN @ 6:55PM ON 4/7/10. CIRCULATED 187sx TO TANK & HAULED TO DISPOSAL. WOC. NU WELLHEAD & BOP. TEST BOP TO 1500# & WELD FAILED. ND BOP. NU NEW WELLHEAD. NU BOP. TEST BOP TO 1500#. START DRILLING 8.75" HOLE @ 10:00PM ON 4/10/10

Spud Date: 03/31/2010

Rig Release Date: 05/04/2010

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mike Hanagan TITLE MANAGER DATE 8/27/10

Type or print name MIKE HANAGAN E-mail address: mhanagan@westoffice.nd PHONE: 575-623-1996
For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE SEP 15 2010

Conditions of Approval (if any):