

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 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

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-015-33030
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V- 992
7. Lease Name or Unit Agreement Name: IB "32" State
8. Well Number 7
9. OGRID Number 14021
10. Pool name or Wildcat Indian Basin Upper Perm Associated

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
Marathon Oil Company

3. Address of Operator
P.O. Box 3487 Houston, TX 77253-3487

4. Well Location
 Unit Letter **H**; **968'** feet from the **North** line and **1218'** feet from the **East** line
 Section **32** Township **21-S** Range **24-E** NMPM County **Eddy**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4213' GL

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 _____

RECEIVED

DEC 20 2004

OCD-ARTESIA

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 COMPLETION
 OTHER:

SUBSEQUENT REPORT OF:

- REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
 CASING TEST AND CEMENT JOB
 OTHER: **Set & Test Surface Casing**

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.

Marathon Oil has completed setting of surface casing on the IB "32" State No. 7. Please see attachment for details of surface casing setting and test.

I 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 Charles E. Kendrick TITLE Engineering Technician DATE 12/06/2004

Type or print name Charles E. Kendrick E-mail address: cekendrix@MarathonOil.com Telephone No. 713-296-2096

For State Use Only

FOR RECORDS ONLY

DEC 20 2004

APPROVED BY _____ TITLE _____ DATE _____

Conditions of Approval, if any:

**IB "32" State No. 7
Set Surface Casing and Test**

- 03/20/2004 Drilled from 40' to 75'. Lost returns. Poured 12 yards ready mix cement. WOC, Air drilled f/ 56' to 75' lost returns. Drilled to 78', no returns
Rigged up Haliburton pumped 700 sks Premium cement. Did not fill hole
WOC. SI
- 03/21/2004 Pumped 300 sks Premium did not fill hole WOC. Pumped 300 sks
Premium did not fill hole WOC. Poured 10 yards ready mix cement WOC.
Poured 4 yards ready mix cement WOC. Air drilled f/ 56' to 89'. Lost all
returns. Pumped 300 sks Premium WOC.
- 03/22/2004 Pumped a total of 600 sks of Thix-set cement. WOC. Filled hole w/ 13 yds
ready mix WOC. Air drilled f / 56' to 95' Lost all returns. Lay down
hammer bit commence dry drilling with 12 ¼" bit f/ 95' to 195'.
- 03/23/2004 Dry drilled f/ 195' to 990'.
- 03/24/2004 Drilled surface hole w/ no returns f/ 990' to 1811'.
- 03/25/2004 POOH w/ drill assembly attempted to run 9 5/8" casing, could not get
casing past 655'. Layed down and stood back casing. RIH w/ drill string.
Cleaned out hole to 1811'. POOH w/ drill string.
- 03/26/2004 RIH w/ 9 5/8" 36# casing. Texas pattern float shoe and float collar on
bottom jt casing. Welded connections of first 2 joints. Ran casing to
1811'. Top 2 jts 9 5/8" 40#. Rigged up Haliburton Cementers. Pumped
10,000 SCF Nitrogen, 10 bbls fresh water, 700 sks of foamed Premium
Plus + 1.5% Zonesealant 2000 + 2% CaCl mixed at 14.8 ppg w/ 1.35
yield. While pumping the tail cement pressure gradually increased and
then drastically increased to 3400 psi. Ceased pumping operations 9 5/8"
casing completely full of cement. Calculate 300 sks (70 bbls) of lead
outside 9 5/8" casing. Bleed 3400# off 9 5/8" casing, flowed back all of
tail cement and some foamed cement w/ nitrogen. Cut off 9 5/8" casing,
build 9 5/8" riser w/ flowline adaptor. Installed riser. Nipped up flowline.
RIH w/ 8 ¾" mill tooth bit. Tagged cement on second stand of drill
collars. Wash and ream cement from 112' to 276'.
- 03/27/2004 Drilled cement f/ 276' to float collar @ 1763'. Pumped sweep and circ
hole clean. POOH picked up 9 5/8" squeeze tool RIH. Set 9 5/8" squeeze
tool @ 1512'. Tested float equipment to 500 psi. Could not pump into
formation. POOH layed down squeeze tool.

- 03/28/2004 Ran 1" pipe down 9 5/8" x conductor annulus to 270'. Failed to work 1" deeper. POOH w/ 1" ran on opposite side of 9 5/8" to 270'. Rigged up circulating hose & washed to 280'. Tried 1" pipe all around 9 5/8" casing and failed to get deeper than 270' to 280'. Laid down 1" pipe. Rigged up Baker Atlas ran CBL log f/ 1761' to 250'. Top of cement @ 1480'. Free pipe from 1480' to surface. Discussed plan forward w/ Mr. Phil Hawkins w/ NMOCD @ 15:30 hrs CST 3/28/2004. Perforated 9 5/8" casing f/ 1400' to 1403' six holes. Cut off 9 5/8" riser below flowline. Installed extension to 9 5/8" to put casing connection above rotary. Rigged up Haliburton pumped 11 bbls water. Pressured up to 2500 psi. Failed to pump into perforations @ 1400' to 1403'. Rigged up Baker Atlas ran CBL log from float collar @ 1761' to 1000'. Top of cement at 1380'. Perforated 9 5/8" casing f/ 1300' to 1303' six holes. Rigged up Haliburton pressured up to 2100 psi. Failed to pump into perforations.
- 03/29/2004 Ran SBT log f/ float collar @ 1761' to surface. 1 st pass with no pressure. Second pass while holding 1000 psi. Met with Mr. Van Barton of the NMOCD in Artesia @ 21:00 hrs 03/29/2004, and discussed operations, log results, and further options. Got verbal approval from Mr. Van Barton to abort further cement operations on the 9 5/8" casing and run 1" pipe and cement to surface. Stipulation that cement be brought to the surface on 7" production casing and that NMOCD to witness the cement job. Ran 1" pipe down 9 5/8" x conductor annulus. Cemented 1st stage w/ 100 sks Premium Plus + 4% CaCl. POOH w/ 1" pipe waiting on cement. Ran 1" pipe and tagged @ 231' cemented 2nd stage w/ 100 sks Premium Plus + 4% CaCl. POOH waiting on cement.
- 03/30/2004 Ran 1" pipe tagged @ 225'. Cement 3rd stage w/ 100 sks Premium Plus, POOH w/ pipe WOC. RIH w/ 1" pipe tagged @ 175'. Cemented 4th stage w/ 100 sks Premium Plus. POOH w/ pipe WOC. RIH w/ 1" pipe tagged @ 153'. Cemented 5th stage w/ 100 sks Premium Plus. POOH w/ pipe, WOC. RIH w/ 1" pipe tagged @ 95'. Cemented 6th stage w/ 150 sks Premium Plus. POOH w/ pipe, WOC. RIH w/ 1" pipe tagged @ 64'. Cemented 7th stage w/ 100 sks Premium Plus. POOH w/ pipe, WOC. RIH w/ 1" pipe tagged @ 60'. Cemented 8th stage w/ 350 sks Premium Plus. POOH w/ pipe, WOC. RIH w/ 1" pipe tagged @ 58'. Cemented 9th stage w/ 100 sks Premium Plus. POOH w/ pipe, WOC.
- 03/31/2004 RIH w/ 1" pipe tagged cement @ 58'. Cemented 10th stage by dumping pea gravel down annulus while pumping cement. Dumped approximately two yards pea gravel and pumped 50 sks Premium Plus. Approximately 10 sks cement returns. Cut off riser w/ flowline connection and installed & tested SOW casing head on 9 5/8" surface casing. Drilled cement, float collar @ 1761', and cement to 1805'. Tested casing to 1000 psi.