

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCOD Artesia

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
LC057798

6 If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

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

1 Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No
Magruder 16

2 Name of Operator
Tarco Energy, L.C.

9. API Well No
3001537741

3a. Address
12403 CR 2300
Lubbock, TX 79423

3b Phone No (include area code)
806-795-2042

10 Field and Pool or Exploratory Area
Yates-Seven Rivers

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)
T17S-R27E Section 35, #P 965 FSL, 970 FEL

11. Country or Parish, State
Eddy County, NM

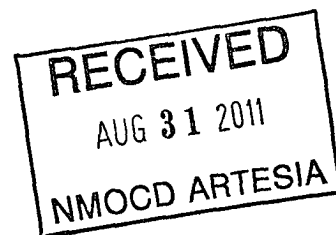
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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)

Request to use "A-B" Class Cement in place of Class "C" to circulate cement to surface on the 8 5/8" and 4 1/2" casing

SEE ATTACHED FOR
Roswell Controlled Water Basin CONDITIONS OF APPROVAL



Accepted for record - NMOCD

22 9-1-11

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

Joe L. Tarver, for Tarco Energy, L.C.

Title President

Signature

Date 07/26/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Date AUG 29 2011

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

BLM-CARLSBAD FIELD 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)

**Magruder 16
Tarco Energy
30-015-37741
Aug 29, 2011
Conditions of Approval**

Requests:

1. Mr Tarver is requesting approval to use Class A-B cement instead of Class C cement as approved in the original APD.
2. The Class A-B cement would be used in cementing the following casings:
 - 8-5/8" casing from 380' – surface
 - 4-1/2" casing from 540' – surface

Conditions of Approval:

- a) It is recommended to allow at least 48 hours minimum curing time for the cement after the cement is in place. Based on a linear analysis of the pilot test data for the Class C cement, this would allow for a compressive strength rating of approximately 1300 psi to be achieved. A longer cure time of 7 days should achieve approximately 4700 psi compressive strength, based on the pilot test data.
- b) In the event that an Annuli Survey is subsequently done, the measured pressures (if any) and the observed effluents (if any) of each annulus, should be reported to the BLM, with the amounts of any H₂S or CO₂ also reported.
- c) Subsequent sundries are to be filed with drilling details about spud, casing and completion work.
- d) Completion report is to be sent within 30 days of completion.

TMM 08/29/2011