

SPECIFIC REQUIRED CORRECTIVE ACTION:

WELL NO. 10-DALE FEDERAL

API No. 30-005-61316

1650 FSL & 990 FEL (NE $\frac{1}{4}$ SE $\frac{1}{4}$) SEC. 26, T. 7 S., R. 26 E.

LEASE LC-067811-A

PLUGGING OF WELL BORE DOES NOT MEET REQUIREMENTS OF ONSHORE ORDER 2.III.3.5.10, DRY HOLE MARKER MOVES AND SURFACE CASING NOT-CUT OFF BELOW GROUND LEVEL. PER ONSHORE ORDER 2.III.G.5 & 10 STATES:

5. ANNULAR SPACE. NO ANNULAR SPACE THAT EXTENDS TO THE SURFACE SHALL BE LEFT OPEN TO THE DRILLED HOLE BELOW. IF THIS CONDITION EXISTS, A MINIMUM OF THE TOP 50 FEET OF ANNULUS SHALL BE PLUGGED WITH CEMENT.

10. SURFACE CAP. 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 COVERED WITH A METAL PLATE AT LEAST 1/4 INCH THICK AND WELDED IN PLACE, OR A 4-INCH PIPE, 10-FEET IN LENGTH, 4 FEET ABOVE GROUND AND EMBEDDED IN CEMENT AS SPECIFIED BY THE AUTHORIZED OFFICER. THE WELL LOCATION AND IDENTITY SHALL BE PERMANENTLY INSCRIBED. A WEEP HOLE SHALL BE LEFT IF A METAL PLATE IS WELDED IN PLACE.

CORRECTIVE ACTION: PLUG ALL ANNULAR SPACES A MINIMUM OF 50' TO SURFACE AND INSTALL DRY HOLE MARKER PER REQUIREMENTS. SUBMIT SUNDRY 3160-5 AND 5 COPIES WITH PROPOSED PROCEDURE PRIOR TO MARCH 9, 2012 FOR APPROVAL. ALL PROCEDURES TO BE WITNESSED BY PETROLEUM ENGINEERING TECHNICIAN.

AFTER COMPLETING THE CORRECTIVE ACTION SUBMIT APPROPRIATE SUBSEQUENT REPORT TO THIS OFFICE.

ATTENTION: ROBERT E. HOSKINSON Sr.

IF YOU HAVE ANY QUESTIONS, CONTACT:

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