

Submit 3 Copies To Appropriate District Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505
2009 FEB 18 PM 5:23

WELL API NO. 30-019-20133
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name CB
8. Well Number 1
9. OGRID Number 36148
10. Pool name or Wildcat Wildcat
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4612 GL 4629 KB

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
Cuervo Exploration, LLC

3. Address of Operator
PO Box 97508, Wichita Falls, Texas 76307

4. Well Location

Unit Letter F : 1820 feet from the North line and 1650 feet from the West line
Section 7 Township 10N Range 24E NMPM County Guadalupe

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 ☐
DOWNHOLE COMMINGLE ☐

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.

11/18/08 – Plugging operations w/NMOCD supervisor Ed Martin on location
Cement plugs: spotted @ 6022' w/20 sx CL.C w/2% cc. Tagged @ 5892'
Spotted @ 3239' w/10 sx CL.C w/2% cc
Spotted @ 1003' w/10 sc CL.C w/2% cc
Spotted @ 550' w/58 sx CL.C w/2% cc. Circ hole w/1 bbl to pit.

11/19/08 – Robert Evetts met with Ed Martin to discuss closure methods for reserve pit.

02/03/09 – Pit closure completed. Please find detailed description of closure from Cuervo Exploration representative Robert Evetts attached. Also, find Gandy-Marly receipt of disposal material; and reserve pit closure diagram.

02/04/09 – Ed Martin inspects and approves final pit closure.

Spud Date:

Rig Release Date:

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

SIGNATURE Ben H. Ralston TITLE Petroleum Engineer DATE 02/13/2009

Type or print name Ben H. Ralston E-mail address: bralston@gunnoil.com PHONE: 40-723-5585

For State Use Only

APPROVED BY: Ed Martin TITLE DISTRICT SUPERVISOR DATE 2/12/09

Conditions of Approval (if any):

Robert M Evetts, P.E.
*Consulting Engineering, Design
and Construction Management*
P. O. Box 1124
Tucumcari, New Mexico 88401
(575) 461-1125 Ph/FAX (575) 815-9051 Cell
rmevetts@plateautel.net

February 4, 2009

Mr. Ben Ralston
Cuervo Exploration LLC
P. O. Box 95708
Wichita Falls, Texas 76307

Subject: CB-1 Reserve Pit Closure - Final Report

Dear Mr. Ralson:

I was notified by Dwayne Landrith on November 18, 2008, that as of 6PM that date, the CB-1 Borehole was now plugged. On November 19, 2008, I met with Mr. Ed Martin, District Supervisor for the NM Oil Conservation Department on the CB-1 Well Location North of Cuervo, NM. The purpose of this meeting was to discuss the closure and methods of closure for the CB-1 Reserve Pit. Mr. Martin assisted me in taking five samples of the pit contents which were sent to the TraceAnalysis, Inc. Testing Lab in Lubbock, TX for analysis. The results of those tests were instrumental in determining whether the pit contents would need to be hauled to an approved land farm and disposal well near Tatum, NM or if the pit could be reclaimed in-place on the location.

The results of the tests (a copy of the test summary is attached to this report) were received back on December 4, 2008. This report was forwarded to Mr. Martin and he issued a email approval to close and reclaim the pit in-place.

An estimate of the construction costs related to the pit closure was submitted to Cuervo Exploration, LLC at the end of December, 2008, and notice to proceed with closure was given by you in early January, 2009. Mobilization of equipment and construction work on the pit closure began on January 8, 2009. Material for backfill required screening to remove the large oversize rock material which was not desirable for backfill above the old liner or immediately above the new cap liner which was to be installed. Backfill material was mixed with the drilling fluids and cuttings in the pit at an approximate ratio of 3 parts backfill to 1 part pit contents until the pit was stabilized and fluid flow was stopped. Mr. Martin observed the operations on January 9, 2009.

We determined on site that all of the drilling fluids in the pit could not be absorbed by the backfill material and after a discussion with Mr. Martin, approximately 100 barrels of this liquid was pumped out of the pit by Pacheco Construction and Trucking via a 130 barrel capacity vacuum truck. The liquid was removed from the pit at 10:00AM on January 12, 2009, and was then transported to the Gandy-Marley, Inc.(575) 347-0434 disposal site between Roswell and Tatum, NM. A Copy of the Testing Report from TraceAnalysis, Inc. was attached to the Bill of Lading (see Bill of Lading and Gandy-Marley, Inc. receipt No. 31277 attached to this report).

A new 20 mil, 140 ft. x 150 ft. HDPE Cap Liner was received from Inland Tarp and Cover, Moses Lake, WA, on January 13, 2009 and delivered to the location on January 15, 2009.. The backfilled pit was ready for the Cap Liner on January 23, 2009, and the liner was set. Mr. Martin was on the location and observed this operation. Screened backfill material was then placed on top of the new liner to a depth of approximately 4 ft. After the desired back fill depth was reached, the screened oversized rock material was placed around the North, East and South sides of the backfilled pit to form a rock rip rap, protecting the backfilled area and minimizing the possible effects of wind, rain and surface run off. Large rocks were placed on top of the finished backfilled pit in an irregular pattern to reduce erosion of that surface from the prevailing SW to NE winds. The balance of remaining disturbed areas on or near the location were dressed up with material available on-site and restored to the approximate original contours where possible. The pit area location area is ready for seeding at a future date to be established.

Reclamation of the CB-1 Pit was completed at 4:30 PM on February 3, 2009. A permanent pit marker was placed at each of the four corners of the reclaimed pit and distances between markers were taken. The pit was also located relative to the plugged borehole, both by field measurements and field GPS readings. A Reserve Pit Closure Diagram was prepared by me and is also attached as a part of this report. Mr. Ed Martin was notified of completion yesterday and has scheduled a final pit inspection today, February 4, 2009. Results of his inspection should be forth coming within the next few days.

It has been a pleasure working with you, Cuervo Exploration, LLC and Gunn Oil Company, on the closure of this pit. If you have any questions or need addition information, please let me know.

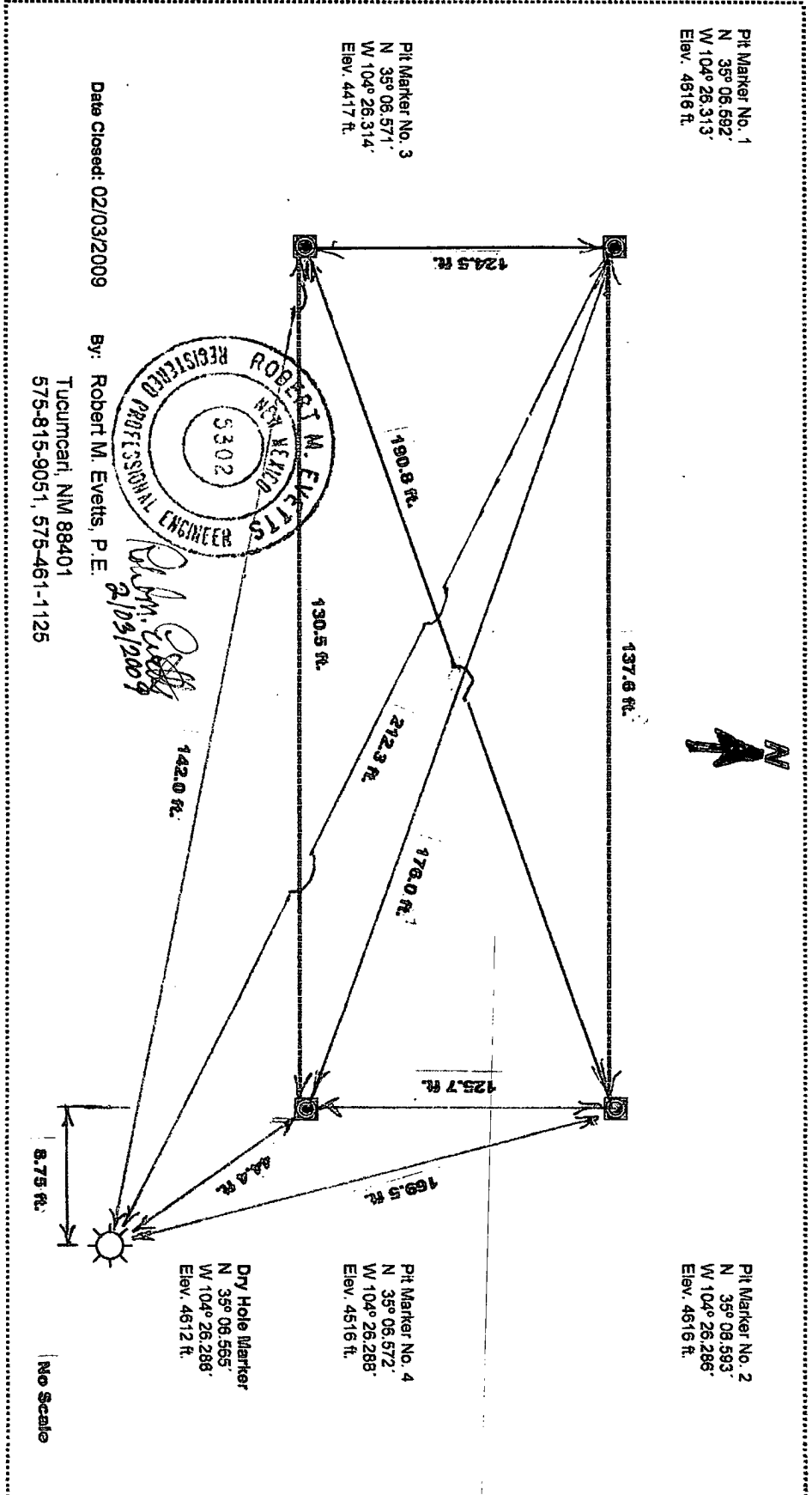
Sincerely,

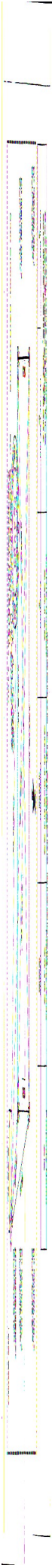
Robert M. Evetts, P.E.

Attachments

Operator Name and Address		OGRID Number	API Number	Property Code	Property Name
Cuevo Exploration, LLC P. O. Box 95708 Wichita Falls, TX 76307		236148	30-019-20133	35163	CB
Well No. 1	UL or Lot No. F	Section 7	Township 10N	Range 24E	

RESERVE PIT CLOSURE DIAGRAM





X STRAIGHT BILL OF LADING ~~ORIGINAL~~ ~~NOT NEGOTIABLE~~

COPY RME

DATE January 12, 2009 PRO. NO. _____

B/L NO. _____ PAGE one

SHIPPER NO.		TRAILER NO.	
SHIPPER NAME Cuervo Exploration, L.L.C.			
ADDRESS P. O. Box 97508			
CITY Wichita Falls, TX	STATE TX	ZIP CODE 763077508	
ORIGIN CITY (IF DIFFERENT THAN ABOVE) Cuervo	STATE NM	ZIP CODE 88417	

CONSIGNEE NAME AND ADDRESS Gandy - Marley Inc.		
P. O. Box 1658		
Disposal Site - Tatum Highway		
DESTINATION CITY Roswell	STATE NM	ZIP CODE 88202
PHONE NO. 575-626-7045		575-626-6513

INVOICE OR COD REKIT TO NAME (IF DIFFERENT THAN SHIPPER) Robert M. Evetts, P.E.		
ADDRESS P. O. Box 1124		
3402 Tiffany Road		
CITY Tucumcari	STATE NM	ZIP CODE 88401
ATTN. Robert Evetts		

CUSTOMER NO.	STORE NO.	DEPT.
P.O. NO. TRAILER LOADED 10:00 1/12/2009 RME		
SPECIAL INSTRUCTIONS PACHECO UNIT #103 TRAILER # 442A FTD		

COD FEE PREPAID ☐ COLLECT ☐ **COD AMT \$** _____ **CUSTOMER CHECK OK FOR COD AMOUNT?** YES ☐ NO ☐

NO. SHIPING UNITS	KIND OF PKG	HM	DESCRIPTION OF ARTICLES, SPECIAL MARKS, AND EXCEPTIONS	NMFC ITEM NO.	CLASS	WEIGHT (LB) SUBJ TO CORR.	RATE	CHARGES CARRIER USE ONLY
100	Brls	<input type="checkbox"/>	Liquid, Fluid from drilling pit, CB-1 Well Location, NM API # 30-019-20133, Sec7, Twn10N, R24E, Guadalupe County, NM, Operator: Cuervo Exploration, LLC. Non-Haz. Material, salts and chlorides in Solution, to be disposed of by Gandy-Marley, Inc at their approved disposal site near mile marker 196 on the Tatum Highway between Roswell, NM and Tatum, NM. Carrier is Pacheco Trucking, Inc., Tucumcari, NM. (Attached is Testing Report from TraceAnalysis, Inc. for Pit Contents)					

HAZARDOUS MATERIALS
EMERGENCY CONTACT NUMBER: _____

NOTE (1) When the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows:
"The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding _____"
NOTE (2) Liability Limitation for loss or damage on this shipment may be applicable. See 49 U.S.C. § 14706 (c)(1)(A) and (B).

RECEIVED, subject to individually determined rates or written contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to rates, classifications and rules that have been established by the carrier and are available to the shipper, on request.

The property described above is in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined, as indicated above which said carrier (the word carrier being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery of said destination, if on its route, otherwise to deliver to another carrier on the route to said destination.

It is mutually agreed as to each carrier of all or any of said property over all or any portion of said route to destination and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions not prohibited by law, whether printed or written, herein contained, including the conditions on the back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns.

Thereby declare that the contents of this consignment are fully and accurately described above by proper shipping name and are classified, packed, marked and labeled/placarded and are in all respects in proper condition for transport according to applicable international and national governmental regulations.

SHIPPER COMPANY NAME Cuervo Exploration, LLC	CARRIER Pacheco Trucking, INC	DATE 01-12-09	Trailer Loaded by: <input type="checkbox"/> Shipper <input checked="" type="checkbox"/> Driver
SHIPPER SIGNATURE <i>Robert M. Evetts</i>	PER <i>Robert M. Evetts</i>	HAU RECEIVED	Freight Counted by: <input type="checkbox"/> Shipper <input type="checkbox"/> Driver: pallets sold to contain <input type="checkbox"/> Driver: pallets containing loose pieces

2 **CP** OF LADING AND DETACH AND RETAIN THIS SHIPPING ORDER **MARK "X" IN THE 7TH COLUMN FOR HAZARDOUS MATERIALS** **SINGLE SHIPMENT PICKUP**

J. Tolson