

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

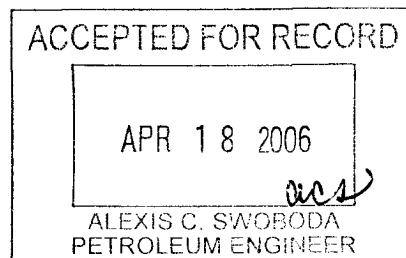
| | | |
|--|--|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. MM07260 |
| 2. Name of Operator Marathon Oil Company | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address P.O. Box 3487 Houston, TX 77253-3487 | 3b. Phone No. (include area code) 713-296-2096 | 7. If Unit or CA/Agreement, Name and/or No. MM70964A |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL 1182' FSL & 1545' FWL Sec 33, T-21-S, R-24-E BHL 756' FSL & 2418' FWL, Sec 33, T-21-S, R-24-E | | 8. Well Name and No. Indian Hills Unit No. 8 |
| | | 9. API Well No. 30-015-28590 |
| | | 10. Field and Pool, or Exploratory Area Indian Basin U. Penn Assoc. |
| | | 11. County or Parish, State Eddy NM |

12. CHECK 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 checked="" 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 checked="" type="checkbox"/> Other <u>Horizontal</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>Completion</u> |
| | <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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Marathon Oil Company has finished operations to re-complete the Indian Hills Unit No. 8 as a horizontal Upper Penn well. Please see attachment for details of well work performed.



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|--|--|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Charles E. Kendrix | Title Regulatory Compliance Representative |
| <i>Charles E. Kendrix</i> | Date 04/07/2006 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|------|
| Approved by | Title | Date |
| 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 | |

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

Indian Hills Unit No. 8

Drill Horizontal in Upper Penn

| | |
|------------|---|
| 09/22/2004 | Move RU PU. SI |
| 09/23/2004 | Kill well install BOPE. POOH w/ 180 jts tbg. Set RBP on 40 jts tbg, and tested casing to 500 psi. Cont POH w/ tbg, and sub pump. RIH and retrieve RBP. RIH w/ 248 jts 2 7/8", L-80 tbg. Hung off tubing w/ EOT @ 7772'. Shot fluid level @ 7331'. |
| 09/24/2004 | RU Halliburton cement. Tubing hanging mid-perfs @ 7772'. Perfs f/ 7688' to 7864'. Pumped 10 bbls fresh water, pumped 100 sks Premium cement w/ gel, gilsonite, and flocele @ 14.7 lbs/ gal, followed by 200 sks Premium @ 15.2 lbs/gal, followed by 2 bbls water. Picked up tubing above perforations. WOC. Pumped 70 bbls water down casing, shot fluid level. Level was falling. Ordered more cement. Pumped 200 sks of premium w/ Halad 322 @ 42 bbls slurry, followed by 2 bbls water. SD WOC Shot fluid level. Level rising. POOH laying down 60 jts tbg. Left 147 jts in hole hanging on slips. |
| 09/25/2004 | RD PU |
| 09/28/2004 | MI RU work over unit. Pump water into annulus to prime and test pumps. POH w/ 2 7/8" tbg. PU 6 - 4 3/4" Drill collars, bit and x/o sub. RIH w/ bit and DCs. |
| 09/29/2004 | Cont in hole w/ tbg and BHA. Tagged cement @ 7736'. Drill cement to 7784'. Lost returns. Drill cement f/ 7784' to 7912'. No. cement f/ 7912' to 8075'. No returns. POOH w/ bit and DC's. RIH w/ 2 7/8" tbg open ended. Wait on cement. |
| 09/30/2004 | Pick up 10 jts. BOT @ 7758'. RU cementers. Test lines to 2000 psi. Pump 100 sxs lead Premium w/ 4% gel @ 14.7 ppg. Tailed w/ 150 sxs Premium w/ Halad 322 @ 15.6 ppg. Followed by 2 bbls water. Well on vacuum. POOH w/ tbg. RIH w/ bit w/ DC's to 4056' WOC |
| 10/01/2004 | Cont. in hole w/ bit and DCs. Tag cement @ 6905'. Pick up swivel. Drill cement f/ 6905' to 7700'. |
| 10/02/2004 | Drill cement f/ 7700' to 7848'. Wash f/ 7848' to 8225'. Pump sweep circ out. L/D 2 7/8" Tbg & DCs. RU Baker Atlas. RIH w/ CIBP on wireline. Set CIBP @ 8059.5' wireline depth. RD Baker Atlas. PU DP w/ mills. RIH tag CIBP @ 8073' pipe measurements Circ sweep. Fill annulus w/ 78 bbl water. POOH w/ mills to run whipstock. |
| 10/03/2004 | Pick up whipstock and starter mill. RIH to 8057'. Set top of whipstock @ 8060' oriented to 114° azimuth in 1.69° inclination. Shear starter mill bolt. Mill casing window f/ 8041' to 8042'. POOH w/ starter mill. PU windown mills. Milled out 8041' to 8054'. |
| 10/04/2004 | Circ sweep. POOH w/ mills. RIH w/ directional BHA & 4 3/4" bit. Drill open hole to build curve f/ 8054' to 8076'. Pump 5 gals gel mud sweep. Drill open hole and survey f/ 8076' to 8108'. Pump sweep and circ 15 minutes. POOH w/ gyro tools. RIH w/ EM tools to orient motor. |
| 10/05/2004 | Drill, survey and pump sweeps f/ 8018' to 8315'. |
| 10/06/2004 | Drill, survey, pump sweeps, while making periodic wiper trips to window f/ 8315' to 8625'. |
| 10/07/2004 | Drill, survey, and pump sweeps while making short trip to window after every 60' Drilled f/ 8625' to 9005' |
| 10/08/2004 | Drill, survey, and pump sweeps while making short trip to window after every 60' Drilled f/ 9005' to TD @ 9255'. Circ 30 bbl gel sweep around. Laid down 5 jts DP. Tight spot POOH @ 8814'. Reamed and back reamed through. |
| 10/09/2004 | POOH w/ DP, BHA, & bit. Made up whipstock hook and RIH attempted numerous times to retrieve whipstock but failed. Changed out whipstock hook to 7". RIH latched whipstock and retrieved. RIH w/ bent 2 7/8 drill pipe jt on 16 stands. |
| 10/10/2004 | RIH w/ 2 7/8" tbg. Tubing to 6699', x over, drill pipe 6699' to 8146'. Close BOP Secured well RD. |
| 10/19/2004 | RU Halliburton CT unit and acid pump. TIH jetting w/ water to hard tag @ 8535'. POOH w/ CT. |
| 10/20/2004 | MIRU PU. Tested pipe rams. RIH w/ 15 jts 2 7/8" tbg to 8608'. RIH to hard tag w/ CT @ 8535'? SI |

10/21/2004 PU 23 jts 2 7/8" tbg and soft tag @ 9329'. PUH EOT @ 8733' w/ current tally. RIH w/ 1 1/2" CT. Hard tag @ 8535'. Cannot run Baker tool on end of CT. POOH w/ Pulsation tool and CT. POOH w/ 2 7/8" tbg, and AOH DP. Leave 33 jts AOH and 1 jt 8 rd tubing for kill string. SI

10/25/2004 Tally OOH w/ 18 stands of tubing. RIH w/ 129 Stds – enter lateral w/ one std jts/ EOT @ 8135'. RU HES CT. TIH w/ CT to 9275'. Pumped 21,000 gals 15% HCL acid in 3 sweeps f/ 8140' to 9255' @ 10' and 1.7 BPM @ 4900 psi. RD HES CT SI.

10/26/2004 POOH w/ tubing. RU 3 3/4" sandline drill. RIH to CIBP @ 8060'. Knock CIBP down hole to 8222'. LD sandline drill. RIH w/ killstring. SI

10/27/2004 POOH w/ killstring. RU frac valve & lubricator. Test Lubricator to 1000 psi. Corr w/ gamma tool made 7 perf runs perforated f/ 7864' to 7688' w/ 3 3/8" slick guns firing 23g 311T charges 120° phasing @ 4 JSPF as follows:

| Interval | Feet | Shots |
|----------------|-----------|-----------|
| 1) 7688'-7706' | 18 | 72 |
| 2) 7714'-7736' | 24 | 96 |
| 3) 7736'-7758' | 22 | 88 |
| 4) 7772'-7796' | 24 | 96 |
| 5) 7796'-7818' | 22 | 88 |
| 6) 7832'-7852' | 20 | 80 |
| 7) 7852'-7864' | <u>12</u> | <u>48</u> |
| Totals | 142 | 568 |

RD Baker Atlas. RU 7" PPI packers w/ 2' spacings and mechanical CCL- RIH on 120 stands. SI

10/28/2004 RU HES Acidize perfs w/ 22,000 gals 15% CCA sour acid in 2' spacings. POOH w/ tbg. SI Rams.

10/29/2004 RU and assemble FC1200 sub pump. RU spoolers. RIH on 2 stands. SD due to high winds.

10/30/2004 POOH w/ ESP, changed out cable. RIH w/ ESP on 256 jts 2 7/8", L-80 tbg. Land hanger in wellhead. Pump intake @ 8107' RDPU installed flowlines started well to pumping.