

FROM : BEACH EXPLORATION, INC.

PHONE NO. : 432 683 1038

Aug. 24 2009 04:24PM P2

Submit 3 Copies To Appropriate District

State of New Mexico

Form C-103

Office

Energy, Minerals and Natural Resources

May 27, 2004

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-015-03541

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

EASTLAND QUEEN UNIT

8. Well Number 18

9. OGRID Number 1903

10. Pool name or Wildcat

TURKEY TRACK; 7RVR-SU-GB-SA

SUNDY 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 BEACH EXPLORATION, INC.

3. Address of Operator

800 NORTH MARIENFELD, SUITE 200, MIDLAND, TX 79701

4. Well Location

Unit Letter J; 1632 feet from the SOUTH line and 1667 feet from the EAST line

Section 1 Township 19S Range 29E NMPM EDDY County

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

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 _____

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 ☐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.

Plugging procedure: See attached letter dated August 14, 2009 Beach Exploration, Inc. to OCD (Mr. Darold Gray) and approval response e-mail from OCD (Mr. Darold Gray) August 14, 2009.

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 Jack M. Rose TITLE Engineer DATE August 24, 2009Type or print name Jack M. Rose E-mail address: bmartin@beachexp.com Telephone No. (432) 683-6226

For State Use Only

APPROVED BY: Darold Gray TITLE Field Supervisor DATE 8-24-09

Conditions of Approval (if any):

Beach Exploration, Inc.

August 14, 2009

Mr. Darold Gray (Darold.Gray@state.nm.us)
New Mexico Oil Conservation Division
Artesia, New Mexico

RE: Eastland Queen Unit – EQU #18, APD #020820 (State B7717 #4 Re-entry)
API – 30-015-03541, OCD Plugging Instructions e-mail dated Aug 6, 2009

Mr. Gray:

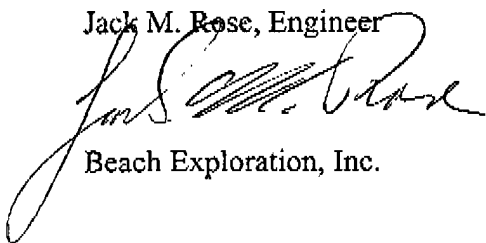
Beach Exploration appreciates the OCD's consideration on this difficult well. The above referenced e-mail advised three plugs: one below the washout, one above the washout, and one from 50' below the 7" casing to surface. The plug above the washout and the 7" casing plug should not be a problem. Beach would propose pumping a 100' 50sx plug from 1140' (above the washout) with a tag at 1040' or above and a 435' 100sx plug from 435' (53' below the 7" csg) to surface. As we discussed on the phone yesterday, a plug below the washout may not be possible.

Beach feels from the videos and our experience in the hole that the washout funnels down from an estimated 10 foot diameter hole to a 10 inch diameter hole in the 1200' range. After our last fish was lost in the hole, we tagged at 1192'. Below this point we have an estimated 10" diameter hole with two fish. One fish is 2 7/8" tubing and the other is a 5 3/4" OD wallhook. Combined these two fish represent 8.63" in a 10" hole leaving only 1.4" available to pass tubulars. If we attempt to push past this restriction, we will be putting the plugging tubulars in compression and they will most likely bend and fail (as has happened before) in the unsupported section of the washout. Based on this knowledge, we feel that getting a plug below 1192' is very unlikely.

Beach proposes that we attempt this bottom plug with coiled tubing to give us a chance of getting deeper than 1192'. If we can slide past 1192' with little or no weight we will try to get as deep as 1300'. If at any time we take significant weight, either at 1192' or deeper, Beach proposes that we stop, pump a 200sx plug and tag it. A 200sx plug will cover 483' in a 10" hole, 84' in a 2' hole, 21' in a 4' hole and 10' in a 6' hole. We would then proceed with the two shallower plugs as stated above.

Please let us know if this meets with your approval. Again, we appreciate your help on this well. I may be contacted at (432) 683-6226 or e-mail jrose@beachexp.com.

Jack M. Rose, Engineer



Beach Exploration, Inc.

Jack Rose

From: Gray, Darold, EMNRD [Darold.Gray@state.nm.us]
Sent: Friday, August 14, 2009 4:52 PM
To: jrose@beachexp.com
Subject: EQU # 18 Plugging Procedure

Mr. Rose,

I have presented your plugging proposal for EQU #18 to our engineer, and he has given the green light for your project. I can send you some official documentation regarding this. We appreciate all of the details you include in your proposals, it makes it very easy to understand, especially for those who are not very familiar with the file and the history of the well. We are also very appreciative of your company for making every attempt possible to plug this well to the State's satisfaction.

I will be in touch with you. If there is anything else we can help you with, please don't hesitate to call.

Darold Gray
Field Supervisor - Dist. II
NM OCD

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8/17/2009