Submit 3 Copies To Appropriate District State of New Mexico Form C-103 Office Energy, Minerals and Natural Resources Revised March 25, 1999 District I WELL API NO. 1625 N. French Dr., Hobbs, NM 87240 District II OIL CONSERVATION DIVISION (5) 811 South First, Artesia, NM 87210 5. Indicate Type of Lease 2040 South Pacheco District III STATE X FEE 1000 Rio Brazos Rd., Aztec, NM 87410 Santa Fe, NM 87505 District IV State Oil & Gas Lease No. 2040 South Pacheco, Santa Fe, NM 87505 SUNDRY NOTICES AND REPORTS ON WELLS 7. Lease Name or Unit Agreement Name: (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: NG PHILLIPS STATE Oil Well Gas Well Other 8. Well No. 2. Name of Operator MARBOB ENERGY CORPORATION 9. Pool name or Wildcat Address of Operator PO BOX 227, ARTESIA, NM 488211-0227 EAST EMPIRE YATES SR Well Location H: 1650 feet from the NORTH line and 990 __feet from the EAST Unit Letter 27 Township 17S Range 28E County EDDY Section 10. Elevation (Show whether DR, RKB, RT, GR, etc.) 3598' GR 11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF: PERFORM REMEDIAL WORK PLUG AND ABANDON X REMEDIAL WORK **ALTERING CASING** COMMENCE DRILLING OPNS **TEMPORARILY ABANDON CHANGE PLANS** PLUG AND **ABANDONMENT PULL OR ALTER CASING MULTIPLE** CASING TEST AND COMPLETION **CEMENT JOB** OTHER: OTHER: 12. 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 recompilation. NOTIFY OCD 24 HRS BEFORE STARTING PEUGGING RIH, TAG CIBP & CMT @ 1470' W/ 3 SX CMT ON TOP, CIRC WELL W/ MUD. PERF 5 1/2" @ 902', SQZ 45 SX CMT, WOC, TAG
PERF 5 1/2" @ 515', SQZ W/ 50 SX (8 5/8" SHOE @ 465') WOC, TAG PERF 60', CIRC CMT TO SURF CUT OFF WELL HEAD. INSTALL DRY HOLE MARKER I hereby certify that the information above is true and complete to the best of my knowledge and belief. TITLE PRODUCTION ANALYST 11/6/02 SIGNATURE DATE Telephone No. (505) 748-3303 DIANA J. Type or print name (This space for State use) TITLE Suld APPPROVED BY

Conditions of approval, if any:



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

29 October 2002



Marbob Energy P.O. Box 227 Artesia, New Mexico 88211-0227

RE:

N. G. Phillips

H-27-17-28

30-015-01570

Dear Sirs:

An inspection on 10-28-02 found this well not to be producing. A search of the reports found that no production is being reported. This well is in violation of Rule 201.

Rule 201 of the New Mexico Oil Conservation Division provides as follows:

201 WELLS TO BE PROPERLY ABANDONED

201.A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof. [7-12-90...2-1-96]

201.B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations, or
- (2) A determination that a well is no longer usable for beneficial purposes, or
- (3) A period of one (1) year in which a well has been continuously inactive.

This well must be brought into compliance on or before 1 February, 2003.

To bring the well into compliance you have 3 options:

- 1. Put the well into production.
- 2. T.A. the well.
- 3. P. A. the well.

In the event that a satisfactory response is not received to this letter of direction by 1 February, 2008 further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,
Van Barton
Field Rep. II