

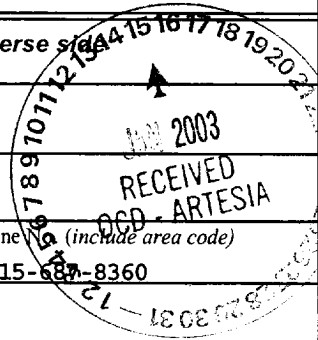
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
Oil Cons.  
N.M. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

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.

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

clsf

SUBMIT IN TRIPLICATE - Other instructions on reverse side



5. Lease Serial No.  
**LC-064391B**

6. If Indian, Allottee or Tribe Name  
**N/A**

7. If Unit or CA/Agreement, Name and/or No.  
**Indian Hills Unit**

8. Well Name and No.  
**Indian Hills Unit 37-y**

9. API Well No.  
**30-015-32543**

10. Field and Pool, or Exploratory Area  
**Indian Basin U.P. Assoc.**

11. County or Parish, State  
**Eddy N.M.**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**Marathon Oil Company**

3a. Address  
**P.O. Box 552 Midland, TX 79702**

3b. Phone No. (include area code)  
**915-687-8360**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1087' FNL & 1385' FEL  
Sec. 20, T-21-S, R-24-E  
Eddy Co. N.M. LOT 2**

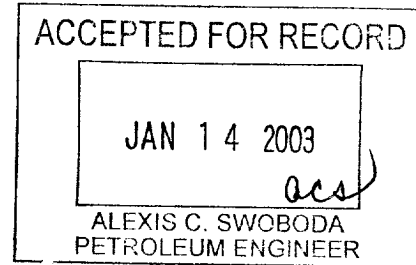
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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 type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplete 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 recompletion 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.)

Please see attached subsequent report for Plug and abandoned Indian Hills Unit # 37.

Marathon lost the hole on the IHU # 37 and skidded the drilling rig over 11 feet South and 14 feet west and spudded the IHU # 37-Y.



14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed) **Jerry Fletcher** Title **Engineer Tech.**

*Jerry Fletcher* Date **1/6/03**

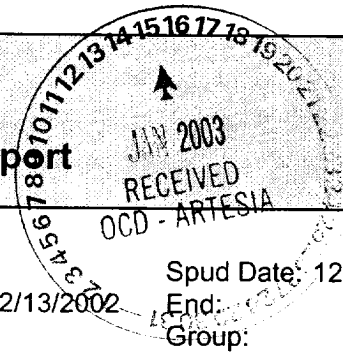
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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 \_\_\_\_\_

Marathon Oil Company  
**Operations Summary Report**



Legal Well Name: INDIAN HILLS UNIT NO. 37  
 Common Well Name: INDIAN HILLS UNIT NO. 37  
 Event Name: ORIGINAL DRILLING  
 Contractor Name: MCVAY DRILLING  
 Rig Name: MCVAY DRILLING

Start: 12/13/2002      Spud Date: 12/19/2002  
 Rig Release:              End:                      Group:  
 Rig Number: 4

Date	From - To	Hours	Code	Sub Code	Phase	Description of Operations
12/21/2002	06:00 - 18:00	12.00	RIG	DMOB	MIRU	Location built by Key Const. Drilled & set 40' of 14" conductor pipe (GL). Cemented to surface. MIRU McVay #4. Held safety & spud meeting on Friday. Finished rigging up. Welded on 13 5/8" flange on conductor pipe. NU 13 5/8" 3 M Hydril & drilling spool. Shut down for night.
12/22/2002	06:00 - 08:00	2.00	WAIT	Crew	MIRU	Shut down.
	08:00 - 09:30	1.50	CHECK	SURF	MIRU	Perform Check of Surface Equipment. Start motors. Held safety meeting.
	09:30 - 12:45	3.25	DRILL	AIR	DRLSUR	Spudded 12 1/4" hole @ 0900 hrs. CST. Air drilled f/ 57'-299'.
	12:45 - 14:00	1.25	SURV	GYRO	DRLSUR	Survey . RU Wildcat Auto Driller.
	14:00 - 17:30	3.50	DRILL	AIR	DRLSUR	Air Drilling
	17:30 - 17:45	0.25	SURV	GYRO	DRLSUR	Survey
	17:45 - 20:30	2.75	DRILL	AIR	DRLSUR	Air Drilling. 3" stream of water @ 706'. Switch to mist. 4 GPH of soap.
	20:30 - 21:15	0.75	CIRC	FILL	DRLSUR	Pumped on hole to unload water. No drag. No returns.
	21:15 - 22:15	1.00	DRILL	AIR	DRLSUR	Mist drilled f/ 706' t/ 737'. No drag on connection. Mist drilled f/ 737' t/ 763'. Tight hole after making connection.
	22:15 - 06:00	7.75	FISH	JAR	DRLSUR	Backreaming out of hole due to a large boulder falling in on top of DC or hammer. Pipe can rotate OK & movement downward with drillstring. Can not go up with drillstring. Max pull-225,000# Made 13' of hole in 7 hrs. Pumped 50 bbl sweep @ a -80 vis . Pumped water @ 12 BPM for 15 mins. Torque is less without pumping air or water. Pulled free @ 0550 aM. TOOH w/ Hammer @ 0600 hrs.
12/23/2002	06:00 - 07:30	1.50	TRIP	BHA	DRLSUR	Trip for BHA ( Hammer). Found pin broke on Hammer. Left Hammer in hole. ( 6.90')
	07:30 - 11:00	3.50	TRIP	BBHD	DRLSUR	BHA/Bit Handling L/D Hammer. PU Bit, Shock sub, 12- 6 1/2" DC's, jars, HWDP. TIH.
	11:00 - 12:30	1.50	CIRC	FILL	DRLSUR	Tagged top of fish @ 756'.
	12:30 - 14:30	2.00	CIRC	CLN	DRLSUR	Pumped hole @ 3400 SCF of mist. No returns.
	14:30 - 17:00	2.50	TRIP	BHA	DRLSUR	Had to backream from 746'-718' due to boulder in hole. TOOH. L/D Shocks sub.
	17:00 - 18:00	1.00	WAIT	EQIP	DRLSUR	Wait on Shoe.
	18:00 - 20:00	2.00	TRIP	BBHD	DRLSUR	PU 11 3/4" OD x 9 7/8" ID shoe. TIH.
	20:00 - 21:30	1.50	DRILL	WSHR	DRLSUR	Reamed 65' to bottom. Boulder on top of shoe.
12/24/2002	21:30 - 06:00	8.50	FISH	MLCT	DRLSUR	Mill/Cut. Milled over Hammer @ 756'. Cut 17" @ 0600 hrs. Will attempt to cut 24". Mist drilling 4 GPH of Soap @ 12 BPH of fluid. 3400 SCF of Air. No returns.
	06:00 - 06:15	0.25	FISH	MLCT	DRLSUR	Mill/Cut. Cut 16" fishing neck onto Hammer @ 756'.
	06:15 - 14:15	8.00	TRIP	BHA	DRLSUR	Backreamed & jarred f/ 756' t/ 706'. Free after @ 706'.
	14:15 - 14:30	0.25	TRIP	BHA	DRLSUR	TOOH. L/D shoe. Good marking on shoe.
	14:30 - 17:30	3.00	TRIP	BIT	DRLSUR	Trip in w/ 12 1/4" bit.
	18:30 - 19:30	1.00	CIRC	WSHD	DRLSUR	Washed 65' t/ top of fish @ 756'. Tagged 1' above fish. Washed t/ top of fish. Pumped on hole w/ air. No returns.
	19:30 - 21:00	1.50	TRIP	BBHD	DRLSUR	TOOH w/ 12 1/4" Bit. ( small amount of drag 30' above fish.) L/D bit. PU 11 3/4" overshot w/ 9 7/8" grapple.
	21:00 - 23:00	2.00	FISH	RFSH	DRLSUR	Run in Hole with 11 3/4" overshot.
	23:00 - 01:00	2.00	FISH	EGNG	DRLSUR	Washed over fish. ( 60' above fish) Engaged fish. Jarring.
	01:00 - 06:00	5.00	FISH	PFSH	DRLSUR	Backreamed f/ 756' t/ 746'. Backreaming & jarring @ 0600 hrs.
12/25/2002	06:00 - 08:00	2.00	FISH	PFSH	DRLSUR	Pull out of Hole with Fishing Tools / Fish. No recovery. Had broke grapple.
	08:00 - 09:00	1.00	TRIP	BIT	DRLSUR	TIH w/ DC's & HWDP.
	09:00 - 11:00	2.00	TRIP	LDDP	DRLSUR	LD/HWDP & DC's. PU 23 jts of 4 1/2", 19.5 #DP off rack.
	11:00 - 15:30	4.50	NUND	DBOP	DRLSUR	ND & removed 13 5/8" Hydril with Rotating head.
	15:30 - 16:00	0.50	CEMT	PLUG	DRLSUR	Dumped 20 yds of ready-mix down hole.

## Operations Summary Report

Legal Well Name: INDIAN HILLS UNIT NO. 37 "Y" + 37  
 Common Well Name: INDIAN HILLS UNIT NO. 37 "Y"  
 Event Name: ORIGINAL DRILLING Start: 12/13/2002 Spud Date: 12/19/2002  
 Contractor Name: MCVAY DRILLING Rig Release: End:  
 Rig Name: MCVAY DRILLING Rig Number: 4 Group:

Date	From - To	Hours	Code	Sub Code	Phase	Description of Operations
12/25/2002	16:00 - 19:00	3.00	WAIT	CEMT	DRLSUR	Wait on Cement
	19:00 - 20:30	1.50	TRIP	BIT	DRLSUR	T1 w/ DP. Tagged @ 290'. Pumped 700 sks of Premium Plus w/ 2% CaCl2. FL @ 80'. Did not circ. POOH w/ 3 stds of DP.
	20:30 - 23:30	3.00	WAIT	CEMT	DRLSUR	WOC
	23:30 - 00:00	0.50	CEMT	TJOB	DRLSUR	Tagged cement @ 165'. Pumped 300 sks of Premium Plus w/ 3% CaCl2. FL @ 50'.
	00:00 - 02:30	2.50	WAIT	CEMT	DRLSUR	Wait on Cement
12/26/2002	02:30 - 03:00	0.50	CEMT	TJOB	DRLSUR	Top Job Cementing. Tagged @ 80'. Pumped 150 sks of Premium w/ 3% CaCl2. FL @ 50'.
	03:00 - 06:00	3.00	WAIT	CEMT	DRLSUR	Wait on Cement. Thawing out HES lines @ 0600 hrs. ( Pumped a total of 1150 sks. Top @ 80'. FL @ 50')
	06:00 - 07:00	1.00	CEMT	PLUG	DRLSUR	Thawed out water lines.
	07:00 - 07:15	0.25	CEMT	PLUG	DRLSUR	Pumped 150 sks of Premium Plus w/ 3% CaCl2.
	07:15 - 10:45	3.50	WAIT	CEMT	DRLSUR	Wait on Cement
12/27/2002	10:45 - 11:00	0.25	CEMT	PLUG	DRLSUR	Pumped 100 sks of Premium Plus w/ 3% CaCl2. Circ to surface. Filled cellar 3' with cement. RD HES.
	11:00 - 06:00	19.00	WAIT	OTHR	DRLSUR	Shut down for day.
	06:00 - 08:00	2.00	RIG	RDMO	RDMO	RD Rig equipment on rig floor & around drilling pits. <i>IH4 # 37-4 starts here</i>
	08:00 - 13:00	5.00	LOC	WORK	RDMO	Work on drilling pilot holes w/ rat hole machine to install new cellar.
	13:00 - 18:00	5.00	DRILL	AIR	RDMO	Installed new cellar.
12/28/2002	18:00 - 22:00	4.00	WELD	RRPL	RDMO	Drill out mouse hole & started drilling out conductor.
	22:00 - 02:00	4.00	DRILL	AIR	RDMO	Welded on rat hole machine to repair air leak.
	02:00 - 02:30	0.50	CEMT	OTHR	RDMO	Finish drilling out conductor & drilling out rat hole.
	02:30 - 06:00	3.50	WAIT	CEMT	RDMO	Cemented conductor pipe w/ 5 yards of ready mix.
	06:00 - 08:00	2.00	WELD	WLHD	MIRU	Wait on Cement
12/29/2002	08:00 - 08:30	0.50	SAFETY	SMTG	MIRU	Cut & weld on 13 5/8" 3M slip on flange to conductor pipe.
	08:30 - 09:00	0.50	NUND	UFwL	MIRU	Held Safety Meeting w/ rig hands & truck drivers.
	09:00 - 13:30	4.50	RIG	SKID	MIRU	N/U surface stack on conductor pipe before skidding rig.
	13:30 - 20:00	6.50	RIG	MOB	MIRU	Skid Rig or Service Unit
	20:00 - 06:00	10.00	WAIT	CEMT	DRLCN2	R/U equipment & rig up rig floor. Weld up flow line & did minor repairs needed.
12/30/2002	06:00 - 08:15	2.25	CHECK	SURF	DRLSUR	Wait on Cement. Letting cement on conductor heal good before start drilling w/ air. ( BHA picked up except for Hammer which will be here first thing in the morning to spud.)
	08:15 - 08:45	0.50	EQUIP	PEQP	DRLSUR	Perform Check of Surface Equipment. Checked compressor.
	08:45 - 09:15	0.50	SAFETY	SMTG	DRLSUR	Pick up hammer tool w/ 12 3/8" Hammer bit & made up on BHA.
	09:15 - 13:00	3.75	DRILL	HAMR	DRLSUR	Safety Meeting
	13:00 - 13:15	0.25	SURV	TOTC	DRLSUR	Spud in w/ 12 3/8" hammer bit @ 09:15AM . Hammer Drill w/ mist.
	13:15 - 19:30	6.25	DRILL	HAMR	DRLSUR	Survey with non-mag TOTCO Tools. Single shot.
	19:30 - 20:15	0.75	SURV	TOTC	DRLSUR	Hammer Drill
	20:15 - 01:15	5.00	DRILL	HAMR	DRLSUR	Survey with non-mag TOTCO Tools. Single shot.
	01:15 - 01:45	0.50	EQUIP	REQP	DRLSUR	Hammer Drill. Started getting some fluid for returns.
	01:45 - 03:15	1.50	DRILL	HAMR	DRLSUR	Changed out rotating rubber
03:15 - 03:30	0.25	SURV	TOTC	DRLSUR	Hammer Drill	
12/30/2002	03:30 - 06:00	2.50	DRILL	HAMR	DRLSUR	Survey with non-mag TOTCO Tools
	06:00 - 06:30	0.50	CIRC	CLN	DRLSUR	Hammer Drill
	06:30 - 07:30	1.00	TRIP	BHA	DRLSUR	Blow well c w/ air.lean
	07:30 - 08:30	1.00	TRIP	BBHD	DRLSUR	Trip for BHA
	08:30 - 09:15	0.75	TRIP	BIT	DRLSUR	L/D hammer tool & bit. Picked up used 12 1/4" bit w/ shock tool & 3 point reamer.
09:15 - 09:30	0.25	TRIP	WSHR	DRLSUR	TIH w/ 12 1/4" bit on shock tool w/ 3 point reamer above 8" non-mag collar.	
						Installed rotating rubber & washed down 35' to btm. No fill.