

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000**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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Penwell Energy, Inc.

3a. Address P. O. Box 2079

Midland, Texas 79702-2079

3b. Phone No. (include area code)

915 570-6009

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1,395' FSL & 1,575' FEL
Section 27 - T20N - R4W

5. Lease Serial No.

NM-98716

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Limark Federal 27 #1

9. API Well No.

30-043-20944

10. Field and Pool, or Exploratory Area

Eagle Mesa NW Entrada

11. County or Parish, State

Sandoval, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent☒ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☒ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other

14. 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 site is ready for final inspection.)

SEE ATTACHED PLUGGING REPORT

11/26/02 PA

02 DEC 23 PM 2:44
BLM14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Bill Pierce

Title Consulting Engineer

Signature

Bill Pierce

Date December 9, 2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

[Signature]

Lands and Mineral Resources

Date

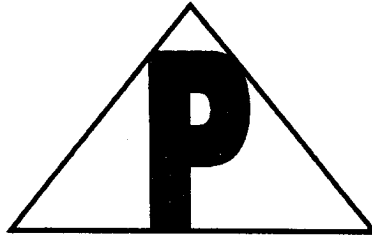
1/2/03

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, make 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.

* COA's for Road & wellpad attached



Delta P Engineering Services

P.O. Box 2079

Midland, Texas 79702-2079

Complete Drilling, Completion and Production Engineering Services
Property Management

Office: 915/570-6009

Facsimile: 915/686-8469

Penwell Energy, Inc.

Limark Federal "27" #1 (NM-98716)

Plug and Abandonment Report

1395' FSL & 1575' FEL

Section 27 – T20N – R4W

Sandoval County, New Mexico

Plugging Summary:

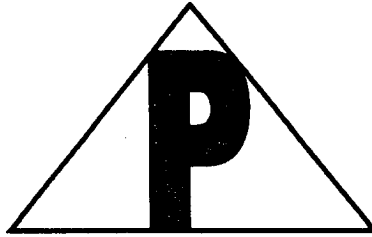
On November 19, 2002; A-Plus Well Service, Inc. of Farmington, New Mexico notified the Cuba, New Mexico BLM office that plugging operations would commence that day.

11/19/02

MIRU plugging unit. Fence and line temporary plugging pit. SITP 0#, SICP slight blow. Dug out cellar and found bradenhead was bull-plugged. Lay relief line to plugging pit. ND wellhead and NU BOP. Conduct ram operations check O.K. PU on tubing and unseat packer. Found slim-hole collars on tubing string, SWI and SDFN. Al Yepa w/Cuba, New Mexico BLM office was on location.

11/20/02

Rig up slip-type elevators and TOO H tallying 177 joints of 2 7/8" tubing w/7" packer. PU 7" DHS cement retainer and start in hole w/same. While running in hole, retainer became stuck @ 1,920'. Unable to move retainer, worked retainer loose and pulled two stands of tubing and cement retainer became hung up again @ 1,856'. Could not work retainer loose, turn tubing string to the left and TOO H w/same. Left retainer and two joints of tubing in hole. TIH and screwed back into tubing. Worked retainer loose and very slowly pulled out of hole w/cement retainer. SWI and SDFN. Al Yepa w/Cuba, New Mexico BLM office was on location.



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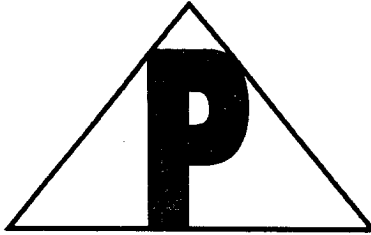
Facsimile: 915/686-8469

11/21/02

Called Albuquerque BLM office and received approval from B. Davis to eliminate plug #1 from plugging procedure. PU 7" casing scraper and TIH w/tubing to depth of 5,815'. Load casing w/8 bbls. of water and circulate hole w/52 bbls. of water. TOOH w/casing scraper. PU new 7" DHS cement retainer and TIH w/same. Set cement retainer @ 5,815'. Pressure test tubing to 1,500# O.K. Load casing with water and then circulate hole w/228 bbls. of clean water. Pressure test casing to 600# O.K. **Plug #1** with cement retainer set @ 5,815'; spot 31 sacks of cement above the retainer up to a depth of 5,650' to isolate the Entrada interval. Pull bottom of tubing string to 4,911'; SWI and SDF weekend. Al Yepa w/Cuba, New Mexico BLM office was on location.

11/25/02

Set **plug #2** with 28 sacks of cement inside 7" casing from 4,911' up to 4,762' to cover the Dakota formation top. Pull up hole to 4,069'. Set cement **plug #3** w/32 sacks of cement inside 7" casing from 4,069' up to 3,899' to cover the Mancos formation top. Pull up hole to 2,258'. Set cement **plug #4** w/34 sacks of cement inside 7" casing from 2,258' up to 2,077' to cover the Point Lookout formation top. TOOH w/tubing. RU wireline truck and perforated 3 squeeze holes in 7" casing @ 1,336'. Established injection rate into squeeze holes @ 1,336' of 2.5 BPM @ 750#. PU 7" PlugWell retainer and RIH to depth of 1,286'; attempted to set retainer and retainer malfunctioned, fell down hole. RIH w/setting tool to depth of 1,400' and did not tag retainer. POOH w/setting tool and RD wireline truck. Pumped cement **plug #5** down 7" casing consisting of 89 sacks of cement. Squeezed 26 sacks of cement into squeeze holes @ 1,336' into the 7" X 8 3/4" open hole annulus bringing the cement outside the 7" casing to 1,236'. Left 63 sacks of cement inside the 7" casing from 1,336' up to 1,000' to cover the Mesaverde formation top. SWI and SDFN. Al Yepa w/Cuba, New Mexico BLM office was on location.



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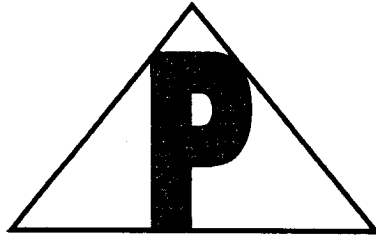
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11/26/02

TIH w/tubing and tagged cement inside 7" casing @ 981'. TOOHLD tubing. Perforate three squeeze holes @ 599'. Attempted to establish circulation out the bradenhead with 60 bbls. of water. Had blow on bradenhead while pumping initially, then blow stopped. Hook up pump line to bradenhead and pumped 8 bbls. of water, pressured up to 1500# and then established circulation out the 7" casing. Hook pump line back up to the 7" casing and established circulation out the bradenhead. Pumped cement **plug #6** down the 7" casing. Pumped 277 sacks of cement down 7" casing and out squeeze holes @ 599' with full circulation. Lost circulation out bradenhead and then hooked up pump line to bradenhead and pumped 28 sacks of cement down the 9 5/8" X 7" casing annulus, pressured up to 1,900#. Al Yepa w/BLM requested a WOC period. Shut well in 4 hours and WOC. After 4 hours, bled off pressure, ND BOP and cut off wellhead. Found good cement inside 7" X 9 5/8" casing annulus and fairly good cement inside the 7" casing. Placed cement **plug #7** from 30' up to the surface inside the 7" casing w/10 sacks of cement. Install dry hole marker and RDMO plugging equipment. Al Yepa w/Cuba, New Mexico BLM office was on location.



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Cement Plug Summary:

Plug #1: 5,650' – 5,815'; 31 sacks of cement inside 7" casing w/cement retainer @ 5,815'.

Plug #2: 4,762' – 4911'; 28 sacks of cement inside 7" casing.

Plug #3: 3,899' – 4,069'; 32 sacks of cement inside 7" casing.

Plug #4: 2,077' – 2,258'; 34 sacks of cement inside 7" casing.

Plug #5: 981' – 1,336'; 63 sacks of cement inside 7" casing.
1,236' – 1,336'; 26 sacks of cement in the 7" X 8 3/4" annulus.

Plug #6: 30' – 599': 277 sacks inside the 7" casing.
0' – 350': 28 sacks between the 7" X 9 5/8" casing annulus.

Plug #7: 0' – 30': 10 sacks inside the 7" casing, install dry hole marker.