

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 87400
District IV 1220 S St Francis Dr., Santa Fe, NM 87505

RECEIVED AUG 31 2010 HOBBSOCD

CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

WELL API NO. 30-025-39630
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No VB-1355
7. Lease Name or Unit Agreement Name LOBO 31 STATE
8. Well Number 1
9. OGRID Number 231429
10. Pool name or Wildcat BAGLEY PERMO PENN, NORTH
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4220' GR / 4235' RKB

SUNDRY 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 [X] Gas Well [ ] Other [ ]
2. Name of Operator MANZANO, LLC
3. Address of Operator PO BOX 2107 - ROSWELL, NM 88202-2107
4. Well Location Unit Letter A : 400 feet from the NORTH line and 200 feet from the EAST line
Section 31 Township 10S Range 33E NMPM LEA County

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 [ ] DOWNHOLE COMMINGLE [ ]
SUBSEQUENT REPORT OF: REMEDIAL WORK [ ] ALTERING CASING [ ] COMMENCE DRILLING OPNS. [ ] PANDA [X] CASING/CEMENT JOB [ ]
OTHER: [ ] 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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

REACH TD OF 6.125" LATERAL @ 12815'MD/8534' ON 5/2/10 @12/30AM AT A LOCATION 90' SOUTH & 4368' WEST OF THE SURFACE LOCATION (BHL IS 490' FNL & 4568' FWL). RECEIVE PLUGGING PROCEDURE FROM E.L. GONZALES, NMOCD-HOBBS ON 5/3/10. PLUG AND ABANDON AS FOLLOWS:
PLUG #1: 8185'-7972' W/100sx - WOC 4hrs & TAG @ 7773'
PLUG #2: 4992'-4892' W/100sx
PLUG #3: 3775'-3400' W/75sx - WOC 3HRS & TAG @ 3275'
PLUG #4: SHOOT SQUEEZE HOLE @ 485' & ATTEMPT TO ESTABLISH INJECTION RATE BUT COULD NOT PUMP INTO SQUEEZE HOLES @ 1400psi. PUMP 145sx PREM PLUS FROM 485' TO SURFACE. CIRCULATE 12bbls CEMENT TO TANK & HAUL TO DISPOSAL
RELEASE RIG, CLEAN LOCATION & SET DRY HOLE MARKER

Spud Date: 03/31/2010

Rig Release Date: 05/04/2010

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE MANAGER DATE 8/27/10

Type or print name MIKE HANAGAN E-mail address: mhanagan@guest.office.net PHONE: 575-623-1996

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE SEP 15 2010

Conditions of Approval (if any): CONDITIONS OF PA APPROVAL: Approved as to plugging of the Well Bore. Liability under bond is retained until surface restoration is completed. OCD Hobbs office needs C-103 "Check Off List for Surface Inspection".