

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires: January 31, 2004

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.

5. Lease Senal No.
NM-027994-A

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

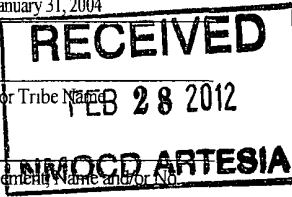
7. If Unit or CA/Agreement Name and/or No.
NM72498

8. Well Name and No.
Mobil Federal #1

9. API Well No.
30-015-21227

10. Field and Pool, or Exploratory Area
Carlsbad; Morrow, South

11. County or Parish, State
Eddy County, NM



SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Vernon E. Faulconer, Inc.

3a. Address
PO Box 7995, Tyler, TX 75711

3b. Phone No (include area code)
903-581-4382

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980 feet from the north line and 1980 feet from the west line of Section 25, Township 23 South, Range 26 East, N.M.P.M.

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" 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 site is ready for final inspection.)

Operator proposes to set cast iron bridge plug with 20' of cement at 11,678 feet, and move uphole and perforate Upper Morrow at the following intervals:

- 11,524 to 11,531'
- 11,592' to 11,600'
- 11,644' to 11,648'

Operator anticipates that the proposed operation will commence on or around September 1, 2011. Proposed operation is expected to last one week. If proposed operation is successful, production may resume within 30 days from September 1, 2011.

See Exhibit A attached for more specific details plans related to the proposed operation.

Operator has on file with the BLM the following bond: Statewide Bond NM2516

Sundry not needed due to some formation

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Jean Crawley

Title Vice-President

Signature

Date

07/18/2011
ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

FEB 25 2012
Date

Office

Wesley W. Ingram
WESLEY W. INGRAM
PETROLEUM ENGINEER

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

(Instructions on page 2)

A 3/1/2012

Accepted for record
NMOCD



Operator: Vernon E. Fazzolari Inc.

Well Name: Mohr Federal #1
 Field Name: Carlsbad
 Location: 1960 FNL, 1980 FWA
 Sect 25 T23S, R28E
 County, State: Eddy County, NM
 Grid Elev: 3227
 DF Elev: 3243
 KB Elev: 3245 (use 18' add'n to Grid Elev)
 Drawn By: G. Klein Date: 11/20/11
 M. Flaner

SURFACE CASING (18-3/8")
 Setting: 115 ft 13-3/8", 48", 54", 58", 61"
 11-40 J-45, 51C set @ 68"
 Cement: 300 sac CI C, 400 sac CI C Circ 200 sac
 Interval Hole Size: 17-1/2"

INTERMEDIATE CASING (8-5/8")
 Setting: 9-5/8", 38 & 408 @ 530'
 Cement: 300 sac Lika, 200 sac Class "C" (did not circ)
 Circ cont w/176 sac Class "C" thru 314' log
 Interval Hole Size: 12-1/4"

18' KB add'n
 (1) Baker Model G 40-26 Locator SA, 1 9/8" ID,
 (1) 40-26 Baker DB FW, 2.688" ID, top @ 11,789'
 (1) 110' sect 40-26 SB wt, 2.688" ID, @ 33'
 (1) 2-3/8" x 10' EUE N-80 log sub w/ABC cir (10 Z)
 (Note: 1' of this sub cut off)
 EOT cut @ 11,791'
 - EOT @ 11,786' (at meas 414066)
 Log tag (7/106), 11,782' (gpm), 11,600' (gpm) 1/2"
 Flash in Hole (logged @ 11,783' (gpm))
 1' of old 2-3/8" x 10' EUE N-80 log sub w/ABC cir
 (1) Baker Mod F Nipple (1.87" ID) (94)
 (1) 2-3/8" x 10' EUE N-80 log sub w/ABC cir (10 Z)
 (1) Baker Mod F Nipple (1.81" ID) (94)
 (1) 2-3/8" x 3" VL entry guide (98)
 Original PBTD: 11,950'
PRODUCING CASING (8-1/2")
 Setting: 15.58, 179 @ 11,607'
 Cement: 510 sac Hablin Lika, 300 sac Class "H"
 DV Sig 2 150 @ 1420m lbs, 350 sac Class "H"
 Interval Hole Size: 8-3/4"
 TD: 11,857' (Driller)
 TD: 11,863' (Logger)

NOTE: Drawing is not to "scale" but is in "perspective"

TOC: Sig 1 @ 177' (from CBL)

Current Well Bottom Info:

Part ial seal assy	2.13
xo Vam to 2-3/8" EUE	2.78
2-3/8" EUE perf sub	4.00
2-3/8" x 1-25/32" EUE SN	1.10
xo 2-3/8" to Vam	2.83
361 jts Vam tbg	10663.10
xo Vam to 2-3/8" EUE	2.60
32 jts 2-3/8" EUE	1031.28
3 pup jts 4-6-8	17.43
	11727.26
KB to flange	18.00
EOT	11745.26

Tag / PB / Cleanout History
 7/16/04 - 314' log tag @ 11,782' (GL WLM)
 4/21/06 - RH w/ 70' BB tag @ 11,797' (gpm)
 4/14/08 - Set 3 (logged SS @ 11,710' (w/m))
 4/14/08 - TD wireline log, log bit @ 11,785' (w/m)
 3/2/08 - Run impression block, showed top of 2-3/8" sub cut off at 11,793'
 12/13/04 - Cleanout to 11,950' (orig PBTD)

(1224) TEST OF LOWER MORROW
 Perf: (1222084) 11,884-600 1-11/16" Per-Jet, 1 hole
 Bit: (1221184) AdSize w/2600 psi, 7-1/2" MSA w/1000 ed N200
 (1221184) Frac'd w/5000 20-40 west prep, CO₂ and GF
 Test: (115/85) 1854' dk, 1633 MCFD, 1070W FTP CAOP 3371 MCFD
 BMR / Recv: 1394 MCFD / 1490 MCFD, 0 MBC

Procedure to re-complete to the Upper Morrow sands

WELL: Mobil Federal #1

DATE: July 18, 2011

ENGINEER: Marc Fisher

General Notes

- A. Have all required permits submitted and approved prior to starting the workover (contact Buddy Sloan for assistance). A meeting with rig supervisory and office supervisory personnel is to be conducted discussing all operations and a report on the meeting is to be submitted to Pat Molbert prior to the start of field operations. *Rig supervisor and Neal Mares to handle this.*
- B. Send pictures of the wellhead, location and road before the workover begins and pictures of the wellhead, location and road after the workover is complete. *Rig Supervisor to Handle This*
- C. VEFI rep is to inspect the field tickets for unacceptable charges before signing (eg. phone charges, fuel surcharges)
- D. Verify on any services bid out (perforating work, acidizing) that the bid matches the approved procedure relating to that step. Do not allow the service company to use the bid as the "orders" for the service(s) to be done on the well. *Rig Supervisor to Handle This*
- E. Have BOP's operationally and pressure tested before bringing to the location. Test papers are to be kept on the rig during the workover operations. If there is a charge for this contact the engineer managing the operation. *Rig Supervisor to Handle This*
- F. Get two workover rig bids and have approval before the job starts. *Rig Supervisor to Handle This*
- G. After the workover is complete make sure all pipe, wellhead and other materials on location are removed from location and either stored offsite, auctioned off or sold for junk. *Production Engineer Managing the Job to Handle this.*
- H. Obtain two wireline and TCP-Stim Gun bids and have approval before the job starts. *Rig Supervisor and Neal Mares to Handle This*
- I. When doing any wireline work note the fluid level and write it down on the daily workover report. *Rig Supervisor to Handle This*
- J. When reporting any depth on the daily reports (slickline, swabbing electric line) indicate whether it is glm or kbm. *Rig Supervisor to Handle This*

- K. Keep track of fluid pumped in and recovered from the formation. Report a daily running total. *Rig Supervisor to Handle This*
- L. Note what operations are planned for the next day on the daily report. *Rig Supervisor to handle this.*
- M. When finished contact the field foreman and discuss the status of the well. *Rig Supervisor to handle this.*
- N. Note on the daily workover report all bids that are quoted for contract services and supplies purchased. *Rig Supervisor to handle this.*
- O. Don't start the job until all equipment on the Work order is either on the location, or immediately available. *Rig Supervisor to Handle This*

Workover Procedure

1. File a Sundry Notice with the BLM and for a permit with the New Mexico Oil and Gas Commission and have them approved before commencing operations.
2. Flow PL to the surface and remove. Blow down the tubing and casing to the water tank and leave open to the tank for 24 hours prior to moving in the workover rig.
3. MI and RU a daylight double workover rig with pump and tank. GIH with VEFI 2" JDC tool on the sand line and recover the BHS. ND the PL ladder, catcher and lubricator. ND 7-1/16" 5M flange. NU a 2-3/8" N-80 EUE 8rd pup joint into the master valve. Stripover and NU 7-1/16" 5M BOP's with blind and 2-3/8" pipe rams. POOH with the 2-3/8" tubing. Tubing is set with short set of seals stung into the packer.
4. RU electric line. Use pack-off pressure control. GIH and make a JB-Gauge ring to 11,769'. GIH with CIBP set it at 11,768'. Dump bail 20' of cement on the top of the CIBP. RD and release the e-line unit.
5. TCP service supervisor is to be on location to assist in all these operations. Assemble TCP- Stimgun Halliburton PLS packer and other down hole tools (see diagram, can substitute another vendor's equipment based on bids received). NOTE: perforations will be from 11,524-31'; 11,592-600' and 11,644-48' CD-CN log dated 8-30-74. When starting in hole, fill joints above the firing head for cushion with 3% KCL water. Stop after every 10 stands and fill to avoid trapping air. After filling approximately 1,600' stop filling the tubing and run the remainder dry. Strap in hole with 2-3/8" 4.7 ppf N-80 EUE 8rd tubing. Hydro-test the tubing below the slips to 10,000 psig. Drift all tubing with VEFI 1.929" long drift after every 1,000' of tubing is run in the well. Do preliminary space out with 2-3/8" 4.7 ppf N-80 EUE 8rd pup joints. GIH with e-line and adjust spacing basing on RA marker joint to be able to set packer with 10,000-12,000# set on the packer. To set packer Pick up on tubing approximately one foot, rotate 1/3 turn to the right, and lower tubing and set 15,000# wt on the packer. The packer is now set.

Pull 12,000# tension into the packer and re-log the RA marker and verify the equipment is properly positioned. Release packer and re-set if the RA marker is not properly positioned. PU tubing ND the BOP's. Remove the top collar from the tubing string and MU the 2-3/8" tubing to the 7-1/16" 5M flange and NU to the wellhead. NU the 2-3/8" EUE 8rd nipple and the 2-1/16" 5M master valve.

7. Swab well down to a static fluid level of 9,900'. Hook up the ladder, PL lubricator, (install a tapped bullplug with needle valve and gauge where the PL catcher assembly is normally installed) and reconnect the flowline. Make sure all equipment upstream of the choke will handle 5,000 psig. Install a hand adjustable choke on the flowline.

8. Have the Halliburton TCP specialist on location and have a safety meeting. Drop the 1-1/4" weight bar. Once it is determined the guns have fired, release the Halliburton TCP specialist. Flow and test well.

9. If needed RU sandline with double rubber oil saver and swab per VEFI swab guidelines. Police area and pick up any trash. Wipe down tree and wellhead with diesel. RD and release the workover rig.

10. Once commercial production is established, based on a static fluid level in the annulus of 10,000' treat the backside with 1/2 of 1% of Baker Tretolite CRW -132 weighted inhibitor.