

District II
1625 N French Dr., Hobbs NM 88240
District III
1301 W Grand Ave., Artesia, NM 88210
District IV
1000 Rio Brazos Rd., Aztec, NM 87410
District V
1220 S St Francis Dr., Santa Fe, NM
87505

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

WELL API NO. 30-015-25412
5. Indicate Type of Lease (Federal) STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No NM9987
7. Lease Name or Unit Agreement Name Red Lake Unit
8. Well Number #13
9. OGRID Number 001903
10. Pool name or Wildcat Red Lake, Queen-Grayburg, East

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Beach Exploration, Inc.	
3. Address of Operator 800 North Marienfeld, Suite 200, Midland, TX 79701	
4. Well Location Unit Letter _____: _____ feet from the _____ South _____ line and _____ feet from the _____ West _____ line Section 30 - 1 Township 16S Range 29E NMPM Eddy County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Temporarily Abandon ☒

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1. Beach Exploration requests TA status for the RLU #13

2. Beach was notified by the OCD 10/5/04 that the RLU #13 was in need of a test for renewal of TA'd status. The test was set up 11/2/04, successfully conducted and witnessed by Gerry Guye of the OCD. Later it was determined that this well was an inactive producer in the waterflood, but was originally a Federal well and should have been witnessed by the BLM. Attached is a copy of the MIT pressure chart recorded 11/2/04 and signed and annotated by Gerry Guye of the OCD (505-748-1283).

3. The Red Lake Unit is a mature waterflood. The flood has only had a 0.42/1 secondary to primary ratio. Most Queen floods in this area have a 1/1 secondary to primary ratio. Although Beach has not been able to determine the cause of this underperformace, future review, new technology or sale to another company capable of revitalizing this flood could potentially lead to the recovery of an additional 265MBO. Temporarily abandoning wells in this unit rather than plugging them, will facilitate any future effort.

4. TA procedure/History: This well originally had 4-1/2" casing set at 2500'. In July 1994 rods, pump and tubing were pulled from this well, a CIBP was set inside the 4-1/2" csg at 1800' w/35' cmt on top (top perf 1842'). On 3/15/02 a successful MIT test was conducted and witnessed by Don Early with the BLM. On 11/2/04 a successful MIT test was conducted and witnessed by Gerry Guye with the OCD.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

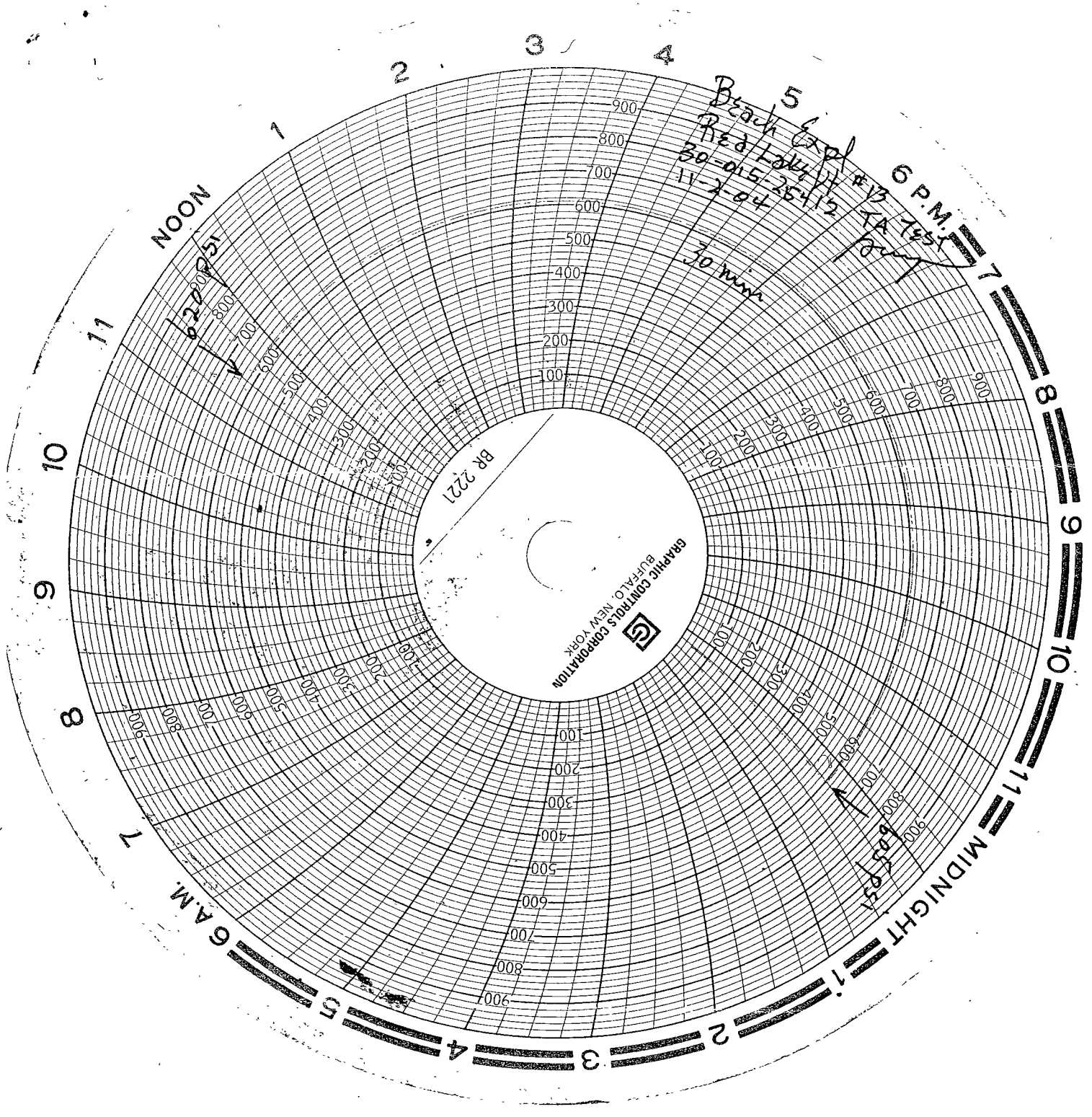
SIGNATURE Brenda Martin TITLE Engineering Analyst DATE 11/09/2004

Type or print name Brenda Martin E-mail address: bmartin@beachexp.com Telephone No. 432/683-6226

For State Use Only

APPROVED BY: Mike Bartelme TITLE Compliance Officer DATE 1/19/05

Conditions of Approval (if any): Expires 1/2010



Beach 5
Red Lake
BR-2221
11-204-25412
30 min
6 P.M.
TA Test

BR-2221

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

11-204-25412

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220-6292
(505) 234-5972

Temporary Abandonment of Wells on Federal Lands
Conditions of Approval

A temporary abandoned well is defined as a completion that is not capable of production in paying quantities but may have value as a service well. Pursuant to 43 CFR 3162.3-4(c), no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer.

Temporary Abandonment (TA) status approval requires a successful casing integrity test as follows:

1. A Notice of Intent (NOI) Sundry Notice (Form 3160-5) requesting approval to run a mechanical integrity test (MIT) or casing integrity test (CIT).
2. A description of the temporary abandonment procedure.
 - A. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible. If a cement plug is used, the top of the cement must be verified by tagging.
 - B. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes with a 10% allowable leakoff.
 - C. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
 - D. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (90) days of the test.
 - E. Contact the appropriate BLM office at least 24 hours prior to the scheduled Casing Integrity Test. For wells in Chaves and Roosevelt County, call (505) 234-5972; Lea county (505) 393-3612.

Wells that successfully pass the casing integrity test will be approved for Temporary Abandonment (TA) status for a 12 month period provided by the operator.

1. Submits a subsequent Sundry Notice (Form 3160-5) requesting TA approval.
2. Attaches a clear copy of the original pressure test chart.
3. Provided justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date that the well will be returned to beneficial use or plugged and abandoned.
4. Describes the temporary abandonment procedure.

* The TA status could be extended without another casing integrity test provided there was no leak-off during the test and the test was witnessed by a BLM representative.

If the well does not pass the casing integrity test, then the operator shall within 30 days submit to BLM for approval one of the following:

1. A procedure to repair the casing so that a TA approval can be granted.
2. A procedure to plug and abandon the well.

Ref: IM: NM-95-022 (12/16/1994)