

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT1625 N. French Drive
Hobbs, NM 88240FORM 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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other		5. Lease Serial No. LC-063427
2. Name of Operator MAR Oil and Gas Corp		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 5155, Santa Fe NM, 87502	3b. Phone No. (include area code) 505-989-1977	7. If Unit or CA/Agreement, Name and/or No. NMNM71202
4. Location of Well (Footage, Sec., T, R., M., or Survey Description) Unit L, 1980 FSL, 560 FWL, S34, T9S, R37E		8. Well Name and No. Rich Unit No 1
		9. API Well No. 30-025-23510
		10. Field and Pool, or Exploratory Area West Sawyer, San Andres
		11. County or Parish, State Lea, NM

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

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

3. 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 recompleate 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 recompleation 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.)

MAR Oil & Gas Corp proposes to surface commingle the following wells

The wells are at the lower end of the production curve and the surface commingling would sustain economic viability for future production

The Pearl Marr No 4 and the Rich Unit No 1 are presently shut in because the Battery Facilities are not capable of handling the additional production

The Rich Unit and Pearl Marr Production Facilities will require extensive repairs and the expense would not pay out with today's oil prices

MAR proposes to install a separate treater at the Pearl Marr Battery for the Rich Unit and measure all products separately for the Rich Unit and Pearl Marr

production then surface commingle to the proper storage tanks

Rich Unit No 1, Unit L, 1980 FSL, 560 FWL, Sec 34, T9S, R37E, API No 30-025-23510 Pool: West Sawyer, San Andres

Pearl Marr No 3, Unit I, 1980 FSL, 660 FWL, Sec 33, T9S, R37E, API No 30-025-25881, Pool: West Sawyer, San Andres

Pearl Marr No 4, Unit M, 660 FSL, 660 FWL, Sec 34, T9S, R37E, API No 30-025-27145, Pool: West Sawyer, San Andres

The Central Battery will be at the Pearl Marr Battery Location Unit J, Sec 33, T9S, R37E

Production Allocations based on well tests

RECEIVED
HOBBS
NCO

CTB-550

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

Duane C Winkler

Title VP Operations

Signature

Date January 25, 2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature) **DAVID E. GLASS**Name
(Printed/Typed)**PETROLEUM ENGINEER**not warrant or
subject lease

Office

Date

Temporary Abandonment Approval Expired
11/03/2004! This Approval Does Not Extend Any
TA Or Shut-In Approval! The Well Must Be Placed
On Production Immediately Or Plugged!

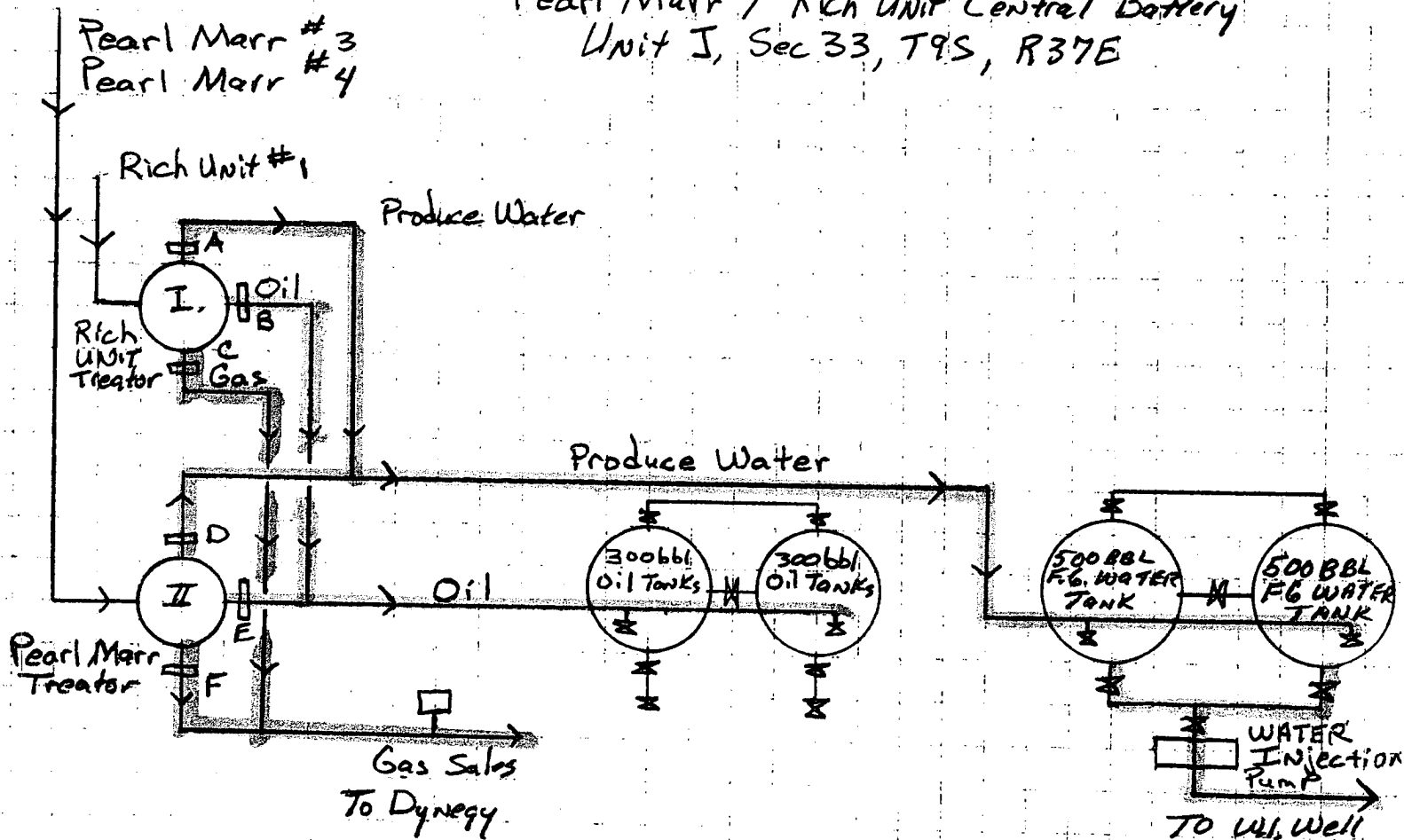
See for any person knowing the facts and willfully to make to any department or agency of the United
natter within its jurisdiction

SEE ATTACHED FOR
CONDITIONS OF APPROVAL
FEB 25 2005

<u>PEARL MARR #4</u>					
Lea County, NM					
<u>Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Lease Rec.</u>	<u>Lease Date</u>	<u>Description</u>
Fee OGL	Pearl O. Marr, et al	BL House	Bk 260, Pg 65	9/16/1968	Sec 34: SWSW-T9S-R37E

<u>RICH UNIT #1</u>				
<u>Lea County, NM</u>				
<u>Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Lease Date</u>	<u>Description</u>
NMLC-063427	USA	Cobra Exploration Co.	8/1/1946	Sec 34: NWSW-T9S-R37E from the surface to 100' below the base of the San Andres Form. (approx. 5142')
Fee OGL	Santa Fe Pacific Railroad Co.	Oil Development Co. of Texas	3/1/1970	Sec 34: NESW-T9S-R37E from the surface to 5153'
*Note: The above lands are communitized under Federal Comm. Agreement # NMNM-071202.				

MAR Oil & Gas Corp
 Pearl Marr / Rich Unit Central Battery
 Unit I, Sec 33, T9S, R37E



I. Rich Unit Treator

- A. Produce Water Meter
- B. Produce Oil Meter
- C. Produce Gas Meter

II. Pearl Marr Treator

- D. Produce Water Meter
- E. Produce Oil Meter
- F. Produce Gas Meter

**MAR OIL & GAS CORP
P.O. Box 5155
Santa Fe, NM 87508
(505)989-1977**

**Bureau Of Land Management
Carlsbad Field Office
620 E. Greene
Carlsbad, NM 88220
(505)234-5972**

January 28, 2005

RE: Off-Lease Measurement, Storage, and Surface Commingling

Mr. Joe Lara:

**The following information is to support the Surface Commingling Application.
The Sundry Notice Form 3160-5 was submitted for Off-Lease Measurement, Storage and
Surface Commingling for the following wells.**

**Rich Unit No 1, Unit L, Section 34, T9S, R37E, Lease # LC-063427
Pearl Marr No 3, Unit I, Section 33, T9S, R37E, Lease Fee
Pearl Marr No 4, Unit M, Section 34, T9S, R37E, Lease Fee**

**The wells are in the West Sawyer Field. All the wells produce from the San Andres
formation. Estimated monthly production from each contributing well listed below.**

Well Name	Present Production			Estimated Production		
	BOM	BWM	McfM	BOM	BWM	McfM
Rich Unit No 1	0	0	0	200	2700	0
Pearl Marr No 3	250	2400	0	250	2400	0
Pearl Marr No 4	0	0	0	250	2500	0

**The Central Battery will be located at the Pearl Marr Battery location unit J, section 33,
township 9 south, range 37 east. The attached schematic diagram is to identify all
equipment that will be utilized.**

**Each well will be tested four days every month. The facility will have separate treator's
for the Rich Unit No 1 and Pearl Marr Lease. The oil, gas and water will have measured
separately at each treator with meters. The metered oil, gas and water will then be surface
commingle to proper storage tanks and to sales.**

Example of Production Allocations:

Rich Unit only has one well in the Unit

Well Name	Calculation:	Allocated Production
Rich Unit No 1	(6 bopd)*(30.5 days)	183 bopm
	(88 bwpd)*(30.5 days)	2684 bwpm
	(0mcf)*(30.5 days)	0 mcfm

Pearl Marr Lease:

A four day test the Pearl Marr No 3 produces 6 bopd, 0 mcf, 80 bwpm

A four day test the Pearl Marr No 4 produces 8 bopd, 0 mcf, 75 bwpm

Well Name	Calculation	Allocated Production
Pearl Marr No 3	(6 bopd)*(30.5)	183 bopm
	(80 bwpm)*(30.5)	2440 bwpm
	(0 mcf)*(30.5)	0 mcfm
Pearl Marr No 4	(8 bopd)*(30.5)	244 bopm
	(75 bwpm)*(30.5)	2287 bwpm
	(0 mcf)*(30.5)	0 mcfm

The Federal royalties will not be reduced. All interest owners have been notified.

The surface is private. Mr. Harton the surface owner has been notified and gave verbal permission to MAR.

The existing production surface equipment on the Rich Unit have corrosion holes in the storage tanks the equipment is unsafe for usage. The production equipment will be cleaned and clean out plates left off. Barriga Tank Service will haul the equipment to his yard for salvage with in six months of the tank cleaning. The existing production pipe lines are two inch steel bare pipe and were laid on the surface with no corrosion protection. The pipe has numerous patches the pipe line is not safe to produce through. MAR will flush the existing pipe lines with fresh water to a water tank and the oil will be stored for sales and the water will be disposed to water injection well.

MAR will remove the old production pipe and sell for salvage. After all the production equipment has been removed from the Rich Unit battery site MAR will remediate the sites under BLM rules and regulations.

Sincerely:



Duane C. Winkler
VP Operations

Bureau Of Land Management:

Approval: _____ Date: _____