

HOBBS OCD

Submit One Copy To Appropriate District

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 S. First St., Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103

Revised August 1, 2011

SEP 06 2011

RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-041-00119
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Milnesand Unit
8. Well Number 172
9. OGRID Number 257420
10. Pool name or Wildcat Milnesand, San Andres

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 ☐ Gas Well ☐ Other

2. Name of Operator

EOR Operating Company

3. Address of Operator

200 N. Loraine, STE 1440 Midland, TX 79701

4. Well Location

Unit Letter G : 1980 feet from the N line and 1980 feet from the E lineSection 14 Township 08S Range 34E NMPM _____ County Roosevelt

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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 ☐☒ Location is ready for OCD inspection after P&A

- ☒ All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.
- ☒ Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned.
- ☒ A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the

OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. ALL INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.

- ☒ The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.
- ☒ Anchors, dead men, tie downs and risers have been cut off at least two feet below ground level.
- ☐ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.
- ☒ All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)
- ☒ All other environmental concerns have been addressed as per OCD rules.
- ☒ Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.

When all work has been completed, return this form to the appropriate District office to schedule an inspection.

SIGNATURE Jana True TITLE Prod. Asst. DATE 9/1/2011TYPE OR PRINT NAME Jana True E-MAIL: jtrue@enhancedoilres.com PHONE: 432-687-0303

For State Use Only

APPROVED BY: Mary Brown TITLE Compliance Officer DATE 9/12/2011

Conditions of Approval (if any):

SEP 13 2011



200 N. Loraine, Suite 1440
Midland, TX 79701
(432) 697-0303 *office*
(432) 687-0321 *fax*

August 15, 2011

Mr. Larry Preuit
4219A S. Roosevelt Rd. Y
Elida, NM 88116

RE: Surface Reclamation Agreement w/ Surface Owner
Milnesand SA Unit #172, API #3004100119, SWNE Section 14, T8S-R34E, NMPM
Roosevelt Co., NM

Dear Larry:

The Bureau of Land Management ("BLM") has been promoting the Restore New Mexico ("RNM") Initiative, which focuses on restoring grasslands and riparian areas to a healthy and productive condition. Surface disturbances from historic oil and gas operations – from a period when there were not any requirements for surface reclamation – are being repaired, thereby defragmenting (consolidating) wildlife habitat to benefit the Lesser Prairie Chicken, Sand Dune Lizard and other grassland-dependent species. The Initiative is being achieved by working with cooperative partners such as the New Mexico State Land Office, New Mexico Department of Game and Fish, private land owners, BLM grazing allottees and the oil and gas industry.

During the BLM review process of potential RNM projects, they have determined that some of these historic wells that were plugged and abandoned years ago are located on lands that have privately owned surface with federal owned minerals. Recent field inspections of the captioned well(s), well pads(s) and road(s) on your property by BLM field inspectors have indicated prior reclamation efforts do not meet today's more stringent standards. Current standards call for well pads and associated roads be reclaimed by removing the caliche, any related oil field infrastructure, re-contouring the site to match the surrounding landscape and re-seeding with native seed mix prescribed by the BLM. In addition, in-active overhead power poles and power lines are to be removed when the associated oil field activities are no longer in effect. Based on the BLM field inspections, EOR Operating Company, as current operator, has been instructed to comply with the revised reclamation standards.

August 15, 2011

As the private surface owner, you have indicated that you prefer NOT to have the caliche removed from the well pad(s) and road(s). In regard to in-active power poles and power lines, we have determined that the primary and secondary power lines which provided electrical power to the well(s) are owned by and the responsibility of Roosevelt County Electric Cooperative, Inc.. They have indicated that the power lines are still active and will remain in place for present and future use.

Before the BLM can proceed with acceptance of reclamation by the operator, it is necessary to confirm that you are either: i) satisfied with the current surface condition, or, ii) require the BLM to order the operator to remove the caliche from the well pad(s) and road(s). Should you choose to keep the well pad(s) and road(s) with caliche intact, the BLM requires that they have written confirmation to that effect. Upon your acceptance of the current surface condition, the un-reclaimed areas become your responsibility thereby relieving EOR Operating Company and the BLM of any further surface reclamation.

Please indicate your choice on the attached statement and return one original in the enclosed envelope at your earliest convenience. I may be contacted at my Roswell, NM office at (575) 625-5503 should you have any questions or concerns.

Sincerely,



Tony Krakauskas, CPL
Land Manager
Enhanced Oil Resources, Inc.
P.O. Box 3539
Roswell, NM 88202-3539
(575) 625-5503 office
(575) 626-9915 cell

August 15, 2011

Please initial the appropriate statement below, sign, date and return to EOR Operating Company in the return envelope.

X I am satisfied with the current condition of the well pad(s) and road(s) on the:
Milnesand SA Unit #172, API #3004100119, SWNE Section 14, T8S-R34E, NMPM,
Roosevelt Co., NM. The caliche on the well pad(s) and road(s) shall remain intact with no
further action necessary. I agree to accept full responsibility for these well pad(s) and
road(s) and hereby release EOR Operating Company and the Bureau of Land
Management from any further surface reclamation.

_____ I hereby authorize the BLM to proceed with enforcing surface reclamation as described
herein.

Surface Owner

By: 
Mr. Larry Preuit

Date: 8/31/2011

EXECUTE AND RETURN