

HOBBS OCD

Submit One Copy To Appropriate District Office

FEB 07 2012

State of New Mexico

Form C-103

Revised November 3, 2011

District I

1625 N French Dr., Hobbs, NM 88240

District II

811 S. First St., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

Energy, Minerals and Natural Resources

RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-01431 ✓

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

B-2148

7. Lease Name or Unit Agreement Name

Shahara State Unit ✓

8. Well Number 4

9. OGRID Number

256523

10. Pool name or Wildcat

Maljamar Grayburg 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

Southern Bay Operating, L.L.C. ✓

3. Address of Operator

110 Cypress Station Dr., Suite 220 Houston, TX 77090

4. Well Location

Unit Letter C 660 feet from the North line and 1980 feet from the West line ✓Section 16 Township 17S Range 33E NMPM 33E County Lea

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

4183' GR

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.☐ If this is a one-well lease or last remaining well on lease: all electrical service poles and lines have been removed from lease and well location, except for utility's distribution infrastructure.

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

SIGNATURE Juanita Ramirez TITLE Mgr., Production Administration DATE 02/06/2012TYPE OR PRINT NAME Juanita Ramirez E-MAIL: juanita@sbenergy.com PHONE: 281-377-9702

For State Use Only

APPROVED BY: Maley Brown TITLE Compliance Officer DATE 2/8/2012

Conditions of Approval (if any):