

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No 1004-0137
Expires October 31, 2014

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 Serial No
NMNM67111

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

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
WAGNER OIL COMPANY

3a. Address
500 COMMERCE, SUITE 600
FORT WORTH, TEXAS 76102

3b. Phone No. (include area code)
817-335-2222

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2275' FSL & 960' FWL OF SECTION 31, T-9-S, R-33-E

7. If Unit of CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
GERONIMO FEDERAL #9

9. API Well No.
30-025-32133

10. Field and Pool or Exploratory Area
GERONIMO; DELAWARE

11. County or Parish, State
LEA COUNTY, NEW MEXICO

12. CHECK THE 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 checked="" type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Extension request |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | on P&A to possibly |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | recomplete |

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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Please disregard Notice of Intent for plug and abandonment submitted 07-03-2012.

Please see attached explanation.

Well has been shut-in since 2001. Operator has owned well since 2002 indicating that they have had sufficient time to evaluate additional potential. (One month of gas prod. in 2003.)

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

Sabrina Bonner

Title Regulatory Analyst

Signature

Date 07/19/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

Office

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)

JUL 31 2012

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

***Geronimo Federal #9
Geronimo Field
Lea County, NM***

Yates Recompletion

Discussion

The Yates Sandstone is divided into an Upper and Lower Zones by a tite Dolomite. Historically, both zones have been productive. Recommended perf's are at 2653-83, 3014-50, 3063-88, and 3105-3120. This sand has been developed on 40 acre spacing in the north half of our 320 acre lease (#3, 7, 8 & 10) and the south half of the section adjoining to the north.

The #9 is our most southerly well. It will test a possible separate structural closure; however if unsuccessful it can be converted to a water injector.

Anticipated recoverable reserves are 20-30,000 BO. Unfortunately, historical initial production rates from the Yates are 10-17 BOPD

Operational Considerations

- Note there is no cement between the 5-1/2" and 8-5/8" casing strings, requiring a cement squeeze and drill out.
- No open hole logs were run above 4205'. For reserve purposes, the estimated porosity is 15% with 35% Sw.
- Perforated intervals will require fracture stimulation
- With the current drilling and completion activity level in this area, costs have increased significantly.
- The initial production rate is low compared to current costs.

Conclusion

Based on cost, mechanical risk and anticipated production rates, this well work is not currently economically viable.

We request a two (2) year shut-in approval in order to re-evaluate this project in the future. If this shut-in approval is not granted, the anticipated recoverable reserves of 20-30,000 barrels of oil will be forever lost.