

JAN 07 2013

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Conservation Division, District 1 1625 N. French Drive Hobbs, NM 88240

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

RECEIVED

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. NMNM0145685 6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

[X] Oil Well [] Gas Well [] Other

2. Name of Operator EOR Operating Co

3a. Address 200 N. Loraine, STE 1440 Midland, TX 79705

3b. Phone No. (include area code) 432-687-0303

4. Location of Well Footage, Sec., T., R., M., or Survey Description 330 FNL & 660 FWL Sec. 31, T - 08S, R - 35E

7. If Unit of CA/Agreement, Name and/or No. Horton Federal

8. Well Name and No. 23

9. API Well No. 30-041-10117

10. Field and Pool or Exploratory Area Milnesand - San Andres

11. County or Parish, State Roosevelt Co, NM

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Alter Casing, Casing Repair, Change Plans, Convert to Injection, Deepen, Fracture Treat, New Construction, Plug and Abandon, Plug Back, Production (Start/Resume), Reclamation, Recomplete, Temporarily Abandon, Water Disposal, Water Shut-Off, Well Integrity, and Other W.O.12TBS19W.

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 recomplete 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 recompletion 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.)

5/1/12 - Removed trash and debris from location 5/1/12 - Corrected well sign

Please see the attached letter executed by the surface owner accepting the current condition of the well locations and requesting no further reclamation.

ACCEPTED FOR RECORD

JAN 03 2013 NAME [Signature] NATURAL RESOURCE SPECIALIST

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

Jana True

Title Mgr - Prorations/Regulatory

Signature [Signature]

Date 05/16/2012

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.

JAN 03 2013 ROSWELL FIELD 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)



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

August 15, 2011

Vernon B. Rogers Etal
c/o Mr. Mickey Hargrove
2020 West Cherry
Portales, NM 88130

RE: Surface Reclamation Agreement w/ Surface Owner
Milnesand SA Unit #201, API #3004110180, NWNE Section 25 T8S-R34E, NMPPM
Milnesand SA Unit #313, API #3004110062, NWSW Section 19 T8S-R35E, NMPPM
Horton Federal #13, API #3004110109, SWSE Section 30, T8S-R35E, NMPPM
Horton Federal #14, API #3004110110, SWSW Section 30, T8S-R35E, NMPPM
Horton Federal #23, API #3004110117, NWNW Section 31, T8S-R35E, NMPPM
Horton Federal #24, API #3004110118, NWNE Section 31, T8S-R35E, NMPPM
Roosevelt Co., NM

Dear Mr. Hargrove:

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 inactive 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.

MJD I am satisfied with the current condition of the well pad(s) and road(s) on the:
Milnesand SA Unit #201, API #3004110180, NWNW Section 25 T8S-R34E, NMPM,
Milnesand SA Unit #313, API #3004110062, NWSW Section 19 T8S-R35E, NMPM,
Horton Federal #13, API #3004110109, SWSE Section 30, T8S-R35E, NMPM,
Horton Federal #14, API #3004110110, SWSW Section 30, T8S-R35E, NMPM,
Horton Federal #23, API #3004110117, NWNW Section 31, T8S-R35E, NMPM,
Horton Federal #24, API #3004110118, NWNW Section 31, T8S-R35E, 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: Mickey Hargrove

Date: 8/26/11

Mr. Mickey Hargrove, on behalf of
Vernon B. Rogers Etal

EXECUTE AND RETURN