

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

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

2 Name of Operator

Sahara Operating Company

3a Address

P.O. Box 4130, Midland, TX 79704

3b Phone No (include area code)

432/697-0967

4 Location of Well (Footage, Sec., T, R, M., or Survey Description)

990' FNL & 660' FEL, Sec 26, T26S, R32E, NMPM
Unit Letter "A"

5 Lease Serial No.

LC-069515

6. If Indian, Allottee or Tribe Name

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

North El Mar Unit

NM 70994X

8. Well Name and No.

North El Mar Unit #9

9. API Well No.

30 025 08298

10. Field and Pool, or Exploratory Area

El Mar (Delaware)

11. County or Parish, State

Lea County, N.M.

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treatment

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☒ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other _____

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 recomple 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 recomple 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.)

Status update on TA well.

Well continues to be TA, passed MIT on 11-20-06, Original chart was submitted.

see updated justification

APPROVED FOR 12 MONTH PERIOD
ENDING 7/6/2008

Wellbore is as follows: Casing: 4-1/2" @ 4700'
Perfs: 4617'-4623'
CIBP: @ 4600'

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

Robert McAlpine

Title President

Signature

Date 05-22-2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

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

APPROVED

JUN 27 2007

WESLEY W. INGRAM
PETROLEUM ENGINEER

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.

GWV

North El Mar Unit
Temporarily Abandoned Wells
Status Update
June 25, 2007

It is requested that Temporarily Abandoned status be continued for the temporarily abandoned wells in the North El Mar Unit, Lea County, New Mexico. Please refer to the Justification For Request For Temporarily Abandoned Status for these wells dated July, 2006.

The North El Mar Unit project keys off the nearby Cotton Draw Unit, Paduca Delaware Sand Unit CO₂ project, which has received regulatory approval, but has yet to be implemented due to a lack of CO₂ supply. We have remained in touch with POGO Producing Company regarding their progress at obtaining a CO₂ supply. Their negotiations continue and they hope to obtain a supply soon, but since all current supply is presently called for, they may be forced to wait for expansion of supply from Kinder-Morgan's McElmo Dome project. This could hopefully occur in 2008.

In the meantime, Sahara continues to try and repair these TA wells when they suffer from casing problems. We have recently completed repairs on wells NEMU #18 and NEMU #28. Both of these wells were successfully repaired.

It is considerably more costly to Sahara to repair rather than plug these wells; however, we consider preservation of these wellbores for future use to be critical to the viability of a CO₂ project in this field. Once a well has been plugged and abandoned, successful re-entry is by no means assured. While they are currently a financial and regulatory burden, we are convinced of the future need for these wells and believe that, were they to be P&A'd, the prospects for implementing a future CO₂ project would be severely impaired.

Sahara will file another status update on or before September 30th, 2007