

UNITED STATES  
DEPARTMENT OF THE INTERIOR **OCD-HOBBS**  
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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	7. If Unit or CA/Agreement, Name and/or No. North El Mar Unit NM 70994X DM
2. Name of Operator Sahara Operating Company	8. Well Name and No. North El Mar Unit #39
3a. Address P.O. Box 4130, Midland, TX 79704	9. API Well No. 30 025 08435
3b. Phone No. (include area code) 432/697-0967	10. Field and Pool, or Exploratory Area El Mar (Delaware)
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1650' FWL, Sec 30, T26S, R33E, NMPM Unit Letter "N"	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			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treatment	<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 type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input checked="" type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recompleat 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 file within 30 days following completion of the involved operations. If the operation results in a mutiple completion or recompleation 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.

We wish to continue TA status for this well

Well passed MIT on 11-21-06, Original chart was submitted

*see updated justifications*

OCD bradenhead test scheduled for 6-13-2007

APPROVED FOR 12 MONTH PERIOD

ENDING 7/6/2008

Wellbore is as follows: Casing: 4-1/2" @ 4786'  
Perfs: 4675'-4765'  
CIBP: @ 4613'

**SUBJECT TO LIKE  
APPROVAL BY STATE**

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

Robert McAlpine

Title President

Signature

Date 05/24/2007

**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**

JUL 7 2007

Date

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.

GWW

**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 CO<sub>2</sub> project, which has received regulatory approval, but has yet to be implemented due to a lack of CO<sub>2</sub> supply. We have remained in touch with POGO Producing Company regarding their progress at obtaining a CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> project would be severely impaired.

Sahara will file another status update on or before September 30<sup>th</sup>, 2007