(August 1999)

## **UNITED STATES**

OCD-HOBBS DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

5 Lease Serial No.

## 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

NM-02791 A						
6.	If Indian,	Allottee or Tribe Name				

			100	$\Omega \sim \lambda$				
	SUBMIT IN TRI	PLICATE - Other	Instructions on reverse	side	No.	A/Agreement, Name and El <b>M</b> ar Unit	/or	
1	Type of Well  ☑ Oil Well □	Gas Well Y Othe	100 - 580 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	322	8. Well Name	70994 X and No.	Dn	
2.	Name of Operator Sah	. 657/	North El Mar Unit #41  9. API Well No.					
3a.	3a. Address P.O. Box 4130, Midland, TX 79704  3b. Phone No. (include area.code) 432/697=0967c 6297					30 025 08437  10. Field and Pool, or Exploratory Area		
4	Location of Well (Footage,		El Mar (Delaware)					
660' FNL & 660' FWL, Sec 31, T26S, R33E, NMPM Unit Letter "D"						11. County or Parish, State Lea County, N.M.		
	12. CHECK APPR	OPRIATE BOX(ES	) TO INDICATE NATURE	OF NOTICE, F	REPORT, OR	OTHER DATA		
T	YPE OF SUBMISSION		ТҮРЕ	OF ACTION				
		Acidize Acidize	Deepen	Production	n (Start/Resume)	☐ Water Shut-Off		
Notice of Intent		Alter Casing	Fracture Treatment	Reclamati	on	Well Integrity		
Subsequent Report		Casing Repair		Recomple	Recomplete Other			

Convert to Injection 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 shall be file 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 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.)

Plug and Abandon

Plug Back

Status update on TA well

Final Abandonment Notice

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

Change Plans

Sahara wishes to continue TA on this well for future use in Enhanced Recovery

APPROVED FOR /2 MONTH PERIOD Well is scheduled for OCD bradenhead test on 6-13-2007

ENDING 7/6/2008

Temporarily Abandon

Water Disposal

Wellbore is as follows:

Casing:

4-1/2" @ 4742'

SUBJECT TO LIKE

Perfs:

4646'-4689'

APPROVAL BY STATE

updated justifications

CIBP:

@ 4570°

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Robert McAlpine

President Title

5/24/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Signature

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

Title Office

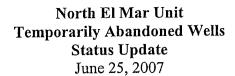
W. INGRAM

ROLEUM ENGINEER

7 2007

APPROVED

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



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 reentry 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