

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
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) 660' FNL & 660' FWL, Sec 31, T26S, R33E, NMPM Unit Letter "D"

5	Lease Serial No. NM-02791 A
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 #41
9	API Well No. 30 025 08437
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			
<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 checked="" 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 mutple completion or recompleton 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 passed MIT on 11-21-06, original chart was submitted

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

Well is scheduled for OCD bradenhead test on 6-13-2007

APPROVED FOR 12 MONTH PERIOD
ENDING 7/6/2008

Wellbore is as follows: Casing: 4-1/2" @ 4742'
Perfs: 4646'-4689'
CIBP: @ 4570'

**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 **5/24/2007**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

Approved by

Title

Date

JUL 7 2007

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

**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

GW

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