

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1301 W. Grand Avenue

Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 ☐ Other2. Name of Operator
Sovereign Eagle, LLC3a. Address
PO Box 968, Roswell NM, 88202-09683b. Phone No. (include area code)
575-622-1127

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

S22-T2S-R29E

UL:A, 750' FNL & 990' FEL

Unit - A

5. Lease Serial No.

NM-82102 Fee

6. If Indian, Allottee or Tribe Name

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

NM-82102

8. Well Name and No.

Morrison Federal #1

9. API Well No.

30-041-20846

10. Field and Pool, or Exploratory Area

Tule-Penn

11. County or Parish, State

Roosevelt, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<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 checked="" type="checkbox"/> Plug and Abandon	<input 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 filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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.)

- 1) TOH AND WAREHOUSE OUT RODS AND PUMP.
- 2) NU BOP. RELEASE TA. TOH W/ TBG.
- 3) RU WIRELINE. TIH W/ 5 1/2" CIBP. SET @ 6700'. TOH W/ WIRELINE.
- 4) TIH W/ TBG. SET 25 SX PLUG ON CIBP @ 6700'. CIRC HOLE W/ MLF. TOH W/ TBG.
- 5) RU WIRELINE. TIH W/ CHEMICAL CUTTER. CUT 5 1/2" CASING @ 6200'. TOH W/ WIRELINE.
- 6) PULL CASING AND LAY DOWN.
- 7) TIH W/ TBG. SPOT 100' PLUG 50' IN AND 50' OUT OF CASING STUB @ 6200'.
- 8) SET 100' PLUG @ 5150' TO COVER ABO.
- 9) SET 100' PLUG @ 4550' TO COVER TUBB.
- 10) SET 100' PLUG @ 3100' TO COVER GLORIETA.
- 11) SET 100' PLUG @ 2150'. 50' IN AND 50' OUT OF 8 5/8" CASING SHOE. ALSO COVERS THE SAN ANDRES.
- 12) SET 50' PLUG @ 200', 25' IN AND 25' OUT OF 13 3/8" CASING SHOE.
- 13) CUT OFF WELL-HEAD. SET DRY HOLE MARKER. REMOVE CLICHE PAD, ROAD AND ANCHORS. RESEED AS PER BLM.

RECEIVED

JUL 08 2009

HOBBSOCD

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

FRANK MORGAN

Title Manager of Operations

Signature

Date

06/22/2009

ACCEPTED FOR RECORD FOR FEDERAL OR STATE OFFICE USE

Approved by

DAVID R. GLASS

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 18 U.S.C. Section 1004 with Title 42 U.S.C. Section 1212, make it a crime for any person in States any false, fictitious or fraudulent statements or representations as to any matter within

(Instructions on page 2)

Notice Of Intent To Abandon Accepted For Record Only! The New Mexico Oil Conservation Division (NMOCD) Approves Notices On Fee (Private) Minerals. Please Send Us A Copy Of The Subsequent Report Of Abandonment That You Send To The NMOCD After Work Has Been Completed.

JUL 09 2009

COMPANY		LEASE TYPE				API NO.		SPUD DATE	
EAGLE RESOURCES, L.P.		<input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FEDERAL				#30-041-20846		10/25/89	
WELL NAME		SECTION		TWP.		RANGE		COUNTY / STATE	
MORRISON FEDERAL #1		22		2-S		29-E		ROOSEVELT / NM	
FOOTAGE		ELEVATION =		KELLY BUSHING =		STATUS		TOTAL DEPTH =	
750' FNL & 990' FEL		4339'		4349'		GAS		7150'	
FIELD/POOL/AREA		Size		Sks. Cmt.		TOC		Weight	
TULE		SURF. CASING		13 3/8"		300		CIRC. 68#	
LOCATION DESCRIPTION		INT. CASING		8 5/8"		700		CIRC. 24#	
		CASING		5 1/2"		250		6250' 17#	
19 MI SW OF FLOYD, NM									
Depth ft.	Description						O.D.	Length	Depth
300	Set 60' plug @ surface 13 3/8" CSG. 68# @300' w/300 sacks								300'
1000									
2000									
3000	Set 100' plug @ 2150', 50' in and 50' out of 8 5/8 shoe 8 5/8" CSG. 24# SET @ 2103' w/700 sacks								2103'
4000	Set 100' plug @ 3100' to cover Glorieta								
5000	Set 100' plug @ 4550' to cover Tubb								
6000	Set 100' plug @ 5150' to cover Abo								
	Set 100' plug 50' in and 50' out of stub @ 6200'. Cut Casing @ 6200' and pull. T.O.C. = 6250' by CBL 01/04/90 & 09/23/03								TOC 6250'
6500									
	Set CIBP @ 6700'. Place 25 sx on top. 10/28/03 OLITE: PERF. 6752'-62' ACIDIZE w/5000 gal. 15% NEFE (OPEN)								
	10/14/03 PENN "A" ss: PERF. 6920'-29' ACIDIZE w/1000 gal. 7 1/2% 01/04/90 PENN "C" ss: PERF. 6970-74' ACIDIZE w/1000 gal. 15% MA 04/07/02 PENN "C" ss: 6970-74' RE-ACIDIZE w/1500 gal. 7 1/2% PLUS ADD.								
7000									
	5 1/2" CSG. 17# SET @ 7166' w/ 250 sacks								7166'
8000									
TD = 7150'		PBTD = 7080'							

COMMENTS:

DST #1 6752'-6763', DST #2 6965'-6983'

09/23/03 Run BHPT

=Existing Packer

=Packer drilled out

=Perfs-Open

=Perfs-

=Cement Plug

=Bridge Plug

=Cut csq

SOVEREIGN EAGLE, LLC

P.O. BOX 3900

ROSWELL, NEW MEXICO

88202

Revised 04/28/09



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

New Mexico State Office
1474 Rodeo Road
P.O. Box 27115
Santa Fe, New Mexico 87502-0115
www.nm.blm.gov

In Reply Refer To:
3104 (NM921-ssperez)

January 8, 2009

Decision

Principal:
Sovereign Eagle, LLC
P. O. Box 968
Roswell, NM 88202-0968

Surety:
RLI Insurance Company
8 Greenway Plaza, Suite 400
Houston, TX 77046

BLM Bond No.: NMB000575

Surety Bond No.: RLB0012349

Amount of Bond: \$25,000(NM Statewide)

Statewide Oil and Gas Surety Bond Accepted

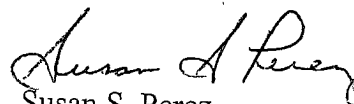
We received a \$25,000 surety bond No. RLB0012349, with Sovereign Eagle, LLC, as principal, and RLI Insurance Company, as surety. The bond has been examined and found satisfactory. It is accepted effective January 8, 2009.

The bond constitutes coverage for all operations conducted by or on behalf of the principal on Federal leases in the State of New Mexico. The bond provides coverage for the principal where that principal has interest in, and/or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of liability under the bonds will be permitted only after this office is satisfied that there is no outstanding liability on the bond or satisfactory replacement bond coverage is furnished.

In the future, please refer to serial number NMB000575 when referring to this bond.

If you have any questions regarding this decision, my telephone number is 505-438-7587.


Susan S. Perez
Land Law Examiner
Fluids Adjudication Team

SOVEREIGN EAGLE, LLC

P.O. BOX 968
ROSWELL, NM 88202-0968
505-623-1957 TEL 505-623-3533 FAX

January 7, 2009

RE: Sovereign Eagle, LLC Oil & Gas Lease Bond

Bureau of Land Management
1474 Rodeo Road
Sante Fe, NM 87505

Please be advised that effective January 1, 2009 Eagle Resources, LP resigned as operator and has assigned its entire interest in the Tule Field wells and associated acreage to Sovereign Eagle, LLC. Enclosed is the original signed copy of the Oil & Gas Lease Bond for your records. Should you require any additional information please contact Jennifer Zapata at (575) 622-1127 Ext #15.

Thanks,

A handwritten signature in black ink, appearing to read "Jennifer Zapata", written in a cursive style.

Jennifer Zapata
Production Manager

Form 3000-4
(June 1988)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

RLB0012349

Lease Serial Number (For Individual Bond Only)

CHECK ONE ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Sovereign Eagle, LLC

(name)

of P.O. Box 968, Roswell, NM 88202

(address)

as principal, and RLI Insurance Company

(name)

of 8 Greenway Plaza, Suite 400, Houston, TX 77046

(address)

, as surety,

are held and firmly bound unto the United States of America in the sum of Twenty Five Thousand and No/100

dollars (\$ 25,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That

(name)

of

(address)

, as principal, is held and firmly

bound unto the United States of America in the sum of

dollars (\$

), lawful money of the United States which sum may be increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ NATIONWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

☒ STATEWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of New Mexico

☐ INDIVIDUAL BOND — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover:

☐ NPR-A LEASE BOND — The terms and conditions of a single lease.

☐ NPR-A WIDE BOND — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on page 2)

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include.

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s), and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

Signed this 19th day of December, 20 08, in the presence of.

NAMES AND ADDRESSES OF WITNESSES

By: _____

By: _____

By: Greg E. Chilson

By: [Signature]

If this bond is executed by a corporation, it must bear the seal of that corporation.

Sovereign Eagle, LLC

By: _____ (Principal)

P.O. Box 968, Roswell, NM 88202

RLI Insurance Company (Business Address)

By: Greg E. Chilson (L.S.)
(Surety) Attorney-in-Fact

8 Greenway Plaza, Suite 400 Houston, TX 77046

(Business Address)



RLI Surety
A division of RLI Insurance Company

POWER OF ATTORNEY RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY

State of Illinois)
County of Peoria) SS



RLI INSURANCE COMPANY

Michael J. Stone
PRESIDENT

On this day of before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public

