

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED
AUG 31 2010
HOBBSOCD

CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-39630
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-1355
7. Lease Name or Unit Agreement Name LOBO 31 STATE
8. Well Number 1
9. OGRID Number 231429
10. Pool name or Wildcat BAGLEY PERMO PENN, NORTH

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator MANZANO, LLC	
3. Address of Operator PO BOX 2107 - ROSWELL, NM 88202-2107	
4. Well Location Unit Letter <u>A</u> : <u>400</u> feet from the <u>NORTH</u> line and <u>200</u> feet from the <u>EAST</u> line Section <u>31</u> Township <u>10S</u> Range <u>33E</u> NMPM LEA County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4220' GR / 4235' RKB	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input checked="" type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>DRILL LATERAL</u> <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

REACH TD FOR 8.75" VERTICAL HOLE OF 8025' @ 8:15PM ON 4/18/10. RUN GYRO SURVEY. LAY DOWN 4.5" DRILL PIPE. RUN 178jts 7" 26#/ft P110 LTC CASING TO 8025'. RU HALLIBURTON & CEMENTED 7" CASING w/1000sx HAL-PREM LEAD CEMENT (yield=1.86) & TAILED IN w/250sx HAL-PREM (yield=1.19). PLUG DOWN @ 8:30AM ON 4/20/10. HAD CIRCULATION THRU JOB BUT DID NOT CIRC CEMENT (ESTIMATE TOC @ ~500' +/- 200'). NU WELLHEAD & BOP. TEST BOP TO 1500#. PU 3.5" DRILL PIPE & DIRECTIONAL TOOLS. STARTED DRILLING 6.125" DIRECTIONAL HOLE @ 6:30AM ON 4/23/10.

LANDED 6.125" CURVE @ 8869'MD/8577'TVD ON 4/25/10 @ 7:00PM. REACH TD OF 6.125" LATERAL @ 12815'MD/8534' ON 5/2/10 @ 12:30AM AT A LOCATION 90' SOUTH & 4368' WEST OF THE SURFACE LOCATION (BHL IS 490' FNL & 4568' FWL)

Spud Date: 03/31/2010

Rig Release Date: 05/04/2010

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mike Hanagan TITLE MANAGER DATE 8/27/10

Type or print name MIKE HANAGAN E-mail address: mhanagan@gnstoffice.net PHONE: 575-623-1996

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE SEP 15 2010

Conditions of Approval (if any):