

Office

Energy, Minerals and Natural Resources

October 13, 2009

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

NOV 01 2010

HOBBSOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-22256

5. Indicate Type of Lease

STATE ☒ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Lulu - Prod Code: ~~26542~~ 306234

8. Well Number: 1

9. OGRID Number

247692

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 ☒ Gas Well ☐ Other ☐

2. Name of Operator

Jay Management Company LLC

3. Address of Operator

2425 West Loop South, Ste 810 Houston, TX 77027

4. Well Location

Unit Letter N : 656 feet from the West line and 1985 feet from the South line
Section 4 Township 11S Range 33E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

4293.5' KB

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☒
CASING/CEMENT JOB ☐OTHER: ☐

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.

Please see attached reports of plugging operations.

Approved for plugging of well bore only.

Liability under bond is retained pending receipt of C-103 (Subsequent Report of Well Plugging) which may be found at OCD Web Page under Forms, www.emnrd.state.nm.us/oed

Spud Date:

Rig Release Date:

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

SIGNATURE

TITLE: Operations Manager

DATE: 10/26/10

Type or print name: Kirk Broussard E-mail address: kirkb@isramco-jay.com sgrisham@isramco-jay.com PHONE: 713-621-6785

For State Use Only

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any):

Jay Management Company, LLC**2425 West Loop South, Ste 810****Houston, TX 77027****Daily Workover Report of Operations****Well Name: Lulu #1****AFE #: Lulu1****Field Name: Bagley****County: Lea****Begin Date: 9/2/2010****End Date: 10/25/2010**

Thursday, September 02, 2010

MIRU. Held safety meeting. PU and tally 310 jts to 9692. Latch onto fish & PU 10'. Secure well and SIFN.

Daily Cost: \$42,061.98

Cum Cost: \$42,061.98

Friday, September 03, 2010

Arrive on location & Held safety meeting. Attempted to get onto fish & jar loose. Fish came loose and POOH. LD yards & spear plus 9 jts of tbq. Secure well and SIFN.

Daily Cost: \$7,312.62

Cum Cost: \$49,374.60

Saturday, September 04, 2010

No activity

Daily Cost: \$3,436.83

Cum Cost: \$52,811.43

Sunday, September 05, 2010

No activity

Daily Cost: \$3,436.83

Cum Cost: \$56,248.27

Monday, September 06, 2010

No activity

Daily Cost: \$3,436.83

Cum Cost: \$59,685.10

Tuesday, September 07, 2010

No activity

Daily Cost: \$3,436.83

Cum Cost: \$63,121.93

Wednesday, September 08, 2010

No activity

Daily Cost: \$11,545.97

Cum Cost: \$74,667.90

Thursday, September 09, 2010

No activity

Daily Cost: \$3,632.64

Cum Cost: \$78,300.55

Friday, September 10, 2010

Arrive on location and held safety meeting. GIH w/ 39 stands and PU 25 jts. RU swivel. Hole was clean to 10,196'. Circ hole for an hour. POOH w/ 50 stands up to bad spot. Secure well and SIFN.

Daily Cost: \$6,667.90

Cum Cost: \$84,968.45

Daily Workover Report of Operations

Well Name: Lulu #1

AFE #: Lulu1

Saturday, September 11, 2010

Arrive on location and held safety meeting. GIH w/ 50 stands and tag @ 10,196'. POOH. Secure well and SIFN.

Daily Cost:	\$5,225.93	Cum Cost:	\$90,194.38
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Sunday, September 12, 2010

Arrive on location & held safety meeting. GIH w/ stands, hole was clean to 10,196'. Comeo ut of the hole. Stand it back. Break drill collars and bit. RU WL unit. Count not get thru w/ log. Hung up @ 7313'. POOH & RD WL unit. Secure well & SIFN.

Daily Cost:	\$9,762.71	Cum Cost:	\$99,957.09
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Monday, September 13, 2010

Arrive on location & held safety meeting. GIH w/ 3-37/8" casing swedge, sub jars, drill collars & top sub. RIH w/ tbg, tripping pipe. Tag bad spot @ 7356'. Worked thru tite spot, tag going down. Pull up & RIH. Tag another tite spot @ 7559'. Worked thru tite spot. Tag @ 10,196' w/ 370 jts of tubing. POOH w/ tbg & tools. TIH w/ 3-7/8" bit, casing scraper, bit sub & tubing. Tagged @ 7356'. Could not get thro. Pull up one stand. Sercure well & SIFN.

Daily Cost:	\$7,148.56	Cum Cost:	\$107,105.66
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Tuesday, September 14, 2010

Arrive on location and held safety meeting. TOO H w/ casing scrapper and bit. TIH open ended. Dump 25 sacks of sand & pull up. Dump 18 more sacks for a total of 45. Flush w/ 10 bbls of water. Secure well and SIFN.

Daily Cost:	\$9,600.92	Cum Cost:	\$116,706.58
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Wednesday, September 15, 2010

Arrive on location and held safety meeting. GIH w/ packer and tag sand @ 1313'. TOO H. TIH open eneded and clean up hole from 1313' to 1016'. GIH to 9328'. POOH. GIH w/ paker and set @ 7259'. Communication evident. POOH 6 stand and set @ 9313 - holding good on back side. Pump down tubing @ 1/4 bbl a min @ 1200#. Secure well and SIFN.

Daily Cost:	\$7,388.89	Cum Cost:	\$124,095.47
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Thursday, September 16, 2010

Arrive on location and held safety meeting. RU WL unit and perf 6 holes @ 9390'. Make another run and shot 6 more holes for a total of 12 squeeze perms. RD WL unit & secure well. SIFN.

Daily Cost:	\$10,162.70	Cum Cost:	\$134,258.17
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Friday, September 17, 2010

Arrive on location and held safety meeting. Release packer. TIH to 7348'. Spot 2 bbls of 15% acid. Pull up and reverse out. Set packer & pump in @ 4458# w/ 2.5 bp.. TOO H w/ packers. TIH w/ 4.5" cement retainer. Leave swinging @ 7135'. SIFN.

Daily Cost:	\$7,995.47	Cum Cost:	\$142,253.64
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Saturday, September 18, 2010

No activity.

Daily Cost:	\$3,436.83	Cum Cost:	\$145,690.48
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Daily Workover Report of Operations

Well Name: Lulu #1

AFE #: Lulu1

Sunday, September 19, 2010

No activity.

Daily Cost:	\$3,436.83	Cum Cost:	\$149,127.31
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Monday, September 20, 2010

On stand by.

Daily Cost:	(\$16,414.92)	Cum Cost:	\$132,712.39
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Tuesday, September 21, 2010

On stand by.

Daily Cost:	\$5,573.08	Cum Cost:	\$138,285.47
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Wednesday, September 22, 2010

Arrive on location and held safety meeting. Circ hole. Set retainer and pump cement. POOH w/ stinger. Secure well and shut in. Set retainer @ 7135'.

Daily Cost:	\$14,678.96	Cum Cost:	\$152,964.44
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Thursday, September 23, 2010

Arrive on location & held safety meeting. RIH w/ collars and drill bit. Drill past cement retainer and started coming out green. Secure well and SIFN.

Daily Cost:	\$6,280.71	Cum Cost:	\$159,245.15
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Friday, September 24, 2010

Arrive on location and held safety meeting. PU 6 jts of tubing and RIH to 7400'. Circ hole. POOH w/ collars and drill bit. GIH open ended to 7132'. Secure well and SIFN.

Daily Cost:	\$6,400.87	Cum Cost:	\$165,646.02
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Saturday, September 25, 2010

Arrive on location and held safety meeting. TIH w/ 10 jts. Pump 16 bbls of cement. POOH w/ 12 jts. Stage cement 2 bbls in formation @ 1550# SIFN.

Daily Cost:	\$5,225.93	Cum Cost:	\$170,871.95
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Sunday, September 26, 2010

No activity.

Daily Cost:	\$3,436.83	Cum Cost:	\$174,308.79
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Monday, September 27, 2010

Arrive on location and held safety meeting. Rih w/ 3-7/8" bit and sub with 6 drill collars. Tagged @ 7260' w/ 228 jts of tubing. PU and drilled down to 7356' where the tite spot is. Bit starting bouncing. Pull up & circ. Had metal & rocks coming back up. POOH w/ 26 stands. Secure well and SIFN.

Daily Cost:	\$25,281.53	Cum Cost:	\$199,590.32
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Daily Workover Report of Operations

Well Name: Lulu #1

AFE #: Lulu1

Tuesday, September 28, 2010

Arrive on location and held safety meeting. POOH w/ rest of tubing and drill collars. Broke off bit. RIH w/ 3-7/8 tapered mill, jars, 6 drill collars, and tubing. Tagged @ 7356'. PU swivel and milled down to 7363'. Circ clean. LD swivel. POOH w/ tubing to drill collars. SIFN.

Daily Cost:	\$7,602.51	Cum Cost:	\$207,192.83
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Wednesday, September 29, 2010

Missing report

Daily Cost:	\$9,438.82	Cum Cost:	\$216,631.65
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Thursday, September 30, 2010

Arrive on location & held safety meeting. Drill out cement to tight spot @ 7536'. TIH w/ 3-7/8" tapered mill. Mill & clean out to 7384'. TIH w/ bit & clean out to 7585'. Appears that we may be outside of casing. Getting formation back as returns w/ very little cement from 7384' to 7585'. Getting back alot of red bed. SIFN.

Daily Cost:	\$8,648.26	Cum Cost:	\$225,279.92
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Friday, October 01, 2010

Arrive on location & held safety meeting. Lay down 93 jts of tubing and drill collars along w/ wash pipe. TIH w/ 230 jts of 2-3/8" tubing to 7196' and left hanging. ND BOPs & NU well head. RD. Clean location & move off.

Daily Cost:	\$9,695.87	Cum Cost:	\$234,975.79
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Monday, October 18, 2010

Arrive on location & held safety meeting. MIRU. RU WL unit. TIH w/ gauge ring & found bottom @ 7632'. TOO H w/ tool. TIH w/ retainer and set @ 7350'. TOO H w/ tools & RD WL unit. TIH w/ tubing and sting into retainer. Establish injection rate @ 1/2 bpm & 2100#. Call NMOCD. SDFN.

Daily Cost:	\$8,927.33	Cum Cost:	\$243,903.12
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Tuesday, October 19, 2010

Arrive on location & held safety meeting. RU Cement Co. Pump 110 bbls of plugging mud followed by 25 sxs cement followed by 25 bbls of mud. Rd cement company. Open BOPs & tally 115 jts of tubing. PU 10 jts & tag cement. POOH. Secure well and SDFN.

Daily Cost:	\$14,122.10	Cum Cost:	\$258,025.22
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Wednesday, October 20, 2010

Arrive on location & held safety meeting. RU WL unit. RIH & perforate @ 6370'. TIH w/ tubing to 6453'. Spot a 25 sxs plug across perms. Wait on cement for 4 hours. TIH to tag. No tag. Pump another 25 sxs plug across perms. SDFN.

Daily Cost:	\$16,992.67	Cum Cost:	\$275,017.89
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Daily Workover Report of Operations

Well Name: Lulu #1

AFE #: Lulu1

Thursday, October 21, 2010

Arrive on location and held safety meeting. TIH w/ tubing to tag. No cement was tagged. Begin mixing another cement plug. Cement truck broke down. Wait on truck. SIFN.

Daily Cost: \$5,892.67

Cum Cost: \$280,910.56

Friday, October 22, 2010

Arrive on location and held safety meeting. TIH w/ tubing (206 jts). Pump a 40 sx cement plug. Tag plug @ 5893'. Perforate @ 5000'. Pump 40 sx cement plug. TOOH w/ tubing above cement. SIFN.

Daily Cost: \$10,464.16

Cum Cost: \$291,374.72

Saturday, October 23, 2010

TIH w/ tubing. Tag cement plug @ 4676'. TOOH. GIH & perf @ 3830'. Pump & squeeze 40 sx of cement for plug. Tag plug @ 3485'. TOOH. GIH & Perf @ 1600'. SIFN.

Daily Cost: \$13,145.55

Cum Cost: \$304,520.27

Sunday, October 24, 2010

Pump & squeeze a cement plug @ 1667'. Tag plug @ 1485'. Perforate @ 430'. Circ cement to surface. Complete plugging operations. RD & MO location.

Daily Cost: (\$20,182.07)

Cum Cost: \$284,338.20