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Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137Expires July 3, 2010 **White Office**5. Lease Serial No.
COC3987A

6. If Indian, Allottee or Tribe Name

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 page 2.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of C/A Agreement, Name and/or No.	
2. Name of Operator Maralex Resources, Inc.		8. Well Name and No. Trail Canyon 3-4	
3a. Address P.O. Box 338, Ignacio, CO 81137		9. API Well No. 055-T03-06204	
3b. Phone No. (include area code) 970-563-4000		10. Field and Pool or Exploratory Area Trail Canyon	
4. Location of Well (Postage, Sec., T., R., M., or Survey Description) 1927ELS; 1614 P.M., Section 3, T4S, R10W		11. County or Parish, State Rio Blanco County, CO	

12. CHECK THE 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 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 must be filed 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Maralex intends to plug this well using the following procedure:

1. Set bridge plug above perfor at 7002'
2. Set a 50' to 500' plug of cement on top of bridge plug and test casing again
3. If casing does not test, RIH with packer and locate depths of damage
4. Set 500' balanced plugs over interval of casing damage
5. Shoot squeeze holes at 290' in the 4-1/2" casing
6. Pump cement to surface through both annuli and leave 280' plug in production casing
7. Top off cement as necessary in both annuli and inside the 4-1/2" casing
8. Cut off all casing 3' below ground level and install a marker plate according to BLM regulations

Please see attached well bore diagram for cement volumes.

Only well on lease - last prod. memo 6/18/2010
COA's attached

☐ REALTY
☐ PAT
☒ PE BLM 6/23/10
☒ PET SA 6/24/10
☐ GEO
☐ NRS
AFMSS IN & OUT

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)		Title Production Technologist
Doris Ney		Date 06/18/2010
Signature <i>Doris Ney</i>		

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	ASSOCIATE FIELD MANAGER	Date <u>6/24/10</u>
Title		Office White River Field Office-Moeker, CO

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 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.

(Instructions on page 2)

"Conditions of Approval Attached"

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- Plugging Procedure:**
- 1 Bridge plug is set above perfs at 7002 ft
 - 2 Set a 50 to 500 ft plug of cement on top of bridge plug, test csg again.
 - 3 If csg does not test, R/H with packer and locate depths of damage.
 - 4 Set 500-ft balanced plugs over interval of csg damage.
 - 5 Shoot squeeze holes at 290 ft in the 4-1/2" csg
 - 6 Pump cement to surface through both annuli and leave 290 ft plug in production csg.
 - 7 Top off cement as necessary in both annuli and inside the 4-1/2" csg.
 - 8 Cut off all casing 3 ft below ground level and install a marker plate according to BLM regulations.

Capacities

Ann volume between 7-5/8" and 4-1/2" casing = 0.1544 cu ft/ft
 Volume inside 4-1/2" casing = 0.0872 cu ft/ft
 Ann volume between 7-5/8" & 10-3/4" casing = 0.2432 cu ft/ft

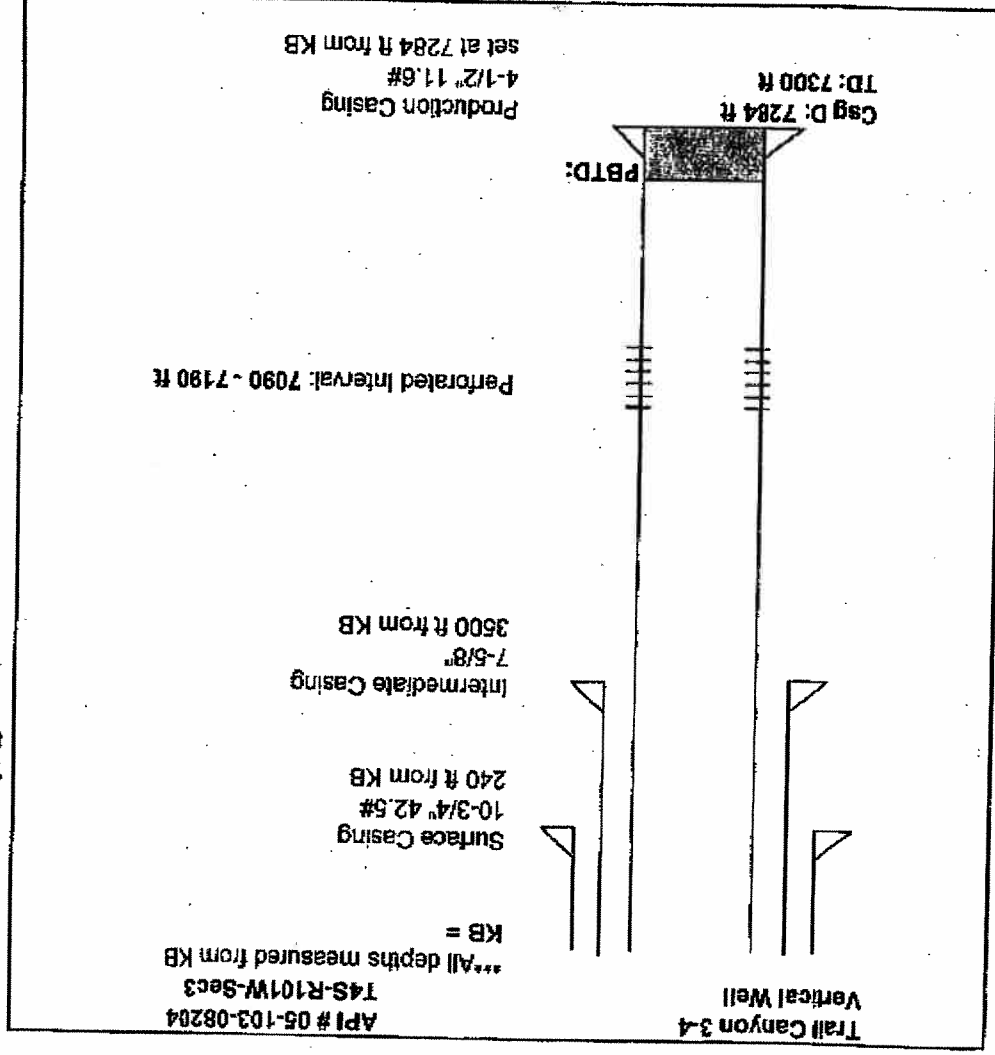
Cement assumptions:

Class G density = 15.6 ppg
 Class G yield = 1.187 cu ft/sk
 Thixotropic yield = 2.33 cu ft/sk

Estimated cement volumes:

Plug on top of bridge plug = 6500-7000'
 Plug inside 4-1/2" casing = 190'-290'
 Plug inside 7-5/8" annulus = 290-500'
 Plug inside 10-3/4" annulus = 290-500' 11 SX

37 sacks
 11 sacks
 18 sacks
 30 sacks



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CONDITIONS OF APPROVAL FOR PERMANENT WELL ABANDONMENT/C/Rifle OfficeA COPY OF THESE CONDITIONS SHOULD BE FURNISHED YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE

Failure to comply with the following conditions of approval may result in a Notice of Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. All Plugging and Abandonment operations shall be conducted per OO#2.III.G. and 43 CFR 3160 and completed by July 1, 2010.
2. This office should be notified sufficiently in advance, 48 hour minimum of actual plugging work, so that a representative may have an opportunity to witness the operation.
3. Upon completion of approved plugging, all casing shall be cut-off at least 3 feet below final restored ground level and attach the regulation marker plate (**4-inch pipe above ground will not be allowed**) in accordance with 43 CFR 3162.6 and OO#2.III.G.10. The top of the marker must be closed or capped and have a weep hole. Pits must be fenced unless approved otherwise by the authorized officer.
4. The following minimum information shall be permanently placed on the marker with a plate, cap, or beaded-on by welding:
 - a. Operator Name
 - b. Federal Lease Serial Number
 - c. Well Number
 - d. Location by 1/41/4, Section, Township and Range or other Acceptable Surveyed Description.
5. Within 30 days after well bore plugging operations are completed, a Subsequent Report of Abandonment, Form 3160-5, must be filed showing the date of the abandonment operation, location of plugs, amount of cement in each plug, the amount of casing left in the hole and the **GPS coordinates for location of wellhead**.
6. Prior to abandonment reclamation work, the operator shall submit a sundry notice describing their proposed reclamation plans. The plan must be approved prior to beginning any reclamation of the well site. If the approved APD contains a reclamation plan, you can reference it in your submission. Do not conduct any well pad or access reclamation without an approved reclamation plan for the subject well.
7. If not previously filed, submit in duplicate, Well Completion or Recompletion Report and Log, Form 3160-4, well history, electric logs, and other surveys, and if taken, core analysis and water analysis. These reports must also be filed within 30 days after completion of plugging operations.
8. All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and shall be removed and deposited in an approved landfill.
9. Port-a-pots will be provided on the well site during operations. All human waste will be hauled offsite and disposed of properly.

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10. The procedure will be modified as follows:

Casing integrity must be proven by pressure testing.

Plugs will be tagged after an appropriate waiting period.

Per OO#2, G9. Mud. Each of the intervals between plugs shall be filled with mud of sufficient density to exert hydrostatic pressure exceeding the greatest formation pressure encountered while drilling such interval. In the absence of other information at the time plugging is approved, a minimum mud weight of 9 pounds per gallon shall be specified.

All annuli will be topped off as needed to bring cement to surface, per OO#2, G5.

The drilling plan for this well indicates an intention to set 7.625" intermediate casing at 3770'. The completion report does not mention an intermediate casing string. Maralex provided a log header which mentions an intermediate string set at 3500'. At this point, we do not know if there is an intermediate string or where the shoe is. The only way to determine this is to run an isolation scanner log to find the shoe. Once the shoe has been located, the casing will be perforated 50' below it and an attempt made to circulate to the surface. Then a cement plug will be set from 50' below to 50' above the shoe.

11. This approved procedure is based upon the assumption that wellbore conditions are as presented in the Notice of Intent. If unexpected wellbore conditions occur, this procedure may require modification to meet our regulations. This will be done on a case-by-case basis with consultations with the BLM and your personnel. If casing integrity is compromised, it may be necessary to set cement plugs across the compromised intervals, unless you can prove to the satisfaction of the authorized officer that there are no porous zones in the intervals.

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The Bureau of Land Management, White River Field Office address is:

220 E. Market St.
Meeker, CO 81641
(970) 878-3800

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COGCC/Rifle Office

CONTACTS:

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Petroleum Engineering Technicians

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