D.J. SIMMONS, INC.

November, 21, 2000

Re: Simmons E2A

To: New Mexico Oil Conservation Division

D. J. Simmons Inc. has completed initial sidetrack drilling and completion operations for the Simmons E2A (see previous Sundry notices). Originally it was intended to complete the sidetrack well bore only in the MesaVerde formation. However, during drilling operations, indications of potential significant gas production from the Chacra/Lewis formations were noted.

Both the Mesa Verde and the Chacra/Lewis zones were perforated and frac'd. Details are provided in the attached Sundry notice. It is the intent of D. J. Simmons Inc. to complete the well by running 2 3/8" tubing with a packer. The tubing would be landed at approximately 4900', and the packer set between the Chacra/Lewis and MesaVerde zones at approximately 4070'. The Mesa Verde formation would be produced up the tubing and the Chacra Lewis would be produced through the casing/tubing annulus. Production from each zone would be independently metered. After sufficient production history has been established showing the appropriate percentage of gas produced from each horizon, the packer would be removed and both zones would be co-mingled.

At this time, the well is still making considerable amounts of frac sand and frac water. Please note that the sidetrack hole has inclinations in excess of 45 degrees. D. J. Simmons is requesting a temporary authority to produce the well with both zones co-mingled, until the frac sand ceases flowing into the casing. The 2 3/8" tubing would be landed, temporarily at 3700'. The frac sand could cause a packer to become stuck in the well bore. We estimate that frac sand will stop flowing within 2 weeks, at which time we will again clean out the well bore and run the tubing string with a packer.

Sincerely.

Robert R. Griffee

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D.J. Simmons, Inc.

(505) 326-3753



Page 1 of 1 P.O. Box 1469 Farmington, New Mexico 87499 3005 Northridge Dr.

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UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993

| BUREAU OF LAND MANAGEMENT | | 5. Lease Designation and Serial No. SF-080000-A |
|--|----------------------------|--|
| SUNDRY NOTICES AND REPORTS ON WELLS | | 6. If Indian, Allottee or Tribe Name |
| Do not use this form for proposals to drill or to deepen or reentry to a different | | N/A |
| reservoir. | | |
| Use "APPLICATION FOR PERMI | T" for such proposals | |
| | | 7. If Unit or CA, Agreement Designation |
| SUBMIT IN TRIPLICATE | | |
| 1. Type of Well | | 1 |
| Oil x Gas Other | | 8. Well Name and No. |
| 2. Name of Operator | | Simmons E2A |
| D.J. Simmons Inc. | | 9. API Well No. |
| 3. Address and Telephone No. | | 30-045-22802 |
| 1009 Ridgeway Place. Suite 200, Farmington NM 87401 (505) 326-3753 | | 10. Field and Pool, or Exploratory Area |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) | | Blanco Mesa Verde |
| 1700' FNL x 790' FWL, Section 23, T29N, R9W | | 11. County or Parish, State |
| Actual Bottom Hole Location: | | San Juan County, New Mexico |
| 950' FNL x 1875' FWL, Section 23, T29N, R9W 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | |
| TYPE OF SUBMISSION TYPE OF SUBMISSION TYPE OF ACTION | | |
| TIPE OF SUBMISSION | | |
| | Abandonment | Change of Plans |
| Notice of Intent | Recompletion | New Construction |
| | Plugging Back | ☐ Non-Routine Fracturing |
| X Subsequent Report | Casing Repair | Water Shut-Off |
| | Altering Casing | Conversion to Injection |
| Final Abandonment Notice | X Other Sidetrack | Dispose Water (Note: Report results of multiple |
| | completion on Well | • |
| | Log form.) | Completion or Recompletion Report and |
| 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depth for all markers and zones pertinent to this work.)* | | |
| D. J. Simmons Company has performed the completion operations on the sidetracked well bore in the above well (reference Sundry of Intent dated 5/23/00). A description of the completion operation is attached. | | |
| 14. I hereby certify that the foregoing is true and cor | SEI FI | 2000 (S) |
| Signed Robert R. Griffee | Title; Operations Engineer | Date: 9/21/00 |
| (This space for Federal or State office use) | | |
| Approved by | Title | Date |
| Conditions of approval, if any: | | |
| | | |

Title 18 U.S.C. Section 1001, makes 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.

D. J. Simmons, Inc.

Simmons E2A SideTrack Completion Reports

9/5/00

Gas bleeding around 4 ½" rams. Primary cementing job did not cover zone. Too much gas to land and cut off casing. W.O. Blue Jet. RU Blue Jet. Ran CBL from PBTD (5227') to 2400'. Found cement top at 4750' (mid Menefee). Perforate 2 squeeze holes at 4740'. W.O. Dowell/Schlumberger. Establish circulation down casing through squeeze holes. RU D/S. Cement with 275 sks 50/50 poz slurry (see cementing report for detail). Displace with 72 bbls water, leaving 100' of cement inside casing. Pressure built up to 1200 psi at end of displacement. Shut well in. SDFN.

9/6/00

Gas was shut off around casing, from cement job. ND BOPE. Land casing. Cut off casing. NU well head. NU BOPE. PU 2 3/8" tubing, six 3 1/8" drill collars, and bit. TIH. Tag cement at 4508'. Drill cement to 4740'. RIH to float collar at 5119'. SDFN.

9/7/00

TOH. RU Blue Jet. Ran gage ring to PBTD. Ran CBL/GR/CCL. Cement top at 3320'. Ran GSL log 5146' - 2400'. TIH with tbg, open ended, to 5065'. SDFN.

9/8/00

RU American Energy. Spot 250 gals 7 ½ % HCL. TOH with tubing. RU Blue Jet. Perforate first stage with one hole each (.34" hole diameter), from top down, as follows: 4692, 4706, 4724, 4737, 4794, 4873, 4884, 4940, 4948, 4963, 4978, 4994, 4999, 5005, 5012, 5022, 5028, 5037, and 5050' (19 holes). PU Weatherford PPI tool. TIH. Isolate each perforation and break down with 15% HCL. Pumped a total of 1200 gals of 15% HCL acid. TOH. SDFN.

9/11/00

Had 700 psi SICP. RU American Energy, Stinger, and Pro-Techniques. Pressure test lines to 5000 psi. Frac first stage with 107,883 gals 3% KCL slick water and 100,800 lbs 20/40 Brady sand. Average rate 41 bpm at 1300 psi. ISIP = vacuum. Radioactive tracers were used. RU Blue Jet. Set Halliburton wirelineset composite bridge plug at 4671'. Bridge plug did not set properly and did not pressure test. Continued applying pressure with rig pump. Bridge plug set and pressure tested to 1800 psi for 30 min. TIH with tbg open-ended to 4636'. Spot 400 gals of 7 ½ % HCL. TOH. RU Blue Jet. Perforate second stage with one hole each (.34" hole diameter) from top down, as follows: 4122, 4130, 4135, 4167, 4223, 4268, 4284, 4292, 4307, 4322, 4330, 4337, 4370, 4377, 4384, 4435, 4441, 4474, 4560, 4566, 4596, 4602, 4608, and 4636' (24 holes). SDFN.

9/12/00

Had 0 psi SICP over night. PU Weatherford PPI tool. TIH. Break down perforations with 24 bbls 15% HCL. Perforations at 4135, 4337, and 4435' had higher break-down pressures. TOH. RU American Energy, Stinger, and Pro-Techniques. Pressure test lines to 5000 psi. Frac second stage with 110,000 gals 3% KCL slick water and 101,600 lbs 20/40 Brady sand. Average rate 47 bpm at 2400 psi. ISIP = 125 psi. Radioactive tracers were used. RU Blue Jet. Set Halliburton wireline-set composite bridge plug at 4071'. SDFN.

D. J. Simmons, Inc.

Simmons E2A SideTrack Completion Reports

9/13/00

Well on vacuum. TIH with tbg open-ended to 3898'. Spot 500 gals of $7 \frac{1}{2}$ % HCL. TOH. Perforate third stage with one hole each (.34" hole diameter) from top down, as follows: 3206, 3296, 3344, 3346, 3348, 3350, 3371, 3384, 3456, 3505, 3523, 3564, 3618, 3678, 3748, 3754, 3778, 3856, 3887, and 3898' (20 holes). PU Weatherford PPI tool and TIH. Break down perforations with 24 bbls 15% HCL. TOH. SDFN.

9/14/00

Wait on American Energy Frac crew. RU American Energy, Stinger, and Pro-Techniques. Pressure test lines to 5000 psi. Frac third stage with 88,800 gals 3% KCL slick water and 68,300 lbs 20/40 Brady sand. Average rate 57 bpm at 2800 psi. ISIP = 230 psi. Radioactive tracers were used. Rig down frac crew. Flow well back. TIH with tbg and bit to 3708'. Tag sand. Flow well back. SDFN.

9/15/00

SICP = 0 psi over night. RIH to 3708'. Blow well, making frac sand and frac water. Clean out to first bridge plug at 4071'. Drill out bridge plug (drilled out in 7 minutes). Blow well. POOH to 3700'. SDFN.

9/18/00

SICP = 420 psi over weekend. Clean out with air to 2nd bridge plug at 4671'. Well making frac sand and water. Significant amounts of gas noted when well producing without air. SDFN.

9/19/00

Continue cleaning out well. Drill bridge plug at 4671' (drilled out in 7 minutes). Clean out to PBTD of 5119'. Blow well. Well made 35 ft of sand after being allowed to flow on it's own for 1 ½ hours. Significant gas production, visual estimate 500,000 mcfd +. POOH with 10 stands. SDFN. Left well blowing to pit over night.

9/20

Well had made 35 ft of sand. Clean out to PBTD. POOH with tubing. Lay down bit. TIH with tubing to 3700'. Temporarily land tbg. Will allow well to flow to separator and continue to clean up. Prepare to move rig to L.V. Hamner A1