

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103
Permit33792

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL API NUMBER
30-025-37942

5. Indicate Type of Lease
S

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
SCHOONER B STATE

8. Well Number
003

9. OGRID Number
212929

10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: O

2. Name of Operator
EVERQUEST ENERGY CORPORATION

3. Address of Operator
10 DESTA DRIVE , , SUITE 300E MIDLAND , TX 79705

4. Well Location

Unit Letter F : 2310 feet from the N line and 2310 feet from the W line
Section 17 Township 16S Range 32E NMPM Lea County

11. Elevation (Show whether DR, KB, BT, GR, etc.)

4351 GR

Pit or Below-grade Tank Application or Closure

Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 OF PLANS

PULL OR ALTER CASING MULTIPLE COMPL

Other:

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTER CASING

COMMENCE DRILLING OPNS. PLUG AND ABANDON

CASING/CEMENT JOB

Other: **Spud**

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7/5/2006 Spudded well.

Spud 12.25" hole at 11 AM on July 5, 2006

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Electronically Signed TITLE President DATE 7/10/2006

Type or print name Terry Duffey E-mail address everquest@nts-online.net Telephone No. 432-686-9790

For State Use Only:

APPROVED BY: Paul Kautz TITLE Geologist DATE 7/11/2006