

| | | | | | |
|--------------------|----------|---------------------|----------------------|-------------|---------------------------|
| DATE IN 6/17/08 | SUSPENSE | ENGINEER W Jones | LOGGED IN 6/19/08 | TYPE IPI | APP NO. PKVRO817032869 |
|--------------------|----------|---------------------|----------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☒ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

| | | | |
|--------------------|-----------|----------------|------|
| Print or Type Name | Signature | Title | Date |
| | | e-mail Address | |

RECEIVED
2008 JUN 17 PM 2 02



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

June 12, 2008

Wil Jones,

Please find an attached copy of the step rate data attached from the Milnesand Unit Well No. 59 (API No.30-041-00256), EOR Operating Company (OGRID No. 257420) in Roosevelt County, New Mexico. EOR ran this step rate on MSU 59 to be able to increase the permitted injection pressure from 916 psi to 1250 psi. The well was worked over and a mechanical integrity test was conducted.

Thank You.

A handwritten signature in black ink, appearing to read 'L. Spittler'.

Larry Spittler
Sr. Well Operations Supervisor
Drilling & Production
Enhanced Oil Resources, Inc.
200 N. Loraine, Suite 1440
Midland, TX 79701
O:432-687-0303
C:432-770-7185
E-mail: lsnittler@enhancedoilres.com



STEP RATE TESTS

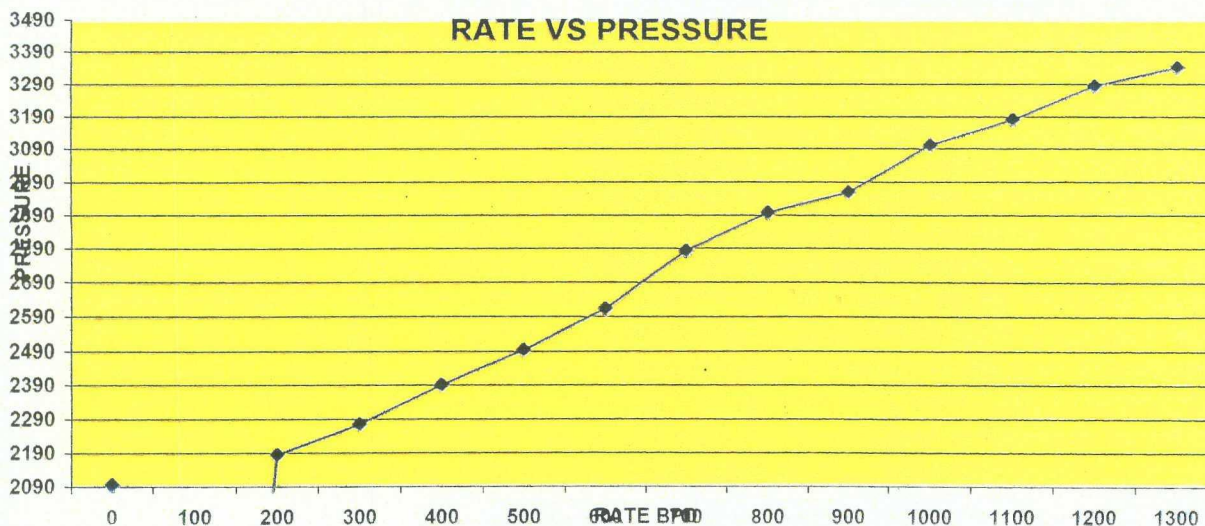
monty.holmes@graywireline.com

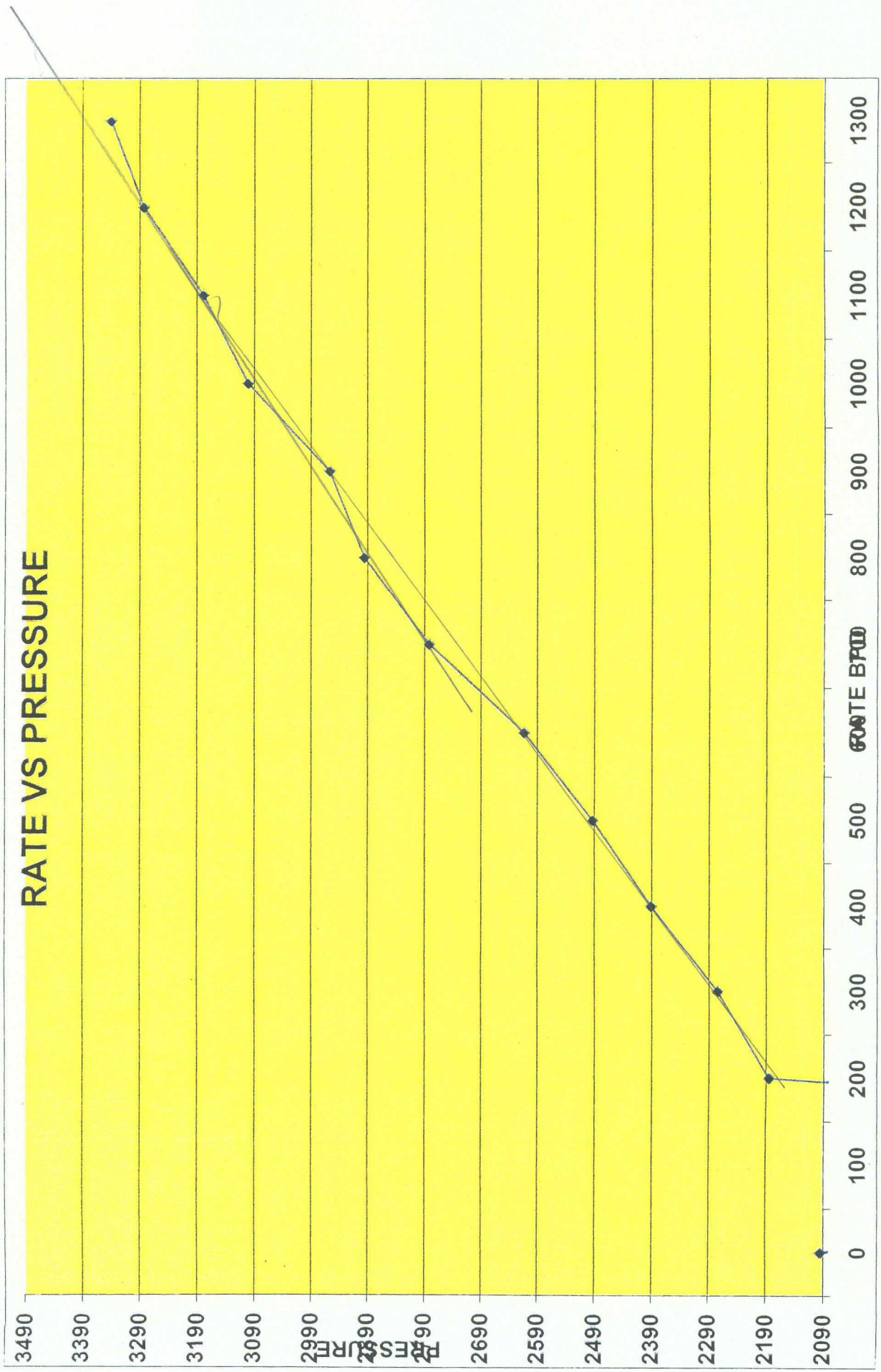
| RATE BPD | Date | Time | BH Press | Surf Press | Comments |
|----------|-----------|----------|----------|------------|---------------------|
| 0 | 1/16/2008 | 11:11 AM | 2096 | 0 | |
| 100 | 1/16/2008 | 11:45 AM | | 2360 | 4460 PSI, SKIP PLOT |
| 200 | 1/16/2008 | 12:15 PM | 2185 | 4000, 150 | |
| 300 | 1/16/2008 | 12:45 PM | 2275 | 300 | |
| 400 | 1/16/2008 | 1:15 PM | 2391 | 475 | |
| 500 | 1/16/2008 | 1:45 PM | 2493 | 625 | |
| 600 | 1/16/2008 | 2:15 PM | 2613 | 750 | |
| 700 | 1/16/2008 | 2:45 PM | 2782 | 900 | FRACTURE POINT |
| 800 | 1/16/2008 | 3:15 PM | 2896 | 1040 | APPROX 2895 PSI |
| 900 | 1/16/2008 | 3:45 PM | 2957 | 1140 | |
| 1000 | 1/16/2008 | 4:15 PM | 3101 | 1225 | |
| 1100 | 1/16/2008 | 4:45 PM | 3179 | 1250 | |
| 1200 | 1/16/2008 | 5:15 PM | 3283 | 1175 | |
| 1300 | 1/16/2008 | 5:45 PM | 3340 | 1175 | |

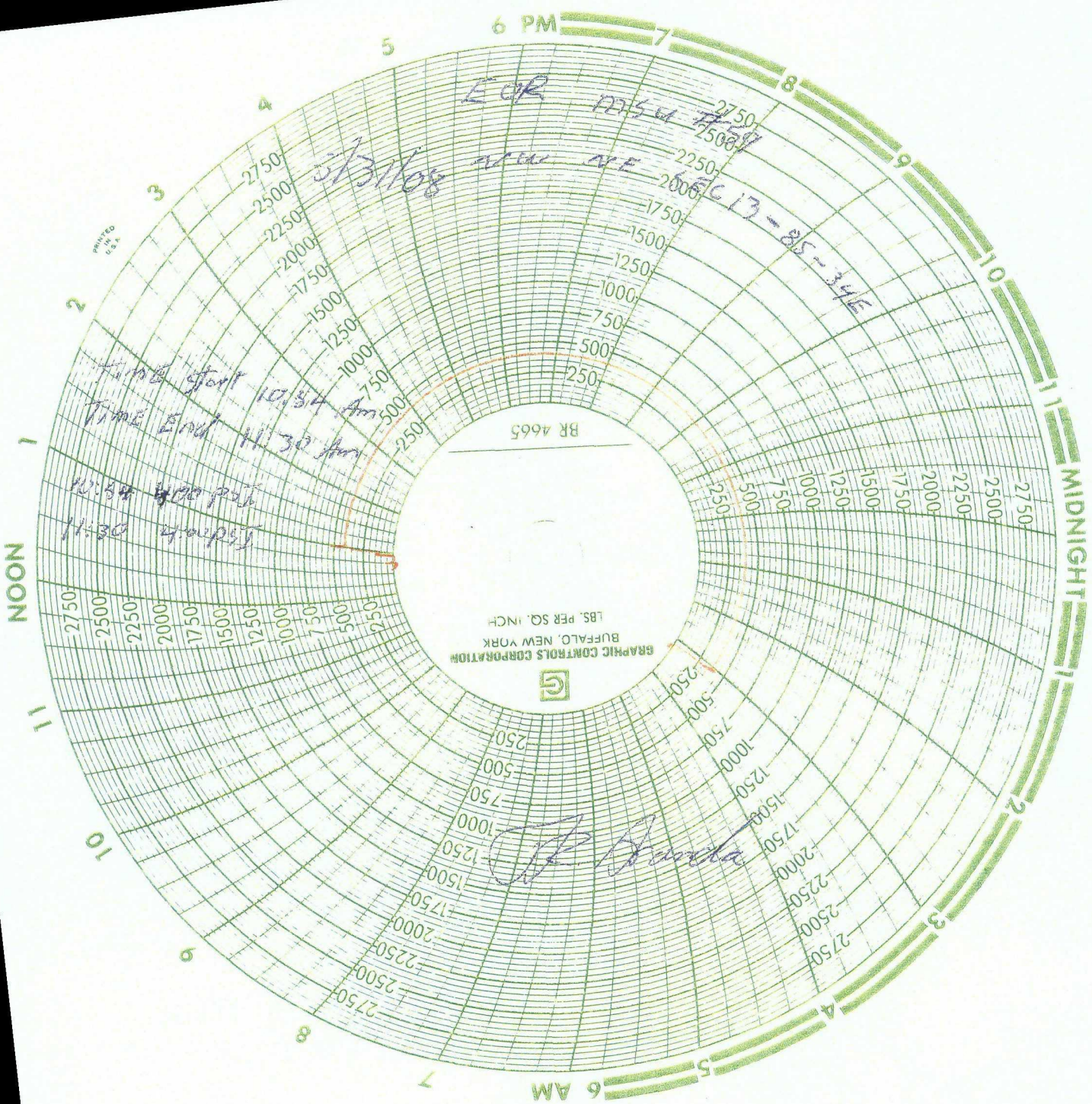
| | | | |
|------------------|------------------------|---------------|----------------|
| Company: | ENHANCED OIL RESOURCES | Recorded By: | M. HOLMES |
| Well: | MILNESAND UNIT #59 | Witnessed By: | JOHN MOHON |
| Field: | MILNESAND | Truck Number: | 42 |
| County: | ROOSEVELT | District: | ODESSA |
| State: | NEW MEXICO | Tool Number: | SPARTEK 1 3/8" |
| Injector: | WATER | Test Type: | STEP RATE TEST |
| Shut In Time: | NO INFO | | |
| Tool Depth: | 4300' | | |
| Tubing Size: | 2 7/8" CSG | | |
| Packer: | 4353' | | |
| Perfs: | | | |
| Plug Back Depth: | | | |

GWSi

RATE VS PRESSURE







Submit 3 Copies to Appropriate District
Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

| |
|---|
| WELL API NO. 30-041-00256 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. 257420 |
| 7. Lease Name or Unit Agreement Name MILNESAND UNIT |
| 8. Well Number MSU # 59 |
| 9. OGRID Number 257420 |
| 10. Pool name or Wildcat MILNESAND (SAN ANDRES) |

| | |
|---|--|
| 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 type="checkbox"/> Gas Well <input type="checkbox"/> Other INJECTION | |
| 2. Name of Operator EOR OPERATING COMPANY | |
| 3. Address of Operator ONE RIVERWAY, SUITE 610, HOUSTON, TX 77056 | |
| 4. Well Location Unit Letter <u>B</u> : <u>660</u> feet from the NORTH _____ line and 1980 _____ feet from the EAST _____ line Section <u>13</u> Township <u>8S</u> Range <u>34E</u> NMPM County <u>ROOSEVELT</u> | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4260' GL | |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> | |
| 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 PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ADD PERFS, STIMULATE INJECTION WELL ☒

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

START DATE: 2/26/08

- 1.) RU, POOH W/TBG & EXISTING PKR. RIH W/ BIT & SCRAPER TO BOTTOM & CLEAN OUT FILL.
- 2.) RIH W/PKR & PLUG, TEST CSG. IF CSG NEEDS REPAIR. LOCATE HOLE & CEMENT SQZ. DRILL OUT CEMENT.
- 3.) ADD PERFORATION 4534'-4604' 4JSPF.
- 4.) STIMULATE PERFORATIONS W/ 6200 GALS OF 15% HCL ACID.
- 5.) RIH W/ NEW 2 1/16" IPC TBG & NEW 2 7/8" HES ASI 1X PKR. SET PKR @ APPROXIMATELY 4457'.
- 6.) CIRCULATE PACKER FLUID. SET PKR & TEST ANNULUS TO 500 PSI.
- 7.) NIPPLE UP WELL HEAD. RD, MOVE OFF PULLING.
- 8.) (2 7/8" 6.5# CSG @ 4489', 4 1/2" 14# CGS @ 4697', PERFS 4534'-4604')

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 NMOC guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Lawrence A. Spittler, Jr. TITLE Sr. Well Operations Supervisor DATE 4/4/08

Type or print name: Lawrence A. Spittler, Jr. E-mail address: lspittler@enhancedoilres.com Telephone No.: 432-687-0303

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

Submit 3 Copies to Appropriate District Office.
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

State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

| |
|---|
| WELL API NO. 30-041-00256 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. 257420 |
| 7. Lease Name or Unit Agreement Name MILNESAND UNIT |
| 8. Well Number MSU # 59 |
| 9. OGRID Number 257420 |
| 10. Pool name or Wildcat MILNESAND (SAN ANDRES) |

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 INJECTION ☐

2. Name of Operator
EOR OPERATING COMPANY

3. Address of Operator
ONE RIVERWAY, SUITE 610, HOUSTON, TX 77056

4. Well Location
Unit Letter B : 660 feet from the NORTH line and 1980 feet from the EAST line
Section 13 Township 8S Range 34E NMPM County ROOSEVELT

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4260' GL

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: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input checked="" type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| | P AND A <input type="checkbox"/> |
| | CASING/CEMENT JOB <input type="checkbox"/> |
| OTHER: <u> </u> | OTHER: <input 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

START DATE: 2/26/08 WORK OVER EXISTING WATER INJECTION WELL. COMPLETION DATE: 5/31/08

1.) RU, POOH W/TBG & EXISTING PKR. RIH W/ BIT & SCRAPER TO 4489'. DRILLED OUT 2 7/8" X 4 1/2" PERMANENT PKR @ 4489'. TIH TO FISH OUT JUNK THAT WAS LEFT IN HOLE & CLEAN OUT ANY FILL.

2.) MILLED AND FISHED OUT MUTIPLE PIEACES OF OLD PKR'S AND TBG WITH LITTLE SUCCESS.

3.) RIH W/RETERIVABLE PKR. TESTED CSG TO 500 PSI. TOH W/ PKR.

4.) RU GRAY WIRE LINE CONDUCTED STEP RATE TESTS. RD GRAY WIRELINE. RIH W/RETERIVABLE PKR

5.) RU ACIDIZING CO. STIMULATED PERFORATIONS 4580'- 4625' W/2000 GALS OF 15% HCL ACID @ 1 BPM, 1200 PSI. RD ACIDIZING CO.

6.) TOH W/ RETERIVABLE PKR.

7.) RIH W/ NEW 2 1/16" IPC TBG & NEW 2 7/8" HES ASI 1X PKR. SET PKR @ 4465'.

8.) CIRCULATE PACKER FLUID. SET PKR & TEST ANNULUS TO 500 PSI.

9.) NIPPLE UP WELL HEAD. RD, MOVE OFF PULLING.

10.) SCHEDULED MIT W/ OCD.

11.) 5/31/08. CONDUCTED MIT ON WELL. ATTACHED THE STEP RATE TEST FOR INJECTION PRESSURE INCREASE TO 1250 PSI.

12.) (2 7/8" 6.5# CSG @ 4489', 4 1/2" 14# CGS @ 4697', PERFS 4580'-4625')

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 Lawrence A. Spittler, Jr. TITLE Sr. Well Operations Supervisor DATE 6/4/08

type or print name: Lawrence A. Spittler, Jr. E-mail address: lspittler@enhancedoilres.com Telephone No.:432-687-0303
or State Use Only

PPROVED BY: TITLE DATE
onditions of Approval (if any):