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. 30-025-23708
5. Indicate Type of Lease STATE ☐ FEE ☒ FED
6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name: GOVERNMENT "E"
1. Type of Well: Oil Well ☐ Gas Well ☒ Other S.W.D.
8. Well Number #1
2. Name of Operator: LouRay Oil Co. LLC
9. OGRID Number 210510
3. Address of Operator: P.O. Box 2081 Lovington NM
10. Pool name or Wildcat: BONE SPRINGS
4. Well Location
Unit Letter N : 610 feet from the S line and 1880 feet from the W line
Section 25 Township 19S Range 34E NMPM County LEA
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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	☒	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			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.

SEE ATTACHED

RECEIVED
FEB - 5 2008
HOBBS OCD

DENIED - Not all the info I asked for!!
Received 2/6/08 7:10AM
Chris Williams

Denied

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 [signature] TITLE MEMBER DATE 2-4-08

Type or print name
E-mail address:
Telephone No.

For State Use Only

APPROVED BY: TITLE DATE
Conditions of Approval (if any):

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14411 Exhibit No. 2
Submitted by:
ARMSTRONG ENERGY CORPORATION
Hearing Date: March 18, 2010

LOURAY OIL COMPANY L.L.C.

GOVERNMENT "E" #1

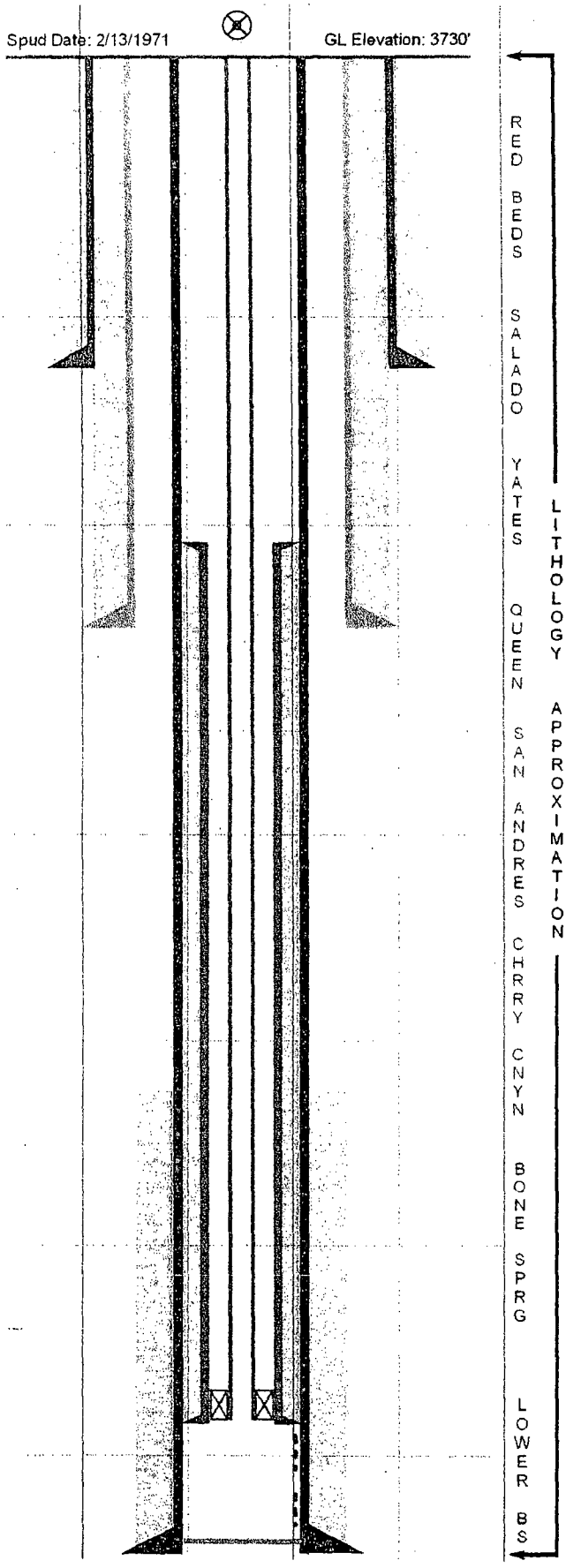
02-04-2008

Squeeze off bad casing in between 4167.78 and 5332.49. Drill out back through the cement, retest casing and resqueeze If necessary until pipe tests good.

2

Agua Sucia, LLC

PROPOSED / EXISTING WELL CONFIGURATION



SOS Consulting, LLC

Government 'E' No. 1

API No. 30-025-23708
Location: 610' FSL & 1880' FWL
UL 'N', Sec. 25, Twp 19S, Rng 34E, NMPM
Latitude: 32.625818 Longitude: -103.516315
Lea County, New Mexico

SWD; Bone Spring (Pool No.96095)

Formation: Red Beds

Surface: 11.75" 42# @ 400' (Borehole 15")
Cement: 450 Sacks Class H w/2% CaCl from 400' to 0' (Circulated)

Formation: Salado / Anhydrite Mix (Top ~1800')

2/5/08 Cement?
CASING Leak ?

Formation: Yates (Top ~3500')

Intermediate: 8.625" 32# @ 4089' (Borehole 11.0")
Cement: 775 Sacks TLW & Pozmix from 4089' to 2200' (Calc.)

Formation: Queen (Top ~4400')

Formation: San Andres (Top ~6050')

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Cherry Canyon (Top 6490')

Tubing: 2.375" (184 jnts) and 2.875" (113 jnts) Plastic Coated @ 9579'

Packer: 4.0" (Nominal) PKR (w/ On/Off Tool) @ 9596'

Formation: Bone Spring (Top 9716')

Liner: 4.0" Flush Joint 15.6# @ 9597' to 3843'
Cement: 240 Sacks Class H from 9547' to 3843'

Perforations Top: 9716' - 20'
Bottom: 10,225' - 36'

Formation: Lower Bone Spring (Top 10,222')

Production: 5.5" 17# @ 10,300' (Borehole 7.875")
Cement: 500 Sacks Class H from 10,300' to 7700' (Temp Srvy)
PBTD: 10,277'

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C-108 Supporting Data

The Government 'E' No.1 SWD recently underwent extensive work-over and repair operations which are summarized below. OCD site visits and actual expenditures are in tables that follow.

First Repair Attempt

January 22, 2008 through February 26, 2008

Upon identifying the well failure, the subject well was shut in on 1/22/08. The well was bled down for several days to get on the hole. Approximately 4500 bbls of water were trucked for disposal. On 1/28/08, the operator was able to get in the hole – pulled 309 joints 2-3/8" tubing and ran in hole with 8 joints of 2-7/8" work string and scraper and shut in well. On 1/29/08 the job was shut down due to high wind. On 1/30/08, the well pressured back up to about 50 psi and approximately 400 bbls was flowed to the tanks for disposal. The unit crew was able to run in the hole with a scraper on work string. The next two days consisted of several runs with bit & scraper and gauge ring and then a routine plug & packer job was conducted to locate the depth of the casing failure. A length of bad casing was located between 5332' and 4168'. Set bridge plug and cement retainer. On 2/5/08 a squeeze job was performed between the 5-1/2" and 8-5/8" Initially pumped 20 bbls down at 100 psi to get a rate - established maximum rate of 4 bpm @ 600 psi. Pumped 260 sacks of class 'C' Neat followed by 500 sacks of class 'C' with 6% gel. Pulled out of the cement retainer and finished pumping and shut the well in with 600 psi. Drilled out and tested again for the next several days. Additional testing with plug and packer identified remaining hole between 5049' and 5018'. On 2/11/08, a cement retainer was set at 4986' but when tested the following morning, it did not hold. The retainer was drilled out and pulled the pipe out of the hole. Ran the packer in and set it to isolate the hole. On 2/13/08 a new retainer was run in the hole but would not set. The retainer was pulled and found severely damaged. Ran a new retainer in the hole and it was able to set. Hooked up to establish a rate but could only get 1 bpm @ 2500 psi. On 2/14/08 the crew ran back in the hole with bit and collars. The first retainer was drilled out and the hole was circulated. Drilled out for the next few days and ran a mill to get through a hardened steel piece of a stinger. On 2/18/08, drilled with the bit again to try and get through the remaining pieces of junk. Finally drilled through and ran more pipe and tagged the plug at 5332'. Started drilling and made several more feet with additional pieces of the retainer coming up. Circulated the hole and shut down. Over the next several days, the hole was cleaned out to a depth of 9743'. The hole was circulated with fresh water and shut in on 2/26/08 and the workover unit was rigged down.