

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD

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

JUN 17 2013

WELL API NO. 30-025-29808
5. Indicate Type of Lease STATE [ ] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Madera 25 federal
8. Well Number 1
9. OGRID Number 281085
10. Pool name or Wildcat SWB; Cherry Canyon (97003)

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 SWD
2. Name of Operator RMR Operating LLC
3. Address of Operator 2515 McKinney Ave Ste 900 Dallas TX 75201
4. Well Location Unit Letter J : 1980 feet from the South line and 1980 feet from the East line
Section 25 Township 26S Range 34E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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 [ ]
DOWNHOLE COMMINGLE [ ]

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [ ]

OTHER: [ ]

OTHER: Convert to SWD [x]

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

See attached conversion summary with workover dates for the conversion of the Madera 25 Federal #1 to and SWD. Also included is a previously filed C-103 detailing the casing integrity test performed 4/05/13 and witnessed by Mark Whitaker of the NMOCD

Spud Date:

[Empty box for Spud Date]

Rig Release Date:

SWD-1366
[Empty box for Rig Release Date]

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

[Signature of Tommy W. Folsom]

TITLE Executive VP and Director of E&P

DATE 6/11/13

Type or print name Tommy W. Folsom

E-mail address: tommy@redmountainresources.com

PHONE: 214-871-0400

For State Use Only

APPROVED BY:

[Signature]

TITLE Dist Mgr

DATE 7-1-2013

Conditions of Approval (if any):

JUL 02 2013

RMR Operating, LLC.  
Madera 25 Federal #1 SWD  
Sec 25, T26S, R 34E  
1980' FSL and 1980' FEL  
Lea County, NM

3-15-2013

RUPU on well, RU wire line to run gyro unable to get down due to paraffin, bled off tbg and csg pressure. Loaded tbg and csg and pressured csg to 2,500 psi no leak off. Loaded tbg and pressured to 2800 psi pressure leaked off to 600 psi in 5 minutes.

~~3~~-16-13

Bled off tbg and csg, unbolted well head and removed. Unable to connect to tbg due to required crossover, set tree back on well.

~~3~~-19-13

ND tree and NU 5K BOP. Worked tbg and attempted to release packer, would not release. Got off on/off tool and circulated down tbg with 500 gals xylene to clean up paraffin. Reversed out of hole with 60 Bbls to clean up tbg and top of pkr. Latched back on packer would not release, got off on/off tool. Called and visited with Paul Swartz and Wesley Ingram to leave pkr set cmt retainer above pkr, at 13,265 attempt to squeeze below retainer and set cmt plug from 13,265' to 12,200'. This procedure was agreed to by phone on 3-19-2013 by Wesley Ingram and Paul Swartz.

3-20-13

Pulled out of hole with tbg and RU wire line set cement retainer at 13,265'. Started in hole with stinger and tbg.

3-21-13

Finished in hole with stinger and tbg. Stung into retainer and pressured to establish injection rate. Pressured to 3000 psi no pump in rate, pulled out of retainer and spotted 150 sacks class H cement from 12,265' to 12,152'. Pulled tbg to 12,100' and reversed out tbg.

3-22-13

Finished pulling tbg out of hole and RU Scientific Drilling wire line. Ran gyro survey from 9,500' to surface.

RMR Operating, LLC.

Madera 25 Federal #1 SWD

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3-25-13

RU wire line ran in hole and tagged TOC 12,200' cement plug top 265' above 5 ½" liner top. Ran cement bond log from 12,200' to surface. Cement was circulated to surface with good cement bond across proposed inject interval.

CBL Log was hand delivered to BLM in Carlsbad and reviewed and accepted by Wesley Ingram to move forward with SWD conversion. Digital recording and paper log attached.

3-26-13

TIH w/ tbg and circulated 10# salt gel from 12,200' to 9,500'.

3-27-13

Spotted 300 sack class H cement plug from 9,530' to 8,500'. Pulled up hole and reversed tbg clean, pressure tested casing to 1,500 psi for 15 minutes no leak off.

3-28-13

RU wireline and ran in hole with 4 " csg guns and perforated as follows.

6,885' to 6,936' - 51 ' - 204 holes - 6,968' to 7,012' - 44' - 176 holes - 7,030' to 7,090'- 60' - 240 holes - 7,130' to 7,165' - 35' - 140 holes.

4-1-13

RIH w/ pkr and tbg, spotted 3000 gals 15% HCL pulled up hole 15 stands, pressured to 1000 psi and broke down perforations. Displaced acid at 2 BPM 365 psi ISIP 330, 5 min 183 psi, 10 min 183 psi, 15 min 158 psi. Set pkr and pressure tested would not hold, POOH w/ pkr.

4-2-13

RIH w/ pkr and bigger pack off elements. Set packer at 6,787' tested at 500 psi held OK. RU swab and swabbed tbg down to pkr. No Oil or gas indicated, 31 Bbls recovered tbg capacity 24 Bbls.

4-3-13

Slight blow on tbg, RU swab fluid level at 1400' from surface. No oil or gas indicated in swab run. Called Paul Swartz with the BLM and discussed swab report and requested permission to move forward with conversion. Paul approved to move forward with conversion to disposal. Released packer and POOH laying down all 2 3/8" tbg.

4-4-13

Opened well and removed BOP picked up 2 7/8" nickel plated down hole shut off valve (check), 2 7/8" nickel plated sub OD/ID, 2 7/8" x 9 3/4" nickel plated crossover OD/ID, AS-1X nickel plated packer, 9 3/4" x 2 7/8" nickel plated OD and plastic coated ID, cross over, nickel plated on/off tool with 2.25 stainless steel profile, 1 jt 2 7/8" eue 8rd J-55 plastic coated tubing, NU 5k x 2 7/8" BOP, ran in hole with 209 Jts 2 7/8" IPC J-55 tbg to 6,794'. Circulated well with 470 Bbls 10# brine with 3 GPT corrosion inhibitor and oxygen scavenger. Set packer with end of pkr at 6,785.90' – 2.25 SS profile at 6,784.12'. Pressured casing to 500 psi and held for 15 minutes held OK. Will ND BOB and NU WH in AM and conduct csg integrity test and step rate test.

4-5-13

Opened well, NDBOP, NU WH. Set packer with 20 points tension, installed full open 3000psi nickel plated tbg valve. RU pump truck on casing with chart recorder. Pressured csg to 500 psi held and recorded pressure test for 30 minutes. (Witnessed by the NMOCD Mark Whitaker) Conducted step rate test down tbg as follows. 1 BPM 300 psi, 2 BPM 575 psi, 3 BPM 985 psi, 3.5 BPM 1325 psi. (Witnessed by the NMOCD Mark Whitaker)

Tbg Detail: 210 Jts 2 7/8" J-55 eue 8rd IPC tbg  
9 5/8" x 2 7/8" T-2 O/O tool SS PN 2.25 @ 6,784.10'  
SS x-over  
9 5/8" x 4 1/2" AS-1X NP w/ carbide slips @ 6,785.90  
2 7/8" NP- sub w x-over  
SS 2 7/8" check shut off valve @ 6,794.23'

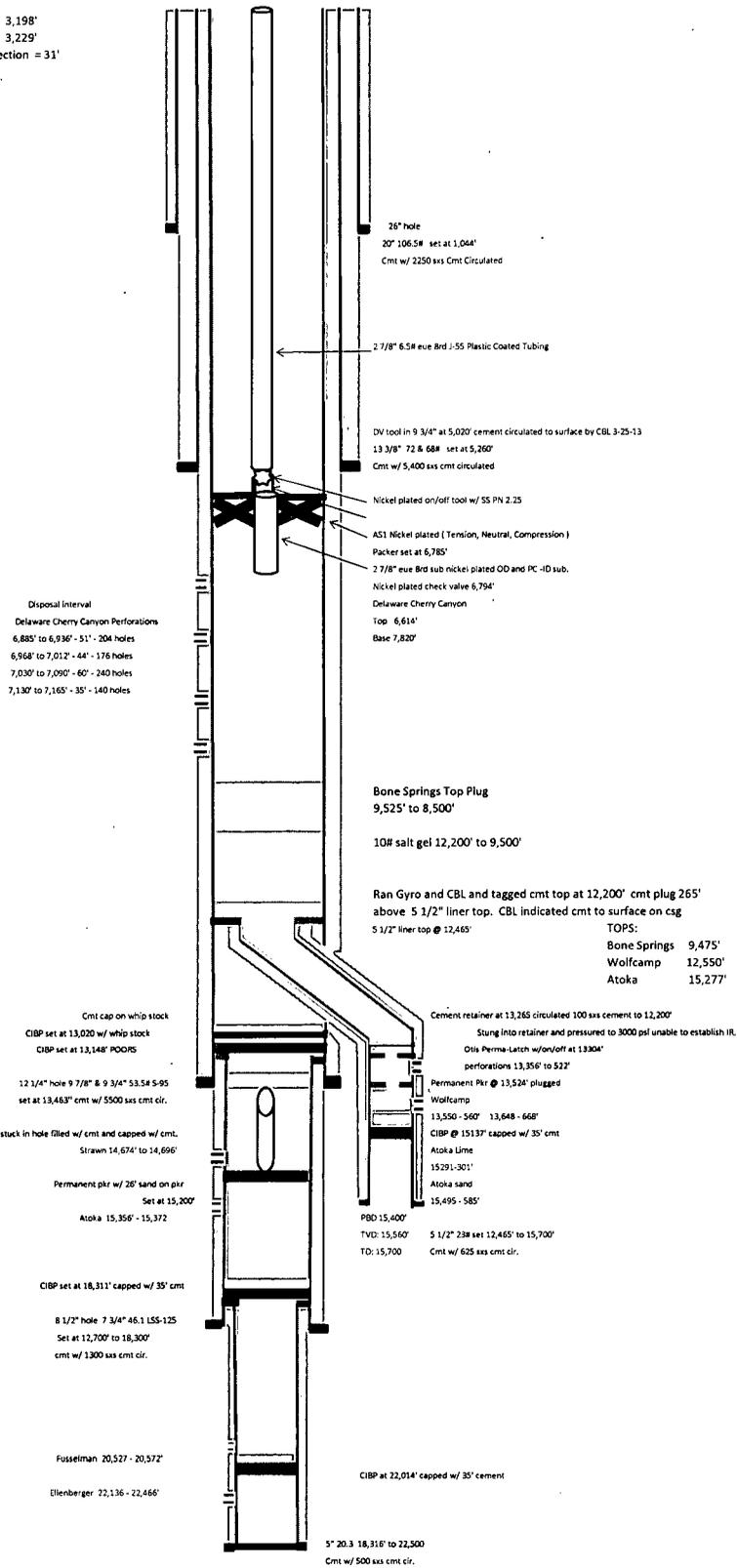
Will construct Battery, set tri plex pump and prepare lease for disposal operations.

MADERA 25 FEDERAL #1 SWD  
 Unit J, Section 25, T-265, R-34E  
 1980' FSL and 1980' FEL  
 Lea County, New Mexico

API # 30-025-29808

Well Bore Schematic

GL: 3,198'  
 KB: 3,229'  
 Correction = 31'



Madera 25-1

Well: Madera Federal 25-1  
 Location: 1,980' FSL & 1,980' FEL  
 Section 25 T26S R34E  
 Lea County, New Mexico  
 API# 30-025-29808

Operator: GWDC  
 Spud date: 12/30/1986  
 side track 6/10/93  
 Elevations: KB 3,229'  
 GL-KB 31'  
 GL 3,198'

