

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  
 Revised June 10, 2003

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

WELL API NO. 30 041 20927
5. Indicate Type of Lease STATE      FEE      X
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Kettle Hill Fee
8. Well Number Well # 1
9. OGRID Number 15262
10. Pool name or Wildcat: Chaveroo Lower Penn. North (Gas)

**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 X    Other (Injection)

2. Name of Operator  
 Morexco. Inc.

3. Address of Operator  
 P.O. Box 1591, Roswell, NM 88202

4. Well Location  
 Unit Letter B : 660 feet from the North line and 1980 feet from the East line  
 Section 3 Township 7S Range 33E NMPM Roose 2 4 5 6 7 8 9 County

11. Elevation (Show whether DR, RKB, RT, etc.): 4379

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>	
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>	
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>		
OTHER:		OTHER: Spud, Set casing strings & release rig	

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.

12-1-06: Rigged up and spudded 17 1/4" hole.  
 12-2-06: Ran 13 3/8", 48# casing to 336'. Cemented with 410 sx CI C + 2% CaCl & 1/4# celloflake. Circulated 106 sx to surface. Pressure tested to 1000# for 30 minutes - held. WOC. Prep to drill 12 1/4" hole.  
 12-14-06: Reached 3874'. Ran 8 5/8", 32 & 24#, J55 new casing to 3874', 10 centralizers. Cemented with 1100 sx 35:65:6 CI C w/5# salt, 1/4# celloflake, followed by 200 sx CI C w/1% CaCl2. Pressure to 1500 psi for 30 min. Circulated 177 sx to pit. Prep to drill 7 7/8" hole.  
 1-28-07: Reached total depth of 9120'. Ran new 5 1/2" 17#, J-55 casing to 9117'. 20 centralizers. Cemented with 250 sx 15:61:11 CI H CSI 3% salt, 3# LCM-1, .5% FL-25, .5% FL-52, .2% SMS. Diff pressure 1200 psi.  
 1-29-07: Open DV tool & circulated 4 hrs. Cemented 2<sup>nd</sup> stage w/900 sx 35:65:6 CI C .5% FL-52#, followed by 100 sx CI H. Diff press 1200 psi. WOC. Rig released. Waiting on completion.

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

SIGNATURE [Signature] TITLE Regulatory Agent DATE 2-14-07

Type or print name Ann E. Ritchie E-mail address: ann.ritchie@wtor.net Telephone No. 432 684-6381

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APPROVED BY [Signature] TITLE OG FIELD REPRESENTATIVE II/STAFF MANAGER DATE MAR 06 2007

Conditions of approval, if any