

Submit 1 Copy To Appropriate District Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

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.)		WELL API NO. 30-041-20846 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> HOBBS OCD		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> ✓
2. Name of Operator SOVEREIGN EAGLE, LLC ✓		6. State Oil & Gas Lease No.
3. Address of Operator PO BOX 968, ROSWELL, NM 88202		7. Lease Name or Unit Agreement Name MORRISON ✓
4. Well Location Unit Letter <u>A</u> : <u>750</u> feet from the <u>N</u> line and <u>990</u> feet from the <u>E</u> line Section <u>22</u> Township <u>2S</u> Range <u>29E</u> NMPM ROOSEVELT County ✓		8. Well Number 001 ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4339 G.L.		9. OGRID Number 263940
		10. Pool name or Wildcat TULE-PENN

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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

THIS IS A REQUEST TO SHUT IN THE MORRISON #001 FOR UP TO ONE YEAR OR UNTIL TRANSWESTERN PIPELINE CAN CONTINUOUSLY ACCEPT THE GAS. THIS WELL IS CAPABLE OF PRODUCING IN PAYING QUANTITIES (CUM =>620,045 MCF, 2015=>11,539 MCF) BUT IS CURRENTLY SHUT IN BECAUSE THE GAS CONTAINS HIGH NITROGEN CONTENT AND TRANSWESTERN DOES NOT HAVE SUFFICIENT GAS FLOWING ON THE PANHANDLE LATERAL TO "BLEND DOWN" THE GAS TO ACCEPTABLE LEVELS. IT IS ALSO UNECONMOMIC AT CURRENT LOW GAS PRICES TO PROCESS TO REMOVE THE NITROGEN.

IT IS POSSIBLE TO PRODUCE THE WELL AND RECOVER THE CONDENSATE AND WATER BUT THE GAS WOULD HAVE TO BE VENTED OR FLARED. IN ORDER TO COMPLY WITH THE NO FLARING RULES AND TO PREVENT WASTER, WE REQUEST THE WELL REMAIN SHUT IN.

Spud Date:

Rig Release Date:

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

SIGNATURE Paul Ragsdale TITLE OPERATIONS MANAGER DATE 03/24/2016
Type or print name Paul Ragsdale E-mail address: pragsdale@stratanm.com PHONE: 575-622-1127 ext 18

For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 03/28/16
Conditions of Approval (if any):

MAR 29 2016