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

HOBBS OCD
AUG 14 2017
RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO.
30-025-40448

5. Indicate Type of Lease SURFACE
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.
NMLC063798

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
RED HILLS AGI

1. Type of Well: Oil Well ☐ Gas Well ☐ Other: Acid Gas Injection ✓

8. Well Number
1

2. Name of Operator
~~LUCID ENERGY DELAWARE, LLC~~ AGAVE ENERGY CO

9. OGRID Number
147831

3. Address of Operator
3100 MCKINNON STREET, SUITE 800, DALLAS, TX 75201

10. Pool name or Wildcat
EXPLORATORY CHERRY CANYON

4. Well Location
Unit Letter I : 1600 feet from the South line and 150 feet from the East line
Section 13 Township 24S Range 33E NMPM County LEA

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3580 ft. GL

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	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER:		Remove TA Status and Complete	☒	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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

In 2014 Agave Energy Corp received permission from NMOCD to temporarily abandon the Red Hills AGI #1 after drilling it and cementing all the casing until gas quality changes require the completion of compression facilities at the gas plant. All the casing was installed and cemented as approved by NMOCD and BLM, but it was never completed with the proposed perforations, testing, and tubing and equipment installation because at the time the plant was at capacity with sweet gas. Lucid Energy Delaware LLC (Lucid) acquired Agave's Red Hills plant and now requires the completion of the well to perform the treatment of increasingly sour gas at the plant.

Lucid now respectfully requests permission to remove the TA status and to complete the Red Hills AGI #1 well with no changes to the original completion as approved by NMOCC and NMOCD.

The current well design and completion schematic with proposed tubing and equipment are provided as attachments. Major components of the well completion, including formation testing will proceed as follows:

1) Install 5,000 psi manual BOP
2) Drill out cement and DV Tool. Circulate clean and test casing to 3,000 psi
3) TIH and clean out casing to 6,586' (lower most perf.). Circulate clean and test casing to 3,000 psi.
4) RU Wireline. Run GR/CCL/CBL (360° Radial) and Corrosion Evaluation Baseline Log from PBTD to 5,500' without pressure and from PBTD to surface with 1,000 psi.
5) Perforate using casing gun (6 spf at 60° radial spacing) as follows: (243' net ft. – 1,458 holes)
   a. 6,230' – 6,250'
   b. 6,260' – 6,280'
   c. 6,295' – 6,335'
   d. 6,355' – 6,380'
   e. 6,400' – 6,415'
   f. 6,435' – 6,500'
   g. 6,525' – 6,583'

SUBJECT TO LIKE APPROVAL BY BLM

Condition of Approval: notify OCD Hobbs office 24 hours prior of running MIT Test & Chart

See page #2

MB

6) Swab approximately 500 bbls of fluid into the swab tanks while monitoring for recoverable hydrocarbons and recover appropriate formation water samples for laboratory analysis (10 composite samples of last 100 bbls)
7) While under static conditions, run fiber optic slick line and bottom-hole pressure gauges to record static BHP and temperature profile
8) RU w/ 2-7/8" tbg sub, 7" x 2-7/8" Retrievable packer, SN, and 2-7/8" tbg workstring. Set pkr at ~6,180' (50'-75' above top perf).
9) Acidize injection zone with 14,500 gallons of double inhibited NE Fe 15% HCl, flush with fresh water, and leave shut in overnight
10) Install BHP gauges on slick line, leave hanging as deep as possible, and allow 2 hours for BHP to stabilize. BHP will give real-time data output in order to be synchronized with surface pressure for step-rate test.
11) Conduct a Step-Rate Test (SRT) with fresh water over the injection zone in accordance with attached BLM SRT form
12) Following the SRT, shut in the well for a 10-day fall-off test
13) Upon completion of the fall-off test and evaluation of the results, the temporary packer will be unseated and removed on the work string tubing.
14) A bit and casing scrapper will be run on the work string to approximately 6,220 feet. The work string will then be removed and laid down.
15) A wire line junk basket/gauge ring/dummy packer will be run to approximately 6,200 feet
16) The Halliburton BWD Nickel Alloy 925 permanent packer assembly will be set on a wire line packer setting tool/GR/CCL at approximately 6,170 feet (approximately 60 feet above the uppermost perf)
17) Assemble and install Incoloy 925 packer seats and pressure sensors with approximately 300 feet of 3.5-inch, 9.2 lb/ft, SM2550, VAM Top injection tubing and 3.5-inch 9.3 lb/ft L-80 VAM Top tubing as needed to approximately 250 feet below the surface
18) Assemble, test, and install subsurface safety valve on 3.5-inch 9.2 lb/ft L-80 VAM Top tubing as needed to surface
19) Prior to stinging into the packer, the tubing and annulus will be filled with diesel and corrosion inhibitor biocide.
20) The tubing will be seated into the packer and the injection tree/tubing hanger will be installed and pressure tested up to 250 psi for 10 minutes followed by 5000 psi for 10 minutes.
21) A Mechanical Integrity Test (MIT) witnessed by NMOCD will be performed to verify that all components are properly installed and working.

Twenty-four hours prior to conducting the SRT and the MIT, notice will be provided to both the BLM and NMOCD so that these procedures can be witnessed. Well completion activities are tentatively scheduled to begin in November, 2017.

A projected completion diagram is attached.

SUBJECT TO LIKE APPROVAL BY BLM

Condition of Approval: notify OCD Hobbs office 24 hours prior of running MIT Test & Chart

Spud Date: October 23, 2013 Rig Release Date: November 20, 2013

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

SIGNATURE [signature] TITLE CONSULTANT TO LUCID DATE 8/10/2017

Type or print name Alberto A. Gutierrez, RG E-mail address: aag@geolex.com PHONE: 505-842-8000

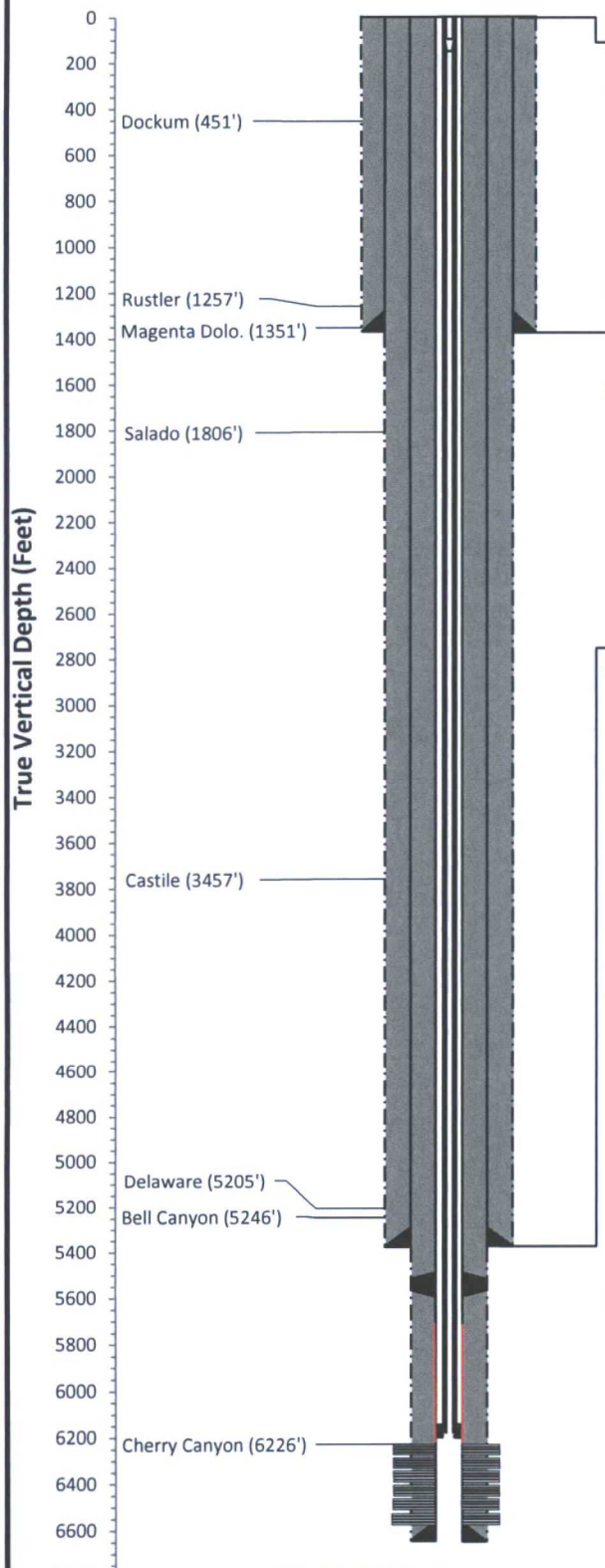
For State Use Only

APPROVED BY: Maley G Brown TITLE AO/II DATE 8/14/2017

Conditions of Approval (if any):

Lucid Energy Red Hills AGI #1 Well Schematic with Proposed Completion

Well Name:	Red Hills AGI #1	**Footage**	1600' FSL & 150' FEL
API:	30-025-40448	**Well Type**	AGI Exploratory Cherry Canyon
STR:	Sec. I-13, T24S-R33E	**KB/GL:**	3596/3580
County, St.	Lea County, New Mexico	**Lat, Long:**	32.214586, -103.517520



20" CONDUCTOR PIPE to 40 ft.

13 3/8" SURFACE CASING to 1,372 ft. **17.5" OH**

13 3/8", 48 #/ft., H-40, STC
Cmnt to surface - 90 bbls returned
Lead Cmnt: 820 sx C Lite
Tail Cmnt: 180 sx Class C

SSSV @ 250'

9 5/8" INTERMEDIATE CASING to 5,346 ft. **12.25" OH**

9 5/8", 40 #/ft., J-55, LT&C 0-100'
9 5/8", 36 #/ft., J-55, LT&C 100-3,300'
9 5/8", 40 #/ft., J-55, LT&C 3,300'-4,200'
9 5/8", 40 #/ft., HCK-55, LT&C 4,200'-5,346'
Cmnt to surface - 60 bbls returned
Lead Cmnt: 1,280 sx C Lite
Tail Cmnt: 180 sx Class C

7" PRODUCTION CASING to 6,650 ft. **8.75" OH**

7" 26 #/ft., L80, LT&C from 0'-6,650'
w/ 7" SM2550 CRA from 5,702'-6,239'
Cmnt to surface both stages - 1.5 bbls
Stage 1 - Lead: 250 sx EverCrete
StageTool in 7-in casing @ 5,539'
Stage 2 - Lead: 490 sx C Lite
Stage 2 - Tail: 100 sx Class C

TUBING AND EQUIPMENT

Halliburton Retrievable SSSV set @ 250 ft.
3.5", 9.3 #/ft, L80, Premium thread from 0'-5,870'
3.5",SM2550, VAMTOP from 5,870'-6,167'
Bottom Hole P/T Gauge set above packer @ 6,167'-6,170'
Permanent Production-Packer set @ 6,170'
Check Valve and Choke (optional)
Annulus filled w/ diesel mixed with corrosion inhibitor/biocide

PERFORATIONS

Primary Target:
Upper Cherry Canyon (6 spf @ 60°)
6,230' - 6,250'
6,260' - 6,280'
6,295' - 6,335'
6,355' - 6,380'
6,400' - 6,415'
6,435' - 6,500'
6,525' - 6,585'

Prepared For:	Prepared By:
LUCID energy group	GEOLEX INCORPORATED

Schematic is properly scaled

HALLIBURTON

LUCID energy group

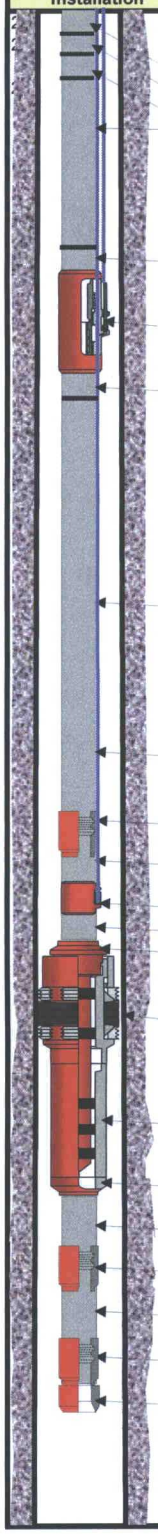
GEOLEX INCORPORATED

Installation

Red Hills AGI #1
Lea County New Mexico
8/8/17

Company Rep.
Sales Rep.
Office

Jared Smith
Lynn Talley
432-682-4305



Installation	Depth	Length	Jts.	Description	OD	ID	
				KB Correction			
				Tubing Hanger			
22				22) 3 1/2" 9.2# L-80 VAMTOP L-80 Tubing	3.540	2.992	
21				21) Double Pin Sub	3.540	2.992	
20				20) Tubing Subs (As Required)	3.540	2.992	
19				19) 3 1/2" 9.2# L-80 VAMTOP L-80 Tubing	3.540	2.992	
18				18) 6' x 3 1/2" 9.2# L-80 VAMTOP Box x Pin Tubing Sub	3.540	2.992	
17				17) 3 1/2" NE HES SSSV w/Alloy 825 Control Line	5.300	2.813	102309760
16				16) 6' x 3 1/2" 9.2# L-80 VAMTOP Box x Pin Tubing Sub	3.540	2.992	
15				15) 3 1/2" 9.2# L-80 VAMTOP Tubing	3.540	2.992	
14				14) 3 1/2" 9.2# SM2550, VAMTOP Tubing	3.540	2.992	
13				13) 2.75" X Nipple 3 1/2" 9.2# VAMTOP Box x Pin Nl 925	3.937	2.750	102105079
12				12) 6' x 3 1/2" 9.2# VAMTOP Box x Pin Nickel Alloy 925 Sub	3.540	2.992	
11				11) ROC® Gauge Mandrel 3 1/2" 9.2# VAMTOP Nl 925	4.66	2.992	
10				10) 6' x 3 1/2" 9.2# VAMTOP Box x Pin Nickel Alloy 925 Sub	3.540	2.992	
9				9) 4.00" Landed Seal Asmbly 9.2# VAMTOP Nickel Alloy 925	4.470	2.883	
8				8) 7" 26-32# x 4.00" BWD Packer Nickel Alloy 925	5.875	4.000	101303583
7				7) 4.00" x 8' PBR Nickel Alloy 925	5.032	2.992	120051359
6				6) 4.00" PBR Adapter x 9.2# VAMTOP BxP Nickel Alloy 925	5.680	2.963	101719647
5				5) 8' x 3 1/2" 9.2# VAMTOP BxP Tbg Sub Nickel Alloy 925	3.540	2.992	
4				4) 2.562" R Nipple 3 1/2" 9.2# VAMTOP Box x Pin Nl 925	3.937	2.562	102204262
3				3) 8' x 3 1/2" 9.2# VAMTOP BxP Tbg Sub Nickel Alloy 925	3.540	2.992	
2				2) 2.562" RN Nipple 3 1/2" 9.2# VAMTOP Box x Pin Nl 925	3.937	2.329	
1				1) 3 1/2" 9.2# VAMTOP Nl 925 Pump Out Plug w/Std Insert	3.937	2.992	