

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
 May 27, 2004

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

RECEIVED
 JUN 17 2008
 HOBBS OGD

WELL API NO. 30-041-00256 ✓
 5. Indicate Type of Lease
 STATE FEE ✓
 6. State Oil & Gas Lease No. 257420
 7. Lease Name or Unit Agreement Name MILNESAND UNIT
 8. Well Number MSU # 59 ✓
 9. OGRID Number 257420 ✓
 10. Pool name or Wildcat MILNESAND (SAN ANDRES) ✓
 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4260' GL
 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 _____

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 INJECTION
 2. Name of Operator EOR OPERATING COMPANY ✓
 3. Address of Operator ONE RIVERWAY, SUITE 610, HOUSTON, TX 77056
 4. Well Location
 Unit Letter B : 660 feet from the NORTH line and 1980 feet from the EAST line
 Section 13 Township 8S Range 34E NMPM County ROOSEVELT
 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4260' GL
 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: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: _____ | | 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

START DATE: 2/26/08 WORK OVER EXISTING WATER INJECTION WELL. COMPLETION DATE: 5/31/08

- 1.) RU, POOH W/TBG & EXISTING PKR. RIH W/ BIT & SCRAPER TO 4489'. DRILLED OUT 2 7/8" X 4 1/2" PERMANENT PKR @ 4489'. TIH TO FISH OUT JUNK THAT WAS LEFT IN HOLE & CLEAN OUT ANY FILL.
- 2.) MILLED AND FISHED OUT MUTIPLE PIEACES OF OLD PKR'S AND TBG WITH LITTLE SUCCESS.
- 3.) RIH W/RETERIVABLE PKR. TESTED CSG TO 500 PSI. TOH W/ PKR.
- 4.) RU GRAY WIRE LINE CONDUCTED STEP RATE TESTS. RD GRAY WIRELINE. RIH W/RETERIVABLE PKR
- 5.) RU ACIDIZING CO. STIMULATED PERFORATIONS 4580' - 4625' W/2000 GALS OF 15% HCL ACID @ 1 BPM, 1200 PSI. RD ACIDIZING CO.
- 6.) TOH W/ RETERIVABLE PKR.
- 7.) RIH W/ NEW 2 1/16" IPC TBG & NEW 2 7/8" HES ASI 1X PKR. SET PKR @ 4465'.
- 8.) CIRCULATE PACKER FLUID. SET PKR & TEST ANNULUS TO 500 PSI.
- 9.) NIPPLE UP WELL HEAD. RD, MOVE OFF PULLING.
- 10.) SCHEDULED MIT W/ OCD.
- 11.) 5/31/08. CONDUCTED MIT ON WELL. ATTACHED THE STEP RATE TEST FOR INJECTION PRESSURE INCREASE TO 1250 PSI.
- 12.) (2 7/8" 6.5# CSG @ 4489', 4 1/2" 14# CGS @ 4697', PERFS 4580'-4625')

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 Lawrence A. Spittler, Jr. TITLE Sr. Well Operations Supervisor DATE 6/4/08

Type or print name: Lawrence A. Spittler, Jr. E-mail address: lspittler@enhancedoilres.com Telephone No.: 432-687-0303

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE JUN 16 2008

Conditions of Approval (if any):



STEP RATE TESTS

monty.holmes@graywireline.com

| RATE BPD | Date | Time | BH Press | Surf Press | Comments |
|-------------------------|-----------|----------|-------------------------------|------------|------------------------------------|
| 0 | 1/16/2008 | 11:11 AM | 2096 | 0 | |
| 100 | 1/16/2008 | 11:45 AM | | 2360 | 4460 PSI, SKIP PLOT |
| 200 | 1/16/2008 | 12:15 PM | 2185 | 4000, 150 | |
| 300 | 1/16/2008 | 12:45 PM | 2275 | 300 | |
| 400 | 1/16/2008 | 1:15 PM | 2391 | 475 | |
| 500 | 1/16/2008 | 1:45 PM | 2493 | 625 | |
| 600 | 1/16/2008 | 2:15 PM | 2613 | 750 | |
| 700 | 1/16/2008 | 2:45 PM | 2782 | 900 | FRACTURE POINT |
| 800 | 1/16/2008 | 3:15 PM | 2896 | 1040 | APPROX 2895 PSI |
| 900 | 1/16/2008 | 3:45 PM | 2957 | 1140 | |
| 1000 | 1/16/2008 | 4:15 PM | 3101 | 1225 | |
| 1100 | 1/16/2008 | 4:45 PM | 3179 | 1250 | |
| 1200 | 1/16/2008 | 5:15 PM | 3283 | 1175 | |
| 1300 | 1/16/2008 | 5:45 PM | 3340 | 1175 | |
| Company: | | | ENHANCED OIL RESOURCES | | Recorded By: M. HOLMES |
| Well: | | | MILNESAND UNIT #59 | | Witnessed By: JOHN MOHON |
| Field: | | | MILNESAND | | Truck Number: 42 |
| County: | | | ROOSEVELT | | District: ODESSA |
| State: | | | NEW MEXICO | | Tool Number: SPARTEK 1 3/8" |
| Injector: | | | WATER | | Test Type: STEP RATE TEST |
| Shut In Time: | | | NO INFO | | |
| Tool Depth: | | | 4300' | | |
| Tubing Size: | | | 2 7/8" CSG | | |
| Packer: | | | 4353' | | |
| Perfs: | | | | | |
| Plug Back Depth: | | | | | |





