

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

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

Form C-103
Revised May 08, 2003

WELL API NO. 30-015-33059
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-5654
7. Lease Name or Unit Agreement Name TDC Cowtown State
8. Well Number 1
9. OGRID Number 23032
10. Pool name or Wildcat Runyan Ranch, Morrow
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4056' GR

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-104) FOR SUCH PROPOSALS.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Threshold Development Company

3. Address of Operator
777 Taylor St. - Penthouse II - Ft. Worth, TX 76102

4. Well Location
Unit Letter P : 660 feet from the South line and 660 feet from the East line
Section 6 Township 19S Range 23E NMPM Eddy County

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 COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: Perforate & acidize <input checked="" 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.

3-30-2004 - Set and tested anchors. Moved in and rigged up pulling unit. Unloaded 2-7/8" tubing. Nipped up BOP. TIH with bit, scraper and tubing and tagged PBTD at 7820'. Shut down for night.
3-31-2004 - Picked tubing and casing with 400 gallons of 15% HCL acid. Displaced casing volume with 2% KCL water. Tested casing and pipe rams to 1500 psi. TOOH with tubing, scraper and bit. Loaded casing. Rigged up wireline and ran CBL log. Shut well in for night.
4-1-2004 - Rigged up wireline with lubricator. RIH with 3-1/8" slick gun and perforated 7758-7798' w/34 .45" holes as follows: 7758-7762', 7766-7770', 7773-7778' and 7794-7798' (2 SPF - Chester). TOOH with guns and rigged down wireline and lubricator. TIH with packer, on/off tool, 2.25" profile and 30' of tailpipe and set packer at 7700'. Swabbed. Shut well in for night.
4-2-2004 - Acidized perforations 7758-7798' (Chester) with 3000 gallons 15% IC HCL acid and ball sealers. Flowed well down to tank. Swabbed. Shut well in for weekend.

CONTINUED ON NEXT PAGE:

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

SIGNATURE Rusty Klein TITLE Agent DATE 4/17/04

Type or print name Rusty Klein Telephone No. (505) 513-0318

(This space for State use)

APPROVED BY FOR RECORDS ONLY DATE JUL 1 4 2004
Conditions of approval, if any:

THRESHOLD DEVELOPMENT COMPANY

TDC Cowtown State #1

Section 6-T19S-R23E

Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

4-5-2004 – Bled well down. Loaded tubing with 2% KCL water. Released packer. TOOH. Rigged up wireline. RIH with wireline set CIBP and set CIBP at 7725'. Capped CIBP with 35' of cement. Pressure tested CIBP to 1800 psi, OK. Rigged up lubricator. RIH with perforating guns and perforated 7626-7668' w/54 .50" holes as follows: 7626-7635', 7644-7656' and 7662-7668' (2 SPF – Mississippian). TOOH with perforating guns and rigged down wireline. Started in hole with tailpipe, packer with on/off tool, 2.25" profile and tubing. Shut down for night due to lightning storm.

4-6-2004 – Finished TIH with packer and tubing. Spotted 3 bbls acid at 7668'. Reversed and set packer at 7537'. Swabbed. Shut well in for night.

4-7-2004 – Bled well down. TOOH with tubing and packer. Rigged up wireline. RIH with wireline set CIBP and set CIBP at 7580'. Pressure tested CIBP to 1500 psi, OK. Dumped 35' of cement on top of CIBP. Rigged up lubricator. RIH with 3-1/8" casing guns and perforated 7142-7232' w/80 .50" holes as follows: 7142-7150', 7202-7205', 7212-7216' and 7227-7232' (Atoka). TOOH with casing guns and rigged down wireline and lubricator. TIH with packer, on/off tool, 2.25" profile and tubing and set packer at 7087'. Nipped down BOP and nipple up tree. Swabbed. Shut well in for night.

4-8-2004 – Bled well down. Swabbed. Acidized perforations 7142-7232' (Atoka) (via tubing) with 2000 gallons 7-1/2% IC HCL acid with 250 gallons methanol. Flowed well back. Swabbed. Shut well in for night.

4-9-2004 – Flow tested well. Pumped 35 bbls 2% KCl water down tubing. Nipped down tree and nipped up BOP. Released packer and TOOH with tubing and packer. Rigged up wireline. RIH with wireline set CIBP and set CIBP at 7120'. Capped CIBP with 35' of cement. Pressure tested CIBP to 1750 psi, OK. Rigged up lubricator. RIH with 3-1/8" casing guns and perforated 6178-6296' w/68 .50" holes as follows: 6178-6200', 6276-6282' and 6290-6296' (2 SPF – Cisco). TOOH with casing guns and rigged down wireline and lubricator. TIH with packer with 2.25" profile, on/off tool and tubing. Set packer at 6043'. Swabbed. Shut well in for weekend.

4-12-2004 – Swabbed. Loaded tubing with 40 bbls 2% KCL water. Unset packer and lowered packer three stands to 6231'. Set packer. Resumed swabbing. Shut well in for night.

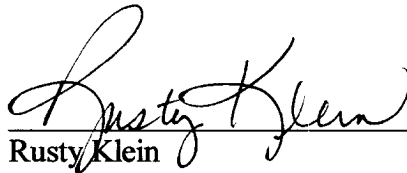
4-13-2004 – Acidized perforations 6272-6296' (Cisco) with 3000 gallons 15% ICL HCL acid – communicated with upper perforations. Released packer and reset packer at 6043'. Loaded annulus. Tested packer and tubing to 2500 psi, OK. Swabbed. Acidized perforations 6178-6296' (Cisco) with 7500 gallons 15% IC HCL acid with ball sealers. Flowed well back. Swabbed. Shut well in for night.

THRESHOLD DEVELOPMENT COMPANY
TDC Cowtown State #1
Section 6-T19S-R23E
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

4-14-2004 – Swabbed. Left well open to tank overnight.

4-15-2004 – Swabbed. Nipped down BOP and nipped up tree. Shut well in. Rigged down and moved out pulling unit. Released all rentals.

A handwritten signature in cursive script, reading "Rusty Klein", is written over a horizontal line.

Rusty Klein

Agent

April 17, 2004