

Submit 1 Copy 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  
October 13, 2009

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. <b>30-045-28653</b>
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator <b>Key Energy Services, Inc.</b>		6. State Oil & Gas Lease No. <b>na</b>
3. Address of Operator <b>6 Desta Drive, Suite 4400, Midland, TX 79705</b>		7. Lease Name or Unit Agreement Name <b>na</b>
4. Well Location Unit Letter: <b>E</b> 1595 feet from the <b>North</b> line and 1005 feet from the <b>West</b> line Section <b>2</b> Township <b>29N</b> Range <b>12W</b> NMPM County <b>San Juan</b>		8. Well Number <b>Key (Sunco) Disposal Well #1</b>
		9. OGRID Number
		10. Pool name or Wildcat <b>Injection into Point-Lookout formation</b>
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

☒ OTHER: **Run Annual Class I MIT and Fall-Off Test Per UIC-CLL-005 permit conditions.**

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

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.

**Attached #1: Key Energy Sunco #1 SWD 2010 Fall-Off Test procedure write up: 2 pages**

**Attached #2: Key will abide by specific instructions from the OCD Santa Fe office: E-mail attached from Carl Chavez dated July 8, 2010: 1 page**

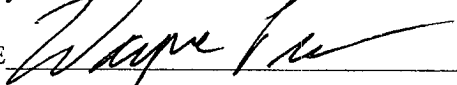
**In addition, Key will abide by any OCD-Aztec request:**

Start Date:

Spud Date: **July 8, 2010**

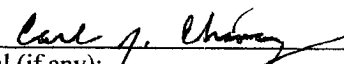
Rig Release Date: **July 16, 2010**

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

SIGNATURE  TITLE **Agent for Key Energy Services, Inc.** DATE **July 2, 2010**

Type or print name **Wayne Price-Price LLC** E-mail address: **wayneprice77@earthlink.net** PHONE: **505-715-2809**

**For State Use Only:**

APPROVED BY:  TITLE **Environmental Engineer** DATE **7/2/2010**  
Conditions of Approval (if any):

*Comply with OCD July 2, 2010 e-mail notification & approved Fall-off test plan.*

## Key Energy: Sunco #1 SWD 2010 Fall-Off Test

Once again, I am coordinating the OCD required annual fall-off test (FOT) for Key Energy Services.

The test plan schedule is as follows:

Date	Start Time	Event	Remarks
Thursday, July 8, 2010	9 AM	RU WL, RIH to check TD	Ensure perforations are open
Thursday, July 8, 2010	1 PM	Mechanical Integrity Test	Notify Aztec OCD 48-hrs in advance
Friday, July 9, 2010	7 AM	Begin 96-hr pre-conditioning period	2000 Bpd constant injection period
Tuesday, July 13, 2010	7 AM 9 AM	RU WL, RIH w/ tools SI injection to begin FOT	RU Tefteller, run pressure bombs to mid-perfs, Shut-in for 72-hours
Friday, July 16, 2010	9 AM	End FOT, pull and download data	POOH making gradient stops

The 4-step process will run from July 8<sup>th</sup>-16<sup>th</sup> in the following sequence:

1. Wellbore **mechanical integrity** test: initial several hours
2. Injection well **conditioning** period: constant-rate injection for the next 96-hours
3. **Fall-Off** test: shut-in the well for the next 72-hours
4. **Reporting** to OCD/EPA upon receipt of the test data from Key Energy and Tefteller.

**Mechanical** – I will set up Tefteller, Inc. to rig up on the well with a slickline unit and run a gauge ring down and out the end of tubing to ensure they can get their expensive pressure bombs to bottom. This will also ensure that the injection perforations are not covered by any fill. After Tefteller is finished we will need to rig up a Key pump truck and pressure test the casing/tubing annulus to 500 psi. The test results must be recorded on a 24-hour circular chart recorder for submission to the OCD-Aztec office. The OCD must be notified at least 48-hours in advance of the test so one of their representatives can be present for the testing. I will take care of this notification to the OCD. Your field supervisor at the disposal facility should arrange for the Key pump truck (and fresh water).

**Conditioning** – it will be necessary to inject into the well at a constant rate for an uninterrupted 96-hour period. The main triplex pump should be run at its normal operating speed. Any injection upsets that affect the rate significantly will cause the conditioning period to be aborted and dictate that a new conditioning period be recommenced. To avoid potential pump problems any scheduled pump maintenance should be done in advance as to limit the possibility of a pump shutdown or failure during the conditioning period. New water filters should be in place. Prior to conditioning the facility should “bank” enough disposal fluid volume to ensure uninterrupted injection. 20,000 bbls should be adequate. A 24-hour chart recorder should capture the wellhead injection pressure data. The chart should be changed at 8 AM each day. A log sheet should be kept that can substantiate and demonstrate a near-constant injection rate during the conditioning period. This log sheet and the four (4) pressure charts will be included in the Final Report that will be submitted to the OCD and the EPA.

**Fall-Off Test** – I will arrange for Tefteller to be on location to run tandem pressure bombs at the end of the conditioning period. They will run into the hole a few hours prior to the end of the conditioning period without interrupting or diminishing the injection rate. Once their bombs are on-bottom they will record the stabilized bottomhole injection pressure for about two hours. Afterwards the main triplex pump can be stopped and the flowline injection valve closed. 72-hours of bottomhole pressure will be

captured by the electronic downhole memory gauges. The 24-hour surface circular recorder will continue to record the shut-in surface pressure. Once again, the chart should be changed at 8 AM on a daily basis and retrained for inclusion in the final report. At the conclusion of the test the bombs will be pulled while making the necessary gradient stops along the way. Once Tefteller is rigged down the facility can resume normal facility operations.

**Reporting** – I will take the raw field data back to Midland and prepare the required reports for the OCD. Your field personnel should make copies of the documents that are sent back with me to Midland.

From: "Chavez, Carl J, EMNRD" <CarlJ.Chavez@state.nm.us>  
Subject: **July 8, 2010 Mobilization fo FOT**  
Date: July 2, 2010 8:17:19 AM MDT  
To: "Gibson, Dan" <dgibson@keyenergy.com>  
Cc: "wayne price" <wayneprice77@earthlink.net>, "Kuehling, Monica, EMNRD" <monica.kuehling@state.nm.us>  
▷ 1 Attachment, 0.8 KB

Dan:

I heard from Wayne Price that Key is planning to mobilize to conduct the annual Fall-Off Test (FOT). This is just a reminder for Key to submit its C-103 Sundry Notice outlining the work in advance for OCD approval.

Also, due to the length of the test, opportune times for OCD staff to witness the test would be during the emplacement of bottom hole gauges at least 48 hours in advance of start of FOT and at least one hour before system shut-off to witness a steady-state injection conduction before start of FOT and to remain for an unspecified period to evaluate formation pressure gauges.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM  
New Mexico Energy, Minerals & Natural Resources Dept.  
Oil Conservation Division, Environmental Bureau  
1220 South St. Francis Dr., Santa Fe, New Mexico 87505  
Office: (505) 476-3490  
Fax: (505) 476-3462  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)  
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>  
(Pollution Prevention Guidance is under "Publications")

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