

May 27, 2004

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

RECEIVED

JUL 02 2009

HOBBSOCD

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-2874 30-025-28474 ✓

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease

NM LC 03-132 (b)

7. Lease Name or Unit Agreement Name

CITIES FEDERAL ✓

8. Well Number 2 ✓

9. OGRID Number

021355 ✓

10. Pool name or Wildcat SWD ✓

SEVEN RIVERS QUEEN

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 SWD ✓

2. Name of Operator

SOUTHWEST ROYALTIES, INC.

3. Address of Operator

6 DESTA DRIVE, STE 2100, MIDLAND, TEXAS 79705

4. Well Location

Unit Letter _____ M: 660 feet from the _____ S _____ line and 660 feet from the _____ W _____ line

Section 20 Township 22S Range 36E NMPM LEA County ✓

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3539 GR

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 ☒ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: PRODUCED WATER SPILL ☐

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Foreman Harol Creech and NMOCD representative Sylvia Dickey witnessed failed MIT test 6/29/09. Well is currently shut in preparing to rig up on well after July 5th to investigate problem.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 Dawn M. Howard TITLE OPERATIONS ASST DATE 6/29/09

Type or print name DAWN M. HOWARD E-mail address: dhoward@claytonwilliams.com Telephone No. 432/688-3267

For State Use Only

APPROVED BY: Tom W. Lill TITLE DISTRICT 1 SUPERVISOR DATE JUL 02 2009

Conditions of Approval (if any):