

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-103
Permit 97898

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NUMBER 30-025-38712
1. Type of Well: O		5. Indicate Type of Lease S
2. Name of Operator KERNS PETROLEUM, INC.		6. State Oil & Gas Lease No.
3. Address of Operator 1777 NE LOOP 410, SUITE 930, SAN ANTONIO, TX 78217		7. Lease Name or Unit Agreement Name EUMONT STATE
4. Well Location Unit Letter <u>F</u> : <u>1650</u> feet from the <u>N</u> line and <u>1825</u> feet from the <u>W</u> line Section <u>36</u> Township <u>21S</u> Range <u>35E</u> NMPM Lea County		8. Well Number 002
11. Elevation (Show whether DR, KB, BT, GR, etc.) 3593 GR		9. OGRID Number 250384
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> 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 _____		10. Pool name or Wildcat

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 OF PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
Other:

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTER CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDON ☐
CASING/CEMENT JOB ☐
Other: **Drilling/Cement** ☒

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.

Ran 5.5" casing to 4296' on 6/20/09. Cement 1st stage with 100 sx Halcem-c w/ 0.4% Lap-1, 0.3% Cfr-3.

Open DV tool and circ 350 bbl mud with Halliburton, circ 10 bbls cement to pit (40 sx)

Cement 2nd stage: lead 670 sx Econocem w/ .125 lbm Poly flake; tail 100 sx Halcem. Circ 17 bbls cement (37 sx). 6/7/2009 Spudded well.

Casing and Cement Program

Date	String	Fluid Type	Hole Size	Csg Size	Weight lb/ft	Grade	Est TOC	Dpth Set	Sacks	Yield	Class	1" Dpth	Pres Held	Pres Drop	Open Hole
06/07/09	Surf	FreshWater	12.25	8.625	28		0	365	290						
06/20/09	Prod		7.875	5.5	15.5		0	4296	870						

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 Electronically Signed

TITLE Vice President

DATE 6/23/2009

Type or print name Kerry A Johnston

E-mail address kjohnston@kernspetro.com

Telephone No. 210-829-7881

For State Use Only:

APPROVED BY: Paul Kautz

TITLE Geologist

DATE 6/23/2009 9:14:10 AM