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District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

MAY 25 2004

Form C-103

Revised May 08, 2003

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. - 2004
Santa Fe, NM 87505

API NO. 30-015-33289	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. B-8096	
7. Lease Name or Unit Agreement Name TDC 8 State	
8. Well Number 2	
9. OGRID Number 23032	
10. Pool name or Wildcat Millman-Yates-SR-Q-GB-SA, East	

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		7. Lease Name or Unit Agreement Name TDC 8 State	
2. Name of Operator Threshold Development Company		8. Well Number 2	
3. Address of Operator 777 Taylor St. - Penthouse II - Ft. Worth, TX 76102		9. OGRID Number 23032	
4. Well Location Unit Letter <u>E</u> : <u>1650</u> feet from the <u>North</u> line and <u>990</u> feet from the <u>West</u> line Section <u>8</u> Township <u>19S</u> Range <u>29E</u> NMPM <u>Eddy</u> County			
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3378' GR			

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: Spud, surface casing & cement <input checked="" type="checkbox"/>			
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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.

Spudded a 12-1/4" hole with rotary tools at 11:00 AM 3-15-2004.

TD 362'. Reached TD at 5:30 PM 3-15-2004. Ran 8 joints of 8-5/8" 24# J-55 ST&C (347.11') of casing set at 327'. Guide shoe set at 327'. Insert float set at 292'. Cemented with 180 sacks Thixotropic and 200 sacks Class C 3% CaCl₂ (weight 14.8, yield 1.32). PD 9:30 PM 3-15-2004. Bumped plug to 500 psi, held okay. Cement did not circulate. WOC 4-1/2 hours. Ran Temperature Survey and found top of cement at 160'. Ran 1". Tagged cement at 160'. Spotted 100 sacks Class C cement. PD 4:30 AM 3-16-2004. Cement circulated to surface. WOC. Nipped up and tested to 1000# for 5 minutes, OK. Drilled out at 6:00 PM 3-16-2004. WOC 22-1/2 hours. Reduced hole to 7-7/8". Resumed drilling.

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 3/30/04

Type or print name Rusty Klein Telephone No. (505) 365-4245

(This space for State use)

APPROVED BY FOR RECORDS ONLY DATE MAY 31 2004

Conditions of approval, if any: