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OIL CONSERVATION DIVISION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-103  
Revised 10-1-78

JAN 10 1986

O. C. D.

5a. Indicate Type of Lease	State <input checked="" type="checkbox"/> XX	Fee <input type="checkbox"/>
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5. State Oil & Gas Lease No.	K-4535
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7. Unit Agreement Name	Cueva Unit
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8. Farm or Lease Name	Cueva Unit
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9. Well No.	1
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10. Field and Pool, or Wildcat	Sheep Draw Strawn
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12. County	Eddy
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SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR REWORK A WELL IN A PERMANENT RESERVOIR. USE APPLICATION FOR PERMIT - (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>	2. Name of Operator	3. Address of Operator	4. Location of Well	5. Elevation (Show whether DF, RT, GR, etc.)
	GRACE ENERGY	P. O. BOX 207, CARLSBAD, N.M. 88220	UNIT LETTER K 1980 FEET FROM THE South LINE AND 1980 FEET FROM THE West LINE, SECTION 6 TOWNSHIP 23S RANGE 26E N.M.P.M.	3418.7

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
FULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOBS <input type="checkbox"/>	OTHER acid treatment <input checked="" type="checkbox"/>

17. 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.

12/19/85 Moved in Pengo Ind. double derrick and rigged up.

12/20/85 Tried to load back side w/210 bbl. KCL water  
Halliburton pumped 3 bbls acid ahead N<sup>2</sup>pad-4000 SCF N<sup>2</sup>  
Start acid & N<sup>2</sup>1000 SCF p/bbl. Shut down Blow well down and  
swab tubing dry. Made 5 swab runs getting back about 4+bbls of  
fluid (water cut acid) Found fluid level @ 6900'

12/21/85 Made 5 more swab runs, getting about 6 more bbls. of fluid.  
Swa bbed down to top of sliding sleeve (unable to get the undersize  
swab cups thru sleeve). Ran a fluid level test on backside  
Found fluid at 9700'  
Halliburton pumped 2 bbls acid ahead of N<sup>2</sup>pad. Started N<sup>2</sup>pad  
5000 SCF-started acid + N<sup>2</sup> 1,000 SCF p/bbl. Loaded - brought  
N<sup>2</sup>off - broke sharp. Pumped 2% KCL water down csg. to flush  
Total acid job 38 bbls/acid, 43 bbls N<sup>2</sup>. Swabbed  
Baker unseated packer - Shut down.

12/22/85 Newsco rigged up coil tubing service ran tubing to 9757'  
Jet with N<sup>2</sup> at 450-500 SCF/min. Fluid would not come around. Shut down

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

SIGNED Les A. Clements TITLE Agent DATE 1/6/86

Original Signed By

Les A. Clements

JAN 22 1986

APPROVED BY \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY: Supervisor District 11