Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd, Aztec, NM 87410
District IV – (505) 476-3460
1220 S St. Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised August 1, 2011

WELL API NO. 30-045-33464	
5. Indicate Type of Lease STATE ☐ FEE X	
6. State Oil & Gas Lease No. N/A	
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)	7. Lease Name or Unit Agreement Name Center Point SWD
1. Type of Well: Oil Well ☐ Gas Well X Other	8. Well Number 1
2. Name of Operator Maralex Disposal, LLC	9. OGRID Number 193838
3. Address of Operator PO Box 338, Ignacio, CO 81137	10. Pool name or Wildcat Morrison / Bluff / Entrada
4. Well Location Unit Letter P : 856 feet from the South line and 738 feet from the East line Section 24 Township 31N Range 11W NMPM San Juan County	
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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
OTHER: Step Rate Test X		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.

Maralex Disposal is planning on performing a step-rate injection test for the purpose of obtaining an increase in the authorized injection pressure limit. The test will consist of eight 30 min stages beginning at 0.25 BPM. The injection rate will be increased by 0.25 BPM increments. The rates will be adjusted from this schedule in order to get a minimum of three data points below and three data points above the fracture initiation pressure. The casing and braden head pressures will be monitored during the step-rate testing. Attached is a wellbore diagram. Maralex personnel will notify the district office at least 24 hours in advanced of the planned testing.

Notify NMOCD 24 hrs prior to beginning operations

RCVD JAN 31 '12
OIL CONS. DIV.
DIST. 3

* A bottom hole pressure recorder is required.
* See attached Guidelines

Spud Date: Rig Release Date:

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

SIGNATURE Dennis R. Reimers TITLE Engineering Manager DATE 1/30/12

Type or print name Dennis R. Reimers E-mail address: reimers1594@msn.com PHONE: (970) 563-4000

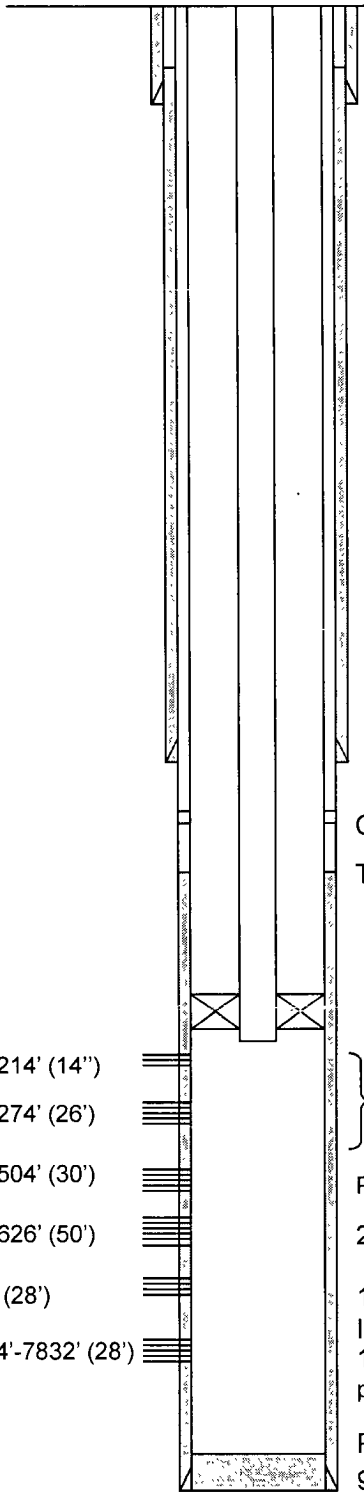
For State Use Only

APPROVED BY: Brad Hall TITLE Deputy Oil & Gas Inspector, District #3 DATE 2-8-12

Conditions of Approval (if any):

A

Well:	Center Point SWD #1	Elev	5780' GL
Company:	Maralex Resources, Inc.	Drawn By:	D. Jeremy Golob
Location:	856' FSL; 738' FEL Sec 24, T31N, R11W San Juan County, NM	Updated:	12/19/08



17-1/2" hole w/ 10-3/8" 48# casing set @ 340'
Cement circulated to surface

12-1/4" hole w/ 10-3/4" 45.5# casing set @ 3808'
Cement circulated to surface.

Cement bridge 4187'-4222' (35')

Top of cement @ DV collar @ 4640'

Arrowset 1X IPC Packer (2.81" ID F Nipple above, 2.697" ID R Nipple below @ 7158'on 3-1/2" IPC tubing

Morrison perfs 7200'-7214' (14")

Morrison perfs 7248'-7274' (26')

1480 gals 15% HCL speerhead, 55,017# sand (screened out) ISIP=3907 FG=0 98 psi/ft

Morrison perfs 7474'-7504' (30')

Pressured up after perforating from stage below, no acid or frac pumped

Morrison perfs 7576'-7626' (50')

2000 gals 15% HCL speerhead, 160,682# sand ISIP=2991 FG=0.83

Bluff perfs 7716'-7744' (28')

1000 gals 15% HCL speerhead, 57,000# sand (screened out) ISIP=3877 FG=0.96 psi/ft

Summerville perfs 7804'-7832' (28')

1000 gals 15% HCL speerhead, 84,000# sand ISIP=1925 FG=0.68 psi/ft

PBTD @ 8355'

9-7/8" hole w/ 7" 32# casing set @ 8472'

Guidelines for conducting step-rate tests

The operator must submit a written procedure and rig-up diagram to the OCD at least 24 hours before starting the test. The procedure will contain the following information:

A description of the mechanical configuration of the well.
The history of injection pressures and volumes.
The history of any fracture treatments and pressures especially ISIP.

A bottom hole pressure recorder will be required for wells deeper than 2000' and injection rates greater than 1 BPM.

A pressure gauge and recorder of the appropriate range will be used during the test.

Wells currently injecting must be shut-in at least 24 hours before the test unless the shut-in pressures indicate that the well has not adequately stabilized and a longer time is necessary.

Starting pump rates and pressures must be lower than the current rates and pressures if the well is currently injecting and there must be at least 3 steps below the .2psi/ft gradient and 3 steps above the break-over point.

Pumping equipment must be able to pump at the rates and pressures needed for the test.

Rate changes will be .5bpm or smaller unless the OCD witness determines that bigger rate changes are necessary due to small incremental increases in pressure.

Each step will be at least 15 minutes in duration unless otherwise determined by the OCD. Step duration must not be changed during the test.

The operator must have enough water on hand for the test.

The casing and bradenhead pressures will be monitored during the test.

All wellhead equipment must be rated for the anticipated pressures.