

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 87416

District IV - (505) 476-3460

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

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103

October 13, 2009

HOBBS OGD

JUL 25 2011

RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-041-00030

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Milnesand Unit

8. Well Number #123

9. OGRID Number

257420

10. Pool name or Wildcat

46930 - Milnesand-San Andres

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

2. Name of Operator

EOR Operating Company

3. Address of Operator

200 N. Loraine, STE 1440 Midland, TX 79701

4. Well Location

Unit Letter L : 1980 feet from the S line and 660 feet from the W line

Section 7 Township 8S Range 35E NMPM County Roosevelt

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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: Recomplete Horizontally ☒

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.

The MSU #123 is currently producing from the San Andres perforations located @ 4580'-4662'. Current PBTD is 4665'. EOR proposes to perform the attached operation in order to recomplete this well horizontally in the San Andres.

April 19, 2012
Permit Expires 2 Years From Approval
Date Unless Drilling Underway per ACO-274
Horizontal

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 Jana True TITLE Prod. Asst. DATE 6/27/11

Type or print name Jana True E-mail address: janatrue@aol.net PHONE: 432-687-0303

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE OCT 27 2011

Conditions of Approval (if any):

OCT 27 2011



Milnesand Unit Well #123
Proposed Horizontal Drilling Program
API # 30-041-00030
1980 FSL 660 FWL
L-7-08S-35E
Roosevelt Co, NM

Proposed Procedure

1. NU 3k BOPE and POH with rods and tubing.
2. RUWL and RIH with 5 ½" CIBP. Correlate depth, and set CIBP at KOP of 4264". POH and RDWL.
3. PU 4 ¾" bit and 5 ½" scraper on tubing. RIH and tag CIBP and test with weight. POH and LD bit and scraper.
4. Run 5 ½" whipstock on tubing to CIBP. Orient whipstock with gyro and set bottom trip anchor on CIBP, POH.
5. PU milling BHA, tag whipstock, and mill window in 5 ½" casing and 8' of new hole. POH with mill assembly.
6. PU drilling BHA and commence drilling with a 20°/100' build rate as per the attached directional plan and survey.
7. At TD, run 3 ½" 9.3# L80 FJ liner and set from TD to vertical section of 5 ½" casing. Liner will have packers (PEAK or equivalent) with frac ports and will not be cemented. Number of ports and packers run will be dictated by length and number of shows and porous interval drilled.
8. Fracture treat through ports separated by packers.

Mud Program

This lateral will be drilled with a closed loop mud system. After milling out the casing window with clear fresh water, the directional interval will be drilled with a polymer based fresh water system using the following parameters:

Hole Size (Inches)	Depth MD/TVD (ft)	Mud Density (ppg)	Viscosity (sec/1000cc)	Plastic Viscosity (cP)	Yield Point (lb/100ft^2)	API Fluid Loss (ml)	pH	LGS%
4.75	KOP-TD	8.4-8.7	34-36	4-10	4-12	10-12	9.5-10.0	<6



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JUL 25 2011

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Drilling Services

Proposal

EOR OPERATING

MILNESAND UNIT 123

ROOSEVELT CO, NM

WELL FILE: **PLAN 1**

MAY 25, 2011

Weatherford International, Ltd.

P.O. Box 61028
Midland, TX 79711 USA
+1.432.561.8892 Main
+1.432.561.8895 Fax
www.weatherford.com

EOR Operating

Milnesand Unit 123 Roosevelt Co, NM

SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4263.77	0.00	0.00	4263.77	0.00	0.00	0.00	0.00	0.00	
3	4278.77	3.00	315.00	4278.76	0.28	-0.28	20.00	315.00	0.39	
4	4283.77	3.00	315.00	4283.75	0.46	-0.46	0.00	0.00	0.65	
5	4696.45	85.54	315.00	4554.37	186.99	-186.99	20.00	0.00	264.45	
6	5835.46	85.54	315.00	4643.00	989.95	-989.95	0.00	0.00	1400.00	Pbhl

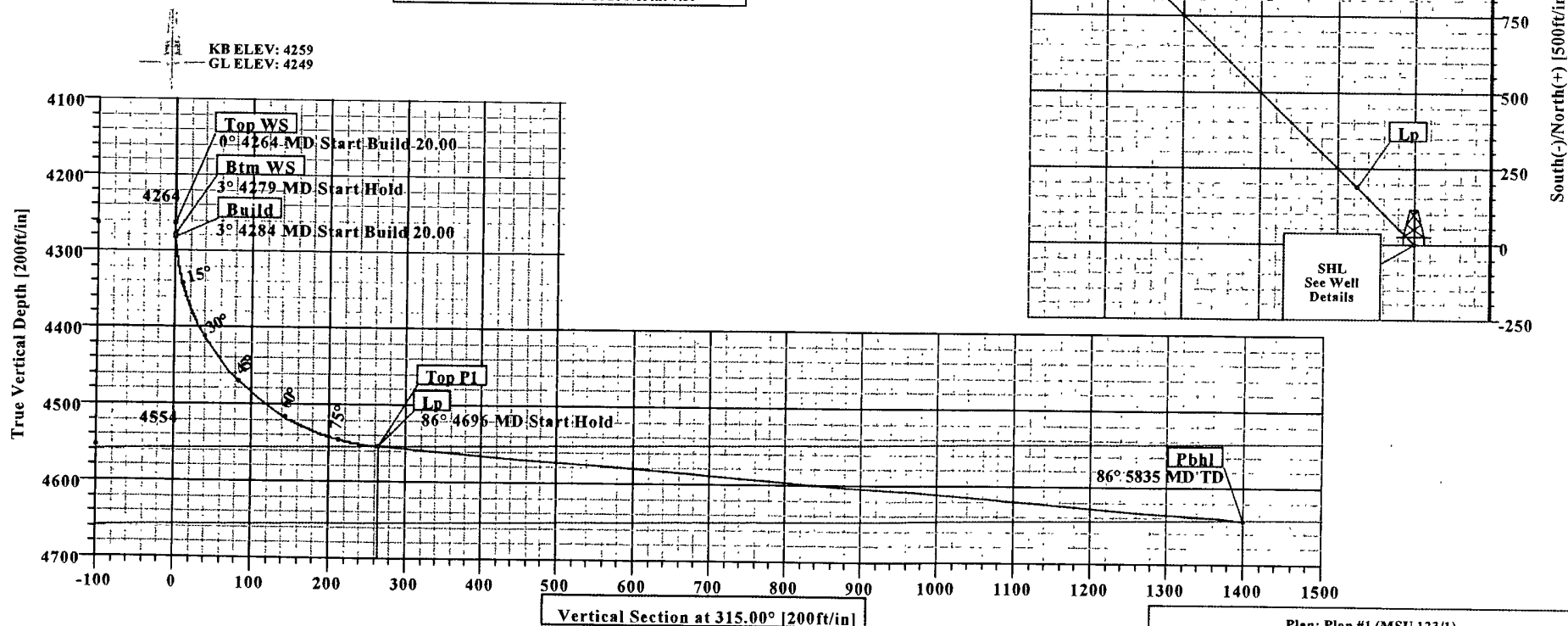
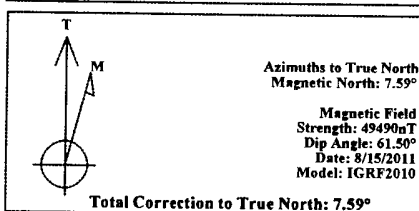
WELL DETAILS							
Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
MSU 123	0.00	0.00	959374.65	782140.99	33°38'01.680N	103°24'23.004W	N/A

TARGET DETAILS						
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
Pbhl	4643.00	989.95	-989.95	960355.69	781142.21	Point

FIELD DETAILS	
Roosevelt Co, NM (Nad 27)	
Geodetic System:	US State Plane Coordinate System 1927
Ellipsoid:	NAD27 (Clarke 1866)
Zone:	New Mexico, Eastern Zone
Magnetic Model:	IGRF2010
System Datum:	Mean Sea Level
Local North:	True North

SITE DETAILS	
Milnesand Unit 123	
Site Centre Latitude:	33°38'01.680N
Longitude:	103°24'23.004W
Ground Level:	4249.00
Positional Uncertainty:	0.00
Convergence:	0.51

FORMATION TOP DETAILS			
No.	TVDPath	MDPath	Formation
1	4554.37	4696.46	Top P1



Weatherford International Ltd.

WFT Plan Report Lat, Long



Weatherford

Company: EOR Operating Field: Roosevelt Co, NM (Nad 27) Site: Milnesand Unit 123 Well: MSU 123 Wellpath: 1		Date: 5/25/2011 Co-ordinate(NE) Reference: Well: MSU 123, True North Vertical (TVD) Reference: SITE 4259.0 Section (VS) Reference: Well (0 00N,0.00E,315.00Azi) Survey Calculation Method: Minimum Curvature		Time: 14.28.33 Page: 1 Db: Sybase									
Plan: Plan #1 Principal: Yes		Date Composed: 5/24/2011 Version: 1 Tied-to: From Surface											
Field: Roosevelt Co, NM (Nad 27)													
Map System: US State Plane Coordinate System 1927 Geo Datum: NAD27 (Clarke 1866) Sys Datum: Mean Sea Level		Map Zone: New Mexico, Eastern Zone Coordinate System: Well Centre Geomagnetic Model: IGRF2010											
Site: Milnesand Unit 123													
Site Position: From: Geographic Position Uncertainty: 0.00 ft Ground Level: 4249.00 ft		Northing: 959374.65 ft Easting: 782140.99 ft Latitude: 33 38 1.680 N Longitude: 103 24 23.004 W North Reference: True Grid Convergence: 0.51 deg											
Well: MSU 123													
Well Position: +N/-S 0.00 ft Position Uncertainty: 0.00 ft		Slot Name: Northing: 959374.65 ft Easting: 782140.99 ft Latitude: 33 38 1.680 N Longitude: 103 24 23.004 W											
Wellpath: 1													
Current Datum: SITE Magnetic Data: 8/15/2011 Field Strength: 49490 nT Vertical Section: Depth From (TVD) ft		Drilled From: Surface Tie-on Depth: 0.00 ft Above System Datum: Mean Sea Level Declination: 7.59 deg Mag Dip Angle: 61.50 deg +E/-W ft Direction deg											
0.00		0.00											
0.00		0.00											
0.00		315.00											
Plan Section Information													
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target			
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
4263.77	0.00	0.00	4263.77	0.00	0.00	0.00	0.00	0.00	0.00				
4278.77	3.00	315.00	4278.76	0.28	-0.28	20.00	20.00	0.00	315.00				
4283.77	3.00	315.00	4283.75	0.46	-0.46	0.00	0.00	0.00	0.00				
4696.45	85.54	315.00	4554.37	186.99	-186.99	20.00	20.00	0.00	0.00				
5835.46	85.54	315.00	4643.00	989.95	-989.95	0.00	0.00	0.00	0.00	Pbhl			
Survey													
MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	Lat Min	Sec	Long Min	Sec	Comment	
4200.00	0.00	0.00	4200.00	0.00	0.00	0.00	0.00	33	38	1.680	103	24 23.004	Top WS Btm WS Build
4263.77	0.00	0.00	4263.77	0.00	0.00	0.00	0.00	33	38	1.680	103	24 23.004	
4278.77	3.00	315.00	4278.76	0.28	-0.28	0.39	20.00	33	38	1.683	103	24 23.007	
4283.77	3.00	315.00	4283.75	0.46	-0.46	0.65	0.00	33	38	1.685	103	24 23.009	
4300.00	6.25	315.00	4299.93	1.39	-1.39	1.96	20.00	33	38	1.694	103	24 23.020	
4400.00	26.25	315.00	4395.45	21.07	-21.07	29.80	20.00	33	38	1.888	103	24 23.253	Top P1
4500.00	46.25	315.00	4475.69	62.67	-62.67	88.63	20.00	33	38	2.300	103	24 23.745	
4600.00	66.25	315.00	4530.97	121.16	-121.16	171.35	20.00	33	38	2.879	103	24 24.437	
4696.45	85.54	315.00	4554.37	186.99	-186.99	264.45	20.00	33	38	3.530	103	24 25.215	
4700.00	85.54	315.00	4554.64	189.50	-189.50	267.99	0.00	33	38	3.555	103	24 25.245	
4800.00	85.54	315.00	4562.43	259.99	-259.99	367.68	0.00	33	38	4.252	103	24 26.079	
4900.00	85.54	315.00	4570.21	330.49	-330.49	467.38	0.00	33	38	4.950	103	24 26.913	
5000.00	85.54	315.00	4577.99	400.98	-400.98	567.08	0.00	33	38	5.647	103	24 27.746	
5100.00	85.54	315.00	4585.77	471.48	-471.48	666.77	0.00	33	38	6.344	103	24 28.580	
5200.00	85.54	315.00	4593.55	541.98	-541.98	766.47	0.00	33	38	7.042	103	24 29.414	

Weatherford International Ltd.

WFT Plan Report Lat, Long



Weatherford

Company: EOR Operating Field: Roosevelt Co, NM (Nad 27) Site: Milnesand Unit 123 Well: MSU 123 Wellpath: 1	Date: 5/25/2011 Time: 14:28:33 Page: 2 Co-ordinate(NE) Reference: Well MSU 123, True North Vertical (TVD) Reference: SITE 4259.0 Section (VS) Reference: Well (0.00N,0.00E,315.00Azi) Survey Calculation Method: Minimum Curvature Db: Sybase
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Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	Lat	Min	Sec	Long	Min	Sec	Comment
5300.00	85.54	315.00	4601.33	612.47	-612.47	866.17	0.00	33	38	7.739	103	24	30.248	
5400.00	85.54	315.00	4609.12	682.97	-682.97	965.86	0.00	33	38	8.437	103	24	31.081	
5500.00	85.54	315.00	4616.90	753.47	-753.47	1065.56	0.00	33	38	9.134	103	24	31.915	
5600.00	85.54	315.00	4624.68	823.96	-823.96	1165.26	0.00	33	38	9.832	103	24	32.749	
5700.00	85.54	315.00	4632.46	894.46	-894.46	1264.96	0.00	33	38	10.529	103	24	33.583	
5800.00	85.54	315.00	4640.24	964.95	-964.95	1364.65	0.00	33	38	11.226	103	24	34.416	
5835.46	85.54	315.00	4643.00	989.95	-989.95	1400.00	0.00	33	38	11.474	103	24	34.712	Pbhl

Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	← Latitude → Deg Min Sec			← Longitude → Deg Min Sec		
Pbhl -Plan hit target			4643.00	989.95	-989.95	960355.69	781142.21	33	38	11.474 N	103	24	34.712 W

Casing Points

MD	TVD	Diameter	Hole Size	Name

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
4696.46	4554.37 0.00	Top P1 P3		-0.57 -0.57	315.00 315.00

Annotation

MD ft	TVD ft	
4263.77	4263.77	Top WS
4278.77	4278.76	Btm WS
4283.77	4283.76	Build
4696.45	4554.37	Lp
5835.45	4643.00	Pbhl

**Weatherford**[™]**Weatherford Drilling Services**

GeoDec v5.03

Report Date: May 24, 2011
Job Number: _____
Customer: EOR Operating
Well Name: Milnesand Unit MSU 123
API Number: _____
Rig Name: _____
Location: Roosevelt Co, NM
Block: _____
Engineer: RWJ

Geodetic Latitude / Longitude	Geodetic Latitude / Longitude
System: Latitude / Longitude	System: Latitude / Longitude
Projection: Geodetic Latitude and Longitude	Projection: Geodetic Latitude and Longitude
Datum: NAD 1927 (NADCON CONUS)	Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866	Ellipsoid: Clarke 1866
Latitude 33.6338000 DEG	Latitude 33.6338000 DEG
Longitude -103.4063900 DEG	Longitude -103.4063900 DEG

Geodetic Location WGS84	Elevation =	0.0 Meters
Latitude =	33.63380° N	33° 38 min 1.680 sec
Longitude =	103.40639° W	103° 24 min 23.004 sec
Magnetic Declination =	7.59°	[True North Offset]
Local Gravity =	.9989 g	Checksum = 6652
Local Field Strength =	49486 nT	Magnetic Vector X = 23403 nT
Magnetic Dip =	61.50°	Magnetic Vector Y = 3120 nT
Magnetic Model =	IGRF-2010g11	Magnetic Vector Z = 43491 nT
Spud Date =	Aug 15, 2011	Magnetic Vector H = 23610 nT

Signed: _____

Date: _____

EOR MILNESAND UNIT 123 P1 SVY

Weatherford International Ltd.
WFT Plan Report Lat, Long

Company: EOR Operating	Date: 5/25/2011
Time: 14:29:02 Page: 1	
Field: Roosevelt Co, NM (Nad 27)	Co-ordinate(NE)
Reference: Well: MSU 123, True North	Vertical (TVD)
Site: Milnesand Unit 123	Section (VS)
Reference: SITE 4259.0	Survey Calculation
Well: MSU 123	
Reference: Well (0.00N,0.00E,315.00Azi)	
Wellpath: 1	
Method: Minimum Curvature Db: Sybase	
Plan: Plan #1	Date Composed:
5/24/2011	Version:
1	Tied-to:
Principal: Yes	
From Surface	
Field: Roosevelt Co, NM (Nad 27)	
Map System:US State Plane Coordinate System 1927	Map Zone:
New Mexico, Eastern Zone	Coordinate System:
Geo Datum: NAD27 (Clarke 1866)	Geomagnetic Model:
Well Centre	
Sys Datum: Mean Sea Level	
IGRF2010	
Site: Milnesand Unit 123	
Site Position:	Northing: 959374.65 ft Latitude:
33 38 1.680 N	
From: Geographic	Easting: 782140.99 ft Longitude:
103 24 23.004 W	
Position Uncertainty: 0.00 ft	North Reference:
True	Grid Convergence:
Ground Level: 4249.00 ft	
0.51 deg	
Well: MSU 123	Slot Name:
Well Position: +N/-S 0.00 ft	Northing: 959374.65 ft Latitude:
33 38 1.680 N	
+E/-W 0.00 ft	Easting : 782140.99 ft Longitude:
103 24 23.004 W	
Position Uncertainty: 0.00 ft	
Wellpath: 1	Drilled From:
Surface	Tie-on Depth:
0.00 ft	
Current Datum: SITE	Height 4259.00 ft Above System
Datum: Mean Sea Level	
Magnetic Data: 8/15/2011	Declination:

EOR MILNESAND UNIT 123 P1 SVY

7.59 deg
Field Strength: 49490 nT
61.50 deg
Mag Dip Angle:

Vertical Section: Depth From (TVD) +N/-S +E/-W
Direction ft ft ft
deg
315.00 0.00 0.00 0.00

Plan Section Information
MD Incl Azim TVD +N/-S +E/-W DLS Build
Turn TFO Target
ft deg deg deg ft ft ft
deg/100ft deg/100ft deg/100ft deg
0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00
0.00 0.00
4263.77 0.00 0.00 4263.77 0.00 0.00 0.00 0.00
0.00 0.00
4278.77 3.00 315.00 4278.76 0.28 -0.28 20.00 20.00
0.00 315.00
4283.77 3.00 315.00 4283.75 0.46 -0.46 0.00 0.00
0.00 0.00
4696.45 85.54 315.00 4554.37 186.99 -186.99 20.00 20.00
0.00 0.00
5835.46 85.54 315.00 4643.00 989.95 -989.95 0.00 0.00
0.00 0.00 Pbh1
Survey

Min	MD Sec ft	Incl Long deg	Azim Min deg	Sec	TVD ft	N/S Comment ft	E/W ft	VS ft	DLS deg/100ft	Lat
	4200.00	0.00	0.00		4200.00	0.00	0.00	0.00	0.00	33
38	1.680	103	24	23.004	4263.77	0.00	0.00	0.00	0.00	33
38	1.680	103	24	23.004	4278.77	0.28	-0.28	0.39	20.00	33
38	1.683	103	24	23.007	4283.77	0.46	-0.46	0.65	0.00	33
38	1.685	103	24	23.009	4300.00	1.39	-1.39	1.96	20.00	33
38	1.694	103	24	23.020	4400.00	21.07	-21.07	29.80	20.00	33
38	1.888	103	24	23.253	4500.00	62.67	-62.67	88.63	20.00	33
38	2.300	103	24	23.745	4600.00	121.16	-121.16	171.35	20.00	33
38	2.879	103	24	24.437	4696.45	186.99	-186.99	264.45	20.00	33
38	3.530	103	24	25.215	4700.00	189.50	-189.50	267.99	0.00	33
38	3.555	103	24	25.245	4800.00	259.99	-259.99	367.68	0.00	33
38	4.252	103	24	26.079	4900.00	330.49	-330.49	467.38	0.00	33
38	4.950	103	24	26.913	5000.00	400.98	-400.98	567.08	0.00	33
38	5.647	103	24	27.746	5100.00	471.48	-471.48	666.77	0.00	33

EOR MILNESAND UNIT 123 P1 SVY									
38	6.344	103	24	28.580					
	5200.00	85.54	315.00	4593.55	541.98	-541.98	766.47	0.00	33
38	7.042	103	24	29.414					
	5300.00	85.54	315.00	4601.33	612.47	-612.47	866.17	0.00	33
38	7.739	103	24	30.248					
	5400.00	85.54	315.00	4609.12	682.97	-682.97	965.86	0.00	33
38	8.437	103	24	31.081					
	5500.00	85.54	315.00	4616.90	753.47	-753.47	1065.56	0.00	33
38	9.134	103	24	31.915					
	5600.00	85.54	315.00	4624.68	823.96	-823.96	1165.26	0.00	33
38	9.832	103	24	32.749					
	5700.00	85.54	315.00	4632.46	894.46	-894.46	1264.96	0.00	33
38	10.529	103	24	33.583					
	5800.00	85.54	315.00	4640.24	964.95	-964.95	1364.65	0.00	33
38	11.226	103	24	34.416					
	5835.46	85.54	315.00	4643.00	989.95	-989.95	1400.00	0.00	33
38	11.474	103	24	34.712	Pbh1				

Targets

Map	<----		Latitude	--<---		Longitude	---		Map
Name			Description			TVD	+N/-S	+E/-W	Northing
Easting	Deg	Min	Sec	Deg	Min	Sec			
ft			Dip.		Dir.	ft	ft	ft	ft
Pbh1						4643.00	989.95	-989.95	960355.69
781142.21	33	38	11.474 N	103	24	34.712 W			
	-Plan hit target								

Casing Points

MD	TVD	Diameter	Hole Size	Name
----	-----	----------	-----------	------

Formations

MD	TVD	Formations	Lithology
ft	Dip Angle	Dip Direction	
	ft	deg	
4696.46	4554.37	Top P1	
	-0.57	315.00	
	0.00	P3	
	-0.57	315.00	

Annotation

MD	TVD	
ft	ft	
4263.77	4263.77	Top WS
4278.77	4278.76	Btm WS
4283.77	4283.76	Build
4696.45	4554.37	Lp
5835.45	4643.00	Pbh1

EOR MILNESAND UNIT 123 P1 SVY