

C-103 Received 11-8-2004

DHC No. Assigned 12-6-2004

Order Number HOB-0101	API Number 30-025-34089	Operator Primal Energy Corporation	County Lea	
Order Date 	Well Name Hale State	Number 007	Location G 2 25S 37E UL Sec T (+Dir) R (+Dir)	
Pool 1	34200	Justis BLinebry	57%	11%
Pool 2	35280	Justis Tubb Drinkard	95%	89%
Pool 3				
Pool 4				
Comments: Work completed effective _____ Work cancelled effective _____ Supplement _____				

Posted
to RBDML
12-6-2004

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-34089

HOB-0101

OPERATOR: Primal Energy Corporation

PROPERTY NAME: Hale State

WNULSTR: 7-G, 2-25-37

34200

SECTION I:
POOL NO. 1 Justis Blinebry

ALLOWABLE AMOUNT
107 642 MCF 6000

35280

POOL NO. 2 Justis Tubb Drinkard

107 642 MCF 6000

POOL NO. 3 _____

_____ MCF

POOL NO. 4 _____

_____ MCF

POOL TOTALS 214 1284

SECTION II:
POOL NO. 1 Justis Blinebry

Oil Gas
5% 11%

POOL NO. 2 Justis Tubb Drinkard

95% X 214 = 203.30 89%

POOL NO. 3 _____

POOL NO. 4 _____

OIL

GAS

SECTION III:
107 ÷ 95% = 112.64 (113)

SECTION IV:
113 X 5 = 5.65 (6)
113 X 95 = 107.35 (107)

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 March 4, 2004

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

WELL API NO. 30-025-34089
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-2317

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 type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Hale State
	8. Well Number 7
2. Name of Operator Primal Energy Corporation	9. OGRID Number 154303
3. Address of Operator 211 Highland Cross #227, Houston, TX 77073	10. Pool name or Wildcat Justis Blinebry
4. Well Location Unit Letter <u>G</u> : <u>1,650</u> feet from the <u>N</u> line and <u>1,750</u> feet from the <u>E</u> line Section <u>2</u> Township <u>25S</u> Range <u>37E</u> NMPM <u>Lea</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,156' GL	
Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)	
Pit Location: UL <u> </u> Sect <u> </u> Twp <u> </u> Rng <u> </u> Pit type <u> </u> Depth to Groundwater <u> </u> Distance from nearest fresh water well <u> </u> Distance from nearest surface water <u> </u> Below-grade Tank Location UL <u> </u> Sect <u> </u> Twp <u> </u> Rng <u> </u> ; <u> </u> feet from the <u> </u> line and <u> </u> feet from the <u> </u> line	

12. 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 OPS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.
 SEE ATTACHED SHEET

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 [Signature] TITLE Mgr., Oper. & Eng DATE 10/26/04

Type or print name John Abernethy E-mail address: j.abernethy@primalenergy.net Telephone No. 281-821-5600
 for State use Ext. 103

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE DEC 06 2004

Conditions of approval, if any:

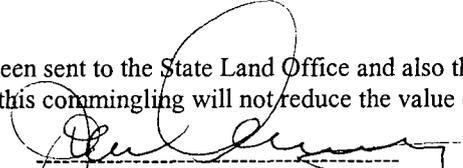
ATTACHMENT TO C-103

HALE STATE #7

LEA CO., NM

1. Drilled out CIBP at 6,000'.
2. Clean out Drinkard perforations.
3. Ran production tubing and returned well to production.
4. Commingle Blinebry (34200) perforations 5,003-5,500' and Drinkard (35280) perforations 6,095-6,134' pursuant to Order R-11363.
5. Allocation of production is based on latest test data from the Blinebry and last production from the Drinkard.
OIL - Blinebry ~~5.1%~~ & Drinkard ~~94.9%~~ GAS - Blinebry ~~10.5%~~ & Drinkard ~~89.5%~~
Justis *Justis Tubb*
77M 5% *95%* *77M 11%* *89%*

I certify that this is a State lease and a copy of these forms have been sent to the State Land Office and also that the ownership in these two zones, the Blinebry and Drinkard, is common. Also, this commingling will not reduce the value of the total remaining reserves.



John Abernethy, Mgr. Oper. & Eng.

DISTRICT I
 P. O. Box 1980
 Lordsburg, NM 88241-1980

State of New Mexico
 Energy, Mines, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34089		2 Pool Code 34200		3 Pool Name JUSTIS BLINEBRY	
4 Property Code 18949		5 Property Name HALE STATE			6 Well Number 7
7 OGRID No. 154303		8 Operator Name PRIMAL ENERGY CORPORATION			9 Elevation 3156'

10 SURFACE LOCATION

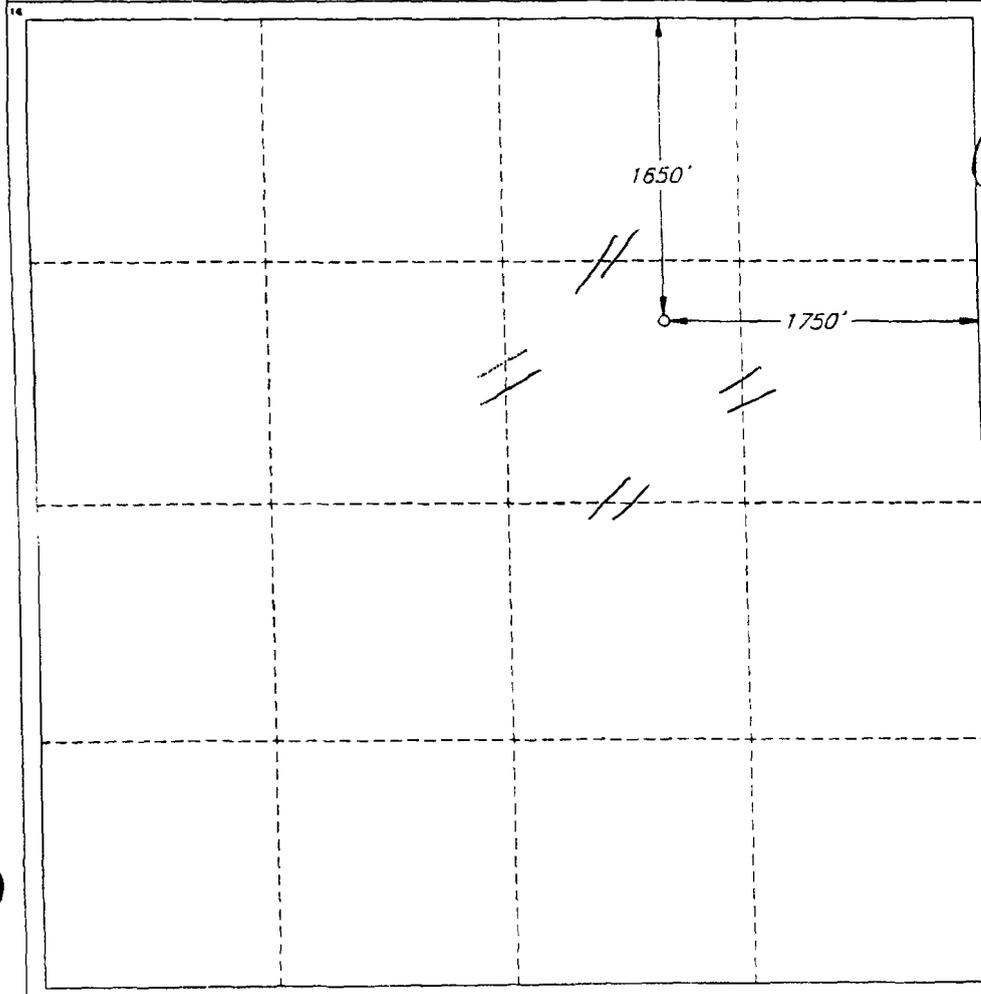
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	2	25 SOUTH	37 EAST, N.M.P.M.		1650'	NORTH	1750'	EAST	LEA

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 80	13 Joint or Infill Y	14 Consolidation Code	15 Order No.
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40 NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

Signature: *[Signature]*
 Printed Name: JOHN ABERNETHY
 Title: Mgr. Oper. & Eng.
 Date: 9-1-99

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: JULY 17, 1997
 Signature and Seal of Professional Surveyor: *[Signature]*
 Certificate No.: 20720
 ROGER M. ROBBINS P.S. #12128
 JOB # 52987 / 20 NW / JSJ

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

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 P. O. Box 2088
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 1000 Rio Brazos Rd.
 Aztec, NM 87410

AMENDED REPORT

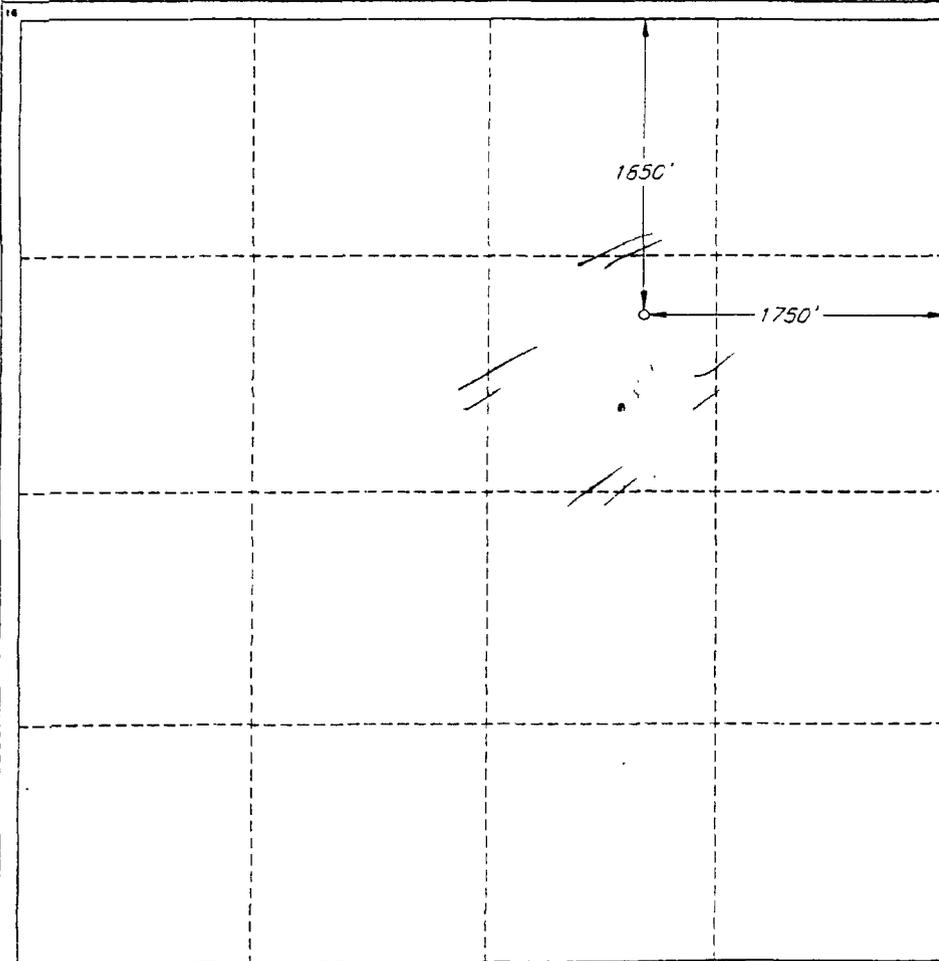
DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34089		2 Pool Code 35280		3 Pool Name JUSTIS TUBB-DRINKARD					
4 Property Code 018949		5 Property Name HALE STATE				6 Well Number 7			
7 OGRID No. 154303		8 Operator Name PRIMAL ENERGY CORPORATION				9 Elevation 3156'			
10 SURFACE LOCATION									
UL or lot no. G	Section 2	Township 25 SOUTH	Range 37 EAST, N.M.P.M.	Lot Ida	Feet from the 1850'	North/South line NORTH	Feet from the 1750'	East/West line EAST	County LEA
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 80.00		13 Joint or Infill J		14 Consolidation Code		15 Order No.			

40

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OPERATOR CERTIFICATION

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

Signature

 Printed Name
John Abernethy
 Title
MANAGER, Oper & Eng.
 Date
8-4-97

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
JULY 27 1997
 Signature and Seal of Professional Surveyor

 Certificate No.
ROGER M. ROBBELS P.S. #12128
 JOB # 52987 / 20 NW / JSJ