

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  
 May 27, 2004

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

WELL API NO. 30-025-23708
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> <sup>FED</sup>
6. State Oil & Gas Lease No.

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 GOVERNMENT "E"
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <u>S.W.D.</u>	8. Well Number # <u>1</u>	9. OGRID Number <u>210510</u>
2. Name of Operator <u>LORAY OIL CO. LLC.</u>	10. Pool name or Wildcat <u>BONE SPRINGS</u>	
3. Address of Operator <u>P.O. Box 2081 LOUINGTON, NM</u>	4. Well Location Unit Letter <u>N</u> : <u>610</u> feet from the <u>S</u> line and <u>1880</u> feet from the <u>W</u> line Section <u>25</u> Township <u>19S</u> Range <u>34E</u> NMPM County <u>LEA</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" 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"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/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

**DENIED**

**RECEIVED**

- Not all the info I asked for!!  
 FEB - 5 2008

Received 2/6/08 7:10AM  
 Chris Williams -

**HOBBS OCD**

Denied

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 MEMBER DATE 2-4-08

Type or print name \_\_\_\_\_ E-mail address: \_\_\_\_\_ Telephone No. \_\_\_\_\_  
 For State Use Only

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any):

BEFORE THE OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico  
 Case No. 14411 De Novo Exhibit No. 7  
 Submitted by:  
 ARMSTRONG ENERGY CORPORATION  
 Hearing Date: November 4, 2010

**LOURAY OIL COMPANY L.L.C.**

**GOVERNMENT "E" #1**

02-04-2008

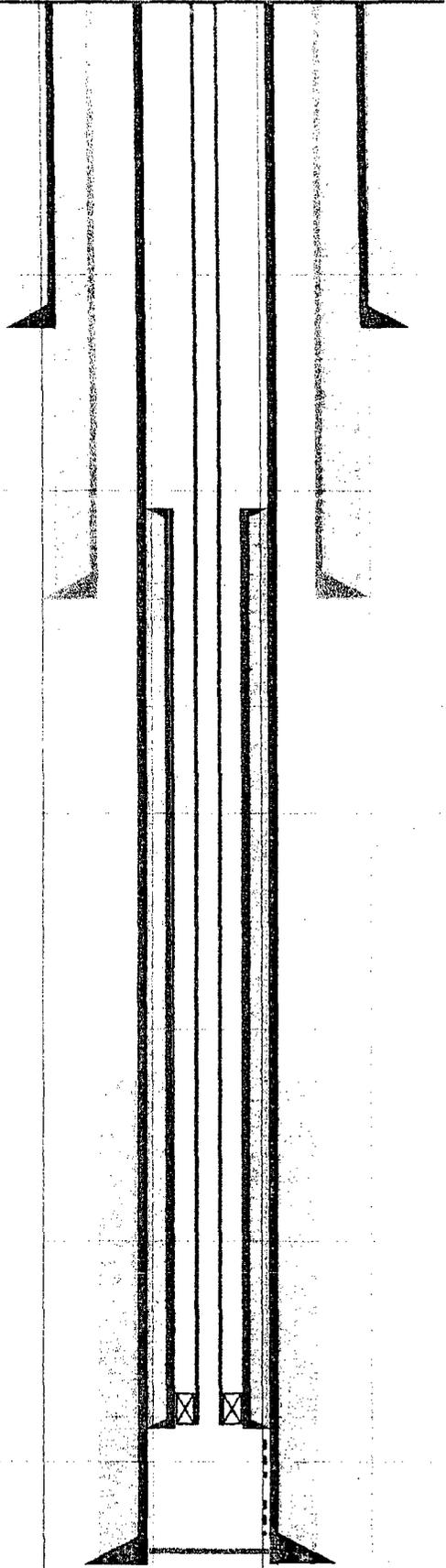
Squeeze off bad casing in between 4167.78 and 5332.49. Drill out back through the cement, retest casing and resqueeze If necessary until pipe tests good.

## PROPOSED / EXISTING WELL CONFIGURATION

Spud Date: 2/13/1971



GL Elevation: 3730'



RED BEDS  
 SALADO  
 YATES  
 QUEEN  
 SAN ANDRES  
 CHERRY CANYON  
 BONE SPRING  
 LOWER BONES

LITHOLOGY APPROXIMATION

## Government 'E' No. 1

API No. 30-025-23708

Location: 610' FSL & 1880' FWL

UL 'N', Sec. 25, Twp 19S, Rng 34E, NMPM

Latitude: 32.625818 Longitude: -103.516315

Lea County, New Mexico

SWD; Bone Spring (Pool No.96095)

Formation: Red Beds

Surface: 11.75" 42# @ 400' (Borehole 15")

Cement: 450 Sacks Class H w/2% CaCl  
from 400' to 0' (Circulated)

Formation: Salado / Anhydrite Mix (Top ~1800')

Formation: Yates (Top ~3500')

*2/5/08 Cement?  
CASING LEAK?*

Intermediate: 8 5/8" 32# @ 4089' (Borehole 11.0")

Cement: 775 Sacks TLW & Pozmix from 4089' to 2200' (Calc.)

Formation: Queen (Top ~4400')

Formation: San Andres (Top ~6050')

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Cherry Canyon (Top 6490')

Tubing: 2.375" (184 jnts) and 2.875" (113 jnts)  
Plastic Coated @ 9579'

Packer: 4.0" (Nominal) PKR (w/ On/Off Tool) @ 9596'

Formation: Bone Spring (Top 9716')

Liner: 4.0" Flush Joint 15.6# @ 9597' to 3843'

Cement: 240 Sacks Class H from 9547' to 3843'

Perforations Top: 9716' - 20'

Bottom: 10,225' - 36'

Formation: Lower Bone Spring (Top 10,222')

Production: 5.5" 17# @ 10,300' (Borehole 7.875")

Cement: 500 Sacks Class H from 10,300' to 7700' (Temp Srvy)

PBTD: 10,277'

## C-108 Supporting Data

*The Government 'E' No.1 SWD recently underwent extensive work-over and repair operations which are summarized below. OCD site visits and actual expenditures are in tables that follow.*

### ***First Repair Attempt***

January 22, 2008 through February 26, 2008

Upon identifying the well failure, the subject well was shut in on 1/22/08. The well was bled down for several days to get on the hole. Approximately 4500 bbls of water were trucked for disposal. On 1/28/08, the operator was able to get in the hole – pulled 309 joints 2-3/8" tubing and ran in hole with 8 joints of 2-7/8" work string and scraper and shut in well. On 1/29/08 the job was shut down due to high wind. On 1/30/08, the well pressured back up to about 50 psi and approximately 400 bbls was flowed to the tanks for disposal. The unit crew was able to run in the hole with a scraper on work string. The next two days consisted of several runs with bit & scraper and gauge ring and then a routine plug & packer job was conducted to locate the depth of the casing failure. A length of bad casing was located between 5332' and 4168'. Set bridge plug and cement retainer. On 2/5/08 a squeeze job was performed between the 5-1/2" and 8-5/8" Initially pumped 20 bbls down at 100 psi to get a rate - established maximum rate of 4 bpm @ 600 psi. Pumped 260 sacks of class 'C' Neat followed by 500 sacks of class 'C' with 6% gel. Pulled out of the cement retainer and finished pumping and shut the well in with 600 psi. Drilled out and tested again for the next several days. Additional testing with plug and packer identified remaining hole between 5049' and 5018'. On 2/11/08, a cement retainer was set at 4986' but when tested the following morning, it did not hold. The retainer was drilled out and pulled the pipe out of the hole. Ran the packer in and set it to isolate the hole. On 2/13/08 a new retainer was run in the hole but would not set. The retainer was pulled and found severely damaged. Ran a new retainer in the hole and it was able to set. Hooked up to establish a rate but could only get 1 bpm @ 2500 psi. On 2/14/08 the crew ran back in the hole with bit and collars. The first retainer was drilled out and the hole was circulated. Drilled out for the next few days and ran a mill to get through a hardened steel piece of a stinger. On 2/18/08, drilled with the bit again to try and get through the remaining pieces of junk. Finally drilled through and ran more pipe and tagged the plug at 5332'. Started drilling and made several more feet with additional pieces of the retainer coming up. Circulated the hole and shut down. Over the next several days, the hole was cleaned out to a depth of 9743'. The hole was circulated with fresh water and shut in on 2/26/08 and the workover unit was rigged down.

