

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

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

WELL API NO. #2 - 30-015-26035
#16 - 30-015-24345

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
NMNM106832X

7. Lease Name or Unit Agreement Name:
West High Lonesome Penrose Sand Unit

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 X Other

RECEIVED

2. Name of Operator

Beach Exploration, Inc.

MAY 19 2004

8. Well No. 2 & 16

3. Address of Operator

800 North Marienfeld, Ste. 200, Midland, TX 79701

EDD-ARTESIA

9. Pool name or Wildcat
High Lonesome Queen

4. Well Location

Unit Letter G 2310 feet from the North line and 1650 feet from the East line WHLPSU #2

Unit Letter P 660 feet from the South line and 660 feet from the East line WHLPSU #16

Section 18 Township 16S Range 29E NMPM County Eddy Both wells)

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. 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 COMPLETION ☐

OTHER: Convert to injection as detailed below



SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT

CASING TEST AND CEMENT JOB ☐

OTHER:

12. 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 recompilation.

Beach Exploration's West High Lonesome Unit was originally approved for 18 injection wells by Order R-11674 dated 10/19/01. The plan, under that order, was to convert wells to injection in two phases. The Phase I conversion took place at unit installation 9/2/02. In Phase I, twelve of thirteen wells were converted to injection. The remaining five approved injectors were to be converted in Phase II after the Phase II wells had watered out. This process has taken longer than expected, partially because of the need for increased injection pressure. By hearing, the maximum surface injection pressure was increased to 1100 psi for the original 18 approved injectors with Order R-11674-A dated 11/24/03.

Beach Exploration now plans to initiate Phase II by converting two of the remaining five Phase II injectors. This work is planned for late May to early June.

Plans are to convert the WHL #2 and #16 to injection. These wells were listed as The Exxon Federal "A" #2 and Exxon Federal #1 on the original exhibit "A".

Rods, pump and tubing will be pulled from these wells and Duo10 plastic lined 2 3/8" tubing with a plastic lined Model AD-1 tension packer will be run in the hole and set within 100' of the existing perforations. The backside will be loaded with packer fluid and a pressure integrity test will be conducted.

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

SIGNATURE

TITLE Engineer

DATE May 18, 2004

Type or print name Jack M. Rose

Telephone No 432-683-6226

(This space for State use)

APPROVED BY

TITLE

DATE