District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV

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

* Sae STIPS for approve 1.

State of New Minerals and Natural Resources

Form C-101

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Sufflict to appropriate District Office AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE Operator Name and Address OGRID Number 215758 PECOS PRODUCTION COMPANY API Number 400 W. ILLINOIS, STE 1070, Midland, TX 79701 30 - 015-25001 Property Code Property Name Well No. STATE 2 31956 ^{to} Proposed Pool 2 9 Proposed Pool 1 SHUGART (YTS-7RVS-ON-GB) ⁷ Surface Location UL or lot no. Section Township Feet from the North/South line Range Lot Idn Feet from the East/West line County E 2 19S 30E 1855' NORTH 660' **EDDY** WEST ⁸ Proposed Bottom Hole Location If Different From Surface UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the Fast/West line County Additional Well Information 11 Work Type Code 12 Well Type Code 13 Cable/Rotary 14 Lease Type Code 15 Ground Level Elevation P/ CONVERT TO INJ S 3464.21 T 20 Spud Date 16 Multiple 17 Proposed Depth 18 Formation 19 Contractor (PB-3300') **QUEEN UPON APPROVAL** NO NA Distance from nearest fresh water well- 2+ MILES NA Depth to Groundwater Distance from nearest surface water Liner: Synthetic mils thick Clay Pit Volume: Drilling Method: Closed-Loop System Fresh Water Brine Diesel/Oil-based Gas/Air ²¹ Proposed Casing and Cement Program (ALREADY IN PLACE) Casing weight/foot Hole Size Casing Size Setting Depth Sacks of Cement Estimated TOC 17 1/2" 13 3/8" 54.5 485' 700 CIRC 11" 8 5/8" 28# 3980' 1650 CIRC 7 7/8" 5 1/2" 17-15.5# 9030' 900 5706' CBL 4540' 850 300' CBL ²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary. PROPOSE TO CONVERT TO INJECTION PER DIVISION ORDER NO. R-12268 (STATE "2" COOPERATIVE WATERFLOOD PROJECT) AS FOLLOWS: 1. POOH LAYING DOWN PRODUCTION EQUIPMENT. SET CIBP AT 3300' AND DUMP 20' CMT ON TOP. TIH WITH 5 1/2" IPC INJECTION PACKER ON 2 7/8" IPC TUBING. LOAD ANNULUS WITH PACKER FLUID. Notify OCD 24 hours NOTIFY OCD AND TEST ANNULUS TO 500 PSI. 4. PLACE WELL ON INJECTION. prior to test. 748-1283 ²³ I hereby certify that the information given above is true and complete to the OIL CONSERVATION DIVISION best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or Approved by: tim W. Gum an (attached) alternative OCD-approved plan ... DISTRICT II SUPERVISOR Printed name: DORA LARA Title: Approval Date: EB 1 6 2005 FEB 1 6 2006 Title: ENGR ASST If this work requires an E-mail Address: dorah@pecosproduction.com earthen pit, a permit must Phone: 432-620-8480 Conditions of A

be approved prior to

construction of the pit(s).

District_1 1625 N. French Dr., Hobbs, NM 88240 District II

1301 W. Grand Avenue, Artesia, NM 88210

District III 1000 Rio Brazos Rd., Aztec, NM 87410

District IV

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe. NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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1220 S. St. Francis Dr., Santa Fe, NM 87505								☐ AMENDED REPORT		
		WELL LC	CATIO	N AND ACR	EAGE DEDIC	ATION PLA	Γ			
1 API Number			² Pool Code		³ Pool Name					
30-015-25001			56439		Shugart; Yates-7RVS-QU-Grayburg					
⁴ Property Code			⁵ Property Name					⁶ Well Number		
31956			State 2					1		
OGRID No.				⁸ Operator Name					⁹ Elevation	
215758			Pecos Production Company					3464.2'		
•				¹⁰ Surface	Location					
Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/V	Vest line	County	
2	19S	30E		1855'	North	660'	Wes	t	Eddy	
		11 Bc	ottom Ho	le Location If	Different Fron	n Surface				
Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/V	Vest line	County	
	l									
13 Joint o	r Infill	Consolidation	Code 15 O	rder No.						
]	R-12268						
	1 Numbe 15-250 le Section 2	Section Township 2 Township Township	Section Township Range 2 19S 30E Section Township Range Range Range Range	WELL LOCATIO 2 Pool Code 15-25001 56439	WELL LOCATION AND ACR Number 2 Pool Code 15-25001 56439	WELL LOCATION AND ACREAGE DEDIC Number 2 Pool Code 56439 Shugar State 2 Soperator Name State 2	WELL LOCATION AND ACREAGE DEDICATION PLA Number Pool Code State 2 Operator Name Pecos Production Company Surface Location Section Township Section Township Section Township Range Lot Idn Feet from the North/South line Feet from the North G60' 13 Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the North/South line Feet from	WELL LOCATION AND ACREAGE DEDICATION PLAT Number	WELL LOCATION AND ACREAGE DEDICATION PLAT Number	

NO ALLOWABLE WILL 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 1855 Dora Lara Printed Name Engr. & Operations Asst / dorab@pecosproduction.com Title and E-mail Address 660' 1-11-05 Date 18 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. REFER TO ORIGINAL ON FILE Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL ON FILE Certificate Number

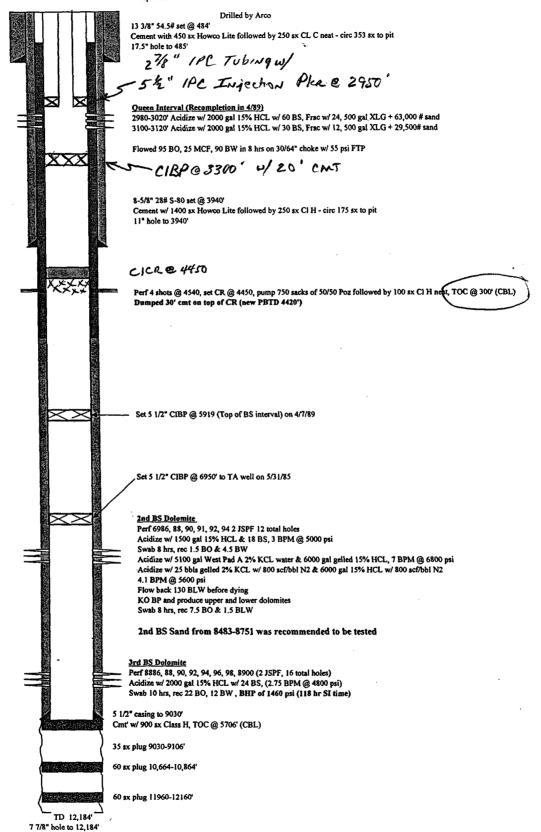
State '2' Lease, Well #1

Shugart (Queen) Producer 1855' FNL & 660' FWL, Sec. 2, T19S, R30E, Eddy County, New Mexico Spudded 9/10/84

Drilled by Arco 13 3/8" 54.5# set @ 484' Cement with 450 sx Howco Lite followed by 250 sx CL C neat - circ 353 sx to pit 17.5" hole to 485' <u>Oueen Interval (Recompletion in 4/89)</u>
2980-3020' Acidize w/ 2000 gal 15% HCL w/ 60 BS, Frac w/ 24, 500 gal XLG + 63,000 # sand 3100-3120' Acidize w/ 2000 gal 15% HCL w/ 30 BS, Frac w/ 12, 500 gal XLG + 29,500# sand Flowed 95 BO, 25 MCF, 90 BW in 8 hrs on 30/64" choke w/ 55 psi FTP 8-5/8" 28# S-80 set @ 3940' Cement w/ 1400 sx Howco Lite followed by 250 sx Cl H - circ 175 sx to pit 11" hole to 3940' CICR @ 4450 XXX Perf 4 shots @ 4540, set CR @ 4450, pump 750 sacks of 50/50 Poz followed by 100 sx Cl H next, TOC @ 300' (CBL) Dumped 30' cmt on top of CR (new PBTD 4420') Set 5 1/2" CIBP @ 5919 (Top of BS interval) on 4/7/89 Set 5 1/2" CIBP @ 6950' to TA well on 5/31/85 2nd BS Dolomite Perf 6986, 88, 90, 91, 92, 94 2 JSPF 12 total holes Acidize w/ 1500 gal 15% HCL & 18 BS, 3 BPM @ 5000 psi Swab 8 hrs, rec 1.5 BO & 4.5 BW Acidize w/ \$100 gai West Pad A 2% KCL water & 6000 gai gelled 15% HCL, 7 BPM @ 6800 psi Acidize w/ 25 bbls gelled 2% KCL w/ 800 scf/bbl N2 & 6000 gai 15% HCL w/ 800 scf/bbl N2 4.1 BPM @ 5600 psi Flow back 130 BLW before dying KO BP and produce upper and lower dolomites Swab 8 hrs, rec 7.5 BO & 1.5 BLW 2nd BS Sand from 8483-8751 was recommended to be tested 3rd BS Dolomite Perf 8886, 88, 90, 92, 94, 96, 98, 8900 (2 JSPF, 16 total holes) Acidize w/ 2000 gal 15% HCL w/ 24 BS, (2.75 BPM @ 4800 psi) Swab 10 hrs, rec 22 BO, 12 BW, BHP of 1460 psi (118 hr SI time) 5 1/2" casing to 9030' Cmt' w/ 900 sx Class H, TOC @ 5706' (CBL) 35 sx plug 9030-9106' 60 sx plug 10,664-10,864' 60 sx plug 11960-12160' TD 12,184' 7 7/8" hole to 12,184'

State '2' Lease, Well #1

Shugari (Queen) Producer 1855' FNL & 660' FWL, Sec. 2, T19S, R30E, Eddy County, New Mexico Spudded 9/10/84





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

February 16, 2005 Pecos Production Company 400 W. Illinois, Suite 1070 Midland, TX 79701 Attn: Ms. Dora Lara

RE: Pecos Production Company: State '2' # 1, located in Unit E (1855' FNL & 660' FWL) of Section 2, Township 19 South Range 30 East, Eddy County, New Mexico.

API # 30-015-25001

Dear Ms. Lara,

In regards to conditions for approval of the above captioned well, the New Mexico Oil Conservation Division (NMOCD) will require the following:

In addition for Pecos Production Company to follow **all** orders of **R-12268** and the proposed procedures stated on your C101 dated 2/11/2005, the following additional measures are required:

• Operator is to set a 100' cement plug across the shoe ("50'in/50'out") on the 8 5/8" casing from @ 3930-4030' and tag this cement plug.

Respectfully yours,

Bryan G. Arrant

PES

CC:

Will Jones-Hearing Examiner-Santa Fe

Van Barton-Field Representative. II-Artesia

Well File