Office	State of New Mex NM.QH.CONSERVATION.			Form C-103 May 27, 2004
District I 1625 N. French Dr., Hobbs, NM 88240	ARTESIA DISTRICT	ai resources	WELL API NO.	
District II	OHAUDINSERVATION	DIVISION	30-005-6094	15
1301 W. Grand Ave., Artesia, NM 88210 District III	1220 South St. France		5. Indicate Type of Lease	
1000 Rio Brazos Rd., Aztec, NM 87410				EE .
District IV 1220 S. St. Francis Dr., Santa Fe, NM	RECEIVED, NM 87	303	6. State Oil & Gas Lease 1	No.
87505			NM 88202	
	CES AND REPORTS ON WELLS		7. Lease Name or Unit Ag	
	SALS TO DRILL OR TO DEEPEN OR PLU- CATION FOR PERMIT" (FORM C-101) FOI		100011	1
PROPOSALS.)	CATION FOR FERMIT (FORM C-101) FOR	Couch	McKnight	
1. Type of Well: Oil Well	Gas Well Other		8. Well Number 3	
2. Name of Operator PECO	S KIVER OPERATING		9. OGRID Number	
3. Address of Operator PO-Bo	/ CITE OF CHAPTING		10. Pool name or Wildcat	
1755 ROSEWEIL, NM. 88202		Pecos Slope Abo-West		
4. Well Location			Tecas organ Hoo	uest
Unit Letter # : 19	80 feet from the North lir	ne and 660	feet from the East	line
f		мрм	County CHAVES A	VM
	11. Elevation (Show whether DR,	RKB, RT, GR, etc.)	
Pit or Below-grade Tank Application 0	Classes			
	terDistance from nearest fresh water			`
Pit Liner Thickness: mil	Below-Grade Tank: Volume		uction Material	
12. Check A	appropriate Box to Indicate Na	ture of Notice,	Report or Other Data	
NOTICE OF IN		i	BSEQUENT REPORT	the same of the sa
PERFORM REMEDIAL WORK	PLUG AND ABANDON 💆	REMEDIAL WO		RING CASING
TEMPORARILY ABANDON	CHANGE PLANS	COMMENCE DI	RILLING OPNS. P AND	A 🗔
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Well Bore Diagram Mcknight Fed 3 Ref 350'- Surface 41/2"- 85/8" 1005x. YERIN 85/8'-851' 650 SX Perf 901'592 85/8-41/2 605X TAG@ 19850' to 1750' - 25 SKS WORD THE percuse abolient for x TOC W 2500' That 41/2"-3093' 6005X

CONDITIONS FOR PLUGGING AND ABANDONMENT

District II / Artesia N.M.

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, Notify NMOCD District Office II at (575)-748-1283 at least 24 hours before beginning work.

- A notice of intent to plug and abandon a wellbore is required to be approved before plugging
 operations are conducted. A cement evaluation tool is required in order to ensure isolation of
 producing formations, protection of water and correlative rights. A cement bond log or other
 accepted cement evaluation tool is to be provided to the division for evaluation if one has not
 been previously run or if the well did not have cement circulated to surface during the original
 casing cementing job or subsequent cementing jobs.
- 2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
- 3. Trucking companies being used to haul oilfield waste fluids to a disposal commercial or private shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator as well as the contractor, to verify that this permit is in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.
- 4. Filing a subsequent C-103 will serve as notification that the well has been plugged.
- 5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.
- 6. Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.
- 7. Produced water will not be used during any part of the plugging operation.
- 8. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
- 9. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
- 10. Class 'C' cement will be used above 7500 feet.
- 11. Class 'H' cement will be used below 7500 feet.
- 12. A cement plug is required to be set 50' above and 50' below, casing stubs, DV tools, attempted casing cut offs, cement tops outside casing, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged
- 13. All Casing Shoes Will Be Perforated and Attempted to be Squeezed, cement needs to be 50' above and 50' Below Casing Shoe inside the Production Casing
- 14. A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.
- 15. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing

- 16. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set
- 17. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, (WOC 4 hrs and tag).
- 18. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.
- 19. Any Production Formations will be isolated with cement plugs: Some of these are:
 - A) Strawn, Fusselman, Devonian, Marrow, Atoka, Wolfcamp, Bone springs, Delaware, San Andres, Abo, Glorieta, Any Salt Section, (Potash), Grayburg, Queen, Yates, Tubb, 7-Rivers
 - B) Potash--- (In the R-111-P Area (Potash Mine Area), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
- 20. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing

DRY HOLE MARKER REQUIRMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least ¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name 2. Lease and Well Number 3.API Number 4. Unit Letter 5. Quarter Section (feet from the North, South, East or West) 6. Section, Township and Range 7. Plugging Date 8. County

(SPECIAL CASES)

AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)