

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88240  
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. 30-015-35569
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Cronos Fee
8. Well Number 1
9. OGRID Number 155615
10. Pool name or Wildcat Loving Morrow

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 ☒ Other

JUL 23 2007

2. Name of Operator  
Nadel and Gussman Permian, LLC

OCD-ARTESIA

3. Address of Operator  
601 N. Marienfeld, Suite 508  
Midland, TX 797001

4. Well Location

Unit Letter E : 1950 feet from the North line and 660 feet from the West line  
Section 20 Township 23S Range 28E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3,059' GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Reserve Depth to Groundwater 100' + Distance from nearest fresh water well >1000' Distance from nearest surface water <200'

Pit Liner Thickness: 20 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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☒  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

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.

We plan to bring the top of cement for our 5-1/2" production casing up to 8800'. This is a change from the APD stipulation to bring the cement up into the 9-5/8" casing, which is set at 6079'. The stipulation was in anticipation of encountering hydrocarbon producing zones just below the 9-5/8" shoe. However, no hydrocarbon shows or water flows were seen while drilling from the shoe to well below 9600'. (A mud log for the interval from 6000' to 9600' is attached.)

Note that the nearby salt water disposal well, Belco #1 (660' FWL & 2200' FNL, sec. 20, T23S, R28E), is injecting at 5726' to 5809' which is above the 9-5/8" shoe at 6079'. No water flows were seen when drilling through this interval. Also, the 9-5/8" string is cemented from 6079' to surface.

Verbal approval for this change was given by Bryan Arrant, NMOCD District Geologist, on July 19, 2007.

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 Terry R. West TITLE Drilling Operations Engineer DATE 7/19/07

Type or print name Terry West E-mail address: terryw@naguss.com Telephone No. (432) 682-4429

For State Use Only

APPROVED BY: BRYAN G. ARRAnt TITLE DISTRICT II GEOLOGIST DATE JUL 23 2007  
Conditions of Approval (if any):