

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

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|---|
| WELL API NO. 30-015-36075 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. E-10170 |
| 7. Lease Name or Unit Agreement Name ENCORE "32" LOAFER COM |
| 8. Well Number 001 |
| 9. OGRID Number 189951 |
| 10. Pool name or Wildcat LOAFER DRAW;MORROW,SE GAS |

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

2. Name of Operator
ENCORE OPERATING, L.P.

3. Address of Operator
777 MAIN STREET, STE. 1400 FORT WORTH, TX. 76102

4. Well Location

Unit Letter G : 2636 feet from the NORTH line and 2362 feet from the EAST line
Section 32 Township 21S Range 23E NMPM County EDDY

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4063'

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type DRILL Depth to Groundwater 50+ Distance from nearest fresh water well 1000+ Distance from nearest surface water 1000+

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 15000 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.

Encore Operating conducted the following cement job on the 7" casing.

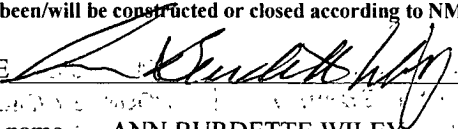
On 5/14/08, due to lost circulation issues, we ran and set 7", 29#, L80, LTC casing at 7630'. An ECP and DV tool were placed in tandem at 6680' in this string. We cemented stage 1 with 300 sx H @ 15.6 ppg with 1.18 cuft/sx yield. We cemented stage 2 with 900 sx 50/50 poz/c lead at 11.8 ppg and 2.46 cuft/sx yield and 100 sx C at 14.8 ppg and 1.33 cuft/sx yield. No circulation was established on either stage.

On 5/17/08, After drilling out DV tool and not getting a casing test, we set a CIBP at 7200' and tested casing to 2500 psi.

On 5/19 to 5/21 we drilled out CIBP and set a retainer at 7447' and squeezed casing shoe 6 times using a total of 3340 sx cement. 1900 sx H at 15.6 ppg and 1.19 cuft/sx and 1440 sx Thixotropic cement at 15.0 ppg and 1.38 cuft/sx.

On 5/22/08, we drilled out retainer and squeeze cement to 7647' and performed a Formation Integrity test to 9.7 ppg EMW and resumed drilling ahead at that point.

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  TITLE REGULATORY MANAGER DATE 06/06/2008

Type or print name ANN BURDETTE WILEY E-mail address: awiley@encoreacq.com Telephone No. 817-877-9955

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Accepted for record - NMOCD