

Submit 1 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 S. First St., 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
 Revised July 18, 2013

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

WELL API NO. 30-015-05132
5. Indicate Type of Lease FEDERAL NMLC-029418B
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name LEA C FEDERAL
8. Well Number 004
9. OGRID Number 289372
10. Pool name or Wildcat GRAYBURG JACKSON;SR-Q-G-SA

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
CAPSTONE NATURAL RESOURCES, LLC

3. Address of Operator
2250 E. 73RD ST., SUITE 500, TULSA, OK 74136

4. Well Location
 Unit Letter J : 1980 feet from the SOUTH line and 1980' feet from the EAST line
 Section 11 Township 17S Range 31E NMPM EDDY County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3954' DF

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: CONVERT TO INJECTOION <input checked="" type="checkbox"/>
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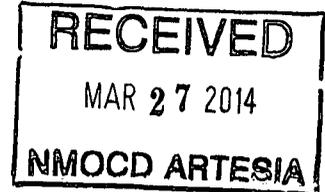
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.714 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Convert to Injector:

Reinstatement of authorization to inject for waterflood operations authorized by NMOCD Order No. R-4697-B

See attached procedure for conversion.

This information is also being submitted to the BLM on Sundry Form 3160-5.



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

SIGNATURE Debbie McKelvey TITLE AGENT DATE 3/24/14
 Type or print name Debbie McKelvey E-mail address: debmckelvey@earthlin.net Telephone No. 505-392-3575

For State Use Only

APPROVED BY: Richard Nae TITLE COMPLIANCE OFFICER DATE 4/8/14
 Conditions of Approval (if any):

2/24/14 – MIRU. POOH with rods and pump.

2/25/14 – RU & Install and test 6" 900 BOP to 500 psi. POOH with production tubing.

2/26/14 – RIH and tag top of fill @ 3773'. Clean out fill to TD @ 3798'. POOH.

2/27/14 – TIH with 5 1/2" RBP and set @ 3380'. Circulate w/57 bbls. Of fresh water and test 5 1/2" casing for 10 minutes and did not loose any pressure. TOH. RU wireline and run CBL log from 3380' to surface. Found good cement from 3380-2800', poor cement from 2800-2740, and scattered good and poor cement from 2740' to TOC @ 1380'. Electronic copy of CBL was emailed to Paul Swartz, BLM. RD wireline. TOH with RBP. TIH with 5 1/2" casing scraper to 3411'. Scraper ran smoothly. TOH.

2/28/14 – TIH w/5 1/2" Loc-set pkr. To 3388'. Load w/52 bbls. of fresh water and pressure up to 500 psi leaving pressure on csg. Test lines to 5500 psi and acidize perms., 3443-3682' and 3700-3798', with 2000 gals. NEFE HCL 15% acid using 2000# of rock salt diverter.

3/3/14 – TOH. At approximately 2:30 p.m. notified Paul Swartz, BLM, and Richard Inge, OCD, that MIT was to be performed on 3/5/14 @ 8 a.m.

3/4/14 – TIH w/5 1/2" IPC nickel plated Loc-set pkr., 2 3/8" x 1.78R nickel plated profile nipple, 2 3/8" nickel plated on/off tool and 104 jts. Of 2 3/8" IPC tbg. Circulate 85 bbls. Of pkr. Fluid. Set pkr. @ 3374' with 14000# of tension. See additional detail below for tubing and pkr. Remove BOP and NU wellhead. Ran a test chart to 530 psi and held constant for 35 min. Paul Swartz, BLM, called and could not make MIT; rescheduled test for 3/6/14 @ 8 a.m. Richard Inge, OCD will be on location for test.

3/6/14 RU. Pressured up to 550 psi and chart MIT pressure for 30 min. and lost 55 psi. Test was witnessed by Richard Inge, OCD; original chart given to Mr.Inge. Paul Swartz was unable to witness test due to illness.

TUBING/PKR. DETAIL:

	6.00'	KB Correction
104	3361.90'	2 3/8" IPC tbg.
1	2.00'	2 3/8" Nickel Plated On-Off Tool
1	.40'	2 3/8" x 1.78R Nickel Plated Profile Nipple
		5 1/2" x 2 3/8" IPC Nickel Plated Loc-Set
1	4.00'	Pkr.
	<u>3374.30'</u>	Pkr. set depth

Injection set to start soon.

Capstone Natural Resources

3/6/2014 CAB

Lease :	Lea "C" #4	3443; 3499; 3503; 3515; 3543; 3558; 3574; 3592; 3604; 3625; 3633; 3650; 3660; 3669; 3682	Casing			
Field :	Grayburg Jackson		Size	Weight	Grade	Depth
DF :	3954.00		8 5/8	24	J-55	894
Legals :	Sec 11-17S-31E		5 1/2	15.5	J-55	3,700
	Unit L 1980' FSL & 1980' FEL		4 3/4	OH	OH	3700-3798
	Eddy County, NM					
	API: 30-015-05132	Tubing				
		Size	Weight	Grade	Depth	
		2 3/8	4.7	J-55 IPC	3,374	
		<i>All intervals shot with 1 spf 24 (3/8" holes)</i>				

