

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

WELL API NO. #4 (30-015-25527)
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM106832X
7. Lease Name or Unit Agreement Name West High Lonesome Penrose Sand Unit
8. Well Number #4
9. OGRID Number 001900
10. Pool name or Wildcat High Lonesome Queen

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
Beach Exploration, Inc.

3. Address of Operator
800 North Marienfeld, Suite 200, Midland, TX 79701

4. Well Location

Unit Letter E: 988 feet from the WEST line and 2310 feet from the NORTH line
Section 17 Township 16S Range 29E NMPM EDDY County

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

Pit or Below-grade Tank/Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ 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.

Beach Exploration's West High Lonesome Unit was originally approved for 18 injection wells by Order R-11674 dated 10/19/01. The plan, under that order, was to convert wells to injection in two phases. The Phase I conversion took place at unit installation 9/2/02. In Phase I, twelve of thirteen wells were converted to injection. The remaining five approved injectors were to be converted in Phase II after the Phase II wells had watered out. This process has taken longer than expected, partially because of the need for increased injection pressure. By hearing, the maximum surface injection pressure was increased to 1100 psi for the original 18 approved injectors with Order R-11674-A dated 11/24/03.

Beach Exploration converted two of the originally approved five Phase II wells to injection in June of 2004 (WHL #2 and #16) In December of 2005 (WHL # 6) was converted. The WHL #4 is the fourth of five Phase II wells that needs to be converted to injection. This well has just now started watering out.
This work is necessary to increase our injection support in the northeast portion of the unit. This work is planned for late September 2006.

The WHL #4 was listed as the Shiloah Federal #3 on the original exhibit "A"

Rods, pump and tubing will be pulled from this well and Duo10 plastic lined 2 3/8" tubing with a plastic lined Model AD-1 tension packer will be run in the hole and set within 100' of the existing perforations. The backside will be loaded with packer fluid and a pressure integrity test will be conducted.

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 [Signature] TITLE Regulatory Analyst DATE 07-26-06

Type or print name Brenda Martin
For State Use Only

E-mail address: bmartin@beach.com Telephone No. (432) 683-6226

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

Accepted for record
NMOCD

AUG 7 2006