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DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

## OIL CONSERVATION DIVISION

2040 Pacheco St.  
Santa Fe, NM 87505

WELL API NO. 30-005-10432
Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
State Oil & Gas Lease No.

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)	
Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	Lease Name or Unit Agreement Name Lewis Neff
Name of Operator N. Dale Nichols	Well No. 3
Address of Operator P.O. Box 1972, Midland, Texas 79702	Pool name or Wildcat ACME (San Andres)
Well Location Unit Letter <u>P</u> : <u>660</u> Feet From The <u>South</u> Line and <u>660</u> Feet From The <u>East</u> Line Section <u>32</u> Township <u>7S</u> Range <u>27E</u> NMPM <u>Chaves</u> County	
Elevation (Show whether DF, RKB, RT, GR, etc.) 4020 gr	

11

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 ☐  
OTHER: Convert to gas injection ☒

### SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ PLUG AND ANBANDONMENT ☐  
CASING TEST AND CEMENT JOB ☐  
OTHER: ☐

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.

- 1) Run 2 3/8" internal plastic coated with 2 3/8" X 4 1/2" Tension packer with 1 jt tail pipe to plug back depth of 1966'.
- 2) Displace well bore fluid with corrosion inhibited fresh water.
- 3) Set packer at 1900'.
- 4) Inject into formation perforation 1930' to 1944' and 1950' to 1963'.
- 5) Inject approx. 100 MFC per day using casing head gas from Neff #2 gas well.



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

SIGNATURE [Signature] TITLE Bookkeeper DATE 12-14-2001

TYPE OR PRINT NAME John E. Nichols TELEPHONE NO. 915-697-1576

(This space for State Use)

APPROVED BY [Signature] TITLE Record DATE 12-14-2001

CONDITIONS OF APPROVAL, IF ANY:

## N. DALE NICHOLS

BOX 1972

MIDLAND, TEXAS 79702

December 14, 2001

Mr. Tim Gum  
Oil Conservation Division  
1301 W. Grand  
Artesia, New Mexico 88210

Re: C-103 Neff # 3, Acme Pool. Chaves County

Dear Mr. Gum:

Attached is our proposal to convert the captioned well to gas injection utilizing the excess gas that will be produced from the Neff Well # 2 as well as other casing head gas from the Neff Lease. Recent test on the Neff Well # 2 shows that it is essentially a gas well capable of over 117,000 CFGPD with a small amount of oil and water.

Reservoir studies indicate that there is an almost complete separation of the reservoir continuity between Neff #2 and the remaining wells on the lease. Both wells # 2 and # 3 have been shut in several years. Records show that prior to our purchase of the lease the Well # 2 had produced 2624 BO with no record of the gas, which from the results of our recent test must have been considerable. Records show that prior to our purchase of the lease Well # 3 produced 2358 BO with no record of gas which we assume was moderate.

The original bottom hole pressure for the Acme Pool was 696 psig from a drill stem test on Standard State # 1 when it was drilled. A bottom hole pressure taken 7-19-91 on Well # 3 showed a static pressure of 449 psig at a datum of + 2050' and a bottom hole pressure taken 9-27-00 showed a static pressure of 381 psig at the same datum. This represents a pressure loss of 68 psig with the well shut in, indicating that this well has communication with the other wells in the pool. However a bottom hole survey taken 6-11-91 on Well # 2 showed a static bottom hole pressure of 473 psig at the datum of +2050' and another bottom hole pressure survey of 9-28-00 at the same datum showed a static bottom hole pressure of 468 psig indicating that Well # 2 is completely isolated from the rest of the well in the pool by a permeability barrier. Gas taken from this well should enhance oil production from the other wells on the lease which have a considerable lower pressure. We believe that this viable proposal and will work to preserve the natural resources in this pool.

Can this Intent to Perform Remedial Work be approved by the district office? If not please advise us of what our next move should be.

Yours truly,

A handwritten signature in dark ink, appearing to read "John E. Nichols", with a stylized flourish at the end.

John E. Nichols  
Manager  
N. Dale Nichols