

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  
March 4, 2004

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

WELL API NO. 30-025-34089
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-2317
7. Lease Name or Unit Agreement Name Hale State
8. Well Number 7
9. OGRID Number 154303
10. Pool name or Wildcat Justis Blinebry

<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.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Primal Energy Corporation	
3. Address of Operator 211 Highland Cross #227, Houston, TX 77073	
4. Well Location Unit Letter <u>G</u> : <u>1,650</u> feet from the <u>N</u> line and <u>1,750</u> feet from the <u>E</u> line Section <u>2</u> Township <u>25S</u> Range <u>37E</u> NMPM <u>Lea</u> County <u></u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3,156' GL</u>	
<b>Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)</b>	
Pit Location: UL <u></u> Sect <u></u> Twp <u></u> Rng <u></u> Pit type <u></u> Depth to Groundwater <u></u> Distance from nearest fresh water well <u></u> Distance from nearest surface water <u></u> Below-grade Tank Location UL <u></u> Sect <u></u> Twp <u></u> Rng <u></u> ; feet from the <u></u> line and <u></u> feet from the <u></u> line	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
<b>NOTICE OF INTENTION TO:</b>	<b>SUBSEQUENT REPORT OF:</b>
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: <input type="checkbox"/>

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.  
SEE ATTACHED SHEET  
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 John Abernethy TITLE Mgr., Oper. & Eng DATE 10/26/04

Type or print name John Abernethy  
for State use)

E-mail address: j.abernethy@primalenergy.net Telephone No. 281-821-5600

APPROVED BY PETROLEUM ENGINEER TITLE PETROLEUM ENGINEER DATE JAN 31 2005

Conditions of approval, if any:

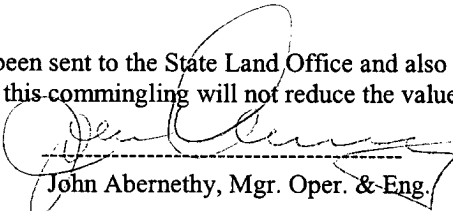
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**ATTACHMENT TO C-103**  
**HALE STATE #7**  
**LEA CO., NM**

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1. Drilled out CIBP at 6,000'. (4/27/04)
2. Clean out Drinkard perforations.
3. Ran production tubing and returned well to production. (5/1/04)
4. Commingle Blinebry (34200) perforations 5,003-5,500' and Drinkard (35280) perforations 6,095-6,134' pursuant to Order R-11363.
5. Allocation of production is based on latest test data from the Blinebry and last production from the Drinkard.  
OIL – Blinebry 5.0% & Drinkard 95.0%                      GAS – Blinebry 11% & Drinkard 89%

I certify that this is a State lease and a copy of these forms have been sent to the State Land Office and also that the ownership in these two zones, the Blinebry and Drinkard, is common. Also, this commingling will not reduce the value of the total remaining reserves.

  
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John Abernethy, Mgr. Oper. & Eng.