

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCO
JUL 12 2011
RECEIVED

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

| |
|---|
| WELL API NO. 30-005-27945 ✓ |
| 7. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 7. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name Hominy 36 State ✓ |
| 8. Well Number 001 ✓ |
| 9. OGRID Number 17213 ✓ |
| 10. Pool name or Wildcat <97869> SWD; Devonian - Silurian |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) |

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

Penroc Oil Corporation

3. Address of Operator

PO Box 2769 Hobbs, New Mexico 88241-2769

4. Well Location

Unit Letter **O** : **660** feet from the **South** line and **2310** feet from the **East** line ✓

Section **36** Township **15S** Range **31E** NMPM **Chaves** County

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

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 ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: **Convert to SWD** ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Pending approval of C108(Application for Authorization to Inject)

Penroc proposes to drill out and squeeze numerous perforations per the enclosed procedure

Enclosures; Proposed procedure, before and after well bore diagrams, C144 CLEZ, C144 CLEZ design, operation, closure plan

SWD 1293

Spud Date:

Rig Release Date:

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

SIGNATURE

Billy E. Prichard

TITLE **Agent for Penroc Oil Corporation**

DATE **7/8/2011**

Type or print name **Billy E. Prichard**

E-mail address: **billy@pwllc.net**

PHONE: **432-934-7680**

For State Use Only

APPROVED BY:

[Signature]

TITLE **PERMISSION ENGINEER**

DATE **JUL 19 2011**

Conditions of Approval (if any):

HOMINY 36 STATE #001
API 30-005-27945
Unit Letter "O", Section 36, T15S, R31E
Chaves County, New Mexico

AFE to drill out plugs, squeeze WC (9,412'-10,032')

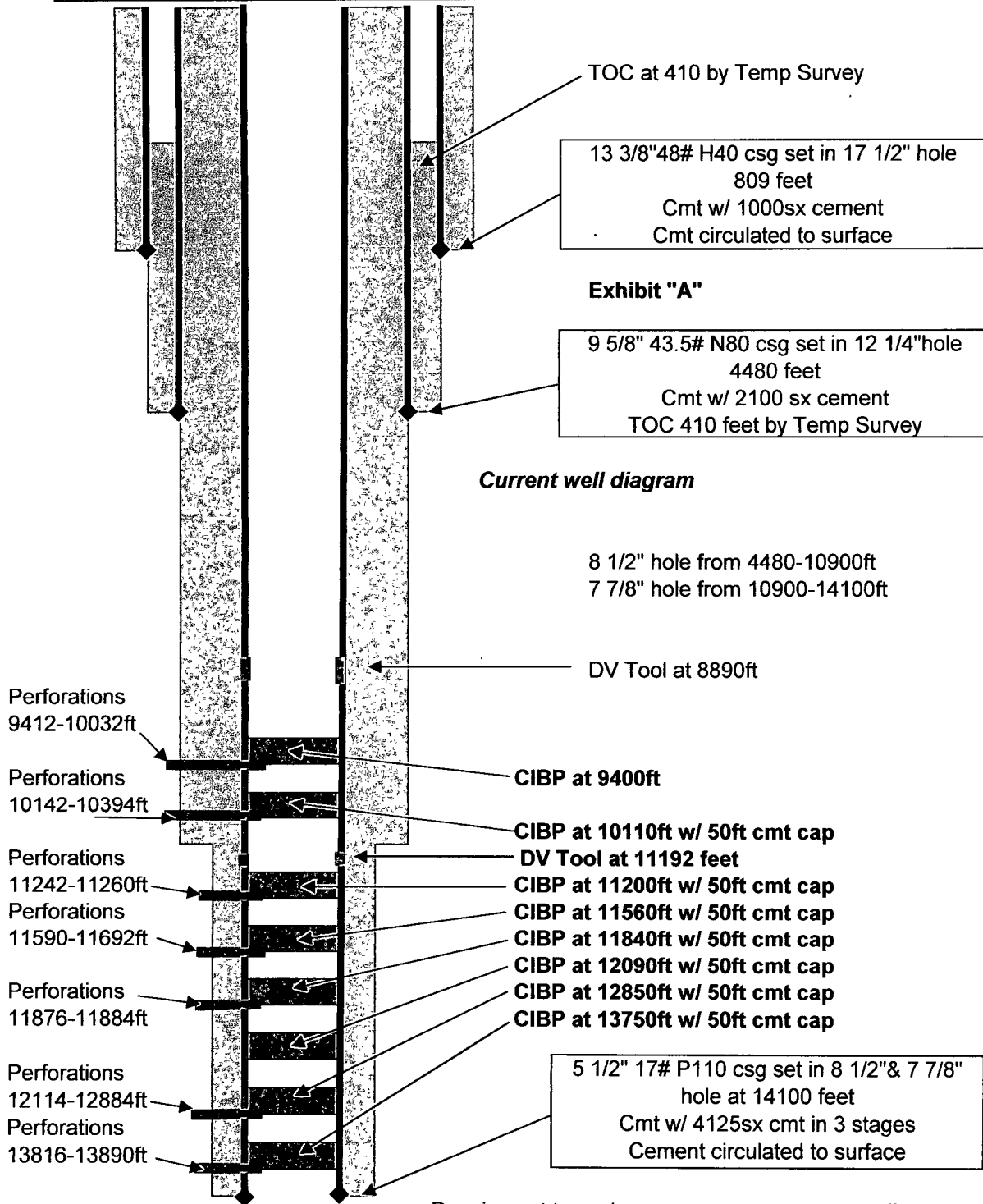
- drillout plug above CISCO (10,142'-10,304')
- equip downhole and surface equipment – prepare for disposal

Proposed Outline:

- RU pulling unit, Reverse Unit, BOP
- PU 4 3/4" bit, 4/6 DC, work string (2 7/8")
- Test csg above 9,400'
- Drill out 9,400' CIBP and pump into perfs 9,412'-10,032'
- TIH with retainer and squeeze WC perf.
- After WC – drill out, squeeze, test squeeze to 800#
- Drill out CIBP @ 10,110' to 11,200'
- Squeeze perfs 10,142' -10,394' with 100 sxs
- After W.O.C. drill out above, squeeze and test to hold at least 500# - 30 mins
- Continue drilling ahead and drill out CIBP at 11,200'/cement. Squeeze perfs 11,242'-11,260' with 125 sxs.
- After W.O.C. drill out, squeeze 11,242'-11,260'. Test same to at least 500#.
- Drill out CIBP at 11,560'. Squeeze perfs 11,590'-11,692' with 150 sxs. After W.O.C drill out test to at least 500#
- Drill out and squeeze similarly (as above) CIBP's 11,840', 12,090', 12,850' and 13,750'. Squeeze each set of perfs per diagram except the Devonian perfs 13,800' and down
- Test for injection 13,800' and down. TOH.
- TIH with pkr and work string
- Acid under pkr – acid with 20% 10,000 gallons NEFE. Get injection rate and pressure. TOH
- TIH with NC pkr and 2 7/8" pc tbg
- Set pkr @ 13,700' + notify NMOCD for MIT – need 30 min @ 500#
- Clean up. RD
- Build battery 750 GB plus 2 to 3 500 bbl tanks
- Set up security system
- Start disposal

Proposed conversion to Devonian SWD

Penroc Oil Corporation
 Hominy 36 State # 001
 API 30-005-27945
 Unit Letter "O", Section 36, T15S, R31E
 Chaves County, New Mexico

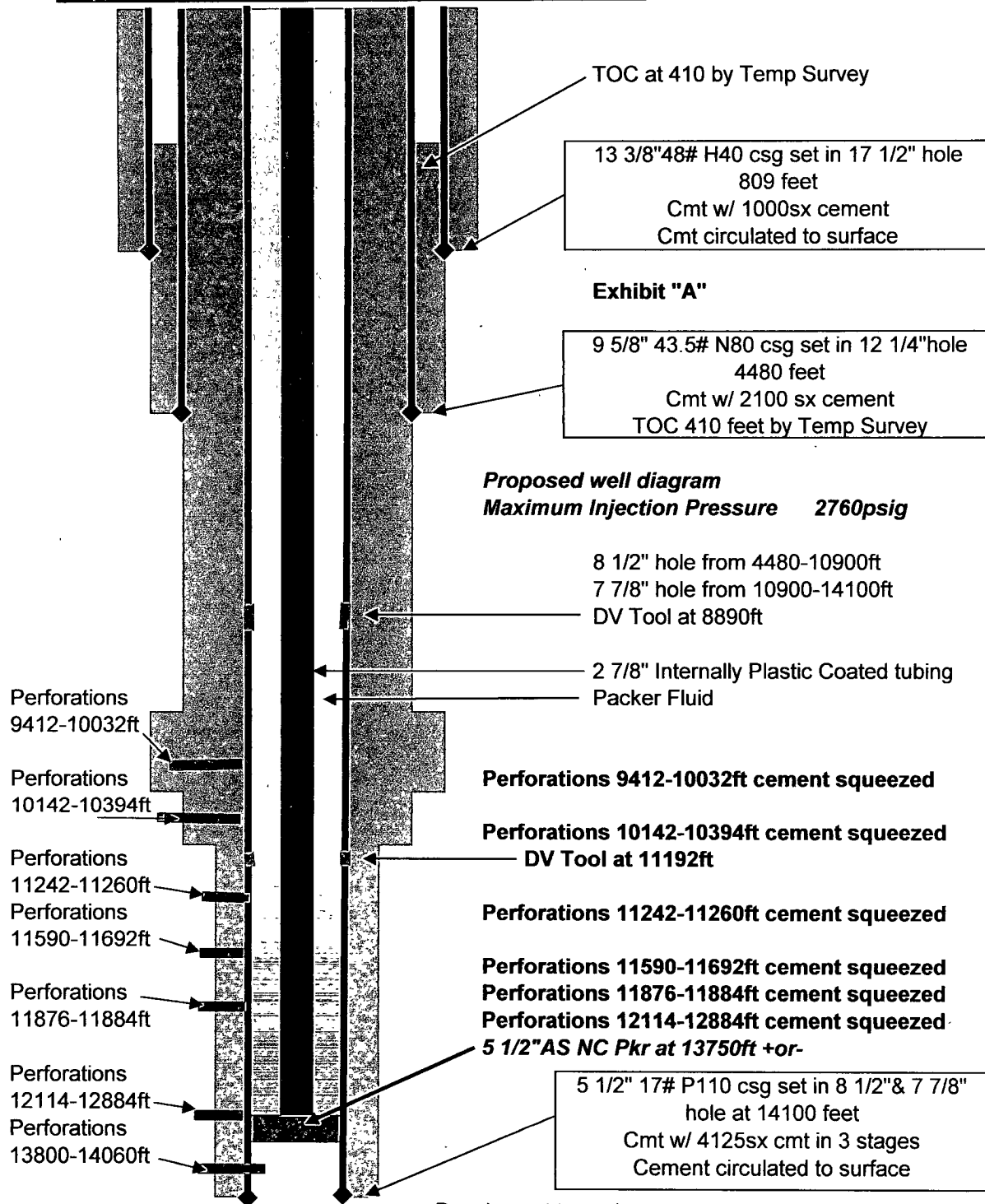


BEP

Drawing not to scale

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Penroc Oil Corporation
 Hominy 36 State # 001
 API 30-005-27945
 Unit Letter "O", Section 36, T15S, R31E
 Chaves County, New Mexico
 After Conversion to SWD



BEP

Drawing not to scale

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