

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
June 19, 2008

HOBBS OGD
RECEIVED
MAR 26 2012
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRIY 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.)		WELL API NO. 30-025-23937
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other Saltwater Disposal		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator EverQuest Energy Corporation		6. State Oil & Gas Lease No. SWD Easement-0056
3. Address of Operator 10 Desta Drive, Suite 300-E, Midland, Texas 79705		7. Lease Name or Unit Agreement Name State L 736
4. Well Location Unit Letter: D 554 feet from the North line and 554 feet from the West line Section 32 Township 16S Range 36E NMPM Lea County		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3930' GR		9. OGRID Number 212929
		10. Pool name or Wildcat SWD; Devonian

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
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"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Repair MIT failure <input checked="" 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.

Well failed MIT on 9-23-2011 and the well was shut down. Fished tubing and packer, packer stuck and had to be milled-up. Cleaned-out scale to 12622' and started losing returns. Set RBP at 12600' and treating packer at 12570', pressure test casing above packer to 900 psi overnight - held good, acidized well w/ 2000 gal 15% HCl, treated 3.5 bpm at 3500 psi, broke to 4 bpm and 2600 psi after 30 bbls pumped, after 60 bbls pumped and acid on perfs had a second pressure break to 2200 psi at 4 bpm, total pumped 122 bbls, ISDP vacuum. Replaced existing tubing string w/ 2.875" 6.5# L80 fiberglass lined tubing. Set Baker Model R-3 nickel-plated packer 12900', on 2/23/12 pressure test casing annulus to 325 psi - recorded for several hours and showed no loss in pressure, (Sylvia Dickey w/ OCD-Hobbs was duly notified 2/22/12 of the test but was unable to witness), RDMO WSU, hook up well and prepare for injection.

Spud Date:

October 13, 2011

Rig Release Date:

February 23, 2012

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

SIGNATURE T. M. Duffey TITLE **President**

DATE **March 23, 2012**

Type or print name **Terry M. Duffey**

E-mail address:

PHONE: **432-686-9790**

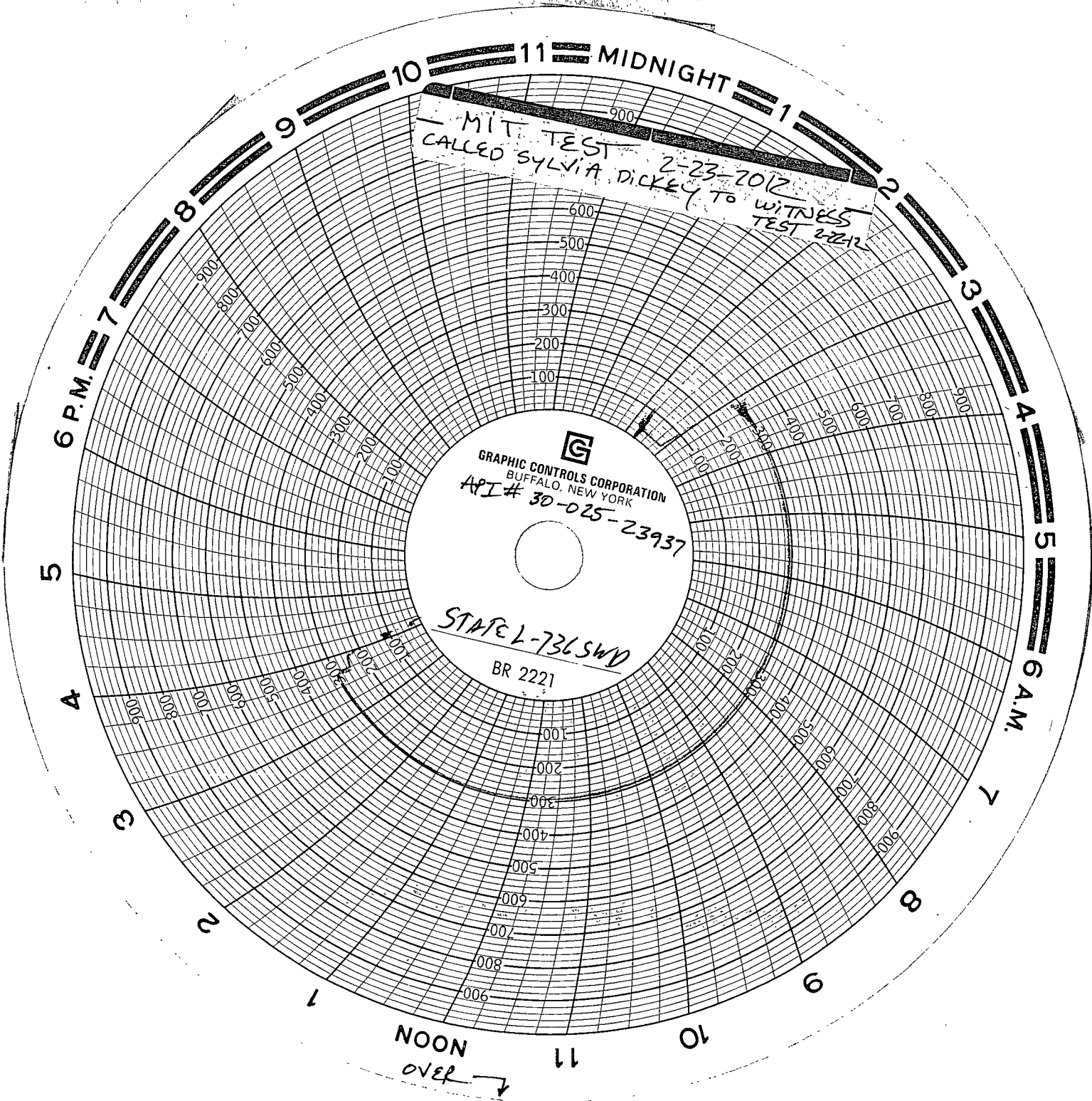
For State Use Only

APPROVED BY: [Signature] TITLE Staff

DATE 3-27-2012

Conditions of Approval (if any):

MAR 27 2012



Feb 23, 2012
ACD pump truck + recorder

meter cal Nov. 9, 2011 by
J+L meter of Louington
recorder, ser # 82669

Daily Report**EverQuest Energy Corporation**

<u>AFE#</u>	<u>Project Description</u>	<u>Field</u>	<u>Lease</u>	<u>Well#</u>	<u>County</u>	<u>State</u>
11002	MIT failed	Shoe Bar East	State L 736	1	Lea	NM

<u>Date</u>	<u>Activity Description</u>
23-Sep-11	OCD witnessed MIT test with Clif Mann. Casing valve was opened - annulus was on slight vacuum, pumped 16 bbls and looked like casing filled-up, kept pumping another 60 bbls - couldn't catch pressure. OCD ordered well to be shut-in pending evaluation and repairs SD triplex at Mobil State COM #1 and blocked-in water xfer line to the State L 736 battery tanks.
28-Sep-11	Met Pro-Wireline on location, RU WL, RIH w/ 2.34" gauge ring - hit something hard at 55', tried to work GR through tight spot, POOH and remove GR, RIH w/ sinker bar - went through tight spot but hung up some - decided to abort WL job, sent water truck w/ test load to offload into power oil tank as additional FW bath.
13-Oct-11	MIRU Mico WSU, check well injection valve for pressure, ND WH, NU BOP, unlatch on-off tool from packer, pull 70,000 lbs tension on tubing and tubing parted - POOH and LD 161 jts (~5000 ft), SDFD.
14-Oct-11	OW, picked up fishing tools and 161 jts of Double R Pipe 2.875" N80 workstring, RIH and latched onto fish, picked-up and tubing parted again, POOH and LD 3jts + partial, SDFD.
15-Oct-11	OW, RIH w/ fishing tools, RU power swivel, go through the motion of unlatching on-off tool again using rotation w/ PS, pull slowly and worked pipe for many hours, POOH and recovered the remainder of the tubing fish and the on-off tool, LD all the remaining fish. All the tubing had pitting and heavy scale on the outside, also saw about 10-holes interspersed throughout. SDFD.
17-Oct-11	OW, RIH w/ workstring to top of packer - found fill covering the packer, SDFD.
18-Oct-11	OW, PU PS, displaced hole until water supply was depleted, pull 5 stands off bottom while WO water, went back to top of fill, circulated hole clean, pull 5 stands, SDFD.
19-Oct-11	OW, RIH and checked for fill, cleaned out back to top of packer at 12625', CHC, SDFDI
20-Oct-11	OW, RIH and found hole clean to top of packer, RU Crain acid truck, spot 2000 gal 20% HCl on top of packer at 12625', attempt to bullhead acid into hole below packer bore to get well taking water back on vacuum, aborted job when pressure reached 1200 psi in fear of damaging exposed 5.50" casing, reversed-out all acid until clean, send live acid to Gandy for their SWD operations, pickup off bottom 2-jts, shut well in with tubing valve, ND BOP, NU WH, RDMO WSU. Ross w/ Double R Pipe put the rental charge for the workstring on-hold until we get a rig back onto the well. SDFD.
28-Oct-11	MIRU Standard WSU, noticed tubing string had moved upward about 6-7 feet while the well was shut in since Oct 20th, latch onto tubing and pickup weight was only 14pts, removed slips, NU BOP, POOH and recovered 108-jts + 8'-7" partial, SDFD.
31-Oct-11	OW, pickup fishing tools, RIH and latch onto fish, POOH and stood back remaining tubing (rental tubing looked to be in good shape), SDFD.
01-Nov-11	Stand by for casing inspection job.

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02-Nov-11	OW, RU Gray Wireline, RIH w/ 4.125" gauge ring and junk basket, sat down on scale at 4670', tried to gingerly work through scale, POOH and remove gauge ring, ran 3.5" junk basket to 9500' okay, POOH, RIH w/ 40-arm caliper and ODT tool, logged with both tools to bottom of intermediate casing at 4298' then w/ 40-arm caliper to surface (ODT won't work inside concentric strings of casing), found no apparent casing holes, etc. although much of the inside of the 5.50" casing was covered in scale deposits. RD Gray WL, SDFD.
03-Nov-11	OW, RIH w/ half of the workstring in the derrick, POOH LD on pipe racks, RIH w/ remainder of WS, POOH and LD the rest, ND BOP, hung an 8' tubing sub on the tbg. Slips, secured tubing with valve, SDFD.
04-Nov-11	OW, POOH and LD remainder of workstring. SDFD.
07-Dec-11	MIRU Megadyne Services WSU to continue the workover to repair the casing leak revealed on 9/23/11 when the well failed an MIT test witnessed by the OCD, NU 7-1/16" double ram 3000psi BOP, PU 4.625" shoe with internal wires and 6-3.50" DC, unload, rack and tally 443 jts of 2.375" L80 tubing workstring from Double R Pipe, SDFD.
08-Dec-11	PU 381-jts of workstring and RIH, tag-up at 12460', RU PS and break circ. w/ 10 bbls, washed to 12491' easy but then plugged string on a connection, install envirovat to pull wet string, SDFD.
09-Dec-11	POOH w/ plugged string, clean out scale from 5-jts (DC's not plugged), PU new 4.625" bit and RIH on WS, tag at 12470', RU reverse unit, wash to 12497' w/ small amount of rotating, CHC, SDFD.
10-Dec-11	Washed and rotated 12497-540' in 1-hr, no more progress at 12540' in 1-hr period, CHC (large amount of scale), POOH, PU 4.50" OD x 4" ID shoe w/ cutrite on outside bringing OD to 4.625", RIH to 12500', SDFWE.
12-Dec-11	RU reverse unit and washover packer to 12542' (2' deeper-good indication the shoe was down over the top of the packer), CHC, POOH w/ shoe and BHA - internal shoe-wires indicate top of packer was up inside shoe, RIH w/ packer retrieving tool, engaged and released packer, POOH w/ 20-stds, SDFD.
13-Dec-11	FOOH but no packer recovery, RIH w/ retrieving tool all the way back to 12542', attempt to release packer but kept pulling off packer when pulling to only 5,000 lbs above string weight, POOH for overshot/grapple 150-stds, SDFD.
14-Dec-11	FOOH, PU 4.6875" short-catch overshot, 4'-2.875" sub, bumper sub and hydraulic jars, RIH and engage packer and jarred for 1.5 hrs, packer came free and dragged up hole for 2-stds before coming loose from OS, POOH - no packer, SDFD.
15-Dec-11	RIH w/ OS and new grapple, tag at 12542', PU and drag 5000 lbs, POOH and did not have packer, OS had scale in grapple but no wear marks, RIH w/ shoe to wash apparent scale that prevented OS from getting over packer, SDFD with shoe at 7800'.

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16-Dec-11	FIH w/ shoe, RU reverse unit and wash from 12540-542', milll at 12542' for 20 minutes - recovered 3-gallons of scale and steel cuttings, POOH and PU 4.6875" short catch OS, BHA, bumper sub, hydraulic jars, RIH to 12400', SDFD.					
17-Dec-11	Wash 50 feet to bottom and engage packer at 12542', jar on packer for 4-hrs with 30k over srting weight, released OS, RD reverse unit, POOH w/ fishing tools, SDFD. Will go back and start milling around packer on Monday morning. SDFD.					
19-Dec-11	PU 4.50" cutrite shoe #1, RIH w/ BHA on WS, RU rev unit, milled on packer at 12542'-made 12" progress in 4-hrs, RD RU, SDFD-couldn't pull WS due to high wind.					
20-Dec-11	POOH w/ wornout shoe and BHA, wear pattern on shoe confirms good progress, redress shoe to 4.625" OD and 3.875" ID, RIH w/ shoe #2 and BHA to 12400', SDFD.					
21-Dec-11	RU reverse unit and wash to bottom, milled 1.50 feet in 5-hrs, CHC, RD reverse unit, POOH w/ 170-stds of WS, SDFD.					
22-Dec-11	FOOH, shoe 100% worn w/ marks up 18" inside shoe, PU 4.6875" OD x 3.25" ID overshot, BS, jars, DC's and accel jar, RIH and engage packer at 12542', jar for 2 hours and OS started releasing when jarring, POOH w/ tools, SDFD.					
23-Dec-11	PU 4.625" OD x 3.875" ID shoe #3 and BHA, RURU and recut 6" then 18" of new milling, progress stopped, RDRU, SD for Christmas Holiday until Tuesday, Dec 27th.					
27-Dec-11	POOH w/ milling tools, shoe 100% worn on OD and contained a sleeve shaped piece of junk 36" long up inside the shoe, PU 4.6875" OD x 3.125" ID short catch OS and BHA, RIH and engage packer at 12542', jar for 2 hours, SDFD.					
28-Dec-11	Jar on packer for 8 hours, no movement, will acidize in the morning, SDFD.					
29-Dec-11	RU Crain and spotted 300 gal of 15% HCl to bottom - across OS and packer, jar on fish and attempt to release OS for 3 hours, RU spent acid, RU Rotary WL, ran CCL to 20' below top of packer at 12540', fired string shot across top of packer - backed-off successfully, RD Rotary, POOH w/ 100-stds, SDFD.					
30-Dec-11	Finish POOH - had top profile sub of On-Off tool in the OS - Hurray!!!!!!!!!!!!!!!!!!!!!! PU 4.625" OD x 3.875" ID shoe #4 and BHA, RIH to top of packer at 12540', RURU, SDFD.					
31-Dec-11	Milled on packer for 6 hours w/ estimed 6" of progress, POOH w/ shoe - 70% worn w/ wear indications up inside tools for 32", SDF New Years Day holiday until 1/3/2012.					
03-Jan-12	PU 4.625" OD x 3.875" ID shoe #5 and BHA and RIH, RURU, milled for 5 hours with 18" progress, RDRU, POOH to 2000 feet from surface, SDFD.					

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04-Jan-12	FOOH w/ shoe, PU 2.875" screw-in sub, bumper sub, jars, DC's, accel jars, screwed into top of fish and pulled packer free w/ 10,000 lbs over string weight, POOH to 3000 feet from surface - packer started dragging at each casing collar, worked to surface slowly in 2.5 hours, LD packer and tools, SDFD.					
05-Jan-12	RIH w/ 4.625" OD shoe, tag at 12545', wash to 12600' and recovered large volume of scale before losing returns, POOH w/ shoe, SDFD.					
06-Jan-12	PU 4.625" bit and 5.50" scraper, RIH and tag at 12622', POOH, SDFWE.					
09-Jan-12	PU 5.50" RBP and packer, RIH on WS, set RBP at 12600' and set packer at 12570', load tubing with 5 bbls and pressure test RBP to 1150 psi for 30 minutes - held good, load annulus with 15 bbls and pressure test casing to 900 psi, put on chart to monitor pressure overnight, SDFD.					
10-Jan-12	RU and pressure recorder froze overnight (but line indicates pressure held good until freezing), waited on thaw, pressured-up on tubing/casing annulus to 360 psi and held good for 20 minutes, unset packer, retrieve RBP and POOH, PU treating packer, RIH to 7000', SDFD.					
11-Jan-12	Finished RIH w/ 2.375" WS, set treating packer at 12600', load annulus w/ 23 bbl FW, RU Crain and acidize w/ 2000 gal 15% HCl spearheaded w/ 10 bbl FW, start acid at 3.5 bpm and 3500 psi, broke to 4 bpm and 2600 psi after 30 bbls pumped. After 60 bbls pumped with acid on perms had a second pressure break to 2200 psi at 4 bpm, total pumped 122 bbls, ISIP=vacuum at 1.5 bpm, released packer and POOH, LD 310 jts of WS, SDFD.					
12-Jan-12	Finished LD WS and treating packer, ND BOP, NU WH, RDMO WSU. Sent WS back to Double R Pipe for threat/collar inspection. Afterwards it will be delivered to CLS in Odessa for FG lining process. Suspended from report until tubing is ready to RIH for injection.					
17-Feb-12	MIRU Cavalos WSU. SDFWE.					
20-Feb-12	Unload 441 jts of W/Y banded 2.375" w/ GRE liner installed by Composite Lining Systems (CLS), ND WH, NU BOP, tally pipe, unable to get CLS field tech until the next morning plus wind is very strong - SD due to weather.					
21-Feb-12	PU nickle-plated Model R-3 packer and RIH on injection tubing with CLS technician installing seal rings according to specs, set packer at 12900', SDFD.					
22-Feb-12	Load annulus w/ 28 bbls, pressure test to 500 psi - held good, open packer by-pass and displaced entire annulus w/ 210 bbls of packer fluid - loosing fluid downhole into injection zone, ND BOP, NU WH, close by-pass, top-off annulus w/ 28 bbls, close casing valve and hook up pump truck, pressure test annulus to 550 psi - held good, hook-up injection line, SDFD. Too windy to rig down WSU.					

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23-Feb-12	Note: on Feb 22nd Terry Duffey called Sylvia Dickey at OCD-Hobbs to schedule MIT test, test on the board for 9am - Sylvia said to proceed with test even if they were not present to witness. RU pump truck and chart recorder. Pressure up on casing to 325psi, held pressure on casing and recorded the results - no drop in pressure observed. Good MIT Test. RD pump truck and WSU. FINAL REPORT.
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Chart shows 295# PSI !!