

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

RECEIVED
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505
APR 10 2012

SUNDRY NOTICES 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. 3002526958
1. Type of Well: Oil Well ☐ Gas Well ☐ Other ☒		5. Indicate Type of Lease STATE ☐ FEE ☒
2. Name of Operator: Agave Energy Company		6. State Oil & Gas Lease No. SCR-389
3. Address of Operator 104 S. Fourth St., Artesia NM 88210 (575-748-4528)		7. Lease Name or Unit Agreement Name Sims
4. Well Location Unit Letter _____ K: 1980 feet from the _____ N line and 800 feet from the _____ E line Section 13 Township 24S Range 33E NMPM Lea. County		8. Well Number #1
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 147831
10. Pool name or Wildcat Big Sinks Wolfcamp		

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 ☐ OTHER: ☒ Replug to cement off Cherry Canyon per NMOCC R-13507	SUBSEQUENT REPORT OF: WORK ☐ ALTERING CASING ☐ PLUGGING OPNS ☐ P AND A ☐ 24 hours prior to the beginning of plugging operations. OTHER:
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram on proposed completion or recompletion.

The Cherry Canyon lies between approximately 6,200' and 6,500' in this P&A well. Although NMOCD files record "circulation to surface" during cementing of 12,479' of 9.625" casing in a 12,479', 12.25" borehole with 850 sacks of cement, calculated volumes indicate that the top of cement (TOC) would only reach to depths of 9,780' (1.0 cubic ft per sack) to 8,400' (1.5 cubic ft per sack). In any case, the Cherry Canyon interval may be un-cemented in the 12.25" bore. Proposed remediation (see attached diagram) includes:

- Find the location and excavate the well head, and construct a temporary cellar
- Move in and rig up a workover rig, open the 9.625" casing and nipple up an appropriate BOP
- Drill out existing cement plugs at surface, 552', 4,474' and 5,101' and clean the hole to approximately 7,000
- Set a CIBP at approximately 6,600' (100 feet below the Cherry Canyon)
- Find best squeeze location below base of Cherry Canyon based on existing logs
- At the squeeze location perforate two feet using 4 spf foot, 90-degrees apart
- Set a cement retainer at approximately 6,100' and squeeze the Cherry Canyon using approximately 250 sacks of cement
- Wait on cement for 6 hours, and pressure test at 500 psi for 30 minutes
- Replace former cement plugs to plug well based on current NMOCD guidelines or requirements
- Remove BOP, weld top plate, and reclaim site to original status

→ ADD Top Sack Plug @ 1150' → Spot 455x cement plug

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

SIGNATURE [Signature] TITLE Consultant to Agave Energy Company DATE 4/9/2012

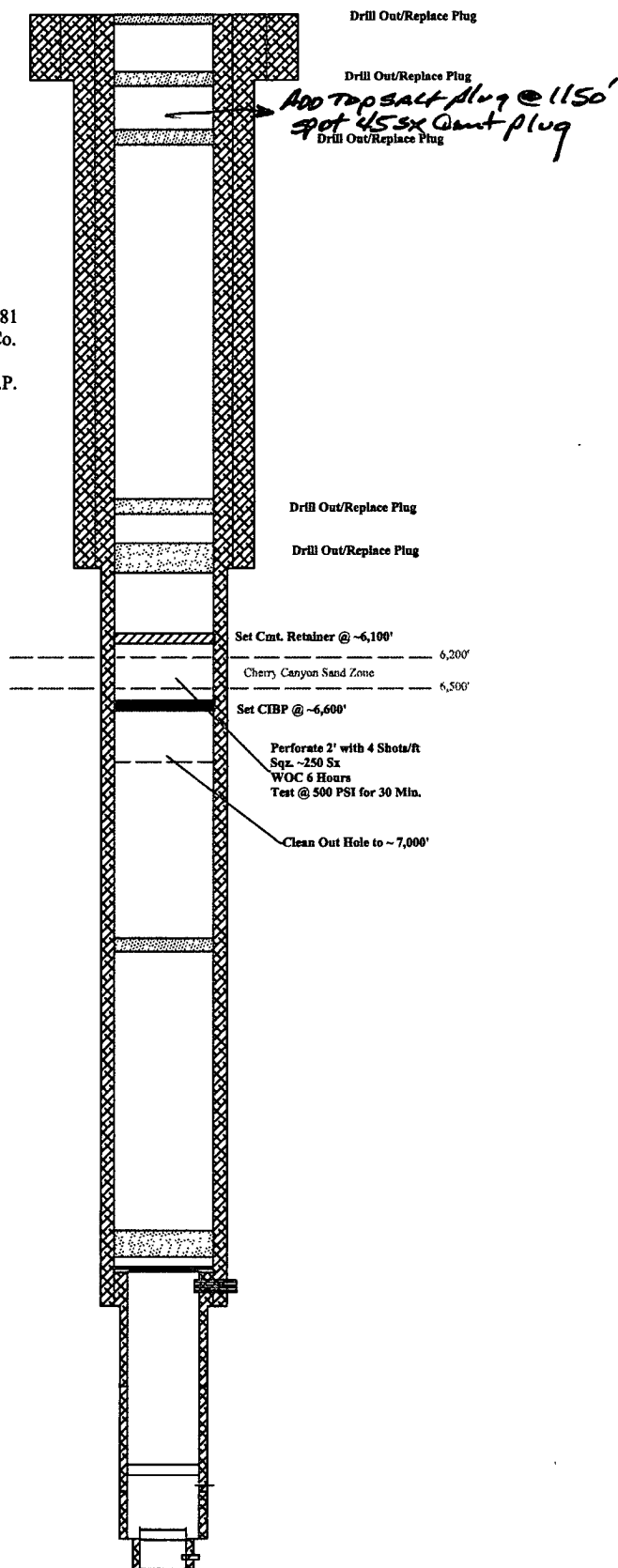
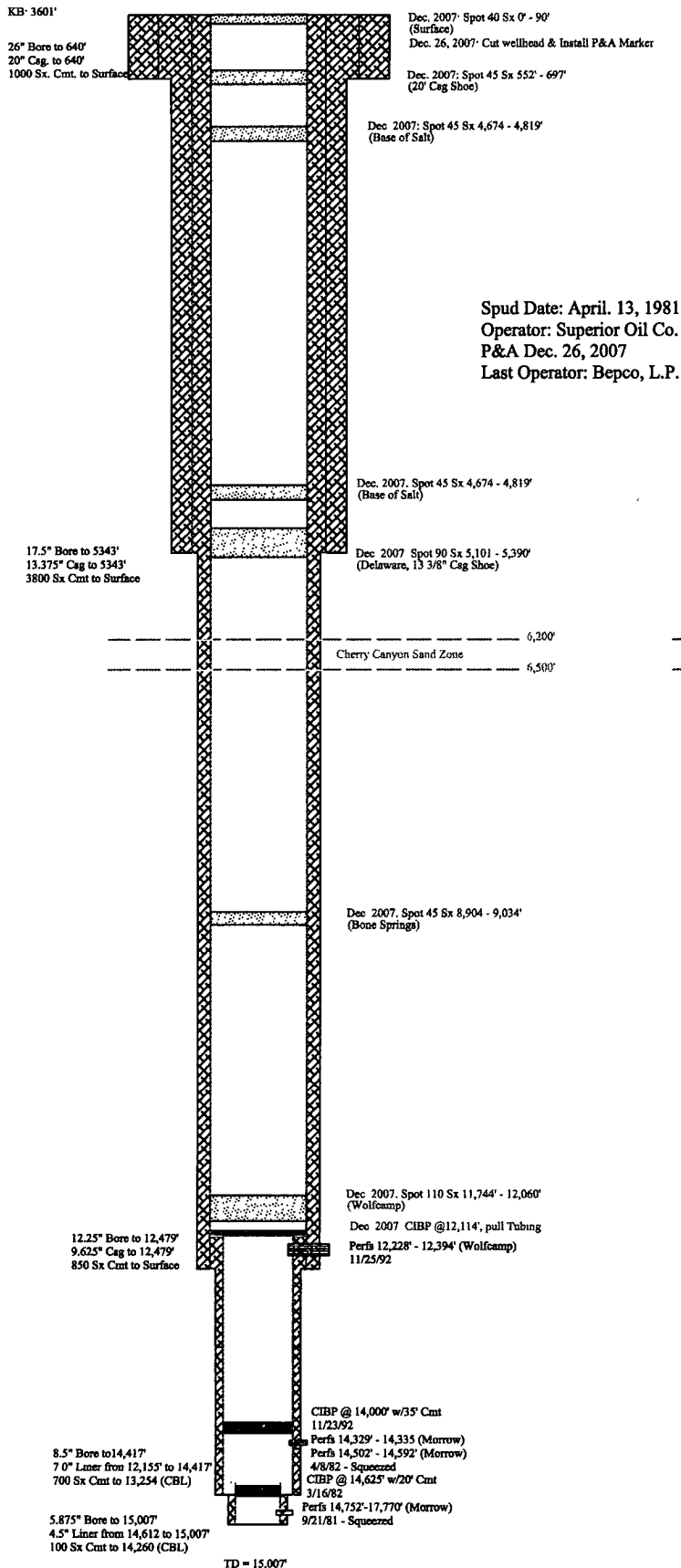
Type or print name Alberto A. Gutierrez, RG E-mail address: aag@geolex.com PHONE: 505-842-8000
For State Use Only

APPROVED BY: [Signature] TITLE State Manager DATE 4-10-2012
Conditions of Approval (if any):

APR 10 2012

SIMS 001
API # 3002526958
1980' FNL 800' FEL, Sec. 13, T24 R33E

Proposed Re-Plugging Program



Proposed Plugging Program for Sims #1