

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

**RECEIVED**  
CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
AUG 16 2012

WELL API NO. 3002526958
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. SCR-389
7. Lease Name or Unit Agreement Name Sims
8. Well Number #1
9. OGRID Number 147831
10. Pool name or Wildcat Big Sinks Wolfcamp

<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 type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator: Agave Energy Company	
3. Address of Operator 104 S. Fourth St., Artesia NM 88210 (575-748-4528)	
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	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	


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

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER: <input type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> Replug to cement off Cherry Canyon per NMOCC R-13507
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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

The remediation of the Sims #1 well pursuant to NMOCC order was completed on August 15, 2011 and all equipment has been demobilized. The plugging was done pursuant to NMOCD requirements and all aspects of the effort were reported to Mark Whitaker and E.L. Gonzales of the OCD District I office who approved the specifics of the plugging as shown in the attached plugging diagram. When establishing a rate prior to squeezing the Cherry Canyon, it is clear that the reservoir is an excellent reservoir as it was taking 3bbl/min on vacuum. This indicates that the predicted injection plume for the Red Hills AGI #1 in this reservoir will be smaller than anticipated and the reservoir conditions act to prevent migration of injected acid gas out of the intended and permitted injection zone by any nearby wellbores including the Govt#2, Govt#1 and Smith Federal #1 in addition to the Sims#1. Please see attached wellbore sketch for plugging details of all plugs set and amounts of cement squeezed for each plug.

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

SIGNATURE  TITLE Consultant to Agave Energy Company DATE August 16, 2012

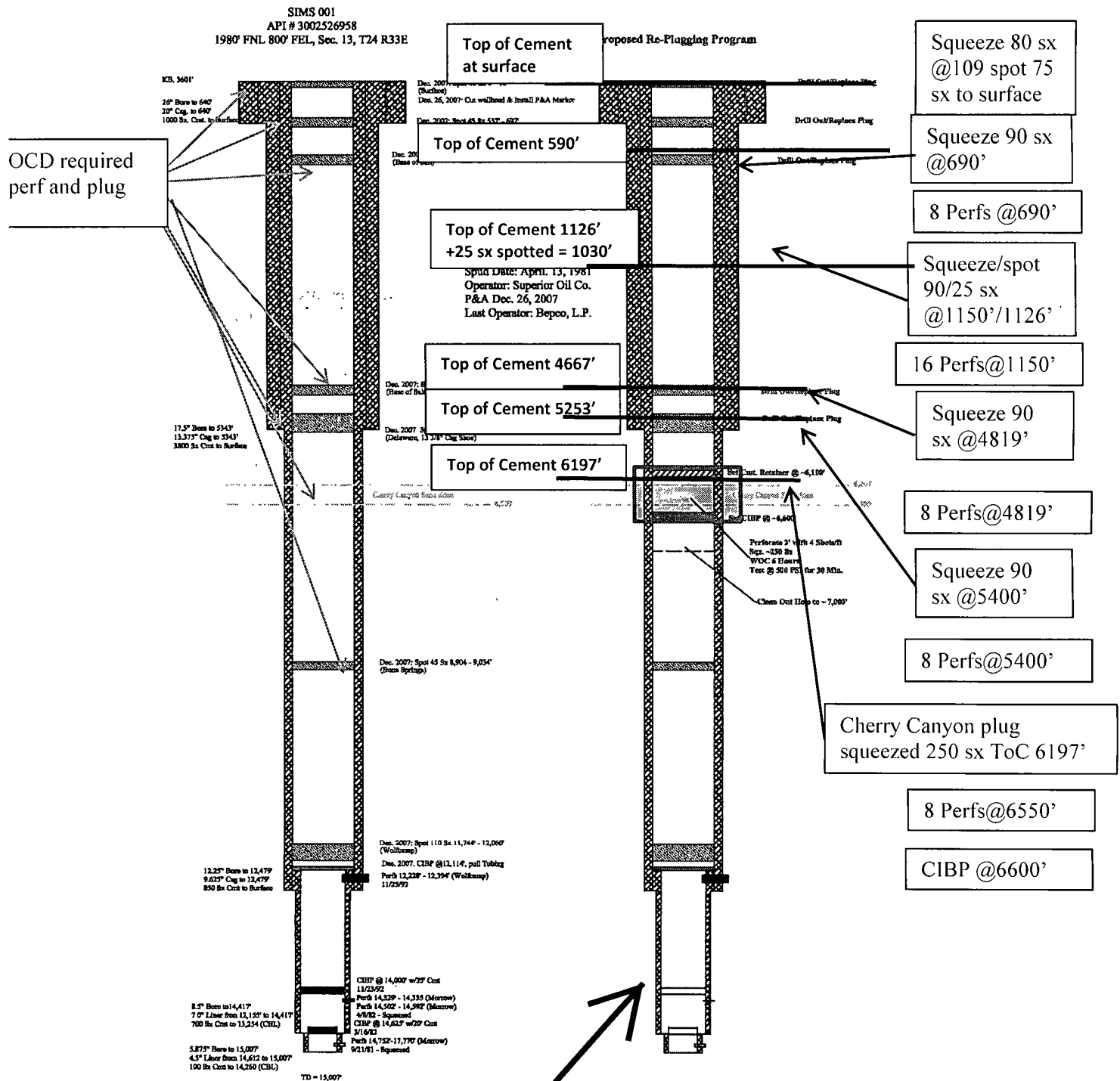
Type or print name Alberto A. Gutierrez, RG E-mail address: aag@geolex.com PHONE: 505-842-8000

**For State Use Only**

APPROVED BY:  TITLE Det. MAF DATE 8-16-2012

Conditions of Approval (if any):

AUG 16 2012



## Final Remediated Sims #1 Well