Submit 1 Copy To Appropriate District Office
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 OCD
OCT 10 2017
RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

	WELL API NO. 30-025-40448
	5. Indicate Type of Lease: SURFACE STATE ☐ FEE ☒
	6. State Oil & Gas Lease No. NMLC063798
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: Acid Gas Injection	7. Lease Name or Unit Agreement Name RED HILLS AGI
	8. Well Number 1
2. Name of Operator LUCID ENERGY DELAWARE, LLC	9. OGRID Number 372422
3. Address of Operator 3100 MCKINNON STREET, SUITE 800, DALLAS, TX 75201	10. Pool name or Wildcat EXPLORATORY CHERRY CANYON
4. Well Location Unit Letter I : 1600 feet from the South line and 150 feet from the East line Section 13 Township 24S Range 33E NMPM County LEA	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3580 ft. GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☐			
OTHER:	Remove TA Status and Complete ☒	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.

In 2014 Agave Energy Corp received permission from NMOCD to temporarily abandon the Red Hills AGI #1 after drilling it and cementing all the casing until gas quality changes require the completion of compression facilities at the gas plant. All the casing was installed and cemented as approved by NMOCD and BLM, but it was never completed with the proposed perforations, testing, and tubing and equipment installation because at the time the plant was at capacity with sweet gas. Lucid Energy Delaware LLC (Lucid) acquired Agave's Red Hills plant and now requires the completion of the well to perform the treatment of increasingly sour gas at the plant.

Lucid now respectfully requests permission to remove the TA status and to complete the Red Hills AGI #1 well with no changes to the original completion as approved by NMOCC and NMOCD.

The current well design and completion schematic with proposed tubing and equipment are provided as attachments. Major components of the well completion, including formation testing will proceed as follows:

1) Install 5,000 psi manual BOP
2) Drill out cement and DV Tool to 6,585'. Circulate clean and test casing to 3,000 psi
3) TIH and clean out casing to 6,585' (2' below lower most perf.). Circulate clean and test casing to 3,000 psi.
4) RU Wireline. Run GR/CCL/CBL (360° Radial) and Corrosion Evaluation Baseline Log from PBTD to 5,500' without pressure and from PBTD to surface with 1,000 psi.
5) Perforate using casing gun (6 spf at 60° radial spacing) as follows: (243' net ft. – 1,458 holes)
    a. 6,230' – 6,250'
    b. 6,260' – 6,280'
    c. 6,295' – 6,335'
    d. 6,355' – 6,380'
    e. 6,400' – 6,415'
    f. 6,435' – 6,500'
    g. 6,525' – 6,583'

6) Swab approximately 500 bbls of fluid into the swab tanks while monitoring for recoverable hydrocarbons and recover appropriate formation water samples for laboratory analysis (10 composite samples of last 100 bbls)
7) While under static conditions, run fiber optic slick line and bottom-hole pressure gauges to record static BHP and temperature profile
8) RU w/ 2-7/8" tbg sub, 7" x 2-7/8" Retrievable packer, SN, and 2-7/8" tbg workstring. Set pkr at ~6,180' (50'-75' above top perf).
9) Acidize injection zone with 14,500 gallons of double inhibited NE Fe 15% HCl, flush with fresh water, and leave shut in overnight
10) Install BHP gauges on slick line, leave hanging as deep as possible, and allow 2 hours for BHP to stabilize. BHP will give real-time data output in order to be synchronized with surface pressure for step-rate test.
11) Conduct a Step-Rate Test (SRT) with fresh water over the injection zone in accordance with attached BLM SRT form
12) Following the SRT, shut in the well for a 10-day fall-off test
13) Upon completion of the fall-off test and evaluation of the results, the temporary packer will be unseated and removed on the work string tubing.
14) A bit and casing scrapper will be run on the work string to approximately 6,220 feet. The work string will then be removed and laid down.
15) A wire line junk basket/gauge ring/dummy packer will be run to approximately 6,200 feet
16) The Halliburton BWD Nickel Alloy 925 permanent packer assembly will be set on a wire line packer setting tool/GR/CCL at approximately 6,170 feet (approximately 60 feet above the uppermost perf)
17) Assemble and install Incoloy 925 packer seats and pressure sensors with approximately 300 feet of 3.5-inch, 9.2 lb/ft, SM2550, VAM Top injection tubing and 3.5-inch 9.3 lb/ft L-80 VAM Top tubing as needed to approximately 250 feet below the surface
18) Assemble, test, and install subsurface safety valve on 3.5-inch 9.2 lb/ft L-80 VAM Top tubing as needed to surface
19) Prior to stinging into the packer, the tubing and annulus will be filled with diesel and corrosion inhibitor biocide.
20) The tubing will be seated into the packer and the injection tree/tubing hanger will be installed and pressure tested up to 250 psi for 10 minutes followed by 5000 psi for 10 minutes.
21) A Mechanical Integrity Test (MIT) witnessed by NMOCD will be performed to verify that all components are properly installed and working.

Twenty-four hours prior to conducting the SRT and the MIT, notice will be provided to both the BLM and NMOCD so that these procedures can be witnessed. Well completion activities are tentatively scheduled to begin in December, 2017.

A projected completion diagram is attached.

Spud Date:	October 23, 2013	Rig Release Date:	November 20, 2013

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

SIGNATURE  TITLE CONSULTANT TO LUCID DATE 10/10/2017

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

For State Use Only

APPROVED BY: Accepted for Record Only TITLE DATE

Conditions of Approval (if any):

MHBrown 10/16/2017