

+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

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

WELL API NO. 30-041-10017
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name MILNESAND UNIT
8. Well Number 127
9. OGRID Number 257420
10. Pool name or Wildcat MILNESAND SAN ANDRES (46930)
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-10) FOR SUCH PROPOSALS.)
 1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
 EOR OPERATING CO.

3. Address of Operator
 575 N DAIRY ASHFORD RD, ECII, SUITE 210, HOUSTON, TX 77079

4. Well Location
 Unit Letter F : 1975 feet from the NORTH line and 1901 feet from the WEST line
 Section 07 Township 08S Range 35E NMPM County ROOSEVELT

HOBBBS OCD
 JAN 9 2019
 RECEIVED

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

NOTICE OF INTENTION TO: 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"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: <input type="checkbox"/>		SUBSEQUENT REPORT OF: 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 type="checkbox"/>	
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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.

SEE ATTACHED DAILY ACTIVITY DESCRIPTIONS AND WBD.

*Called Mat 1-16-20 - well would not hold pres. after chris
 var. - well was left shut in. Wk.*

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 *William Boyd* TITLE LAND & REGULATORY MGR DATE 12/17/2019

Type or print name WILLIAM BOYD E-mail address: wboyd@pedevco.com PHONE: (713) 574-7912

APPROVED BY: *Angie Johnson* TITLE Compliance Officer DATE 1-16-20
 Conditions of Approval (if any):

**State Of New Mexico
Energy, Minerals and Natural Resources Department**

Michelle Lujan Grisham
Governor
Sarah Cottrell Propst
Cabinet Secretary
Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval
Division Director



**"Response Required - Deadline
Enclosed"**

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

02-Oct-19

EOR OPERATING COMPANY
575 N. Dairy Ashford
Suite 210
Houston, TX 77079

LETTER OF VIOLATION - Field Inspection

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

[30-041-10017] MILNESAND UNIT #127

OGRID: 257420

F-07-08S-35E 1975 FNL 1901 FWL

Inspection Date	Type Inspection	Inspector	Corrective Action Due By	Inspection No.
10/2/2019	Routine Inspection	[GR] Gary Robinson	12/31/2019	iGR1927535688

Violations:

Rule	Violation
19.15.26 Injection Comment: UIC/MIT-FAILED, RULE: 19.15.26.11, WOULD NOT HOLD PRESSURE.	Detection of Deficient Mechanical Integrity
19.15 Oil and Gas Comment: Auto Generated Violation - MIT Failure exits.	Mechanical Integrity Failure Recorded

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

Oil Conservation Division * 1625 N. French Drive * Hobbs, NM 88240
Phone: 575-393-6161 * Fax: 575-393-0720 * www.emnrd.state.nm.us

DAILY WORKOVER REPORT

Work Start Date		Lease and Well No.					Prospect/Field		API No
11/5/2019		MSU 127 (WIW)					Milnesand		30-041-10017
TD	PBTD	KB	Top Perf	Bottom Perf	Hz or Vert	KOP	Daily Cost	Cumulative Cost	AFE Budget
4,685'	4,685'	0'	4,592'	4,664'	HZ	NA			
Present Operation:							Formation	Rig Company and Rig #	Supervisor
							San Andres	FALCON #	JIMMY HALL
DATE		DESCRIPTION OF WORK							
11/5/19		<p>Held Safety Meeting. Set base beam. Moving in rig, rig broke through and set down on ground. Picked up rig put boards under rear end tires and put in rocks. Set rig back down on ground and rolled tires and rig keeps going down. Used backhoe trying to pull rig out. Rig still stuck.</p>							
11/6/19		<p>Held Safety Meeting. Waiting for dozer to get to location. Sitp-70 psi, sicp-0 psi. Shut in surface-0 psi. Changed out valve on injector line to well.</p> <p>Unloaded dozer, pulled rig out, moved base beam to other side of well head. Dozer dress location.</p> <p>Rigged up rig.</p> <p>Broke out all but 4 bolts on flange. The bolts rusted up in flanges. Bled tbg down to vac truck, getting two finger stream of oil and water back up tbg. Put pump truck on tbg and pumped 18 bbls 10# brine down tbg at 1.5 bpm at 400 psi. Shut pump down. Took 10 mins to bled down to 0 psi, well on slight vac.</p> <p>Broke nuts off 4 bolts. Hamming bolts out of flange, was able to get all out but 1 bolt out of flange. Well head is leaning cannot get a stright pu on flange.</p> <p>Put 4 bolts back in flange and Swifn.</p>							
11/7/19		<p>Held Safety Meeting. Sicp-0 psi, Sitp-0 psi. Welder sniffed for gas around well head, Hot work permit filled out. Heated up flange and bolt, Hammered out bolt.</p> <p>Took out 4 bolts. Pu on flange. Nipped up bops. Ru floor and equipment.</p> <p>Working tbg to release packer. Released packer. L/d 1 jt of tbg on ground. (Note:shut down due to iced up derrick).</p> <p>Secured well, Swifn.</p>							
11/8/19		<p>Held Safety Meeting. Sitp-0 psi, Sicp-0 psi. Started out of hole w/tbg and packer, pulled 3 stds out, started swabbing fluid out casg. Pulling vac on casg w/vac truck. Pulled 30 stds out of hole. Pumped 18 bbls 10# brine down tbg. Pulled a total of 60 stds, pumped 18 bbls 10# brine down tbg. Pulled a total of 73 stds out of hole. L/d packer and on & off tool. Secured well, Swifn.</p>							
11/9/19		<p>Held Safety Meeting. Sicp-0 psi. Ru tbg testers equipment. Tested 1 jt of 2-3/8" IPC tbg on ground.</p> <p>Pu AS1-X w/pump out plug and on & off tool. Pump out plug (0.46'), Packer (6.50') w/stinger w/1.62" F profile (0.35'), on & off tool (1.35'). Ran in hole w/2-3/8" j-55 IPC tbg, testing tbg to 3,000 psi. Ran 27 stds in hole, loaded tbg w/5 bbls water. Ran in hole testing tbg. Ran a total of 54 stds in hole, loaded tbg w/5 bbls water. Ran tbg in hole testing tbg to 3,000 psi. 146 jts 2-3/8" j-55 IPC tbg (4494.56').</p> <p>Rd tbg testers equipment. Set packer and unlatched on & off tool.</p> <p>Circ packer fluid down tbg and up casg, pumping 1 bpm at 450 psi, Circ 65 bbls.</p> <p>Pu subs and latched up on & off tool on packer. Nipped down bops. Made up flange on tbg. Landed flange w/10,000# down on packer.</p> <p>Pressured up on tbg to 2400 psi and pumped out plug. Pumped 5 bbls to flush plug down hole, pumping 1.25 bpm at 450 psi. Shut tbg in. Got on casg and pressured up casg to 550 psi, held for 20 mins, ok. Bled pressure off casg.</p> <p>Pu tools and rigged down rig. Hooked up injection line back to well. Sdfn.</p>							
11/10/19		<p>Matt Howell attempt to get chart test w/ Danny's Hot Oil. Casing pressure bleeding off, multiple attempts made. Possible packer slacked off and come unset, require further DH investigation.</p>							
11/11/19		<p>Held safety meeting. Ru pump truck and test chart equipment. Took 1 bbl to load casg. Pressured up on casg to 500 psi, casg had slow bled down. Pressured up on casg several times would not hold pressure. Bled pressure off casg. Rd pump Truck equipment.</p>							
11/12/19		<p>Held safety meeting. Set base beam.</p> <p>Miru wor and equipment.</p> <p>Swi. Sicp-170 psi, sicp-0 psi. Rd injection line to well. Bleding well to vac truck, full stream flowing to truck. Flowed 65 bbls into vac truck.</p> <p>Ru pump truck and pumped 19 bbls 10# brine down tbg at 1 bpm at 300 psi. Shut pump down, well had 200 psi and slowly eased down to 0 psi.</p> <p>Nipped down flange and nipped up bops.</p> <p>Released packer. L/d 1 jt of tbg. Set packer at 4463' w/145 jts in hole.</p> <p>Nipped down bops and nipped up flange with 12,000# compression on packer.</p> <p>Pressured up on casg to 500 psi, lost 200 psi in 1 min. Pressured back up on casg several times, pressure leaking down. Bled pressure off casg and secured well. Swifn.</p>							
11/13/19		<p>Held Safety meeting. Sitp-0 psi, sicp-0 psi. (Down time-Rig not shifting into rig running position to run block).</p> <p>Nipped down flange. Nipped up bops.</p> <p>Released packer, Pulled up hole to 4431' set packer. Pressured up on casg to 500 psi, leaked. Pooh w/tbg, lost packer in hole. (Down Time)-Rih w/top halve of on and off tool to latch back up on packer. Got 6 jts hauled to location. Pu 4 jts and tagged</p>							

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4,685'	4,685'	0'	4,592'	4,664'	HZ	NA			
Present Operation:							Formation	Rig Company and Rig #	Supervisor
							San Andres	FALCON #	JIMMY HALL
DATE		DESCRIPTION OF WORK							
		and latched up on packer at 4618'. (Note:bottom of packer at 4624'). L/d 4 jts of tbg and set packer at 4494'. Released packer. Pooh w/packer. L/d packer and on & off tool. Secured well. Swifn.							
11/14/2019		<p>Held safety meeting. Sicip-10 psi. Pu 4-1/2" as1-x packer (6.50') w/stinger w/1.62 F profile (0.35'), on & off tool (1.35'). Ran in hole w/145 jts 2-3/8" 4.7# J-55 8rd eue IPC tbg (4463.16'). Set packer.</p> <p>Nippled down bops, Landed flange w/12,000# down on packer. Nippled up flange.</p> <p>Pressured up on casg to 500 psi, lost 150 psi in 1 min. Pressured up on casg several times getting same results.</p> <p>Nippled down flange, Nippled up bops. Released packer.</p> <p>Pulled up hole to 4244', set packer. Pressured up casg to 500 psi, leak. Pulled 4 stds out to 4001', pressured up casg to 500 psi leak. Pulled 4 stds out to 3756', pressured up casg to 500 psi, leak. Pulled 3 stds out of hole to 3570', pressured up casg to 500 psi, leaked. Pulled 3 stds out of hole to 3386', pressured up casg to 500 psi, leaked. Pulled 3 stds out of hole to 3205', pressured up casg to 500 psi, leaked. Pulled 3 stds out of hole to 3020', pressured up casg to 500 psi, leaked. Pulled 3 stds out of hole to 2834', pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 2650', pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 2467', pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 2283', Pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 2098', pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 1913', pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 1728', pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 1540'. Pressured up on casg to 500 psi, leaked. Pulled 3 stds out of hole to 1355', pressured up on casg to 500 psi, Held. Ran 1 std in hole to 1417', pressured up on casg to 500 psi, Held. Ran 1 std in hole to 1478', pressured up on casg to 500 psi, leaked. Pulled up hole to 1463', pressured up on casg to 500 psi, leaked. Pulled up hole to 1447', pressured up on casg to 500 psi, leaked. Pulled up hole to 1432', pressured up on casg to 500 psi, leaked.</p> <p>Pulled up hole to 1417', pressured up casg to 500 psi, Held. Eased in hole to 1425', pressured up on casg to 500 psi, leaked. Pulled up hole to 1420', pressured up on casg to 500 psi, Held. (Hole seem to be between 1425 and 1420').</p> <p>Pooh w/tbg and packer. L/D packer and on & off tool.</p> <p>Ran 146 jts tbg in hole open ended to 4494'.</p> <p>Nippled down bops, landed flange and nippled up flange. Swi.</p>							

