

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. 30-025-01031
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V0 - 6974
7. Lease Name or Unit Agreement Name: STATE BT L
8. Well No. 1
9. Pool name or Wildcat Hightower; Wolfcamp, North

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator NorthStar Operating Company	
3. Address of Operator P.O. Box 10708, Midland, Texas 79702-7708	
4. Well Location Unit Letter P : 660 feet from the South line and 660 feet from the East line Section 2 Township 12S Range 33E NMPM Lea County 10. Elevation (Show whether DR, RKB, RT, GR, etc.) 4245' DF	

11. 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 COMPLETION ☐
OTHER: ☐

SUBSEQUENT REPORT OF:

- REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: Re-Entry ☒

12. 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 recompilation.

- Re-entry to 5 1/2" casing stub -

02/28/06 - 03/23/06 Start drilling @ 8'. Drilled cement plugs to 60'. Tag cement plug @ 195'. Drill cement to 380' fell out to 385'. Wash to 770' before tagging anything substantial. Drill cement to 827'. RU Halliburton. Pump 11 bbls fresh water pad. Pump 29 bbls (155 sx) cement. Pump 3 bbls fresh water. Flush. Tag @ 637'. Established circulation, start drilling in hard cement @ 647'. Drill to 829'. Work @ 809' top of 7 5/8" casing (slick line measurement). Fell through after 1 hour, wash down to 992'. TIH to tag @ 2630'. RU Power Swivel, circulate and washed over to 2638' fell out, started drilling smooth and quickly (probably cement). POH after reaching 2645'. Wash over to 2651'. POH. Recover cement core. Worked past junk, drilled cement to 3000'.

- Tie 5 1/2" casing back to surface -

03/24/06 - 04/05/06 Tag 5 1/2" casing stub/cement @ 3000'. Drill cement to 3050', fell out. Circulate hole clean @ 3111'. No gas, no flow. TIH to 8100'. Tubing started to flow, flow became stronger, then turned to water and air. No sign of oil or gas. Circulate back 30± bbl of water. Load tubing with brine, balance hole. TIH w/6 5/8" OD concave mill on bent 3 1/2" joint and 3 1/2" tubing. Tag 5 1/2" stub @ 3000'. RU and mill to 3010'. Lay down mill, make up 6 5/8" overshot with new 5 1/2" grapple. TIH. Latch onto 5 1/2" casing. RU Rotary Wireline. Run 3-arm caliper to 7700'. Log to 2900'. RU Lewis Casing crew. Ran 70 jts. 5 1/2", 17 #/ft, N-80 casing and slip joint to 3010' and stabbed into casing stub. RU Rising Star Services and cemented casing from 3010' back to surface with 250 sx Class "C" (Starlite) and 200 sx Class "C" cement. Circulated 15 - 20 sx cement. Set slips, cutoff wellhead, and NU BOP.

- Cleanout 5 1/2" casing to original TD of 10,690' -

04/07/06 - 04/17/06 Tagged cement at 2940'. Drilled cement to 3020'. Circulated hole clean. Tested casing to 1000# (OK). TIH to 8800'. RU and drilled to 8900'. Drilled for 1 1/2 hrs on cast iron. Fell out. TIH 9800'. Circulate bottoms up. Test to 1250 psi, leaked off to 0# in 15 minutes. Set packer @ 9131'. Pump down tubing, leaked below packer @ 2000# no rate. Loaded backside and tested to 1200#. Leaks but no rate. Released packer and moved up to and reset @ 8869'. Test backside to 1200#. Held good. RU and swabbed down tubing to 4500', next run FL @ 3500', good blow of gas, oil cut in fluid. Next run FL @ 4500' scattered oil & gas, good flow of gas for 30 min, not lifting fluid. Shut in 15 min 100 psi, 40 min 200 psi. Overnight SITP 600#. Blew well to pit, some oil with the gas. #1 swab run, FL 1400', pulled from 5000'. Recovered 15 bbls oil & water, 50/50 mix. #2 run, FL @ 4000', pulled from 7000'. Recovered 15 bbls oil & water (30% oil). #3 run, FL 4000', pulled from 7000' 10 bbls oil & water (20% oil). SI for pressure build up;

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200 psi in 15 min, 300 psi in 30 min. Blow down to test tank. Start swabbing. Recovered 30 bbls in 6 runs FL @ 8000' last run. Lay down swab assy. SI for 30 min build up, 250 psi. Load tubing. Released packer. TIH to 9131', reset packer. Swabbed FL to 7500', no entry, no sign of gas or oil. Loaded tubing. Released packer. POH with packer. Lay down packer. TIH with new 4 3/4" bit on 6 - 3 1/2" drill collars and work string. RU to drill plugs. Start drilling on CIBP @ 9800'. Well took 80 bbls drink when plug fell, then loaded. Chased plug to 10910', halfway through lower perms. POH.

- Test Atoka Zones -

04/18/06 - 04/24/06 TIH with 5 1/2" AS-1 Packer, 2 3/8 seating nipple and 344 jts of 2 3/8 N-80 tubing. Set packer @ 10,650'. RU to swab. Fluid level @ 2000', 0 psi, swabbed FL to 4000' in 4 runs, swabbed constantly for 5 hours. Fluid level steady @ 4000'. Recover 60 bbl of water, no sign of oil or gas. Looks like formation water. RU Baker Atlas. Log well (GR/CPNL) 5,000' to 3,800', and 10,500' to 8,000'. Set CIBP @ 10,685'. Dump bail 30' of cement on CIBP. POH. RU JSI to perforate. Perforate 10,310-320, 10,328-334, 10,344-358 (4 spf - 112 holes) in 3 runs. FL came up 300' after 1st run, then stayed @ 700' from surface. Well on slight vacuum. TIH with AS-1 packer on wireline with 1.81 profile plug in place. Set packer @ 10,215'. RD JSI (fluid level @ 750' from surface). TIH with on-off and 329 joints of 2 3/8" N-80 tubing. Displaced backside with 150 bbls of 7% KCL water. Latched onto packer. Hang on with 15k compression. Swab fluid level to 5500'. RU EM Hobbs slick line. Pull profile plug, nothing happened. RD slick line. Overnight 0 psi. First swab run, FL @ 5200'. Continue swabbing until FL is below 9700'. Small amount of water on last runs. No entry. No gas. Loaded tubing. Pressure to 3950 psi, can't get rate. Pump approx 3 bbls past perms. in 1/2 hr. Swabbed back down to 10,000'. Released rig.

05/03/06 - 05/04/06 Tubing Pressure 10 psi Casing Pressure 100 psi RU Swab. FL @ 5000', swabbed to 9478' (SN). RU Halliburton, treat w/1000 gal 15% NEFE flush w/43 bbl of 7% KCL. Flowed back and swabbed FL to 7800' total recovery 74 bbl with 1/2 of treating fluid recovered (10% oil cut). Last run 30% oil cut, fluid level still falling slowly. Estimate 60 bbl water and 14 bbl oil recovered after treatment. Strong gas blow @ shut in. 30 min build up 200 psi. Overnight tubing pressure - 300 psi. casing 50 psi. FL @ 5700'. Swab to SN. Recover 25 bbls total fluid. All approx 40% oil. Has good gas blow at all times. FL down to 8800', only getting out with 100'-200' of fluid on a run. SD swabbing for 1 hour with well open. Strong gas blow at all times, TIH with swab, FL @ 8000', get out with 600' of 40% oil. SI for 30 minutes, build to 100 psi, loaded tubing, released packer, POH.

- Test and complete in Wolfcamp zones -

05/05/06 - 05/15/06 RU JSI Wireline. Run Gamma Ray Log. TIH with CIBP and perf gun. Set CIBP @ 9450'. Pull up and perf 9220-9226. TIH with 2 3/8" SN, 4 jts 2 3/8" tubing, AS-1 Packer, 293 jts of 2 3/8" tubing, set packer @ 9070', SN @ 9199', swab. Starting FL @ 4000', unable to pull FL below 7400', swabbing to SN. Total fluid recovery 50 bbl. Overnight tubing pressure 50 psi, casing pressure 120 psi, FL @ 4700'. Swabbed to 8200', (10% max oil cut). Loaded tubing with 7% KCL, pumped 20 bbl into perms @ 2 bpm @ 500 psi. Stop pumping and tubing went on vacuum. Pressure on backside still 120 psi. Blow down casing, released packer, POH. RU Halliburton WL. Set CIBP @ 9206' (using Gamma Ray ref). Perf 9118'-9124' 3 spf. No indications at surface. Rig down Halliburton. Trip in with seating nipple, 1 joint of 2 3/8" tubing, AS-1 Packer and 296 jts. 2 3/8 tubing, Set packer @ 9073', seating nipple @ 9104'. RU to swab. Fluid level @ 3000'. Swabbed to SN in 5 runs. No entry of any kind. RU Halliburton. Pump 600 gal acid job. Swab 50 bbl load, fluid level 3200'. Recover 50 bbl water. No show of oil or gas. FL 3500' Overnight tubing pressure 0 psi, casing 20 psi, FL @ 3500'. Swab 45 bbl. FL @ 3500' 100% water, very slight gas. Released packer, POH. RU JSI Wireline, set CIBP @ 9105'. Perf 9046-9053 w/4-spf, 8618-8633 w/2 spf, 8608-8612 w/2-spf, 8582-8600 w/2-spf. No indications @ surface. 30 psi on well. Make up RBP + on/off on seating nipple. 3 jts tubing, packer, TIH. Set RBP @ 8763'. Pulled up, RU Cudd spotted acid across perms, pulled up, set packer with end of tubing 70' above perms. Acidized with 2000 gals 15% HCL. Swabbed well in. Flow well. Left well flowing to tank w/310 psi on 24/64" choke. Total recovery 65 bbl. Overnight tubing pressure 1180 psi on 11/64" choke at flow rate of 700 mcf. Pump 30 bbls KCL water down tbg to kill. Released packer, retrieved plug, POH. TIH. Set AS-1 packer w/check on bottom @ 8763', get off of on/off tool. Lay down 6 jts of tubing. Set packer @ 8479', 3 jts of tailpipe and on/off tool below packer, seating nipple @ 8574', tree-up. Swab well in. Left flowing on 24/64" choke to frac tank.

05/16/06 Well flowing on 24/64 to tank, 250 psi. Hooked up flowline, open to line on 11/64" choke at 850 psi @ 10:30, @ 1:30 PM: 950 psi, starting to make fluid.

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

SIGNATURE Mark A. Philpy TITLE President DATE 07/11/2006

Type or print name Mark A. Philpy

Telephone No. 432/684-5765

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APPROVED BY [Signature] TITLE _____ DATE JUL 12 2006

Conditions of approval, if any:

PETROLEUM ENGINEER