

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM
87505

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

WELL API NO.

30-025029488

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

up 500

7. Lease Name or Unit Agreement Name

FLYING 'M' SAN ANDRES UNIT

8. Well Number 34 #2

9. OGRID Number

21355

10. Pool name or Wildcat

FLYING 'M' SAN ANDRES

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 ☐

2. Name of Operator
SOUTHWEST ROYALTIES, INC.

3. Address of Operator
6 DESTA DRIVE, STE 2100, MIDLAND, TEXAS 79705

4. Well Location

Unit Letter _____ M : 660 feet from the S line and 660 feet from the W line

Section 29 Township 9S Range 33E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

4338.9 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

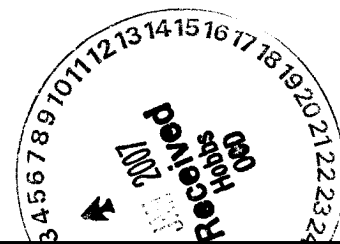
CASING/CEMENT JOB ☐

OTHER: CONVERSION ☒

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SOUTHWEST ROYALTIES HAS CONVERTED THE FLYING M 34 #2 WELL TO AN INJECTION UNDER ADMINISTRATIVE ORDER #WFX-816 UNDER THE PROVISIONS OF DIVISION ORDER #R-6171 EXPANDING THE FLYING 'M' SAN ANDRES POOL WATERFLOOD IN LEA COUNTY, NM. PLEASE FIND A COMPLETE SUMMARY OF REPORTS ATTACHED AND A MECHANICAL INTEGRITY TEST CHART. THE WELL IS CURRENTLY INJECTING.

12/13/06



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Dawn M. Howard TITLE OPERATIONS ASST. DATE 12/28/06

Type or print name DAWN M. HOWARD E-mail address: DHOWARD@CLAYTONWILLIAMS.COM Telephone No. 432/688-3267

For State Use Only

OCD FIELD REPRESENTATIVE II/STAFF MANAGER JAN 04 2007

APPROVED BY: May W. Wink TITLE _____ DATE _____

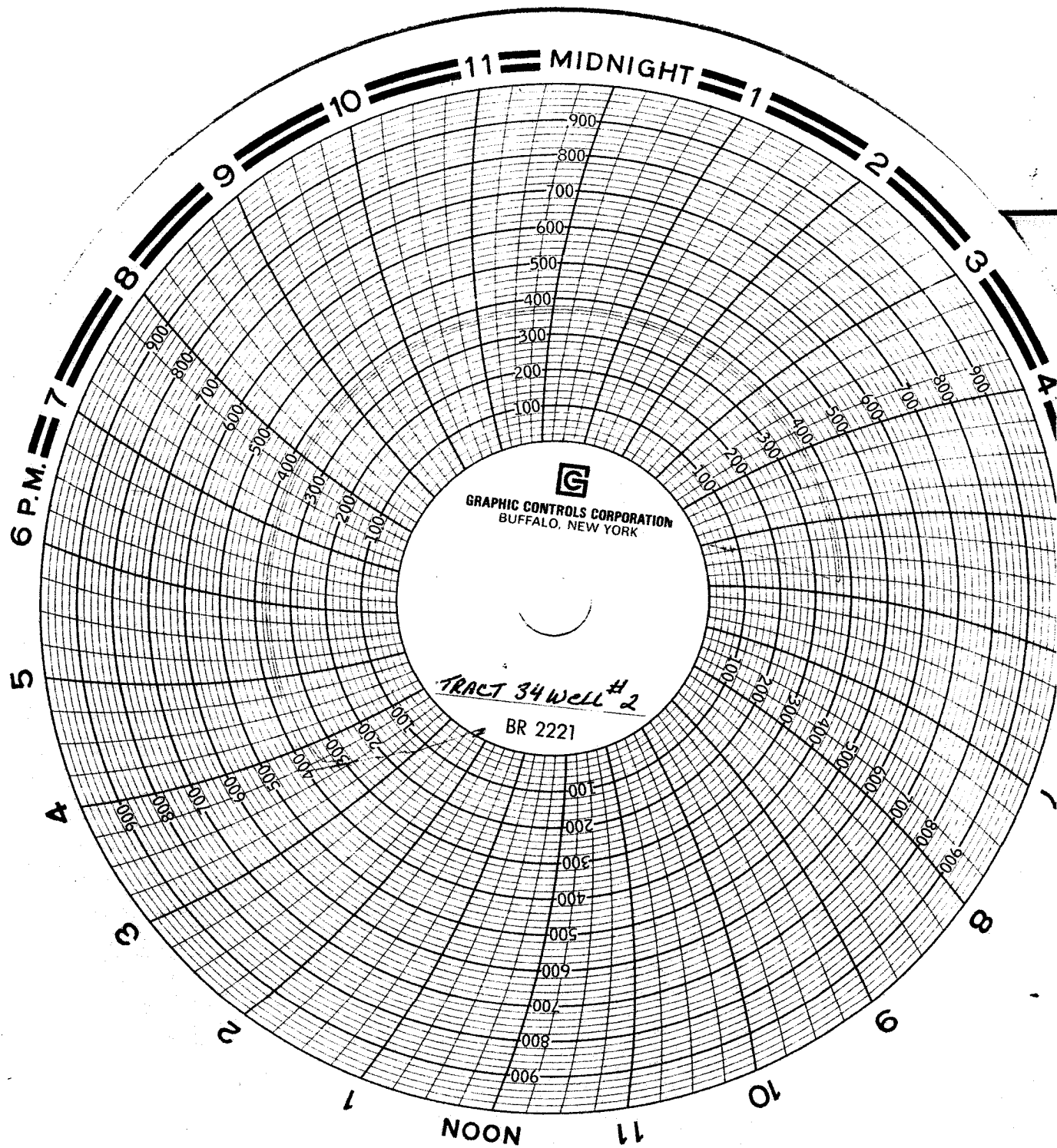
Conditions of Approval (if any):

Operator:	Southwest Royalties, Inc.	Phone: 432-686-9927 Fax 432-688-3250
Well:	Flying M SAU #34-2	AFE: 50875
Location:	Sec 29, T9S, R33E	Lse: 101865-038
	Lea County, NM	Field: Flying M
SWR WI	88.683883%	Site Supervision: Terry Mabrey

11-03-06	RUWSU late; SD till 11-06.
11-06-06	Bld well dwn, LD head, NU rod stripper, pmp stuck; work pmp – still stuck; RU hot oiler; pmp hot wtr dwn bcksd while wrkng pmp, pmp would not rel; RD hot oiler; RU back off tool, bck rods off; POH @ 56-7/8" rods; ND WH; NU BOP; ready to strip well out; SD next am; EDWC \$7589; ETWC \$7589.
11-08-06	Bld well dwn; pmp R treat 29C, soap & acd dwn csg, ½ Bbl/min wrkng tbg, pmp ttl 31 Bbls wtr w/soap & acd, tbg moving; tied on hot oiler, pmp ½ Bbl/min wtr; tbg freed after 21 Bbls; TOH @ 12 stands, hit fluid; made 1 swb rn; TOH @ 11 stands, found rods; TOH @ 125-3/4 rods & pull tube on pmp; made 2 swb runs; TOH 4 stands, 1 single, tbg anc; 2 stands, 1 single, SN, sub & MJ; SD; EDWC \$7377; ETWC \$19,705.
11-09-06	Current Activity: spot solvent across perfs; OW; PU bit & scraper; TIH w/bits & scraper @ 140 jts tbg, tg tight, spot @ 4321'; turn bit w/tongs, tbg torked up; TOH w/tbg, bit & scraper; LD bit & scraper; TIH open ended @ 140 jts tbg; PU 3 jts; tg btm @ 4394'; TOH LD 3 jts; SD; EDWC \$5487; ETWC \$25,192.
11-10-06	Current Activity: spot CaCo4 scale converter; OW, spot 2 drms R-Solv solvent across perfs, 100 gal solvent 17.2 Bbls Kcl 3% flush; EDWC \$4237; ETWC \$29,430.
11-11-06	Current Activity: circ well, TOH w/tbg; OW, pmp 110 gal CaCo4 scale converter 17.2 Bbls flush across perfs; EDWC \$1860; ETWC \$31,280.
11-13-06	Current Activity: TIH PK, tst tbg; OW, circ well w/2% Kcl 400# 2 Bbl/min, well circ ok; TOH w/tbg, LD 9 bad jts, PU 9 jts tbg; stand back; EDWC \$5936; ETWC \$37,216.
11-14-06	Current Activity: acdz well; OW, RU tstrs; PU HD comp PK & SN tst in hole 5000#, below slips @ 136 jts 2-3/8" J-55 tbg, set PK @ 4237'; loaded csg w/FW; press tst 470# for 15 min, tst ok; SD; EDWC \$7820; ETWC \$45,036.
11-15-06	Current Activity: TIH inj string; OW; RU Cudd Pmp Svc; A/T San Andres zone @ 4333'-4381' w/5000 gals 20% Hcl acd using 5000# R/S as div mat as follows: 500# press on R/S – max 2770#, AIR 2400#, AIR 4 BPM, ISIP 1450#, 5 min 750#, 10 min 405#, 15 min 215#, used 4700# R/S ttl load 325 Bbls; RD Cudd; TOH w/tbg & pk LD; SD; EDWC \$23,435; ETWC \$68,471.
11-16-06	Current Activity: set pkr & circ pkr fluid; 75# press on csg; blw dwn; EL Farmer loaded @ 142 jts – J55 IPC, frm Permian Inter Midland, took to loc Tract 34 Well 2 mvd workstring, unload PR & set; unload tbg on PR, tall pipe; PU workstring, move & set on Tract 24 Well 1; TIH nick @ 5-1/2x2-3/8 arrowset PC pkr w/187 F profile nipple w/on-off tool @ 136 jts IPC tbg, tbg landed @ 4242'; SD; EDWC \$7808; ETWC \$76,278.

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Location:	Sec 29, T9S, R33E	Lse: 101865-038
	Lea County, NM	Field: Flying M
SWR WI	88.683883%	Site Supervision: Terry Mabrey

11-17-06 OW, no press; pmp @ 15 Bbls, flush by pkr, set pkr, got off pkr w/on-off tool, tried to circ; pmp @ 218 Bbls; well on vac, set back on pkr, loaded csg, press csg 350#, held ok; ND BOP; flange up well; RD; EDWC \$15,144; ETWC \$83,615.



FLYING M UNIT
TRACT 34 WELL #2
UNIT M

660' FSL 660' FWL
SEC. 29, T9S R33E

Lea, NM

12-15-06

H Maloney