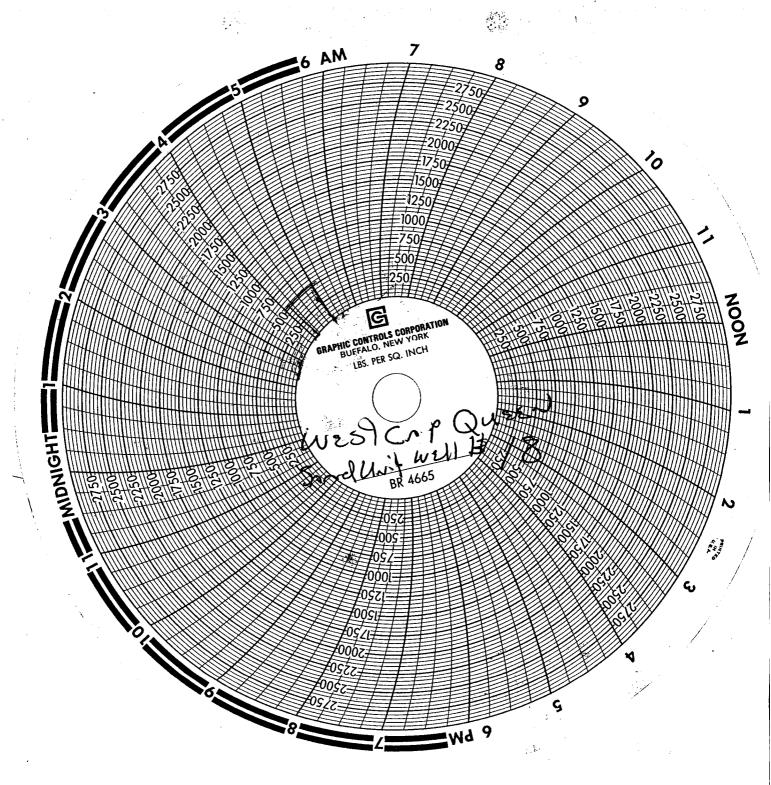
| Office Office   | State of N                                      | ew Mexico                |                      | Fo   | orm C-103      |  |
|---|---|--------------------------|----------------------|--|----------------|--|
| District I  | Energy, Minerals and Natural Resources          |                          | ces                  | May 27, 2004   |                |  |
| 1625 N. French Dr., Hobbs, NM 88240<br>District II                                  |   |                          |                      | WELL API NO.<br>30-005-01115   |                |  |
| 1301 W. Grand Ave., Artesia, NM 88210   | OIL CONSERVATION DIVISION                       |                          |                      | eate Type of Lease   |                |  |
| <u>District III</u><br>1000 Rio Brazos Rd., Aztec, NM 87410                         | 1220 South St. Francis Dr.                      |                          |                      | STATE FEE  | $\boxtimes$    |  |
| District IV   | Santa Fe, NM 87505                              |                          |                      | Oil & Gas Lease No.  |                |  |
| 1220 S. St. Francis Dr., Santa Fe, NM<br>87505                                      |   |                          |                      |  |                |  |
|   | CES AND REPORTS ON                              |                          | 7. Leas              | e Name or Unit Agreen  | nent Name      |  |
| (DO NOT USE THIS FORM FOR PROPOS<br>DIFFERENT RESERVOIR. USE "APPLIC<br>PROPOSALS.) |   | WEST CAP QUEEN SAND UNIT |                      |  |                |  |
| 1   | Gas Well  Other                                 |                          |                      | 8. Well Number # 18  |                |  |
| 2. Name of Operator   | 9. OGR  | ID Number                |                      |  |                |  |
| PALISADES ASSET HOLDING C   | 241214  |                          |                      |  |                |  |
| 3. Address of Operator<br>223 W. WALL STREET STE 825, MIDLAND, TEXAS 79701          |   |                          |                      | 10. Pool name or Wildcat   |                |  |
|   | CAPRO   | CK QUEEN                 |                      |  |                |  |
| 4. Well Location Unit Letter D:   | 660   | NORTH                    | 1 660                | C C I WY   | · ·            |  |
| Unit Letter D : Section 21  | 660feet from the                                |                          |                      |  | _              |  |
| Section 21  | Township 14 11. Elevation (Show when            |                          |                      | CHAVES County  | <u>y</u>       |  |
|   |   | nei DR, KKD, KI,         | OK, eic.)            |  |                |  |
| Pit or Below-grade Tank Application O   | Closure   |                          |                      | The second secon |                |  |
| Pit typeDepth to Groundwa   | terDistance from neare                          | st fresh water well      | Distance from r      | nearest surface water  |                |  |
| Pit Liner Thickness: mil  | Below-Grade Tank: Volur                         | ne                       | bbls; Construction   | Material   |                |  |
| 12. Check A   | ppropriate Box to Indi                          | cate Nature of N         | Notice, Report o     | or Other Data  |                |  |
| NOTICE OF IN  | TENTION TO:                                     | 1                        | CHBCEOHE             | NT DEDOOT OF   |                |  |
| PERFORM REMEDIAL WORK   | - · · · <del>-</del> ·                          | REMEDIA                  | SUBSEQUE<br>L WORK   | INT REPORT OF:   |                |  |
| TEMPORARILY ABANDON   | · · · · · · · · · · · · · · · · · · ·           |                          | ICE DRILLING OF      |  |                |  |
| PULL OR ALTER CASING  | ,   |                          | CEMENT JOB           |  |                |  |
| OTHER:  | •   | OTHER:                   | . DE ACTIVA          | TC INTEGTION   | K-7            |  |
| 13. Describe proposed or compl  |   | LI   UITER:              | : RE-ACTIVAT         | IE - INJECTION<br>tinent dates including e   | estimated date |  |
| of starting any proposed wo   | rk). SEE RULE 1103. For                         | Multiple Completi        | ons: Attach wellb    | ore diagram of propose   | ed completion  |  |
| or recompletion.  |   | -                        |                      |  | •              |  |
|   |   |                          |                      |  |                |  |
| RE-ACTIVATED INJECTION WEI  | L   |                          |                      |  |                |  |
| 2/22/04 TEGTED TO GARDIG  | <b>NAME                                    </b> |                          |                      |  |                |  |
| 3/23/07 – TESTED TBG-CASING A<br>4/4/07 –INJECTING AT 450 POUNT                     | NNULUS ON WELL: TE                              | STED TO 550# NO          | O LEAKS ; TP = 4     |  |                |  |
| 4/7/07 – INJECTED 247 BW AT 480   |   |                          |                      |  |                |  |
| 4/8/07 – INJECTED 247 BW AT 480   |   |                          |                      | 011121   | 31415-         |  |
| 4/9/07 – WELL IS NOW TAKING 2   | 85 BWPD AT 480 POUNI                            | OS                       |                      | % Rece   | 4 62           |  |
|   |   |                          |                      | /6   | <b>6</b>       |  |
|   |   |                          |                      | 45 VIII  | 2007           |  |
|   |   |                          |                      | 1  | IAGN 1         |  |
|   |   |                          |                      | Hobi   |                |  |
|   |   |                          |                      | 160  | 1              |  |
|   |   |                          |                      | 15.0c.65.8212  | 797917         |  |
| I hereby certify that the information a   | bove is true and complete t                     | o the best of my kn      | owledge and belie    | a. Tariner ceriny inafab   | v nn ar neiaw- |  |
| grade tank has been/will be constructed or c  | losed according to NMOCD gui                    | delines 🔲, a general p   | ermit 🔲 or an (attac | hed) alternative OCD-appro   | oved plan 🔲.   |  |
| SIGNATURE Herta   | & Boe TI  | ΓLE_MANAGIN              | G MEMBER             | DATE4/12/07  | 7              |  |
| Type or print name HERBERT F.   | ROLES E.  | nail addragg DIID        | ACEAN COM            | Tolonhono No. (420)  | 696 7150       |  |
| For State Use Only  |   | nail address: BUD        | WCFAW.COM            | Telephone No. (432)  | 000-/139       |  |
| al . N  | \ \ \ \ \ \                                     |                          |                      |  |                |  |
| APPROVED BY:  | 1 h   | FIEI D DEDDECEL P        | *A73\/C !!/CTAPP !   | MARIACES ADI   | 0              |  |
| Conditions of Approval (if any):  | who of  | FLELD REPRESENT          | ATIVE II/STAFF       | MANAGESDATE_AP   | R 1 3 2007     |  |

| Submit 5 Copies 10 Appropriate District Office                                      | State  | of New Me        | exico                  | K.Or.                                    | Form C-103                                   |  |
|---|--|------------------|------------------------|--|--|--|
| District I  | ergy, Minerals and Natural Resources                 |                  | WELLADING              | May 27, 2004                             |  |  |
| 1625 N. French Dr., Hobbs, NM 88240<br>District II                                  | 011 00110000000000000000000000000000000              |                  |                        | WELL API NO.<br>30-005-01                | 115  |  |
| 1301 W. Grand Ave., Artesia, NM 88210<br>District III                               | OIL CONSERVATION DIVISION 1220 South St. Francis Dr. |                  |                        | 5. Indicate Type of Le                   |  |  |
| 1000 Rio Brazos Rd., Aztec, NM 87410  |  |                  |                        | STATE                                    | FEE 🛛  |  |
| <u>District IV</u><br>1220 S. St. Francis Dr., Santa Fe, NM<br>87505                | Santa Fe, NM 87505                                   |                  |                        | 6. State Oil & Gas Lea                   | ise No.                                      |  |
| SUNDRY NOT (DO NOT USE THIS FORM FOR PROPO  | ICES AND REPORTS                                     | DEEPEN OR PL     | UG BACK TO A           | 7. Lease Name or Unit                    | t Agreement Name                             |  |
| DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) |  |                  |                        | WEST CAP QUEEN SAND UNIT                 |  |  |
| 1. Type of Well: Oil Well   | Gas Well  Other                                      |                  | 8. Well Number #18     | 8. Well Number #18                       |  |  |
| 2. Name of Operator   |  |                  |                        | 9. OGRID Number                          |  |  |
| PALISADES ASSET HOLDING   | COMPANY, LLC   |                  |                        | 241214                                   |  |  |
| 3. Address of Operator<br>223 W. WALL STREET STE 825                                | , MIDLAND, TEXAS                                     | 79701            |                        | 10. Pool name or Wildcat CAPROCK QUEEN   |  |  |
| 4. Well Location  |  |                  |                        | <u> </u>                                 |  |  |
| Unit LetterD:_  | 660_feet from the                                    | NORTH            | line and               | feet from the                            | _WESTline                                    |  |
| Section 21  | Township 1   |                  |                        | NMPM CHAVES                              | County                                       |  |
|   | 11. Elevation (Show                                  | whether DR,      | RKB, RT, GR, etc.      |  |  |  |
| Pit or Below-grade Tank Application   | or Closure   | <u> </u>         |                        |  |  |  |
| Pit typeDepth to Groundw  |  | nearest fresh w  | ater well Dis          | tance from nearest surface wa            | ter  |  |
| Pit Liner Thickness: mil  |  |                  |                        | onstruction Material                     |  |  |
| 12. Check   |  |                  |                        | Report or Other Data                     |  |  |
| NOTICE OF IN  |  |                  | •                      | _  |  |  |
| PERFORM REMEDIAL WORK   | PLUG AND ABAND                                       | ON 🗆             | REMEDIAL WOR           | SEQUENT REPOR                            | (TOF:<br>ERING CASING □                      |  |
| TEMPORARILY ABANDON   | CHANGE PLANS   |                  | COMMENCE DR            |  |  |  |
| PULL OR ALTER CASING  | MULTIPLE COMPL                                       |                  | CASING/CEMEN           |  |  |  |
| OTHER:  |  | $\boxtimes$      | OTHER:                 |  |  |  |
| 13. Describe proposed or comp   | leted operations. (Clea                              | arly state all r | pertinent details, and | d give pertinent dates inc               | luding estimated date                        |  |
| of starting any proposed we or recompletion.  | ork). SEE RULE 1103                                  | . For Multipl    | e Completions: At      | tach wellbore diagram of                 | proposed completion                          |  |
|   |  |                  |                        |  |  |  |
| WELL #18 IS NOW TAKING 285  | BWPD AT 480 POUN                                     | DS               |                        |  |  |  |
|   |  |                  |                        |  |  |  |
|   |  |                  |                        | 10 10 10 10 10 10 10 10 10 10 10 10 10 1 |  |  |
|   |  |                  |                        | 0777210.10101010                         |  |  |
|   |  |                  |                        |  | 2021222                                      |  |
|   |  |                  |                        | MPR 2007                                 | 18   |  |
|   |  |                  |                        | Received                                 | 212  |  |
|   |  |                  | į                      | Hopps OCD                                | <i>\\</i> \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\ |  |
|   |  |                  |                        | CT OCD                                   | x <sup>w</sup> /                             |  |
|   |  |                  |                        | 40 75%                                   |  |  |
|   |  |                  |                        | 450E62821281280                          |  |  |
|   |  |                  |                        |  |  |  |
| I hereby certify that the information   | above is true and comp                               | lete to the be   | st of my knowledge     | and belief. I further certif             | v that any nit or helow-                     |  |
| grade tank has been/will be constructed or  | closed according to NMOC                             | D guidelines 🗌   | , a general permit 🗍   | or an (attached) alternative O           | CD-approved plan □.                          |  |
| SIGNATURE ACTOR   | follow   | _TITLE_M         | IANAGING MEM           | BERDATE_                                 | 4/9/07                                       |  |
| Type or print name HERBERT F. For State Use Only                                    | BOLES E-mail   |                  | BUD@CFAW.COM           | -  | 686-7159                                     |  |
|   | 1,01   |                  | DEDOCCENTATIVE         | II/STAFF MANAGER DAT                     | 4DO 1 2 2007                                 |  |
| APPROVED BY: - Com  | N. W. CIA  | - ALTERO         | KETKESEITIKIITE        | DAT                                      | EAPR 1 3 2007                                |  |

APPROVED BY: Could (if any):



There 2, 07 TriBID SBRI STONB DITFIBID