

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

Energy, Minerals and Natural Resources

May 27, 2004

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

WELL API NO.  
30-005-00877

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.  
B1-0418-0076

7. Lease Name or Unit Agreement Name

ROCK QUEEN UNIT

8. Well Number # 40

9. OGRID Number  
241214

10. Pool name or Wildcat  
CAPROCK QUEEN

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 ☒ Gas Well ☐ Other ☒

2. Name of Operator  
PALISADES ASSET HOLDING COMPANY, LLC

3. Address of Operator  
223 W. WALL STREET STE 825, MIDLAND, TEXAS 79701

4. Well Location

Unit Letter F : 1980 feet from the NORTH line and 1980 feet from the WEST line  
Section 26 Township 13 S Range 31 E NMPM CHAVES County

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

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: ☐

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.

1. MI & RU Well Service Unit
2. TOH w/Injection tubing & Packer (unable to release packer. Back off tubing. Jar packer out of hole)
3. TIH w/tubing and washover pipe and shoe. Recovered tail pipe that was on bottom of packer.
4. Clean out inside of 4 1/2" O.D. liner to T.D. of 3052'
5. Ran Bond and Casing Inspection Logs. 5 1/2" casing appears to have severe pitting
6. Ran new 4 1/2" O.D. flush joint casing from surface to top of original 4 1/2" O.D. liner at 2948'
7. Cement 4 1/2" casing w/200 sx of cement. Cement appears to have circulated to surface.
8. Drill out float collar & cement in 4 1/2" casing to TOL at 2948'. Lower bit 6' down inside of liner to 2954'. Test TOL. Did not hold pressure.
9. Ran & set cement retainer just above TOL inside of new 4 1/2" casing. Re-cement same w/200 sx of cement
10. Drill out cement & clean out inside of liner to 3052'. Lower bit to original T.D. of 3067. Drill new hole w/3 7/8" bit from 3067' to 3085'
11. Ran Compensated Neutron & Cement Bond Logs. Cement bond looks good.
12. TIH w/injection tubing w/packer. Place packer fluid in annulus. Took integrity test. Held okay.
13. Set packer at 2940'; Perfs: 3036-44' and open hole from 3052' to 3085'
14. Place well on injection. Took 476 bw on vacuum the first 24 hrs period.

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 Herbert F. Boles TITLE MANAGING MEMBER DATE 6/6/07

Type or print name HERBERT F. BOLES

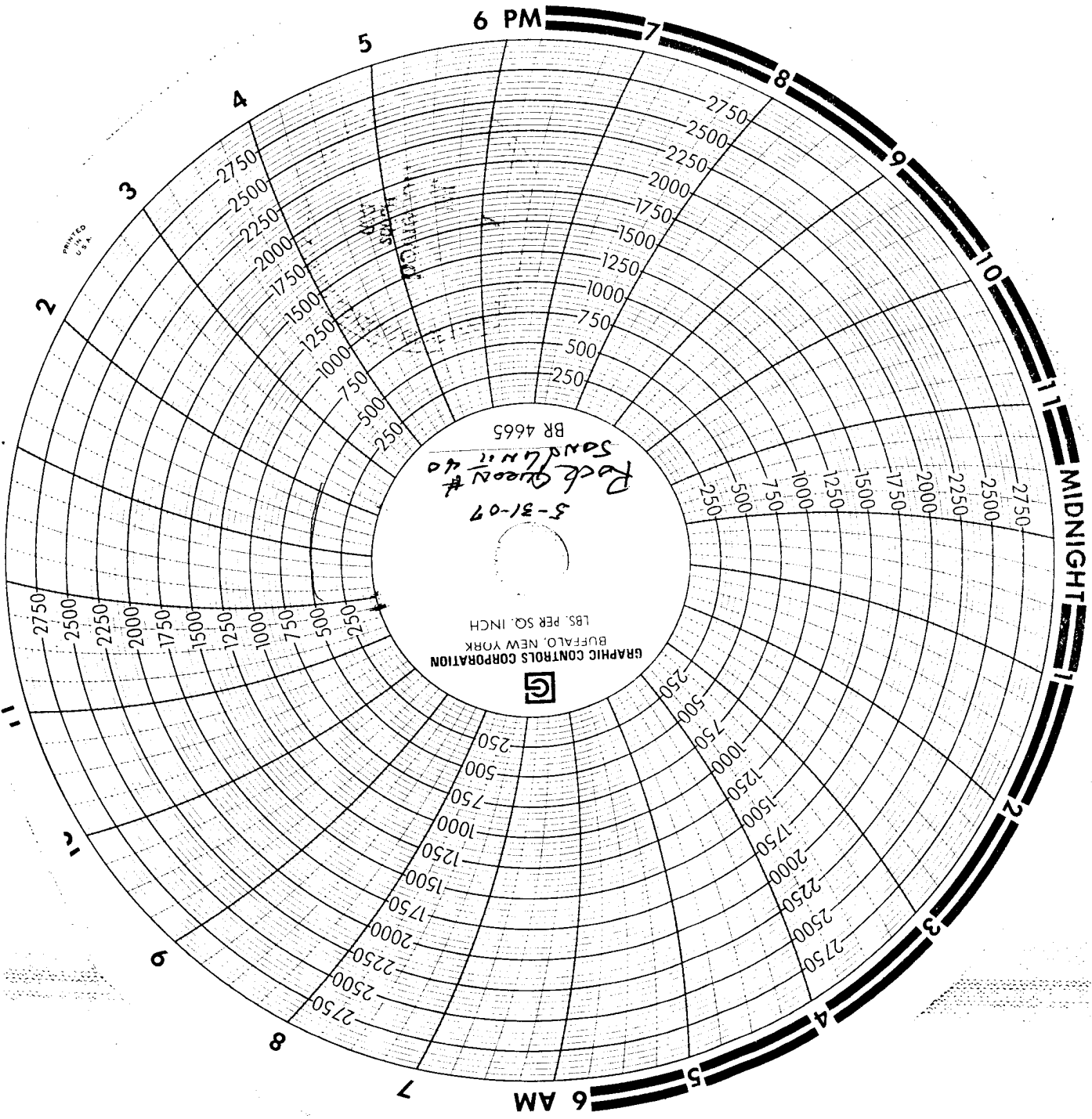
E-mail address: BUD@CFAW.COM Telephone No. (432) 686-7159

For State Use Only

APPROVED BY: Harry W. Wink TITLE OC FIELD REPRESENTATIVE II/STAFF MANAGER

Conditions of Approval (if any):

JUN 12 2007



May 31, 07

Cum gratia

Took witness Test  
12 hr. clock