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DEC 18 2008

HOBBSOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-38822 ✓

5. Indicate Type of Lease

STATE ☐ FEE ☒ PRIV

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

JAL 3 AGI ✓

8. Well Number 001 ✓

9. OGRID Number ✓

241472

10. Pool name or Wildcat

AGI; 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 (CLASS II INJECTION)

2. Name of Operator

SOUTHERN UNION GAS SERVICES, LTD ✓

3. Address of Operator

301 COMMERCE SUITE 700, FT WORTH, TX 76102

4. Well Location

Unit Letter E : 1550 feet from the N line and 1000 feet from the W line
Section 33 Township 24S Range 37E NMPM LEA County ✓

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

3268 GR

Pit or Below-grade Tank Application ☐ or Closure ☐Pit type CLOSED LOOP Depth to Groundwater 90 FT 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: **MIT AND CSG. TEST** ☒

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.

On 12/2/08 an initial casing test of the 7" 23 ppf, L80 casing was performed. The casing was pressured to 800 psi for 30 minutes and the pressure did not deviate more than 10 psi (1.2%). See attached chart.

On 12/7/2008 an initial (2 year) MIT test of the annular space between the 3 1/2", 9.3 ppf, L80 fiberglass lined tubing and the 7" 23 ppf, L80 casing was performed. The annular space was pressured to 800 psi for 30 minutes and the pressure did not deviate more than 10 psi (1.2%). See attached chart.

On 12/11/2008 SUGS began disposal of wastewater into the well and will continue in this mode until the acid gas surface facilities are completed in early 2009. Prior to acid gas injection, the old SWD disposal well (Woolworth Estate SWD No. 1, API No. 30-025-27081) will be plugged and abandoned, and SUGS Jal 3 AGI#1 (API No. 30-025-38822) will begin accepting a combination of wastewater and acid gas as per NMOCD Order No. R-12921. The NMOCD will be notified when these operations begin.

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 NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE

TITLE President, Geolex, Inc. DATE 12/18/08Type or print name: Alberto A. GutierrezE-mail address: aag@geolex.comTelephone No.: (505)-842-8000

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OCD DISTRICT SUPERVISOR/GENERAL MANAGER

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any):

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