

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

RECEIVED

JUN 14 2010

HOBBS

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-025-28434
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-6002
7. Lease Name or Unit Agreement Name B Lee State
8. Well Number 007
9. OGRID Number 155615
10. Pool name or Wildcat SCHARB, QUEEN
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3894' GL

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
NADEL AND GUSSMAN PERMAIN LLC

3. Address of Operator
601 N. MARIENFELD, STE 508

4. Well Location
Unit Letter H : 1980 feet from the NORTH line and 660 feet from the EAST line
Section 5 Township 19S Range 35E NMPM County LEA

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 ☐
DOWNHOLE COMMINGLE ☐

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

007/07/09 MIRUPU, Test csg to 500 psi, perf 5690 to 5700' 10 holes. Set cibp@ 7500' and dump 25' cmt on top.
07/08/09 Acidize perfs w\1200 gals 15% HCl
07/09-10/09 Swab back load no show
07/11/09 Set cibp @ 5610 Perf Penrose @ 5176-5188' 12 holes. Dump 35' cmt on cibp. PBTD 5585
07/14/09 Acidize w\ 1500 gals of 15% HCl. Flow back and swab
07/ 15/09 Swab no show
07/16/09 Set cibp @ 5172 Perf 5106-5118 12 holes. Acidize w\ 1500 gals 15% HCl. Flow back and swab
07/17-21/09 Swab 1% oil cut rec
07/22/09 Set cibp @ 5096 RDMO *lead to cap w/35' cmt*
08/3-6/09 Perf 4674-4682 48 hles. Dump 35' cmt on cibp@ 5096. Acidize w\ 400 gals 15% HCl. Flow and swab no show
08/05/09 Set cibp @ 4600' cap w\ 35' cmt. RDMO.

Spud Date:

Rig Release Date:

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

SIGNATURE Kem E. McCready TITLE NM Operations Mgr. DATE 06/09/2010

Type or print name K. E. McCready E-mail address: kemm@naguss.com PHONE: 432-682-4429

For State Use Only

APPROVED BY: [Signature] TITLE Staff Mgr DATE 6-16-10

Conditions of Approval (if any):

Am