

Submit 1 Copy To Appropriate District Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

OIL CONSERVATION DIVISION

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

JUN 08 2011

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.)		WELL API NO. 30-025-23391 ✓
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other SWD <input checked="" type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> ✓
2. Name of Operator D.K.D., L.L.C.		6. State Oil & Gas Lease No. SW 0104 0003
3. Address of Operator PO Box 682, Tatum, NM 88267		7. Lease Name or Unit Agreement Name Shell State SWD ✓
4. Well Location Unit Letter <u>K</u> : 1980 feet from the <u>FN</u> line and 1980 feet from the <u>FW</u> line Section <u>32</u> Township <u>14S</u> Range <u>R34E</u> NMPM County <u>Lea</u>		8. Well Number #1 ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 210091 ✓
		10. Pool name or Wildcat SWD; San Adres ✓

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: RWTP

OTHER: SWD

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.

File C-103 to start injection again by August 1, 2011.

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 Danny R. Watson TITLE Owner DATE 6/8/2011

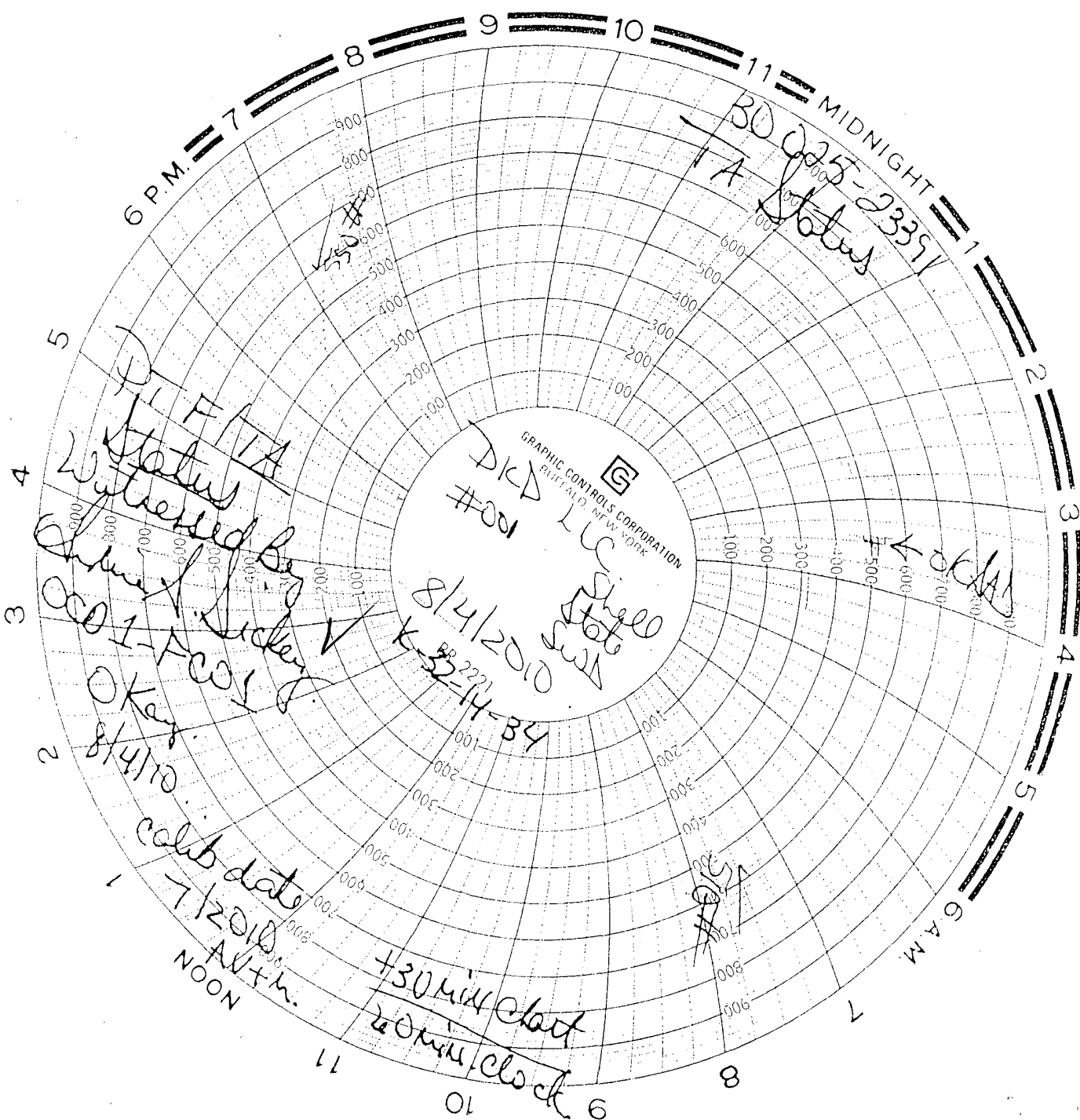
Type or print name Danny R. Watson E-mail address: dkdlc@leaco.net PHONE: (575)398-3490

For State Use Only

APPROVED BY [Signature] TITLE STAFF NAT DATE 6-8-2011

Conditions of Approval (if any):

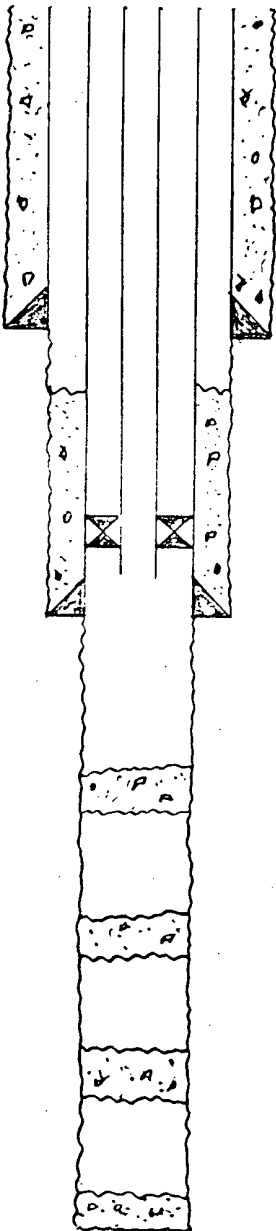
JUN 09 2011



Danny R Watson

INJECTION WELL DATA SHEET

Sage Oil Company		Shell State Lease		
OPERATOR	LEASE			
1-SWD	1980' FSL & 1980' FWL	32	T-14-S	R-34-E
WELL NO.	FOOTAGE LOCATION	SECTION	TOWNSHIP	RANGE

SchematicTabular DataSurface Casing

Size 11 3/4 " Cemented with 400 sx.
 TOC Surface feet determined by Circulated
 Hole size 15"

Intermediate Casing

Size 8 5/8 " Cemented with 300 sx.
 TOC ± 1200' feet determined by Calculated
 Hole size 11"

Long string

Size -- " Cemented with -- sx.
 TOC -- feet determined by --
 Hole size --
 Total depth --

Injection interval

4475 feet to 5895 feet
~~open-hole~~ open-hole, indicate which)

Tubing size 2 7/8" lined with Tuboscope TK-75 (or equivalent) set in a
 (material)

Baker AD-1 Tension Packer (or equivalent) packer at ± 4400' feet
 (brand and model)

(or describe any other casing-tubing seal).

Other Data

- Name of the injection formation San Andres
- Name of Field or Pool (if applicable) None
- Is this a new well drilled for injection? ☐ Yes ☒ No
 If no, for what purpose was the well originally drilled? Drilled as a producer of oil and abandoned.
- Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used) No perforations
10 sx @ surface; 25 sx 4425-4500'; 25 sx 5895-5970'; 25 sx 8050-8125'; 25 sx 9805-9880';
35 sx 10,300-10,400'.
- Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area. Proposed injection zone overlies the Tres Papalotes Penn. West Field.
There is no overlying producing interval.