

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-041-00256
5. Indicate Type of Lease <i>Federal</i> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

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 Injection Well

2. Name of Operator
A.C.T. Operating Company

3. Address of Operator
201 W. Wall, Ste #806, Midland, Texas 79701

4. Well Location

Unit Letter B : 660 feet from the North line and 1980 feet from the East line

Section 13 Township 8S Range 34E NMPM County Roosevelt

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
4260 GL

7. Lease Name or Unit Agreement Name:
Milnesand Unit

8. Well No.
59

9. Pool name or Wildcat
Milnesand (San Andres)

11. 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 COMPLETION ☐

OTHER: Reply to Oil Conservation Division ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. 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 recompilation.

Since oil prices have returned to reasonable economic levels, A.C.T. Operating has been investing a substantial amount of money to get the Milnesand field production back up since October, 1999. We have reactivated wells that were down due to mechanical failure, shut in or temporarily abandoned, such as wells No. 55 and 523. In addition flowlines have been added to reduce well back pressure. The injector MSAU#59 is critical to the future plans of the Milnesand Unit. It is our intent to try a new type fracture treatment on a few producers using modern technology. The new technology involves sand consolidation to prevent flowback, force closure technique to ensure near wellbore conductivity and larger volume and sand concentration in a new type gel to achieve longer effective fractures. The fracture treatments are planned for June - July 2000. We request any work on the injectors be postponed until September 2000. This will enable us to evaluate the effectiveness of the fracture treatments. We would either plug and abandon or perform the necessary repair to bring the well back into compliance and place them into active service. Given the expected success of the fracture treatments, it will be paramount to have injection support to make the production hold up after the fracture treatment. However, if the fracture treatments fail, our decision would possibly be to plug and abandon MSAU#59. In the case of MSAU#59, we would repair the possible casing leak using a standard cement squeeze or a polyethylene liner designed by Polybore Services, Inc. We are still in the investigation phase of the polybore liners and patches. It is A.C.T.'s opinion that the liners would provide a much more lasting and positive fix of the possible casing leak.

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

SIGNATURE Marshall Watson TITLE Vice President DATE 04/18/00

Type or print name Marshall Watson Telephone No. (915) 683-4640

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any: