

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

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. 30-041-10057
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> <input checked="" type="checkbox"/> Other Injection Well		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator A.C.T. Operating Company		6. State Oil & Gas Lease No.
3. Address of Operator 201 W. Wall, Ste #806, Midland, Texas 79701		7. Lease Name or Unit Agreement Name: Milnesand Unit
4. Well Location Unit Letter <u>B</u> : <u>660</u> feet from the <u>North</u> line and <u>1980</u> feet from the <u>East</u> line Section <u>18</u> Township <u>8S</u> Range <u>35E</u> NMPM County <u>Roosevelt</u>		8. Well No. 187
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 4238 GL		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:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: Reply to Oil Conservation Division <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

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#187 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#187. In the case of MSAU#187, 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:

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