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NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease State <input checked="" type="checkbox"/> Fee <input type="checkbox"/>
5. State Oil & Gas Lease No. E 1075
7. Unit Agreement Name
8. Farm or Lease Name ARCO State
9. Well No. 1
10. Field and Pool, or Wildcat Dean-Devonian
12. County Lea

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. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>
2. Name of Operator V-F Petroleum Inc.
3. Address of Operator One Marienfeld Place, Suite 580, Midland, Texas 79701
4. Location of Well UNIT LETTER <u>L</u> , <u>1980</u> FEET FROM THE <u>South</u> LINE AND <u>660</u> FEET FROM THE <u>West</u> LINE, SECTION <u>35</u> TOWNSHIP <u>15-S</u> RANGE <u>36-E</u> NMPM.
15. Elevation (Show whether DF, RT, GR, etc.) 3863 GR

16. 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"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOBS <input checked="" type="checkbox"/>
OTHER <input type="checkbox"/>	OTHER <u>Salt Water Flow</u> <input checked="" type="checkbox"/>

17. 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.

- Spudded well 11 a.m. 10-7-80 & drld 17-1/2" hole to 347'.
- 10-8-80 set 347' of 12-3/4 48# X-42 csg & cemented w/400 sx Class C 2% CACL & circulated cement to surface.
- Nippled up Hydril & Schafer BOPS. Tested casing to 1000 PSI for 30", pressure held.
- 10-8-80 to 10-11-80 drld 11" hole to 2673' and encountered very severe water flow from charged up salt formation. Pumped in 400 bbls 17#/gal mud, followed by 3000 sx Class H 2% CACL in an attempt to cement drill string to shut off water flow. This attempt unsuccessful. Had water flow in shot hole 185 yds NE of rig when drilling well temporarily SI. After reopening drilling well, water flow in shot hole quit. Moved in Sumruld Drlg. Service & cleaned out shot hole to 273' in red bed. Circulated hole w/400 sx in several stages down 2" pipe. Left 2" pipe in hole, pumped 200 sx down 2", displaced all cement out of 2" and left 2" open as per instructions from Mr. Alexander, Surface Owner. A second shot hole that erupted briefly never did flow after drlg well was opened back up. Plans are to plug this 2nd shot hole immediately.
- 10-13-80 After flow decreased, installed drilling head & drilled 11" hole to 4927' while well was allowed to flow salt water into lined pits.
- 10-18-80 Ran Fluid Caliper by Permian Fluid Caliper Service & found that red bed & salt section were not badly washed out (2521 cuft annular vol.)
- 8-19-80 Ran 8-5/8" casing to 4876'. Ran Lynes ECP (Packer) 2058' and DV tool @ 2022'.

Continued on Page 2

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

SIGNED V-F Vanich TITLE President DATE 10-30-80

APPROVED BY [Signature] TITLE [Signature] DATE [Signature]

CONDITIONS OF APPROVAL, IF ANY: