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NEW MEXICO OIL CONSERVATION COMMISSION

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

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p align="center"><small>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT - 1" (FORM C-101) FOR SUCH PROPOSALS.)</small></p>		<p>5a. Indicate Type of Lease State <input type="checkbox"/> Fee <input checked="" type="checkbox"/></p> <p>5. State Oil & Gas Lease No. --</p>
<p>1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/></p> <p>2. Name of Operator Armer Oil Company</p> <p>3. Address of Operator 2110 Continental National Bank Bldg., Ft. Worth, Texas 76102</p> <p>4. Location of Well UNIT LETTER <u>N</u> <u>330</u> FEET FROM THE <u>South</u> LINE AND <u>1650</u> FEET FROM THE <u>West</u> LINE, SECTION <u>20</u> TOWNSHIP <u>18S</u> RANGE <u>34E</u> N.M.P.M.</p>		<p>7. Unit Agreement Name --</p> <p>8. Farm or Lease Name Scharbauer</p> <p>9. Well No. 2</p> <p>10. Field and Pool, or Wildcat E-K Yates-SR-Queen</p>
<p>15. Elevation (Show whether DF, RT, GR, etc.) 3973' GR 3985' RKB</p>		<p>12. County Lea</p>

<p>16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data</p> <p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> OTHER <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER <input type="checkbox"/> OTHER <u>Testing additional zone in Queen Reservoir</u> <input checked="" type="checkbox"/></p>		<p>SUBSEQUENT REPORT OF:</p>
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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.

During February, 1975, Armer Oil Company completed its newly drilled Scharbauer #2 from Penrose (Lower Queen) sand perforations from 4746-64' RKB. This zone was tested until 4/7/75 at which time production was approximately 14 BOPD with no water.

On 4/7/75, production equipment was pulled from this well and the Upper Queen sand was perforated from 4474-82' with one hole per foot. A retrievable bridge plug was set between the Upper Queen and Penrose (Lower Queen) perforations on 4/8/75. On 4/9/75, the Upper Queen perforations were acidized with 500 gals. 15% acid followed by a fracture treatment of 18,000 gals. gelled 2% KCl water and 15,000# sand.

The Upper Queen sand is now being tested by pump with the Penrose (Lower Queen) perforations shut off by the retrievable bridge plug.

On 5/15/75, the Upper Queen produced 16 BO and 70 BW during the previous 24-hour period with an estimated GOR of 2667:1. Testing of this zone will continue for approximately 30 days at which time the bridge plug in the well will be retrieved, and production from the Upper Queen sand and Penrose (Lower Queen) sand commingled.

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

SIGNED [Signature] TITLE Agent DATE May 16, 1975

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: