Submit 3 Copies to Appropriate District Office

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

# OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-103
Revised 1-1-89

WELL API NO.

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No. LG-5188

## 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.)

7. Lease Name or Unit Agreement Name: State "HQ"

1. Type of Well: OIL WELL [X] GAS WELL [ ] OTHER

2. Name of Operator: Meridian Oil Inc.

8. Well No. 3

3. Address of Operator: 21 Desta Drive, Midland, Texas 79705

9. Pool name or Wildcat: Airstrip (Bone Springs)

4. Well Location
Unit Letter O : 660 Feet From The South Line and 1980 Feet From The East Line

Section 26 Township 18-S Range 34-E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3980' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

| NOTICE OF INTENTION TO: | | | | SUBSEQUENT REPORT OF: | | | |
|---|---|---|---|---|---|---|---|
| PERFORM REMEDIAL WORK | [ ] | PLUG AND ABANDON | [ ] | REMEDIAL WORK | [ ] | ALTERING CASING | [ ] |
| TEMPORARILY ABANDON | [ ] | CHANGE PLANS | [ ] | COMMENCE DRILLING OPNS. | [ ] | PLUG AND ABANDONMENT | [ ] |
| PULL OR ALTER CASING | [ ] | | | CASING TEST AND CEMENT JOB | [ ] | | |
| OTHER: Recomplete & Commingle | [X] | | | 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.

Recomplete in 1st Bone Spring Sand and commingle with production from 2nd Bone Spring Dolomite. Anticipated Start - 03/10/89

SEE ATTACHMENT - INSERT

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

SIGNATURE Robert L. Bradshaw TITLE Sr. Staff Envr./Reg. Spec. DATE 02/14/89

TYPE OR PRINT NAME Robert L. Bradshaw TELEPHONE NO. 915-686-5(

(This space for State Use)

APPROVED BY Orig. Signed by Paul Kautz Geologist TITLE DATE FEB 17 1989

CONDITIONS OF APPROVAL, IF ANY:

State "HQ" No. 3
Airstrip Field
Lea County, New Mexico

1. MIRU pulling unit. POH with rods and pump. ND pump tee. NU BOP. POH with ±3200' of 2-7/8" 6.5# tubing and ±6550' of 2-3/8" 4.7# tubing. Deliver ±6100' of 2-7/8", 6.5# N-80 tubing to location.

2. MIRU wireline unit. RIH with a gauge ring and junk basket for 5-1/2" 17# casing to ±9190'. POH. RIH with a 5-1/2" CIBP on wireline and set at ±9185'. POH. Test CIBP to 1500 psi. RIH with 4" select fire guns and perforate the Bone Spring Sand at the following depths: 9124', 26', 28', 30', 32', 50', 52', 54', 57', 60', 62', 64', 66', 68', 70', and 73' for a total of 16 holes. POH. RDMO wireline unit.

3. RIH with a 5-1/2" treating packer, SN (1.78" ID) and ±9000' of 2-7/8" tubing. Hydrotest tubing to 7000 psi while RIH. Set packer at ±9000' and swab well down to SN if possible.

4. MIRU stimulation company. NU surface lines and test to 4000 psi. Place, monitor and maintain 500 psi on the casing-tubing annulus. Pump 2000 gallons of 7-1/2% NEFe HCl acid with 2 gal/1000 surfactant and corrosion inhibitor. Space out 32 - 7/8" RCNBS (sp.gr.= 1.3) throughout job. Displace acid with 37 bbls of 2% KCl water. If ballout occurs, surge balls off perfs and continue displacement.

   * Note: Anticipated treating pressure = 3300 psi
   Maximum treating pressure = 7000 psi (Burst SF = 1.5)
   Anticipated treating rate = 4 BPM

   RDMO Stimulation Company.

5. Swab test well recording rates and cuts.

6. If fluid entry is limited, MIRU stimulation company. NU surface lines and test to 6000 psi. Pump 18,000 gallons of 40 lb crosslinked gel with 45,000 lbs of 16/30 mesh PRC sand to frac the First Bone Spring Sand down 2-7/8" tubing according to the following schedule and attached sheets.

   - Pump 6000 gallons of fluid as pad volume.
   - Pump 2000 gallons of fluid with 1ppg 16/30 PRC sand.
   - Pump 2000 gallons of fluid with 3ppg 16/30 PRC sand.
   - Pump 3000 gallons of fluid with 4ppg 16/30 PRC sand.

- Pump 5000 gallons of fluid with 5ppg 16/30 PRC sand.

* Note: Anticipated treating pressure = 5100 psi
Maximum treating pressure = 7000 psi (Burst SF = 1.5)
Anticipated treating rate = 15 BPM

RDMO stimulation company. Shut well in overnight to allow gels to break.

7. Flow well back starting at ±16/64 choke increasing choke size as the pressure depletes. Obtain flow back fluid and have analyzed at stimulation company. Viscosity of the broken gel should be ±10 cp.

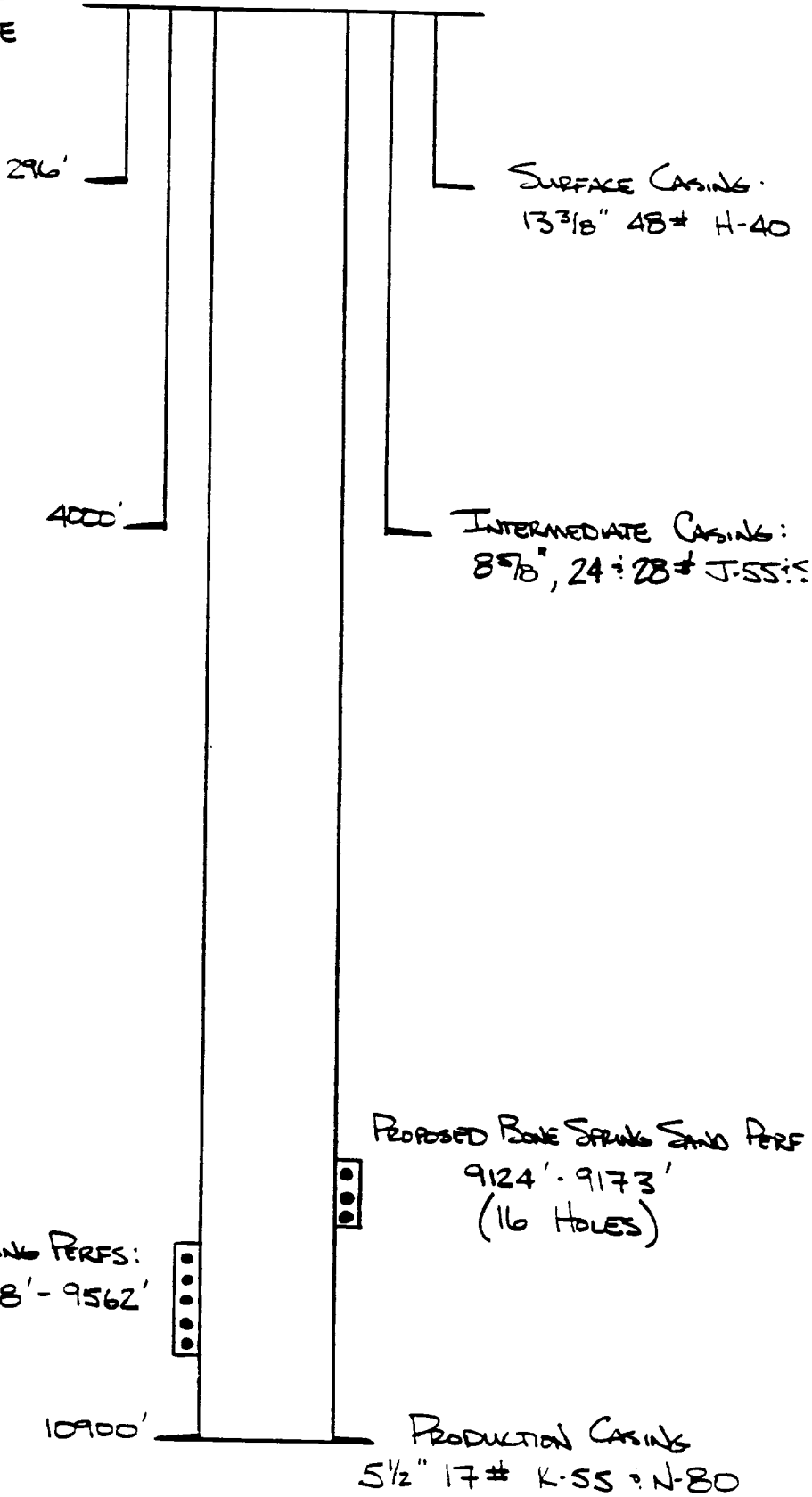
8. RIH with a notched collar on 2-7/8" tubing and clean out any fill to ±9185'. POH. RIH with a drill bailer on sandline and knock out CIBP to ±9600'.

9. RIH with production tubing and rods as previously installed setting pump at ±9050' to clean up frac. Lower pump to ±9450' following clean up period.

SRUH 9/6/

# STATE HQ No. 3
## AIRSTRIP (BONE SPRING) FIELD
## LEA COUNTY, NEW MEXICO

660 FSL 1980 FEL
Sec 26 T18S R34E

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Date
By

Median Oil
**ENGINEERING CALCULATION SHEET**
MO-0139 (10-86)