

District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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. 30-025-03842
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Saga Petroleum LLC		6. State Oil & Gas Lease No. B-1553
3. Address of Operator 415 W Wall, Suite 1900 Midland, TX 79701		7. Lease Name or Unit Agreement Name State E Tract 18
4. Well Location Unit Letter <u>F</u> : 1650 feet from the <u>North</u> line and 2310 feet from the <u>West</u> line Section <u>1</u> Township <u>17S</u> Range <u>36E</u> NMPM County <u>Lea</u>		8. Well No. 17
10. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. Pool name or Wildcat Lovington Queen

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: PB To Qn from Abo <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOBS <input 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 and proposed work). SEE RULE 1103. For Multiple Completions: Attach diagram of proposed completion or recompletion.

It is proposed to plug the Drinkard and attempt a completion in the Lovington Queen zone. Production and pressures will be evaluated, and if the zone appears to be productive, and has good pressure, the Queen will be sand fractured.

Tie in collars to Halliburton SGR-DSN-CCL log run 9-24-99, run gauge ring for 7" 26#/ft csg and run to a depth of 7850'. Run CIBP and set above Drinkard perfs (7910'-7980') to abandon Drinkard, dump 2-3 sx cmt on top of CIBP to be set @ 7850'±. Pressure test csg after setting CIBP @ 7850' to 500 psi. If csg pressure test ok - GIH w/4" select fire perforator after setting CIBP and perforate Queen zone(s) 3890'-3900' and 3869'-3880'. PU tally and GIH w/7" pkr and 2-3/8" tbg -Establish circulation w/2" KCL water - spot and acidize perfs with 750 gallons 15% HCL with 45 ball sealers. Break down and displace acid w/2% KCL water. Get ISIP and 15 min SIP - start swabbing load - note shows of gas and water, clean up perfs until dry or flowing - GIH w/BHP bombs and SI well for 120 hr BU- Pull BHP bombs, determine whether or not frac is feasible dependent upon BHP. If frac is feasible, consider through tubing foam (750) frac or 20,000 gallons w/20-24,000# 20/40 mesh sand

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

SIGNATURE Bonnie Husband TITLE Production Analyst DATE 09/21/2001

Type or print name Bonnie Husband Telephone No. (915)684-4293

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APPROVED BY _____ TITLE ORIGINAL SIGNED BY DATE JUN 21 2002
 Conditions of approval, if any: PAUL F. KAUTZ
PETROLEUM ENGINEER