



Kay C. Havenor, Ph.D

Office: 575-626-4518
e-mail: KHavenor@GeoResources.com
904 Moore Ave
Roswell, New Mexico 88201-1144

January 19, 2012

Dr. Jami Bailey
Director NM OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Mesquite SWD, Inc. SWD-649-A
API 30-015-25697 Eddy Co
Bran SWD #1.

Dear Dr. Bailey:

This letter is a plea for an extension of time for the subject SWD permit due to undue delays in BLM permitting combined with rig availability and compounded by this Agent's failure to earlier request an extension. The circumstances are as follows.

Application for re-entry was filed with the BLM December 12, 2010. Many delays were encountered in obtaining approval of this re-entry, primarily due to Potash casing requirements. Mesquite needed to run extreme line 7" casing inside 8-5/8" plus extreme line 5-1/2" inside the 7" in order to comply with Potash requirements. The BLM delayed approval because they were unsure of the casing parameters (which they ultimately approved). The APD permit for two years was issued about October 1st. Mesquite was unable to obtain a drilling rig until mid-October. Re-entry was commenced October 14th. Casing was run and cemented and the rig was released October 30th.

While the well site was cleaned and ready for injection on November 4st, electricity was not immediately available. Electricity is scheduled for late this week. The Artesia OCD was requested to witness the MIT and the OCD representative pointed out that Mesquite should contact your office concerning the commencement of disposal date, although they have scheduled to observe the MIT next week.

Mesquite has agreed to assist both Concho and Chesapeake in their disposal of SW problems in this very active area and both are concerned with the delays. Those relationships are financially important for Mesquite to respect and maintain. Other operators in the area are also pressing Mesquite for disposal availability due to local lack of facilities. Operators have reported hardships, often needing to haul water all the way to Hobbs and near Roswell because of the lack of disposal facilities and access to them.

Mesquite request for extension

January 19, 2012

I recognize the failure, especially on my part, was that Mesquite did not apply timely for the appropriate extension. That being said, the extremely long delay by the BLM in granting the APD approval was a significant factor and distraction contributing to the problem.

Because the well was timely re-entered and completed, but lacked being able to physically take water solely because of lack of electricity, it is most respectfully pleaded that a sixty-day (60) extension to the commencement date be granted.

Your assistance is most respectfully requested.

Sincerely,

A handwritten signature in black ink that reads "Kay Havenor". The signature is written in a cursive, slightly slanted style.

Kay Havenor
Agent/Consultant to Mesquite SWD, Inc.

cc: Richard Ezeanyim