

DATE <u>4.18.12</u>	SUSPENSE	ENGINEER <u>WVJ</u>	LOGGED IN <u>4.18.12</u>	TYPE <u>SWD</u>	APP NO. <u>1210943165</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



PTG-W
TREK OPERATING, LLC

Revised Pearl #1

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

*open H. 3350' - 4950
 670 PSI*

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

0-34-235-28E

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☒ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Brad D. Burks
 Print or Type Name

Brad D. Burks
 Signature

General Manager
 Title

4.4.2012
 Date

brad@bkxcorp.com
 e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ X Disposal _____ Storage
Application qualifies for administrative approval? _____ X Yes _____ No

II. OPERATOR: Trek Operating, LLC

ADDRESS: 10159 E. 11th St., Ste. 401 Tulsa, OK 74128

CONTACT PARTY: Brad D. Burks

PHONE: 918-582-3855 x101

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes _____ X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Brad D. Burks

TITLE: General Manager

SIGNATURE: Brad D. Burks

DATE: April 4, 2012

E-MAIL ADDRESS: brad@bkxcorp.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted.
Please show the date and circumstances of the earlier submittal: _____

WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

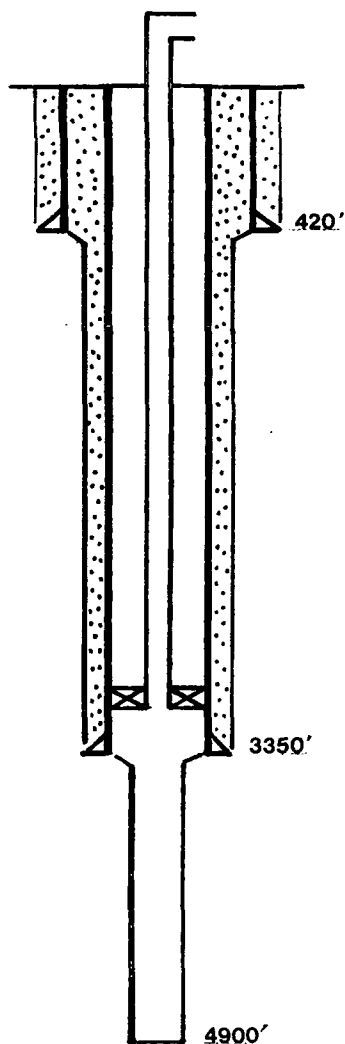
NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: Trek Operating, LLCWELL NAME & NUMBER: Pearl #1

WELL LOCATION: Proposed 800' FSL, 2475' FEL UL O 34 23-S 28-E
 FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATICWELL CONSTRUCTION DATASurface CasingHole Size: 17 1/2" from 0' to 420'Casing Size: 13 3/8" from 0' to 420'Cemented with: 725 sacks, estimatedor _____ ft³Top of Cement: Circulated to surface

Method Determined: _____

Intermediate Casing

Hole Size: _____

Casing Size: _____

Cemented with: _____ sx.

or _____ ft³

Top of Cement: _____

Method Determined: _____

Production CasingHole Size: 12 1/4" from 420' to 3350'Casing Size: 8 5/8" from 0' to 3350'Cemented with: 2000 sacks, estimatedor _____ ft³Top of Cement: Circulated to surface

Method Determined: _____

Total Depth: Proposed 4900'Injection Interval7 7/8" Open Hole from 3350' to Total Depth of 4900'

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2 " Lining Material: Plastic coated

Type of Packer: Mechanically set, retrievable casing packer, internally plated with nickel and/or other corrosion resistant trim

Packer Setting Depth: 3335'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? X Yes No

If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: Delaware Mountain Group (Bell Canyon & Cherry Canyon Sands)

3. Name of Field or Pool (if applicable): _____

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. _____

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

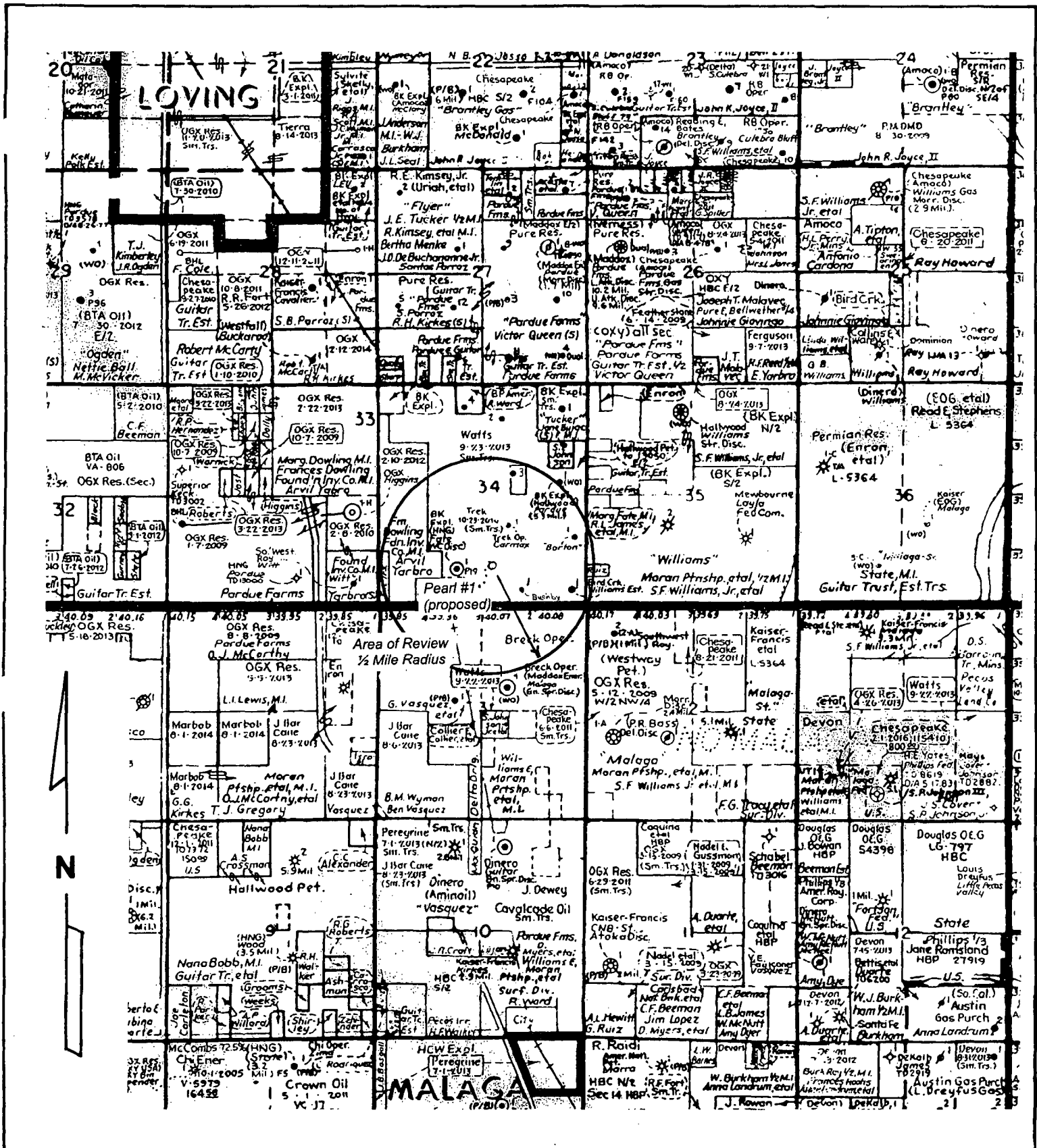
Overlying: None.

Underlying: Delaware Mountain Group - Brushy Canyon Oil Sand @ 6100'

Bone Spring Oil Sand @ 6300'

Wolfcamp Gas Limestone @ 10,500'

Atoka Gas Limestone @ 11,600'



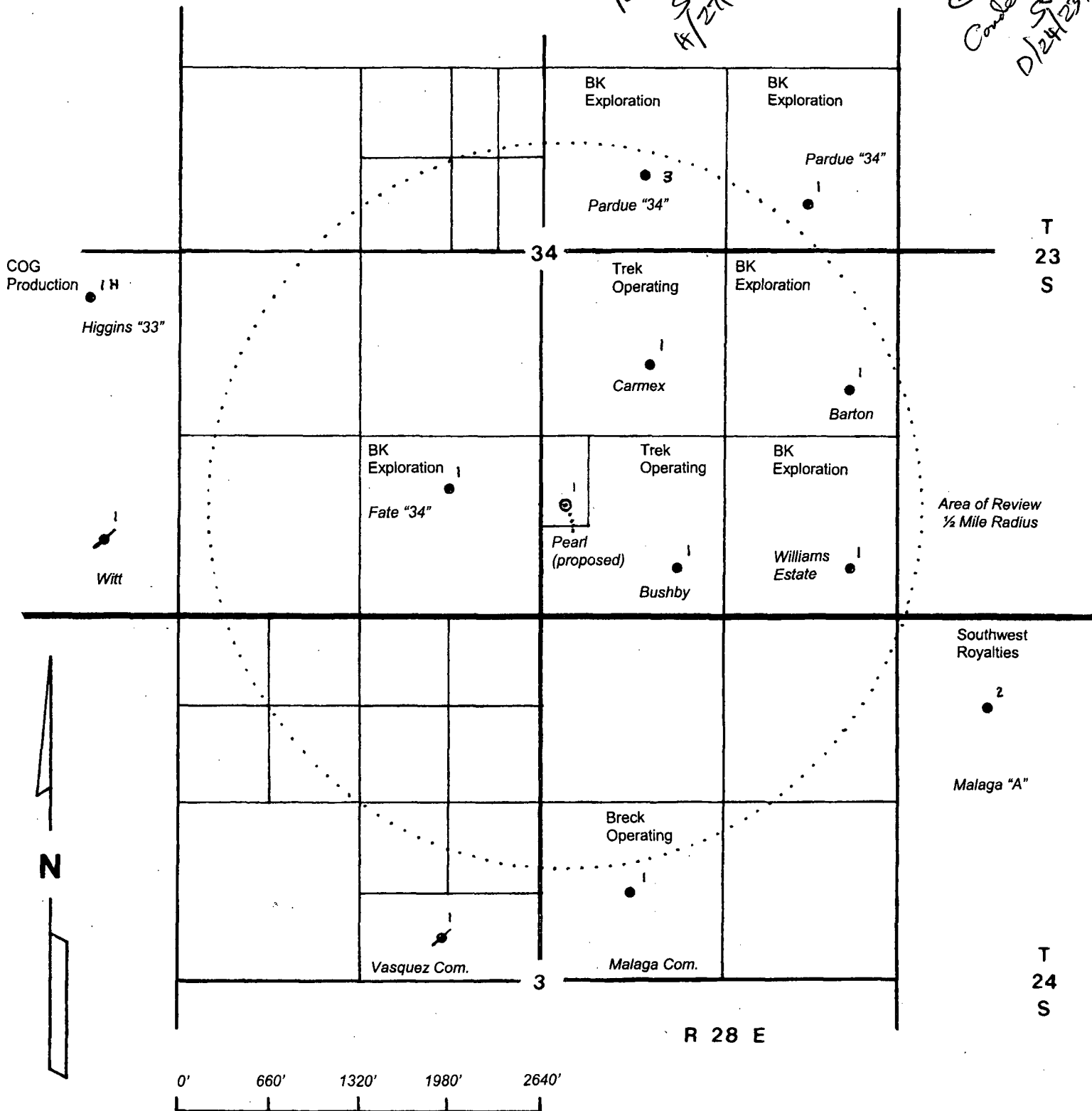
TREK OPERATING, LLC
 PROPOSED SWD WELL, PEARL #1
 UL O, SECTION 34 T-23-S R-28-E
 EDDY COUNTY, NEW MEXICO

NMOC FORM C-108, PROJECT AREA MAP

APRIL 4, 2012

COG
Pardue Form
Pardue #8
Swd
4/27/23/28

COG
Condeline
Swd
D/24/23/28



**TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E
EDDY COUNTY, NEW MEXICO**

NMOCD FORM C-108, 1/2 MILE AREA OF REVIEW MAP

APRIL 4, 2012

TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E, EDDY COUNTY, NEW MEXICO

NMOCD FORM C-108, 1/2 MILE AREA OF REVIEW
WELL DATA TABULATION
APRIL 4, 2012

<u>WELL NAME</u>	<u>API #</u>	<u>OPERATOR</u>	<u>WELL FOOTAGE</u>	<u>WELL LOCATION UL-SEC-TWP-RGE</u>	<u>WELL TYPE</u>	<u>DATE DRILLED</u>	<u>TOTAL DEPTH</u>	<u>CURRENT FORMATION</u>	<u>CURRENT PERFS</u>	<u>CASING SIZE</u>	<u>TOP OF CEMENT</u>	<u>ATTACHMENTS</u>
Barton #1	30-015-32432	BK Exploration Corp	1,650' FSL 330' FEL	I-34-23S-28E	Oil	11/6/2002	6,498'	Delaware - Brushy Canyon	6,149-6,232'	5 1/2"	3,150' by bond log (12/3/2002) ✓	2 open-hole logs
Bushby #1	30-015-36410	Trek Operating, LLC	330' FSL 1,650' FEL	O-34-23S-28E	Oil	9/8/2008	6,600'	Delaware - Brushy Canyon	6,010-6,184'	5 1/2"	1,950' by bond log (10/9/2008) ✓	2 open-hole logs & 1 mud log
Carmex #1	30-015-36023	Trek Operating, LLC	1,815' FSL 1,815' FEL	J-34-23S-28E	Oil	3/9/2008	6,403'	Delaware - Brushy Canyon	6,022-6,196'	5 1/2"	2,380' by bond log (3/26/2008) ✓	1 cased-hole log
Fate "34" #1	30-015-23879	BK Exploration Corp.	910' FSL 1,980' FWL	N-34-23S-28E	Oil	12/4/1981	12,355'	Delaware - Brushy Canyon	6,120-6,192'	7 5/8"	1,924' by bond log (2/5/1998) ✓	1 cased-hole log & 1 mud log
Pardue "34" #3	30-015-33513	BK Exploration Corp.	2,100' FNL 1,860' FEL	G-34-23S-28E	Oil	9/21/2004	6,538'	Delaware - Brushy Canyon	6,138-6,223'	5 1/2"	2,345' by bond log (11/17/2003) ✓	2 open-hole logs
Williams Estate #1	30-015-27173	BK Exploration Corp.	330' FSL 330' FEL	P-34-23S-28E	Oil	11/10/1992	6,475'	Delaware - Brushy Canyon	6,197-6,203'	5 1/2"	2,786' by bond log (12/2/1992) ✓	1 cased-hole log

TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E, EDDY COUNTY, NEW MEXICO

NMOCD FORM C-108, PROPOSED SWD WELL OPERATION
APRIL 4, 2012

Surface of Area of Review: Surface land is gypsum and sand, moderately flat, with sparse coverage of mesquite, creosote bush, and occasional patches of broom grass. Cattle roam the open range when rains are sufficient to support them. There are no dwellings, barns or other agricultural improvements near the Area of Review.

Proposed SWD Injection Interval: Open hole from 3,350' to 4,900'.

SWD Injection Interval Name: Bell Canyon and Cherry Canyon members of the Delaware Mountain Group.

SWD Injection Interval Lithology: The majority of the interval consists of fine-grained sands. Occasional inclusions of dolomite, limestone, shale and mudstone appear within the massive sands. The sands are the only material with sufficient permeability to accept the injected waters.

Injection Interval Hydrocarbons: Mud logs from 2 producing wells, one to the east and one to the west, do not record sufficient hydrocarbons to be considered productive. Based solely on this reason, it is believed that no recoverable hydrocarbons will be affected by the proposed disposal operation, with no waste of hydrocarbon resources. Further, the nearest known oil or gas production from the disposal interval is about 6 miles away, to the north.

Proposed SWD System Type: The proposed disposal well and facility will be designed as a closed system. It is the intent of Applicant to have all produced water delivered via pipelines.

Proposed SWD Statistics: The proposed disposal well will be designed to handle an expected 2,000 barrels of water per day (BWPD). The open hole may, however, have the ability to handle more daily volume, possibly up to 3,000 BWPD. Initially, the maximum surface injection pressure will be 670 psig. Step rate testing may prove that a higher maximum pressure is possible. NMOCD approval will be required for approval of higher pressures.

Injection Water Sources: The majority of the injection water will be from producing oil wells, near the Area of Review. Those oil wells produce from the Brushy Canyon member of the Delaware Mountain Group.

Injection Water Analysis: Water analyses from 3 such wells are attached, including a copy of a detailed analysis.

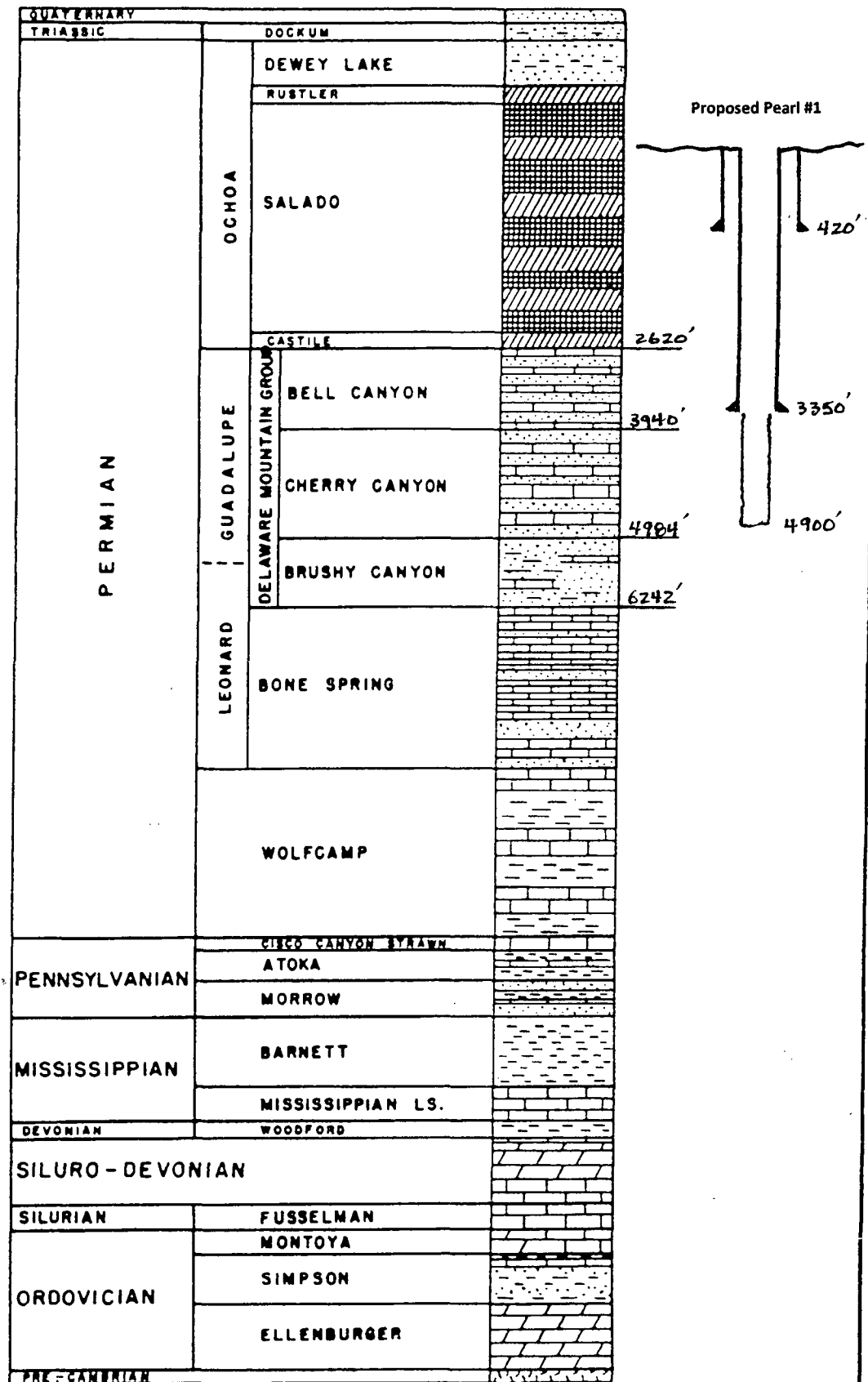
Injection Interval Water Analysis: Since there are no nearby wells producing from Bell Canyon and Cherry Canyon members, there is no analysis of such waters from the proposed injection interval under the Area of Review. It is believed that those waters are similar to produced waters from the Brushy Canyon member. For reference, a water analysis is attached from an oil well, located about 6 miles to the north, having produced from the Cherry Canyon member.

Proposed Stimulation Work: As an open hole injection well, it is assumed that hydrochloric acid will be the only form of stimulation needed to clean the formation face, after drilling the new well.

Similar SWD Wells Nearby:

- Chevron's Pardue Farms "27" #8 (UL H, Section 27, T-23-S R-28-E)
- Chesapeake's East Loving SWD #1 (UL A, Section 15, T-23-S R-28-E)
- Yates' Loving SWD #1 (UL G, Section 16, T-23-S R-28-E)
- Range's Candelario "24" SWD #1 (UL D, Section 24, T-23-S R-28-E)

GENERALIZED SECTION - DELAWARE BASIN



TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E, EDDY COUNTY, NEW MEXICO

NMOCDFORM C-108, 1/2 MILE AREA OF REVIEW
INJECTION WATER AND RECEIVING ZONE WATER ANALYSES SUMMARY
APRIL 4, 2012

SAMPLE INJECTION WATER SOURCE	FORMATION NAME AND DEPTH OF PERFORATIONS	DATE OF SAMPLE	LOCATION UL-SEC-TWP-RGE	SPECIFIC GRAVITY G/CC pH		CHEMICAL ANALYSIS, MILLIGRAMS PER LITER								
						BICARB- ONATE	HARDNESS	CALCIUM	MAGNE- SIUM	SODIUM	SULFATE	CHLORIDE	IRON	TOTAL SOLIDS
						HCO ₃	CaCO ₃	Ca	Mg	Na	SO ₄	Cl	Fe	TDS
Bushby #1	Delaware Mountain Grp Brushy Canyon 6,010' to 6,184'	3/3/2010	O-34-23S-28E	1.2100	5.80	134	96,116	30,600	4,450	92,917	400	184,500	147	315,985 ✓
Carmex #1	Delaware Mountain Grp Brushy Canyon 6,022' to 6,196'	3/3/2010	J-34-23S-28E	1.1900	5.72	146	67,367	21,450	3,060	91,150	450	174,200	133	293,350 ✓
Fate "34" #1	Delaware Mountain Grp Brushy Canyon 6,120' to 6,192'	3/3/2010	N-34-23S-28E	1.2000	5.82	49	86,398	27,300	4,028	92,700	350	184,000	68	311,626 ✓
AVERAGES:				1.2000	5.78	110	83,294	26,450	3,846	92,256	400	180,900	116	306,987
SAMPLE RECEIVING ZONE WATER SOURCE	FORMATION NAME AND DEPTH OF PERFORATIONS	DATE OF SAMPLE	LOCATION UL-SEC-TWP-RGE	SPECIFIC GRAVITY G/CC pH		CHEMICAL ANALYSIS, MILLIGRAMS PER LITER								
						BICARB- ONATE	HARDNESS	CALCIUM	MAGNE- SIUM	SODIUM	SULFATE	CHLORIDE	IRON	TOTAL SOLIDS
						HCO ₃	CaCO ₃	Ca	Mg	Na	SO ₄	Cl	Fe	TDS
NEL #2	Delaware Mountain Grp Cherry Canyon 3,648' to 3,670'	9/15/1994	I-9-23S-28E	1.0250	7.20	61	1,340	19,200	4,636	34,488	870	100,000	10	159,385 ✓

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505		State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505		Form C-105 Revised June 10, 2003									
		S		WELL API NO. 30-015-36023 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> State Oil & Gas Lease No.									
WELL COMPLETION OR RECOMPLETION REPORT AND LOG													
1a. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ b. Type of Completion. NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER _____				7. Lease Name or Unit Agreement Name <div style="text-align: center; font-size: 1.5em;">APR - 2 2008</div> <div style="text-align: center; font-size: 1.5em;">OCD-ARTESIA CARMEX</div>									
2. Name of Operator <div style="text-align: center; font-size: 1.2em;">TREK OPERATING, LLC</div>				8. Well No. <div style="text-align: center; font-size: 1.5em;">1</div>									
3. Address of Operator <div style="text-align: center; font-size: 1.2em;">10159 E. 11TH ST., STE. 401 TULSA, OK 74128</div>				9. Pool name or Wildcat <div style="text-align: center; font-size: 1.2em;">LOVING BRUSHY CANYON, EAST</div>									
4. Well Location <div style="display: flex; justify-content: space-between;"> Unit Letter <u>J</u> : <u>1815</u> Feet From The <u>SOUTH</u> Line and <u>1815</u> Feet From The <u>EAST</u> Line </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Section <u>23-S</u> Township <u>28-E</u> Range <u>EDDY</u> NMPM <u>EDDY</u> County </div>													
10. Date Spudded <div style="text-align: center;">2/13/2008</div>		11. Date T D Reached <div style="text-align: center;">3/9/2008</div>		12. Date Compl. (Ready to Prod) <div style="text-align: center;">3/29/2008</div>									
13. Elevations (DF& RKB, RT, GR, etc.) <div style="text-align: center;">3032' GR</div>		14. Elev. Casinghead <div style="text-align: center;">3032'</div>											
15. Total Depth <div style="text-align: center;">6403'</div>		16. Plug Back T.D <div style="text-align: center;">6310'</div>		17. If Multiple Compl. How Many Zones? 									
18. Intervals Drilled By <div style="text-align: center;">0-6403'</div>				19. Producing Interval(s), of this completion - Top, Bottom, Name <div style="text-align: center; font-size: 1.2em;">DELAWARE (BRUSHY CANYON) @ 6022'-6196'</div>									
20. Was Directional Survey Made <div style="text-align: center;">YES</div>				21. Type Electric and Other Logs Run <div style="text-align: center;">GR-CBL-CCL</div>									
22. Was Well Cored <div style="text-align: center;">NO</div>													
23. CASING RECORD (Report all strings set in well)													
CASING SIZE	WEIGHT LB/FT	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED								
14"	93	0-40'	20"	NONE	NONE								
8.625"	24	0-460'	12.25"	380 SKS.	CIRC. 180 SKS. CMT.								
5.5"	15.5, 17	0-6403'	7.875"	800 SKS.	TOL@ 2380' (CBL)								
24. LINER RECORD													
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN									
NONE													
25. TUBING RECORD													
SIZE	DEPTH SET	PACKER SET											
2.875"	0-6033'	NONE											
26. Perforation record (interval, size, and number) <div style="text-align: center; font-size: 1.2em;">1 SPF @ 6022-6196', 12 HOLES</div>													
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>DEPTH INTERVAL</th> <th>AMOUNT AND KIND MATERIAL USED</th> </tr> <tr> <td>6022-6196'</td> <td>1000 GAL. 15% ACID</td> </tr> <tr> <td>"</td> <td>51,000 GAL. GEL</td> </tr> <tr> <td>"</td> <td>130,000 LBS. SAND (20-40)</td> </tr> </table>						DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	6022-6196'	1000 GAL. 15% ACID	"	51,000 GAL. GEL	"	130,000 LBS. SAND (20-40)
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED												
6022-6196'	1000 GAL. 15% ACID												
"	51,000 GAL. GEL												
"	130,000 LBS. SAND (20-40)												
28. PRODUCTION													
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)		Well Status (Prod or Shut-in)									
3/29/2008		PUMPING		PRODUCING									
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF								
4/1/2008	24	NA		24	98								
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl								
NA	NA		24	98	300								
			Oil Gravity - API - (Corr)										
			41.2										
29. Disposition of Gas (Sold, used for fuel, vented, etc.) <div style="text-align: center; font-size: 1.2em;">SOLD, EFFECTIVE 4/1/2008</div>					Test Witnessed By <div style="text-align: center; font-size: 1.2em;">PAUL SIMS</div>								
30. List Attachments <div style="text-align: center; font-size: 1.2em;">GR-CBL-CCL LOG, DEVIATION SURVEY</div>													
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief													
Signature <u>Brad D. Burks</u>			Printed Name <u>BRAD D. BURKS</u> Title <u>GENERAL MANAGER</u> Date <u>4/1/2008</u>										
E-mail Address _____			<div style="text-align: right; font-size: 1.2em;">(918) 582-3855</div>										

Analytical Laboratory Report for:

TREK OPERATING, LLC



BJ Chemical Services

Account Representative:

Richard D Nailon

Production Water Analysis

Listed below please find water analysis report from: LLC
CARMEX, 1

Lab Test No: 2010111563 Sample Date: 03/03/2010
Specific Gravity: 1.191

TDS: 293350
pH: 5.72

Cations:	mg/L	as:
Calcium	21450	(Ca ⁺⁺)
Magnesium	3060	(Mg ⁺⁺)
Sodium	91150	(Na ⁺)
Iron	133.00	(Fe ⁺⁺)
Potassium	1760.0	(K ⁺)
Barium	2.55	(Ba ⁺⁺)
Strontium	994.00	(Sr ⁺⁺)
Manganese	4.75	(Mn ⁺⁺)
Anions:	mg/L	as:
Bicarbonate	146	(HCO ₃ ⁻)
Sulfate	450	(SO ₄ ⁼)
Chloride	174200	(Cl ⁻)
Gases:		
Carbon Dioxide	720	(CO ₂)
Hydrogen Sulfide	0	(H ₂ S)

O.C.D. COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

(See other in-
structions on
reverse side)Form approved.
Budget Bureau No. 42-R355.5.

5. LEASE DESIGNATION AND SERIAL NO.

NM 15433

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

N.E. Loving

8. FARM OR LEASE NAME

NEL

9. WELL NO.

2

10. FIELD AND POOL, OR WILDCAT

Loving North Canyon

11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA

Sec 9, T-23-S, R-28-E

12. COUNTY OR
PARISH
Eddy

13. STATE

New Mexico

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Other ☐b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. DESVR. ☐ Other ☐

2. NAME OF OPERATOR

Pogo Producing Company

3. ADDRESS OF OPERATOR

P.O. Box 10340 Midland, Tx. 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 1880' FWL & 760' FEL

At top prod. interval reported below

At total depth

14. PERMIT NO.

DATE ISSUED

4-27-81

15. DATE SPUDDED

5/11/81

16. DATE T.D. REACHED

5/27/81

17. DATE COMPL. (Ready to prod.)

8/1/81

18. ELEVATIONS (DF, RKB, BT, GR, ETC.)*

GR-3046.4, RKB-3055.4

19. ELEV. CASINGHEAD

3047

20. TOTAL DEPTH, MD & TVD

4300

21. PLUG, BACK T.D., MD & TVD

3980

22. IF MULTIPLE COMPL.,
HOW MANY*23. INTERVALS
DRILLED BY

ROTARY TOOLS

0-4300

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

3648, 3670, Cherry Canyon

25. WAS DIRECTIONAL
SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

Borehole Compensated Sonic Log & Dual Laterlog Micro-SFL

27. WAS WELL CORED

Yes

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24	440	12 1/2	350 sx Cl C w/2% CaCl ₂	
5 1/2	14	4030	7 7/8	575 sx Halliburton Light w/ 8# salt, 1/4# Flocele, 0.3% CFR-2 & 350 sx 50-50 Poz, 1/4# Flocele, 0.3% CFR-2	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8"	3762	

30. TUBING RECORD

31. PERFORATION RECORD (Interval, size and number)

3648-3660, 0.4", and 26
3662-3670, 0.4", and 18

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3648 - 3670	2000 gal Western's 7 1/2" HCL Spearhead Acid w/2 gal/1000 of Claymaster (Clay Stabilizer)

33.* PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
6/22/81		FLW				Shut-in	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
8/1/81	21.8	3/4	→	66.8	26	0	434
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
42		→	74.57	29	0	41.6	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Vented

TEST WITNESSED BY

Tefteller Inc.

35. LIST OF ATTACHMENTS

ACCEPTED FOR RECORD
ROGER A. CHAPMAN

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Jim Perry

TITLE

Division Engineer

DATE

8/31/81

*(See Instructions and Spaces for Additional Data on Reverse Side)

ROSWELL, NEW MEXICO



Water Analysis Report

Analysis Number : 000003105

Company.....: Bk Exploration
Location.....: Pogo's NEL #2
Field.....: Cherry Canyon
Lease.....: Wellhead
Sample Source.....:

Date of Sampling.....: 09/15/94
Date of Analysis.....: 09/15/94
Baker Representative.: Steven Stroud
Well#.....:
Analysis by.....: Williams

DISSOLVED SOLIDS

CATIONS:

	mg/l	me/l
Ca++	19200.00	960.00
Mg++	4636.00	380.00
Fe+++	10.00	0.54
Ba++	0.00	0.00
Na+	34488.27	1499.49
Mn++	0.00	0.00

ANIONS:

Cl-	100000.00	2816.90
SO4--	870.00	18.13
HCO3-	61.00	1.00
CO3--	120.00	4.00
OH-	0.00	0.00
S-	0.00	0.00

TOTAL HARDNESS.....: 1340.00
TOTAL SOLIDS (quantitative).....: 159385.30
RESIDUAL HYDROCARBONS(ppm).....: 0.00

Ø = not determined

DISSOLVED GASES

Hydrogen Sulfide, H2S.....: 0.0
Carbon Dioxide, CO2.....: 0.0
Oxygen, O2.....: 0.0

PHYSICAL PROPERTIES

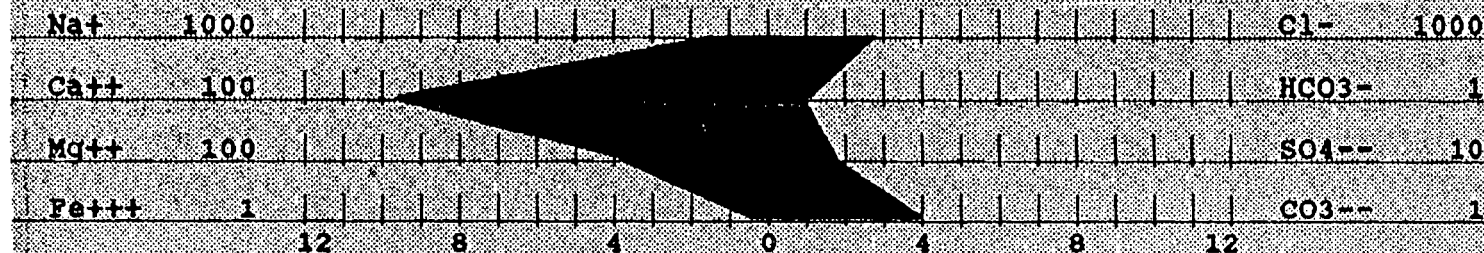
pH.....: 7.2
Specific Gravity.....: 1.025
TDS (calculated) ppm.....: 159385.3
TIS (calculated): 3.5

SCALE STABILITIES

Temp.	°C	°F	CaCO3	CaSO4	BaSO4
	20	68	0.97	1108	1
	30	86	1.19	1207	1
	40	104	1.45	1463	1
Max entity, (calculated):			1295	0	

WATER ANALYSIS PATTERN

(number beside ion symbol indicates me/l scale unit)



NOTES:

@20'C...CALCIUM SULFATE SCALING IS LIKELY.
@20'C...MODERATE CARBONATE SCALING.

TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E, EDDY COUNTY, NEW MEXICO

NMOCD FORM C-108, ½ MILE AREA OF REVIEW
UNDERGROUND SOURCE OF DRINKING WATER
APRIL 4, 2012

Underground Drinking Water: Defined by Form C-108 as waters having Total Dissolved Solids (TDS) of 10,000 milligrams per liter, or less

Water Basin: Carlsbad

Geologic Name: Paleozoic Era, Permian System, Ochoan Series, Salado Formation

Rock Type: Predominantly evaporites (halite and gypsum) with thin, interbedded argillaceous sandstone

Depth Range: According to New Mexico Office of the State Engineer, wells near the ½ mile Area of Review have been drilled as deep as 225 feet from the surface of the earth, finding fresh water at vertical depths from 25 feet to 190 feet from the surface

Average TDS: Based on water samples from 10 well sources located in T-23-S R-28-E, the average TDS found was 6,719 milligrams per liter, with only 1 source within the Area of Review (TDS 8,170 mg/L)

Chemical Analyses: Attached is a summary of the fresh water analyses from the 10 random well sources located in T-23-S R-28-E, with copies of complete results from 2 well sources nearest the proposed disposal well

**TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E, EDDY COUNTY, NEW MEXICO**

**NMOCDFORM C-108, 1/2 MILE AREA OF REVIEW
FRESH WATER ANALYSES SUMMARY
APRIL 4, 2012**

FRESH WATER SOURCE	DATE OF SAMPLE	LOCATION UL-SEC-TWP-RGE	SPECIFIC GRAVITY G/CC	pH	CHEMICAL ANALYSIS, MILLIGRAMS PER LITER									RESIST- IVITY Ω / M
					BICARB- ONATE HCO ₃	HARD- NESS CaCO ₃	CALCIUM Ca	MAGNE- SIUM Mg	SODIUM Na	SULFATE SO ₄	CHLORIDE Cl	IRON Fe	TOTAL SOLIDS TDS	
T. Onsurez's Well	2/16/1991	D-11-23S-28E	1.0102	6.61	22	3,925	890	413	2,058	2,667	3,977	78.80	10,027	0.63
T. Onsurez's Well	2/20/1991	D-11-23S-28E	1.0070	6.43	137	3,275	830	292	1,398	2,400	2,628	90.40	7,684	0.84
Reid's Windmill	2/20/1991	N-14-23S-28E	1.0111	7.23	327	3,900	870	419	2,435	3,093	4,048	3.20	11,192	0.58
Nymeyer's Well	2/20/1991	F-15-23S-28E	1.0062	6.83	293	3,100	792	272	905	2,187	1,811	0.40	6,260	1.06
Trachta's Well	2/20/1991	I-15-23S-28E	1.0023	7.65	166	945	242	83	287	560	604	1.50	1,942	3.22
L. Onsurez's Well	2/20/1991	K-15-23S-28E	1.0052	6.69	327	2,880	740	250	971	2,133	1,775	1.60	6,197	1.08
McDonald's Well	3/26/2008	H-16-23S-28E	1.0100	6.80	427	4,000	960	389	1,127	950	3,621	1.30	7,475	N/A
London's Windmill	2/20/1991	A-21-23S-28E	1.0063	6.79	234	2,650	768	177	835	1,893	1,633	4.10	5,541	1.19
Carmex #1 Rat Hole	2/8/2008	J-34-23S-28E	0.9978	7.29	190	156	922	267	1,060	1,830	2,600	2.34	8,170	N/A
Williams' Windmill	4/27/2011	N-35-23S-28E	1.0016	7.41	190	1,800	648	44	95	1,587	142	0.10	2,706	4.59
AVERAGES:			1.0058	6.97	231	2,663	766	261	1,117	1,930	2,284	18.37	6,719	1.65

NOTE: Most water wells in the area are currently inoperative, due to acquisition of water rights by the State of New Mexico. For this reason, older water analyses from area wells are included herein.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
TREK OPERATING, LLC
ATTN: BRAD BURKS
10159 E. 11TH ST., #401
TULSA, OK 74128
FAX TO: (918) 582-3865

Receiving Date: 06/30/08
Reporting Date: 07/02/08
Project Number: NOT GIVEN
Project Name: CARMEX FRESH WATER
Project Location: NOT GIVEN

Sampling Date: 02/08/08
Sample Type: GROUNDWATER
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: HM/KS

LAB NUMBE	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		07/01/08	07/01/08	07/01/08	07/01/08	06/30/08	06/30/08
H15079-1	CARMEX FRESH WATER	1,060	922	267	13.5	9,120	156
Quality Control		NR	52.1	51.0	1.95	1,406	NR
True Value QC		NR	50.0	50.0	2.00	1,413	NR
% Recovery		NR	104	102	97.7	99.5	NR
Relative Percent Difference		NR	< 0.1	< 0.1	2.5	0.8	NR

METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1
----------	-------------	-----------	------	-------	-------

	Cl (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:	06/30/08	07/01/08	06/30/08	06/30/08	06/30/08	07/01/08
H15079-1 CARMEX FRESH WATER	2,600	1,830	0	190	7.29	8,170
Quality Control	500	41.8	NR	1010	7.02	NR
True Value QC	500	40.0	NR	1000	7.00	NR
% Recovery	100	105	NR	101	100	NR
Relative Percent Difference	< 0.1	0.6	NR	2.5	0.4	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
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Note: Sample analyzed outside holding time.

Keith Sprick
Chemist

07/02/08
Date

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ANALYTICAL RESULTS FOR
TREK OPERATING, LLC
ATTN: BRAD BURKS
10159 E. 11TH ST., #401
TULSA, OK 74128
FAX TO: (918) 582-3865

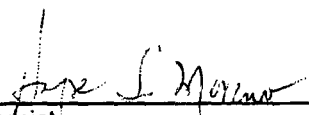
Receiving Date: 06/30/08
Reporting Date: 07/02/08
Project Number: NOT GIVEN
Project Name: CARMEX FRESH WATER
Project Location: NOT GIVEN

Analysis Date: 07/02/08
Sampling Date: 02/08/08
Sample Type: GROUNDWATER
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Fe (ppm)
H15079-1	CARMEX FRESH WATER	2.34
Quality Control		2.06
True Value QC		2.00
% Recovery		103
Relative Percent Difference		0.5

METHOD: EPA 600/4-79-020	236.1
--------------------------	-------

Note: Sample analyzed outside holding time.



Chemist

07-02-08

Date



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Receiving Date: 06/30/08
Reporting Date: 07/01/08
Project Number: NOT GIVEN
Project Name: CARMEX FRESH WATER
Project Location: NOT GIVEN

Analysis Date: 07/01/08
Sampling Date: 02/08/08
Sample Type: GROUNDWATER
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: KS

LAB NUMBER SAMPLE ID Specific Gravity (g/cc)

H15079-1	CARMEX FRESH WATER	0.9978
Quality Control		0.9940
True Value QC		1.0000
% Recovery		99.4
Relative Percent Difference		0.1

Note: Sample analyzed outside holding time.

Krista Suprobo
Chemist

07/02/08
Date

H15079spgr TREK

PLEASE NOTE: **Liability and Damages.** **Cardinal's** liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by **Cardinal** within thirty (30) days after completion of the applicable service. In no event shall **Cardinal** be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by **Cardinal**, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of **Cardinal Laboratories**.



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Sub basin	Use	County	Q Q Q 64 16 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
C 00318	C	DOM	ED	2 4 4	34	23S	28E	587811	3569298*	150		
C 00481	C	DOM	ED	3 2 1	33	23S	28E	585182	3570283*	225	190	35
C 01232	C	STK	ED	2 3 1	34	23S	28E	586592	3570095*	150		
C 01240	C	STK	ED	1 3	34	23S	28E	586494	3569592*	125	25	100

Average Depth to Water: **107 feet**

Minimum Depth: **25 feet**

Maximum Depth: **190 feet**

Record Count: 4

Basin/County Search:

Carlsbad

PLSS Search:

33-35

23S

28E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

1/22/11 2:54 PM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
C 00573		IRR	ED	2	2	4	04	24S	28E	586188	3568087*	250	35	215
C 02306	C	DOM	ED		3	2	04	24S	28E	585690	3568382*	75	25	50
												Average Depth to Water:	30 feet	
												Minimum Depth:	25 feet	
												Maximum Depth:	35 feet	

Record Count: 2

Basin/County Search:

Carlsbad

PLSS Search:

3-4

24S

28E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

AFFIRMATION

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on April 4, 2012, Trek Operating, LLC, hereinafter "Applicant", with an office address of 10159 E. 11th St., Ste. #401, Tulsa, OK 74128, prepared an application for approval of a water disposal well to be named the Pearl Well #1, with a proposed location as follows:

800' FSL, 2475' FEL, in UL O of Section 34, T-23-S R-28-E, Eddy County, New Mexico;

WHEREAS, the application for approval is to be submitted to the State of New Mexico, Oil Conservation Division, hereinafter "NMOCD", with an office address of 1220 S. St. Francis Dr., Santa Fe, NM, 87505, on NMOCD Form C-108, with attachments;

WHEREAS, the NMOCD Form C-108 requires Applicant to make an affirmative statement that Applicant has examined available geologic and engineering data and finds no hydrologic connection between the proposed zone of water disposal and known underground sources of drinking water;

WHEREAS, the Form C-108 defines an underground source of drinking water to be an aquifer containing waters with total dissolved solids concentrations of 10,000 milligrams per liter, or less;

WHEREAS, within the ½ mile radius circle around the location of the proposed water disposal well, hereinafter termed the "Area of Review", the only known underground source of drinking water lies near the surface of the earth at depths shallower than 200 vertical feet;

AND WHEREAS, the proposed disposal zone lies at vertical depths between 3,350 feet and 4,900 feet from the surface of the earth.

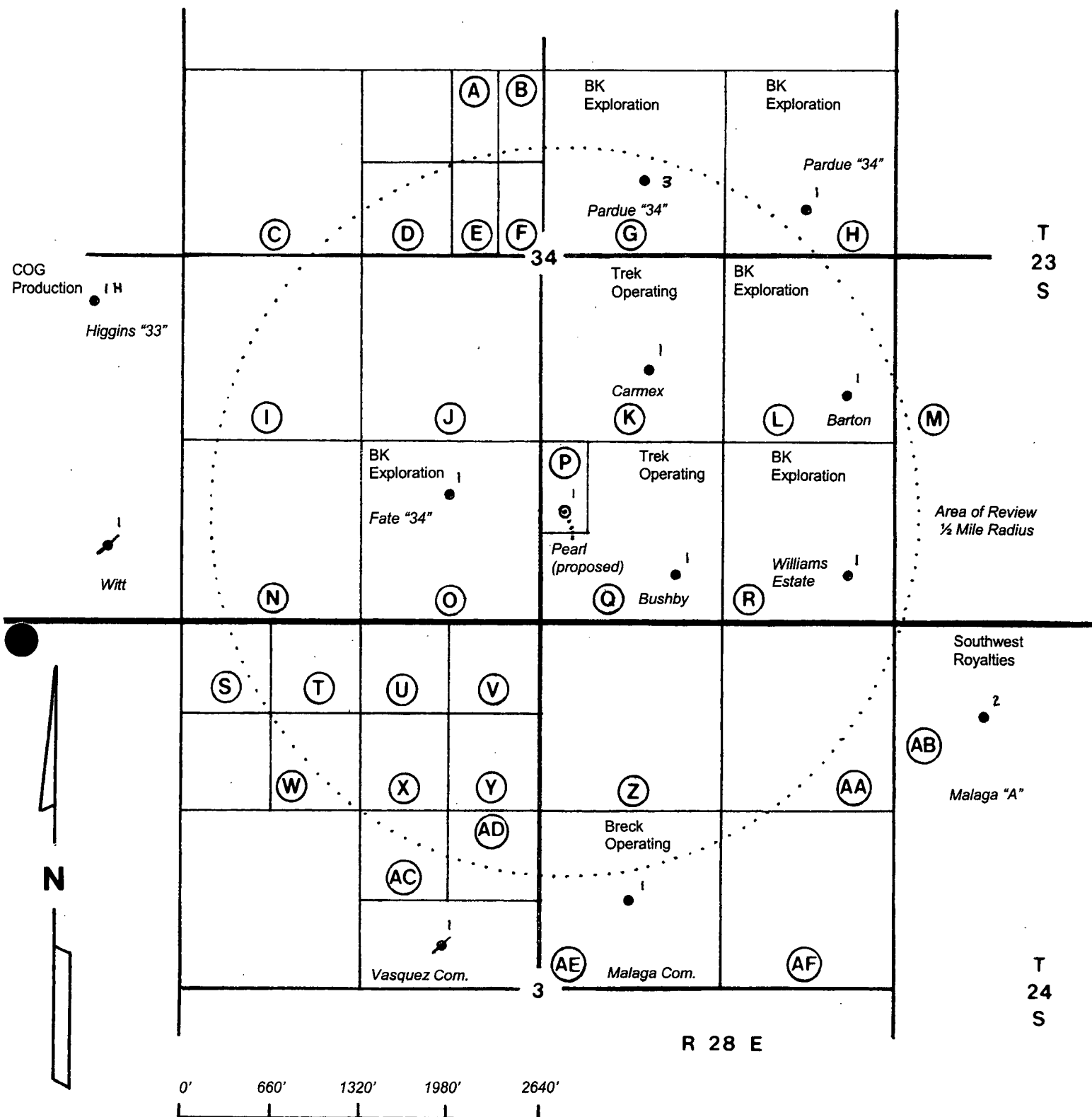
NOW THEREFORE, for the purpose of applying for approval of a water disposal well, under the requirements of NMOCD Form C-108, Applicant makes the following statement:

The Applicant, Trek Operating, LLC, affirms with signature hereunder, that it has examined available geologic and engineering data within and around the Area of Review and has found no evidence of open faults or any other hydrologic connection between the proposed disposal zone and known underground sources of drinking water.

THIS Affirmation is made this 4th day of April, 2012.

APPROVAL:


Brad D. Burks, General Manager
Trek Operating, LLC



TREK OPERATING, LLC
PROPOSED SWD WELL, PEARL #1
UL O, SECTION 34 T-23-S R-28-E EDDY COUNTY, NEW MEXICO

NMOCDFORM C-108, 1/2 MILE AREA OF REVIEW
TRACT OWNERSHIP PROOF OF NOTICE

Updated
4/16/2012

APRIL 4, 2012

<u>MAP TRACT</u>	<u>OWNER TYPE</u>	<u>TRACT OWNER NAME</u>	<u>TRACT OWNER ADDRESS</u>	<u>DATE MAILED</u>	<u>U.S. POSTAL SERVICE ARTICLE NUMBER</u>	<u>DATE DELIVERED</u>
A	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
B	Mineral	Pardue Limited Company	PO Box 2018, Carlsbad, NM 88221	4/5/2012	7009 0960 0000 8656 9913	4/9/2012
C	Operator	COG Production, LLC	2208 W. Main St., Artesia, NM 88210	4/5/2012	7009 0960 0000 8656 9791	4/9/2012
D	Mineral	Billye Johnston	9415 Forest Hills Pl., Dallas, TX 75248	4/5/2012	7009 0960 0000 8656 9890	4/7/2012
D	Mineral	Sherry DeLane	14 Rockledge Dr., The Woodlands, TX 77382	4/5/2012	7009 0960 0000 8656 9906	4/11/2012
E	Mineral	Pardue Limited Company	PO Box 2018, Carlsbad, NM 88221	4/5/2012	7009 0960 0000 8656 9913	4/9/2012
F	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
G	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
H	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
I	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
J	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
K	Operator	Trek Operating, LLC	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	Applicant	N/A
L	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
M	Operator	Mewbourne Oil Company	500 W. Texas, Ste. 1020, Midland, TX 79701	4/5/2012	7009 0960 0000 8656 9883	4/9/2012
N	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
O	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
P	Surface	PR Land, LLC	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "1"	N/A
Q	Operator	Trek Operating, LLC	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	Applicant	N/A
R	Operator	BK Exploration Corporation	10159 E. 11th St. Ste 401, Tulsa, OK 74128-3028	N/A	See Affidavit "2"	N/A
S	Lessee	Samson Resources, Inc.	2 W. 2nd St., Tulsa, OK 74103	4/5/2012	7009 0960 0000 8656 9876	4/6/2012
T	Lessee	Samson Resources, Inc.	2 W. 2nd St., Tulsa, OK 74103	4/5/2012	7009 0960 0000 8656 9876	4/6/2012
U	Mineral	Estate of Addie Peed Swearingen; Phil Brewer, Executor	PO Box 298, Roswell, NM 88202	4/5/2012	7009 0960 0000 8656 9869	4/9/2012
V	Mineral	Estate of Addie Peed Swearingen; Phil Brewer, Executor	PO Box 298, Roswell, NM 88202	4/5/2012	7009 0960 0000 8656 9869	4/9/2012
W	Mineral	Annie Sawey Fisher c/o Luther M. Fisher	3414 East Dr., Temple, TX 76502	4/5/2012	7009 0960 0000 8656 9852	Notified
X	Mineral	Spear Bros. Sheep & Cattle Co. c/o Shane Spear	PO Box 1684, Midland, TX 79702	4/5/2012	7009 0960 0000 8656 9845	4/12/2012
Y	Lessee	Kaiser-Francis Oil Company	PO Box 21468, Tulsa, OK 74121	4/5/2012	7009 0960 0000 8656 9838	4/6/2012
Z	Operator	Breck Operating Corporation	PO Box 911, Breckenridge, TX 76424	4/5/2012	7009 0960 0000 8656 9821	4/9/2012
AA	Operator	Breck Operating Corporation	PO Box 911, Breckenridge, TX 76424	4/5/2012	7009 0960 0000 8656 9821	4/9/2012
AB	Operator	Southwest Royalties, Inc.	6 Desta Dr., Ste. 2100, Midland, TX 79705	4/5/2012	7009 0960 0000 8656 9814	4/11/2012
AC	Mineral	Anastacia Ruiz Blanco c/o Geralyn Agloro	2720 Shannon Dr. S., San Francisco, CA 94080	4/5/2012	7009 0960 0000 8656 9807	4/9/2012
AC	Mineral	Jaime Pete Ruiz	2217 Alton St., Selma, CA 93662	4/5/2012	7009 0960 0000 8656 9920	4/10/2012
AC	Mineral	John Billy Ruiz, Sr.	PO Box 161, Sultana, CA 93666	4/5/2012	7011 0110 0000 9467 2856	Notified
AC	Mineral	John Erby Ruiz	PO Box 111, Malaga, NM 88263	4/5/2012	7011 0110 0000 9467 2894	4/11/2012
AC	Mineral	Maria R. Hernandez	PO Box 1, Tularosa, NM 88352	4/5/2012	7011 0110 0000 9467 2870	Undeliverable
AC	Operator	Samson Resources, Inc.	2 W. 2nd St., Tulsa, OK 74103	4/5/2012	7009 0960 0000 8656 9876	4/11/2012
AD	Mineral	Estate of Pauline F. Hewitt c/o Gilbert L. Gomez	1448 Historic Rte. 66, Santa Rosa, NM 88435	4/5/2012	7011 0110 0000 9467 2887	4/9/2012
AE	Operator	Breck Operating Corporation	PO Box 911, Breckenridge, TX 76424	4/5/2012	7009 0960 0000 8656 9821	4/9/2012
AF	Operator	Breck Operating Corporation	PO Box 911, Breckenridge, TX 76424	4/5/2012	7009 0960 0000 8656 9821	4/9/2012

Same as APPLICANT OWNED

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Kathy McCarroll, being first duly sworn,
on oath says:

That she is the Classified Supervisor of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

March 3 2012

That the cost of publication is **\$44.09** and that payment thereof has been made and will be assessed as court costs.

Kathy McCarroll

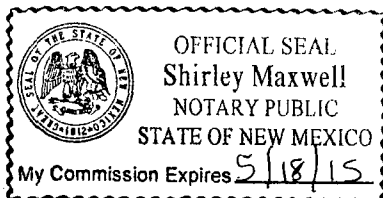
Subscribed and sworn to before me this

9th day of March, 2012

Shirley Maxwell

My commission Expires on May 18, 2015

Notary Public



March 3, 2012

LEGAL NOTICE

Trek Operating, LLC proposes to drill a new well for the purpose of underground disposal of produced water. The well proposed is Pearl #1, to be located 790 feet FSI and 2480 feet FEL of Section 34, T23S R28E, Eddy County, New Mexico. Water will be disposed into the Delaware formation at a depth of 3350 to 4950 feet, at estimated maximum rate of 2000 barrels per day at 670 psig. The company contact is Brad Burks at telephone number 918-835-4855, ext. 101, with address of 10159 E. 11th St., #401, Tulsa, OK 74128. Interested parties shall file objections, or hearing requests, within 15 days with the New Mexico Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, NM, 87505.

AFFIDAVIT "1"

*SURFACE
OWNER
NOTICE*

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on April 4, 2012, Trek Operating, LLC, hereinafter "Applicant", with an office address of 10159 E. 11th St., Ste. #401, Tulsa, OK 74128, prepared an application for approval of a water disposal well to be named the Pearl Well #1, with a proposed location as follows:

800' FSL, 2475' FEL, in UL O of Section 34, T-23-S R-28-E, Eddy County, New Mexico;

WHEREAS, the application for approval is to be submitted to the State of New Mexico, Oil Conservation Division, with an office address of 1220 S. St. Francis Dr., Santa Fe, NM, 87505, on NMOCD Form C-108, with attachments;

WHEREAS, the NMOCD Form C-108 requires Applicant to furnish proof that a copy of the application has been furnished, by certified mail or registered mail, to the owner of the surface of the land on which the proposed well is to be located;

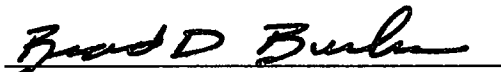
WHEREAS, the proposed well is to be located on a 5 acre tract of land owned by PR Land, LLC, with an office address of 10159 E. 11th St., Ste. #401, Tulsa, OK 74128, being the same office address as that of Applicant;

AND WHEREAS, a copy of the 2012 Notice of Value, submitted to PR Land, LLC by the Eddy County, New Mexico Assessor's Office, is labeled as Exhibit "A" and is attached hereto to serve as proof of tract ownership by PR Land, LLC;

NOW THEREFORE, since the Applicant, Trek Operating, LLC, and the owner of the surface of the land, PR Land, LLC, share the same physical office address, both parties state, as witnessed by their signatures hereunder, that complete and adequate proof of notice has been hand delivered to PR Land, LLC, in lieu of delivery by certified or registered mail.

AGREED TO this 5th day of April, 2012, Trek Operating, LLC has furnished complete proof of notice of the aforementioned proposed water disposal well to PR Land, LLC, as per the requirement defined by NMOCD Form C-108.

APPROVALS:



Brad D. Burks, General Manager
Trek Operating, LLC



Brad D. Burks, General Manager
PR Land, LLC

ACKNOWLEDGMENT

STATE OF OKLAHOMA >
COUNTY OF TULSA > SS

This instrument was acknowledged before me on this 5th day of April, 2012, by Brad D. Burks, as General Manager of Trek Operating, LLC, and as General Manager of PR Land, LLC, on behalf of both Oklahoma limited liability companies.

Seal:



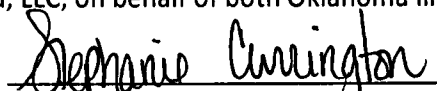

Stephanie Currington, Notary Public

EXHIBIT "A"

2012 NOTICE OF VALUE



EDDY COUNTY ASSESSOR

101 W. GREENE ST. • SUITE 319
CARLSBAD, NEW MEXICO 88220
(575) 885-3813

Mailing Date
MARCH 30, 2012

Protest Period Ends
APRIL 30, 2012

Owner Number
0001232

THIS IS NOT A TAX BILL

Property Listed and Valued as of JANUARY 1, 2012

**THIS VALUE WILL BE A FACTOR
IN DETERMINING YOUR
2012 PROPERTY TAX BILL.**

**RETAIN THIS PORTION
FOR YOUR RECORDS.**

THIS IS THE ONLY NOTICE OF VALUE YOU WILL RECEIVE UNLESS YOU ARE THE OWNER OF PERSONAL PROPERTY OR TAXABLE LIVESTOCK.
INSTRUCTIONS FOR PROTESTING AND FILING OF EXEMPTIONS ARE ON THE REVERSE SIDE.
FOR ASSISTANCE, CALL (575) 885-3813 BETWEEN THE HOURS OF 8:00 AM - 5:00 PM MONDAY - FRIDAY.

School District	NET TAXABLE VALUES WILL BE ALLOCATED TO THE GOVERNMENTAL UNITS IN SCHOOL DISTRICT.	Year					PAGE: 0001
CO		2012					
PROPERTY DESCRIPTION	QUANTITY	VALUE DESCRIPTION	TYPE	FULL VALUE	VALUE RECAP	FULL VALUE	TAXABLE VALUE
4 166 138 286 427 BOOK 851 PG 48 04/21/11 SECTION-34 TOWNSHIP-23S RANGE-28E W2NWSWSE(627) MAP# 322-53	5.00 750	MISC LAND VACANT C CSWCD	N/R N/R	2250	LAND	2250	750
					STRUCTURES		
					PERSONAL PROPERTY		
					MANUFACTURED HOME		
					LIVESTOCK		
					TOTAL VALUE	2250	750
					VETERAN EXEMPTION		
					FAMILY EXEMPTION		
					OTHER EXEMPTION		
					NET TAXABLE VALUE		750
<p>"FULL VALUE" MEANS THE VALUE DETERMINED FOR PROPERTY TAXATION PURPOSES. "TAXABLE VALUE" IS 33 1/3% OF "FULL VALUE." "NET TAXABLE VALUE" IS "TAXABLE VALUE" LESS EXEMPTIONS AND IS THE VALUE UPON WHICH TAX IS IMPOSED.</p> <p>THIS DOCUMENT CONSTITUTES A PROPERTY OWNER'S NOTICE OF VALUATION AS REQUIRED UNDER SECTION 7-38-20 OF THE NEW MEXICO PROPERTY TAX CODE.</p>							

EDDY COUNTY
ASSESSOR

101 W. GREENE ST. SUITE 319
CARLSBAD, NEW MEXICO 88220
(575) 885-3813

**PROPERTY NOTICE OF
VALUATION ENCLOSED**

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
ALBUQUERQUE, N.M.
PERMIT NO. 531



T47 P101 RN: 552 ON: 0001232 SN: 001773
PR LAND LLC
10159 E 11TH ST STE 401
TULSA OK 74128-3028

AFFIDAVIT "2"

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on April 4, 2012, Trek Operating, LLC, hereinafter "Applicant", with an office address of 10159 E. 11th St., Ste. #401, Tulsa, OK 74128, prepared an application for approval of a water disposal well to be named the Pearl Well #1, with a proposed location as follows:

800' FSL, 2475' FEL, in UL O of Section 34, T-23-S R-28-E, Eddy County, New Mexico;

WHEREAS, the application for approval is to be submitted to the State of New Mexico, Oil Conservation Division, with an office address of 1220 S. St. Francis Dr., Santa Fe, NM, 87505, on NMOCD Form C-108, with attachments;


WHEREAS, the NMOCD Form C-108 requires Applicant to furnish proof that a copy of the application has been furnished, by certified mail or registered mail, to all leasehold operators within a ½ mile radius circle of the location of the proposed well, and whereas said circle is hereinafter termed the "Area of Review";

AND WHEREAS, one of the leasehold operators within the Area of Review is BK Exploration Corporation, with an office address of 10159 E. 11th St., Ste. #401, Tulsa, OK 74128, being the same office address as that of Applicant;

NOW THEREFORE, since the Applicant, Trek Operating, LLC, and BK Exploration Corporation, as a leasehold operator, share the same physical office address, both parties state, as witnessed by their signatures hereunder, that complete and adequate proof of notice has been hand delivered to BK Exploration Corporation, in lieu of delivery by certified or registered mail.

AGREED TO this 5th day of April, 2012, Trek Operating, LLC has furnished complete proof of notice of the aforementioned proposed water disposal well to BK Exploration Corporation, as per the requirement defined by NMOCD Form C-108.

APPROVALS:



Brad D. Burks, General Manager
Trek Operating, LLC



Brad D. Burks, President
BK Exploration Corporation

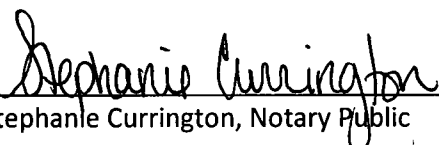
ACKNOWLEDGMENT

STATE OF OKLAHOMA >
COUNTY OF TULSA > SS

This instrument was acknowledged before me on this 5th day of April, 2012, by Brad D. Burks, as General Manager of Trek Operating, LLC, an Oklahoma limited liability company, and as President of BK Exploration Corporation, an Oklahoma corporation, on behalf of both parties.

Seal:




Stephanie Currington, Notary Public

TREK OPERATING, LLC

10159 E. 11TH St., #401

Tulsa, OK 74128-3028

Phone: 918.582.3855 Fax: 918.582.3865

April 4, 2012

USPS Certified # 7011 0110 0000 9467 2870

Maria R. Hernandez
PO Box 1
Tularosa, NM 88352

Re: Copy of Application for Water Injection Well, Pearl #1
SW/4 SE/4 of Section 34, T-23-S R-28-E, Eddy County, New Mexico

Ms. Hernandez,

Our company is making application with the New Mexico Oil Conservation Division ("NMOCD") to drill and complete a new service well for the purpose of injecting produced water into deep, subsurface water sands. A requirement of the application is to notify parties within a one-half mile radius of the proposed well location. Our research shows that you/your company may be a mineral owner within this location radius.

Attached for your review is a tract map showing the proposed well location. The research found that your ownership appears to occur in Tract AC. Also attached are two documents: 1) Proposed detail of the well and its operation; and 2) An affirmative statement related to protection of treatable, underground fresh water sources.

Should you have any questions related to our company's application with the NMOCD, you may contact the undersigned at (918) 582-3855, extension 101. Objections to this application must be submitted in writing stating the reasons for objection, within 15 days of your receipt of this letter, to: State of New Mexico, Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, NM 87505.

Sincerely,

Brad D. Burks, General Manager
Trek Operating, LLC

BDB:SC

Attachments

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sherry DeLane
14 Rockledge Dr.
The Woodlands, TX 77382

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9906

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Sherry DeLane* ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

4-11-12

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mewbourne Oil Co.
Attn: Paul Haden
500 W. Texas, Ste. 1020
Midland, TX 79701

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9883

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Paul Haden* ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

4-9

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Tract D

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

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For delivery information visit our website at www.usps.com®

SPRING TX 77382

OFFICIAL USE

Postage \$ 0.65

0174

Certified Fee \$2.95

10

Return Receipt Fee (Endorsement Required)

\$2.35

Restricted Delivery Fee (Endorsement Required)

\$0.00

Total Postage & Fees \$

\$5.95

04/05/2012

Sent To

Sherry DeLane

Street, Apt. No.,

14 Rockledge Dr.

or PO Box No.

City, State, ZIP+4 The Woodlands, TX 77382

PS Form 3800, August 2006

See Reverse for Instructions

Tract M

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

MIDLAND TX 79701

OFFICIAL USE

Postage \$ 0.65

0174

Certified Fee \$2.95

10

Return Receipt Fee (Endorsement Required)

\$2.35

Restricted Delivery Fee (Endorsement Required)

\$0.00

Total Postage & Fees \$

\$5.95

04/05/2012

Sent To

Mewbourne Oil Co. Attn: Paul Haden

Street, Apt. No.,

500 W. Texas, Ste. 1020

or PO Box No.

City, State, ZIP+4 Midland, TX 79701

PS Form 3800, August 2006

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Samson Resources, Inc.

2 W. 2nd St.

Tulsa, OK 74103

2. Article Number
(Transfer from service label)

7009 0960 0000 8656 9876

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Jim C. Pfeiffer

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

4-6

 D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Billye Johnston

9415 Forest Hills Pl.

Dallas, TX 75248

2. Article Number
(Transfer from service label)

7009 0960 0000 8656 9890

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Billye Johnston

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

4/11/12

 D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

Tracts S, T, AC

 U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

TULSA OK 74103

OFFICIAL USE

Postage	\$ 0.65	0174 10 Postmark Here APR-5 2012
Certified Fee	\$2.95	
Return Receipt Fee (Endorsement Required)	\$2.35	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.95	04/05/2012

Sent To Samson Resources, Inc.

Street, Apt. No., or PO Box No. 2 W. 2nd St.

City, State, ZIP+4 Tulsa, OK 74103

PS Form 3800, August 2006 See Reverse for Instructions

7009 0960 0000 8656 9876

Tract D

 U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

DALLAS TX 75248

OFFICIAL USE

Postage	\$ 0.65	0174 10 Postmark Here
Certified Fee	\$2.95	
Return Receipt Fee (Endorsement Required)	\$2.35	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.95	04/05/2012

Sent To Billye Johnston

Street, Apt. No., or PO Box No. 9415 Forest Hills Pl.

City, State, ZIP+4 Dallas, TX 75248

PS Form 3800, August 2006 See Reverse for Instructions

7009 0960 0000 8656 9890

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kaiser-Francis Oil Co.
PO Box 21468
Tulsa, OK 74121

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9838

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Steve Bates*☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

4/6/12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7009 0960 0000 8656 9838

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

TULSA OK 74121

Postage	\$ 0.65	0174
Certified Fee	\$2.95	10
Return Receipt Fee (Endorsement Required)	\$2.35	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	APR - 5 2012
Total Postage & Fees	\$ 5.95	04/05/2012

Sent To

Kaiser-Francis Oil Co.

Street, Apt. No.,
or PO Box No.

PO Box 21468

City, State, ZIP+4

Tulsa, OK 74121

PS Form 3800, August 2006

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Spear Bros. Sheep & Cattle Co
c/o Shane Spear
P O Box 1684
Midland, TX 79702

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9845

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Lori Saunders*☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

7-12-12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7009 0960 0000 8656 9845

Tract X

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

MIDLAND TX 79702

Postage	\$ 0.65	0174
Certified Fee	\$2.95	10
Return Receipt Fee (Endorsement Required)	\$2.35	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	APR - 5 2012
Total Postage & Fees	\$ 5.95	04/05/2012

Sent To

Spear Bros. Sheep & Cattle Co. c/o Shane Spear

Street, Apt. No.,
or PO Box No.

PO Box 1684

City, State, ZIP+4

Midland, TX 79702

PS Form 3800, August 2006

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COG Production, LLC
2208 W. Main St.
Artesia, NM 88210

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9791

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Kellie Stevens ☒ Agent
☐ Addressee

B. Received by (Printed Name)

Kellie Stevens

C. Date of Delivery

4-9-12

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pardue Limited Company
PO Box 2018
Carlsbad, NM 88221

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9913

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Larry Pardue ☒ Agent
☐ Addressee

B. Received by (Printed Name)

Larry Pardue

C. Date of Delivery

4/9/12

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Tract C

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ARTESIA NM 88210

OFFICIAL USE

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0174

Certified Fee \$2.95

10

Return Receipt Fee (Endorsement Required)

\$2.35

Restricted Delivery Fee (Endorsement Required)

\$0.00

Total Postage & Fees \$ 5.95

04/05/2012

Sent To

COG Production, LLC

Street, Apt. No.:

2208 W. Main St.

or PO Box No.

City, State, ZIP+4

Artesia, NM 88210

PS Form 3800, August 2006

See Reverse for Instructions

Tract B

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CARLSBAD NM 88221

OFFICIAL USE

Postage \$ 0.65

0174

Certified Fee \$2.95

10

Return Receipt Fee (Endorsement Required)

\$2.35

Restricted Delivery Fee (Endorsement Required)

\$0.00

Total Postage & Fees \$ 5.95

04/05/2012

Sent To

Pardue Limited Company

Street, Apt. No.:

PO Box 2018

or PO Box No.

City, State, ZIP+4

Carlsbad, NM 88221

PS Form 3800, August 2006

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Southwest Royalties, Inc.
6 Desta Dr. Ste 2100
Midland, TX 79705

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9814

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Kathy Stark

☐ Agent☐ Addressee

B. Received by (Printed Name)

Kathy Stark

C. Date of Delivery

4/11/12

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Breck Operating Corp.
PO Box 911
Breckenridge, TX 76424

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9821

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Kathleen Heller

☐ Agent☒ Addressee

B. Received by (Printed Name)

Kathleen Heller

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

4796 9598 0000 8656 9814

7009 0960 0000 8656 9821

Tract AB

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MIDLAND TX 79705

Postage \$ 0.65

Certified Fee \$2.95

Return Receipt Fee (Endorsement Required) \$2.35

Restricted Delivery Fee (Endorsement Required) \$0.00

Total Postage & Fees \$ 5.95

0174

10

Postmark Here

04/05/2012

Sent To

Southwest Royalties, Inc.

Street, Apt. No., or PO Box No.

6 Desta Dr., Ste. 2100

City, State, ZIP+4

Midland, TX 79705

PS Form 3800, August 2006

See Reverse for Instructions

Tracts Z, AA, AE, AF

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

BRECKENRIDGE TX 76424

Postage \$ 0.65

Certified Fee \$2.95

Return Receipt Fee (Endorsement Required) \$2.35

Restricted Delivery Fee (Endorsement Required) \$0.00

Total Postage & Fees \$ 5.95

0174

10

Postmark Here

04/05/2012

Sent To

Breck Operating Corp.

Street, Apt. No., or PO Box No.

PO Box 911

City, State, ZIP+4

Breckenridge, TX 76424

PS Form 3800, August 2006

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jaime Pete Ruiz
2217 Alton St.
Selma, CA 93662

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9920

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Jaime Ruiz*☐ Agent☐ Addressee

B. Received by (Printed Name)

Jaime Ruiz

C. Date of Delivery

*4/10/12*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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SELMA CA 93662

Postage

\$ 0.65

Certified Fee

\$ 2.95

Return Receipt Fee
(Endorsement Required)

\$ 2.35

Restricted Delivery Fee
(Endorsement Required)

\$ 0.00

Total Postage & Fees

\$ 5.95

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10

Postmark
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04/05/2012

Sent To

Jaime Pete Ruiz

Street, Apt. No.,
or PO Box No.

2217 Alton St.

City, State, ZIP+4

Selma, CA 93662

PS Form 3800, August 2006

See Reverse for Instructions

7009 0960 0000 8656 9920

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Anastacia Ruiz Blanco
c/o Geralyn Agloro
2720 Shannon Drive. S.
San Francisco, CA 94080

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9807

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *A. Agloro*☒ Agent☐ Addressee

B. Received by (Printed Name)

Anastacia Ruiz Blanco

C. Date of Delivery

*4-9-12*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Tract AC

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SOUTH SAN FRANCISCO CA 94080

Postage

\$ 0.65

Certified Fee

\$ 2.95

Return Receipt Fee
(Endorsement Required)

\$ 2.35

Restricted Delivery Fee
(Endorsement Required)

\$ 0.00

Total Postage & Fees

\$ 5.95

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Postmark
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04/05/2012

Sent To

Anastacia Ruiz Blanco c/o Geralyn Agloro

Street, Apt. No.,
or PO Box No.

2720 Shannon Dr. S.

City, State, ZIP+4

San Francisco, CA 94080

PS Form 3800, August 2006

See Reverse for Instructions

7009 0960 0000 8656 9807

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature <input checked="" type="checkbox"/> <i>Patrick Martinez</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Patrick Martinez</i> C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" type="checkbox"/> No</p> <p>3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Estate of Pauline F. Hewitt c/o Gilbert L. Gomez 1448 Historic Rte. 66 Santa Rosa, NM 88435</p>	
<p>2. Article Number 7011 0110 0000 9467 2887 (Transfer from service label)</p>	

Tract AD

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For delivery information visit our website at www.usps.com												
SANTA ROSA NM 88435 OFFICIAL USE												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Postage</td> <td style="width: 50%;">\$ 40.65</td> </tr> <tr> <td>Certified Fee</td> <td>\$2.95</td> </tr> <tr> <td>Return Receipt Fee (Endorsement Required)</td> <td>\$2.35</td> </tr> <tr> <td>Restricted Delivery Fee (Endorsement Required)</td> <td>\$0.00</td> </tr> <tr> <td>Total Postage & Fees</td> <td>\$ 55.95</td> </tr> </table>	Postage	\$ 40.65	Certified Fee	\$2.95	Return Receipt Fee (Endorsement Required)	\$2.35	Restricted Delivery Fee (Endorsement Required)	\$0.00	Total Postage & Fees	\$ 55.95	<p>0174</p> <p>10 <small>Postmark Here</small></p> <p>APR - 5 2012</p> <p>04/05/2012</p>	
Postage	\$ 40.65											
Certified Fee	\$2.95											
Return Receipt Fee (Endorsement Required)	\$2.35											
Restricted Delivery Fee (Endorsement Required)	\$0.00											
Total Postage & Fees	\$ 55.95											
<p>Sent To Estate of Pauline F. Hewitt c/o Gilbert L. Gomez</p> <p>Street, Apt. No., or PO Box No. 1448 Historic Rte. 66</p> <p>City, State, ZIP+4 Santa Rosa, NM 88435</p>												
<div>PS Form 3800, August 2006</div> <div style="text-align: right;">See Reverse for Instructions</div>												

7011 0110 0000 9467 2887



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STATUS OF YOUR ITEM

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DATE & TIME

April 09, 2012, 10:42 am

LOCATION

TEMPLE, TX 76502

Processed through
USPS Sort Facility

April 07, 2012, 5:11 am

WACO, TX 76702

Acceptance

April 05, 2012, 5:44 pm

TULSA, OK 74115

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Estate of Addie Peed Swearingen
Attn: Phil Brewer, Executor
PO Box 298
Roswell, NM 88202

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Carol Parker* ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Carol Parker

C. Date of Delivery

4/9/12

- D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7009 0960 0000 8656 9852

PS Form 3811, February 2004

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102595-02-M-1540

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TEMPLE TX 76502 OFFICIAL USE

Postage	\$ 0.65
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.95

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APR 9 2012

04/05/2012

Sent To Annie Sawey Fisher c/o Luther M. Fisher

Street, Apt. No.,
or PO Box No. 3414 East Dr.

City, State, ZIP+4 Temple, TX 76502

PS Form 3800, August 2006

See Reverse for Instructions

Tracts U.V

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Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.95

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APR 9 2012

04/05/2012

Sent To Estate of Addie Peed Swearingen Attn: Phil Brewer,

Street, Apt. No.,
or PO Box No. PO Box 298

City, State, ZIP+4 Roswell, NM 88202

PS Form 3800, August 2006

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7011011000094672856

www.usps.com/redelivery or calling 800-ASK-USPS, or may pick up the item at the Post Office indicated on the notice. If this item is unclaimed after 15 days then it will be returned to the sender. Information, if available, is updated periodically throughout the day. Please check again later. >

SERVICE

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STATUS OF YOUR ITEM

Notice Left

DATE & TIME

April 07, 2012, 7:53 am

LOCATION

SULTANA, CA 93666

Arrival at Unit

April 07, 2012, 7:40 am

SULTANA, CA 93666

Acceptance

April 05, 2012, 5:40 pm

TULSA, OK 74115

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

John Erby Ruiz
PO Box 111
Malaga, NM 88263

2. Article Number

(Transfer from service label)

7011 0110 0000 9467 2894

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

C. Date of Delivery

4-11-12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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SULTANA, CA 93666

Postage	\$ 0.65
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.95

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10

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APR - 5 2012

04/05/2012

Sent To John Billy Ruiz, Sr.

Street, Apt. No.,
or PO Box No. PO Box 161

City, State, ZIP+4 Sultana, CA 93666

PS Form 3800, August 2006

See Reverse for Instructions

Tract AC

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MALAGA, NM 88263

Postage	\$ 0.65
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.95

0174

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Postmark
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APR - 5 2012

04/05/2012

Sent To John Erby Ruiz

Street, Apt. No.,
or PO Box No. PO Box 111

City, State, ZIP+4 Malaga, NM 88263

PS Form 3800, August 2006

See Reverse for Instructions

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For delivery information visit our website at www.usps.com

TULAROSA NM 88352

Postage \$ 00.65

Certified Fee \$2.95

Return Receipt Fee
(Endorsement Required) \$2.35

Restricted Delivery Fee
(Endorsement Required) \$0.00

Total Postage & Fees \$ 05.95

0174

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Postage Held

APR - 5 2012

04/05/2012

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Maria R. Hernandez
PO Box 1
Tularosa, NM 88352

COMPLETE THIS SECTION ON

A. Signature

X

B. Received by (Printed Name)

**D. Is delivery address different from
If YES, enter delivery address**

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label)

7011 0110 0000 9467 2870

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

CERTIFIED MAIL™

Trek Operating, LLC
9 E. 11th St. Ste. 401
Tulsa, OK 74128-3028

7011 0110 0000 9467 2870



1000



88352

U.S. POSTAGE
PAID
TULSA, OK OK
74115
APR 05, 12
AMOUNT

\$5.95
00088871-10



ATTEMPTED
NOT KNOWN

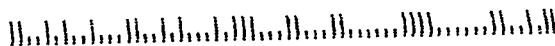
ANK

4/7
4/12
4/22

Maria R. Hernandez
PO Box 1
Tularosa, NM 88352

ANK

88352#0001 B001



Jones, William V., EMNRD

From: Brad Burks [brad@bkxcorp.com]
Sent: Wednesday, June 06, 2012 2:29 PM
To: Jones, William V., EMNRD
Subject: RE: OCD Form C-108 Application
Attachments: NMOCD Mud Log Discussion.doc

Hi Will,

Per your request, please refer to the attached Word document for discussion on the mudlog gas shows. I hope that I did not go into more detail than was needed. Let me know what else you may need. Thanks, Brad

Brad D. Burks brad@bkxcorp.com

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Thursday, May 24, 2012 6:35 PM
To: Brad Burks
Cc: Ezeanyim, Richard, EMNRD; VonGonten, Glenn, EMNRD
Subject: RE: OCD Form C-108 Application

Hello Brad,

I have reviewed your application – very well done, thank you.

The mudlog and logs on the offsetting well operated by TREK shows a couple of gassy intervals within your proposed disposal section.

Would you comment on those intervals and the potential for gas production?

[Will Jones](#)
New Mexico
Oil Conservation Division
[Images](#) [Contacts](#)

From: Brad Burks [<mailto:brad@bkxcorp.com>]
Sent: Tuesday, May 08, 2012 9:10 AM
To: Jones, William V., EMNRD
Subject: OCD Form C-108 Application

Hi Will,

I have a question about an SWD application. About 3 weeks ago, we mailed a C-108 application for an SWD well, to Santa Fe. Our application assumed it could be approved administratively (assuming no objections filed, which we know of none, to date). With your best guess, about how many total weeks are needed for OCD approval of the C-108 (assuming no objections)?

You may have told me this, but I cannot find the answer if you did. Thanks, Brad

Brad D. Burks brad@bkxcorp.com

Trek Operating LLC

10159 E. 11th St., #401

Tulsa, OK 74128-3028

P: 918-582-3855 (x101)

F: 918-582-3865

TREK OPERATING, LLC

10159 E. 11TH St., #401

Tulsa, OK 74128-3028

Phone: 918.582.3855 Fax: 918.582.3865

June 6, 2012

Electronic Mail Delivery

State of New Mexico
Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Attn: Mr. William V. Jones, EMNRD

Re: Discussion of Hydrocarbon Shows on Offsetting Mudlog
OCD Form C-108, Application for SWD Well, Pearl #1
UL O, Section 34, T-23-S R-28-E, Eddy County, New Mexico

Will,

Please recall that you contacted our office, via electronic mail, on May 24, 2012, requesting comment on gassy intervals seen on an offsetting mudlog, and the potential of those intervals for gas production. It is assumed that the mudlog in question is connected to the Trek operated Bushby Well #1, located in the same Unit Letter O as the proposed disposal well.

That disposal well, as proposed, will have an open-hole section from 3,350 feet to 4,900 feet. Accordingly, the Bushby #1 mudlog was studied over the depths of the proposed disposal section. Several gas show intervals were chosen, for discussion purposes, where methane (aka C1) exceeded 100 units on the gas chromatograph curves. This 100 unit hurdle was selected arbitrarily. One should note that the mud log depths lag open-hole log depths by 5 feet. Discussion of each chosen interval, using mud log depths, is as follows:

- | | | |
|----|---------------------|---|
| #1 | <u>4,108-4,114'</u> | C1 peak at 140 units; no hydrocarbon fluorescence in the sandstone cuttings; open-hole log response shows no apparent hydrocarbon pay, suggesting that gas show results from thin, interbedded shales flashing immovable shale gas during drilling; further, resistivity log suggests the sands immediately above and below the interval have high salt water saturations; thus, the opinion is that this interval has no potential for recoverable hydrocarbons. |
| #2 | <u>4,144-4,153'</u> | C1 peak at 140 units; for similar reasons, opinion of this interval is the same as interval #1, above. |
| #3 | <u>4,185-4,190'</u> | C1 peak at 130 units; for similar reasons, opinion of this interval is the same as interval #1, above. |
| #4 | <u>4,297-4,299'</u> | C1 peak at 135 units; gas show appears to be a spike related to a drill pipe connection, as there is no open-hole log response to explain this observation; the opinion is there are no possible hydrocarbons recoverable from this interval. |

- | | | |
|-----|---------------------|--|
| #5 | <u>4,660-4,663'</u> | C1 peak at 150 units; mud and open-hole logs indicate that this interval is shale, with flashing of immovable shale gas during drilling; the opinion is there are no hydrocarbons recoverable from this interval. |
| #6 | <u>4,670-4,679'</u> | C1 peak at 180 units; this interval grades from a shaly sandstone to a shale, with no visual hydrocarbon fluorescence in the drill cuttings; this interval appears to be similar to interval #5, above, with gas shows derived from imbedded shales; further, resistivity logs indicate high salt water saturations above and below the interval; the opinion is there are no hydrocarbons recoverable from this interval. |
| #7 | <u>4,695-4,700'</u> | C1 peak at 140 units; for similar reasons, opinion of this interval is the same as in interval #5, above. |
| #8 | <u>4,704-4,722'</u> | C1 peak at 190 units; for similar reasons, opinion of this interval is the same as in interval #5, above. |
| #9 | <u>4,734-4,742'</u> | C1 peak at 150 units; for similar reasons, opinion of this interval is the same as in interval #5, above. |
| #10 | <u>4,803-4,816'</u> | C1 peak at 160 units; mud log indicates this zone to be mostly shale, while open-hole logs suggest some interbedded sandstones are present; no visual hydrocarbon fluorescence in the drill cuttings; the resistivity log suggests high salt water saturations; gas show derived from immovable shale gas released during drilling; the opinion is there are no hydrocarbons recoverable from this interval. |
| #11 | <u>4,840-4,844'</u> | C1 peak at 220 units; gas show associated with a trace oil fluorescence and poor oil cut in the drill samples; interval appears to be predominantly shale, with thinly interbedded sandstones; logs suggest that this interval has too much shale and is too thin to be commercially productive of oil or gas; the opinion is there are no hydrocarbons recoverable economically from this interval. |

All of the above intervals are situated within the Cherry Canyon member of the Delaware formation.

In summary, due to: (a) their apparent lack of adequate reservoir quality; (b) their lack of sufficient hydrocarbon shows; (c) their immediate proximity to sandstones of high salt water saturations; and, (d) the absence of Cherry Canyon oil or gas production within miles, it is believed that the chosen intervals have no potential for hydrocarbon production within the Area of Review of the proposed disposal well.

It is therefore concluded that little potential, if any, exists for future recoveries of hydrocarbons from the proposed disposal interval for a significant distance around the proposed disposal well location.

Yours very truly,

Brad D. Burks, Oklahoma PE 16172

BDB

Injection Permit Checklist (11/15/2010)

WFX _____ PMX _____ SWD 1339 Permit Date 6/16/12 UIC Qtr K (M/T)# Wells 1 Well Name(s): PEARL #1API Num: 30-0 (NA) Spud Date: New New/Old: N (UIC primacy March 7, 1982)Footages 800 FSL/2475 FEL Unit 0 Sec 34 Tsp 23-5 Rge 28E County EDDYGeneral Location: JUST SOUTH of LOVING, NMOperator: TREK OPERATING, LLC Contact Bruce D. BURKSOGRID: 25581 RULE 5.9 Compliance (Wells) 0/2 (Finan Assur) OK IS 5.9 OK? OKWell File Reviewed None Current Status: Proposed wellPlanned Work to Well: Drill/Inject

Diagrams: Before Conversion _____ After Conversion _____ Elongs in Imaging File: _____

Well Details:	Sizes		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
	Hole.....	Pipe				
New <input checked="" type="checkbox"/> Existing <input checked="" type="checkbox"/> Surface	17 1/2	13 3/8	420'		725 SX (ext)	CIRC
New <input type="checkbox"/> Existing <input type="checkbox"/> Intern						
New <input checked="" type="checkbox"/> Existing <input checked="" type="checkbox"/> LongSt	12 1/4	8 5/8	3350'		2000 SX	CIRC
New <input type="checkbox"/> Existing <input type="checkbox"/> Liner						
New <input checked="" type="checkbox"/> Existing <input type="checkbox"/> OpenHole	7 7/8" 3350' - 4900'					

Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	2620	Ball C.	<input checked="" type="checkbox"/>
Injection TOP:	3350'	Lower Ball C.	Max. PSI <u>670</u> Open Hole <input checked="" type="checkbox"/> Perfs
Injection BOTTOM:	4900'	Cherry C.	Tubing Size <u>3 1/2</u> Packer Depth <u>3335'</u>
Formation(s) Below	3949 6100	Cherry C. Brushy C.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Capitan Reef? ☒ (Potash? ☒ Noticed? ☒ WHP? ☒ Noticed? ☒ Salado Top/Bot _____Fresh Water: Depths: < 225' Formation _____ Wells? yes Analysis? yes Affirmative Statement 8170 TDSDisposal Fluid Analysis? ☒ Sources: Brushy C. nearby wells (CLOSED LOOP)Disposal Interval: Analysis? ☒ Production Potential/Testing: OFFSET MUDLOGS (NO GOOD FOR PROD)Notice: Newspaper Date 3/3/12 Surface Owner P.R. LAND LLC Mineral Owner(s) _____RULE 26.7(A) Affected Persons: BK EXPLOR/ Break op/ etc see APPLICATION 4/11/12AOR: Maps? ☒ Well List? ☒ Producing in Interval? NO Wellbore Diagrams? _____.....Active Wells 6 Repairs? 0 Which Wells? _____.....P&A Wells 0 Repairs? _____ Which Wells? _____

Issues: _____

Request Sent _____

Reply: _____