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November 6, 2012

VIA HAND DELIVERY

Jami Bailey, Chair
Oil Conservation Commission
New Mexico Department of Energy
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case #19936

RECEIVED OCD
2012 NOV - 6 PM 4:01

Re: Application of DCP Midstream, LP to Re-Open Case No. 13589 to Amend Order No. R-12546 for the Limited Purpose of Authorizing a Second Acid Gas Injection Well, Lea County, New Mexico

Dear Ms. Bailey:

Enclosed, please find the original and six copies of the above-referenced application on behalf of DCP Midstream, LP, as well as a copy of a proposed legal advertisement. Applicant respectively requests that this matter be set for hearing on the December 6, 2012, Commission hearing docket. Your attention to this matter is greatly appreciated.

Sincerely,

Adam G. Rankin
ATTORNEY FOR DCP MIDSTREAM, LP

cc: William V. Jones, w/o encls.
Oil Conservation Division
Gabrielle Gerhold, Esq. w/o encls.
Oil Conservation Division
Paul Tourangeau, Esq. w/o encls.
DCP Midstream, LP
Alberto Gutiérrez
Geolex, Inc. w/o encls.

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**APPLICATION OF DCP MIDSTREAM, LP
TO RE-OPEN CASE NO. 13589 TO AMEND
ORDER NO. R-12546 FOR THE LIMITED
PURPOSE OF AUTHORIZING A SECOND
ACID GAS INJECTION WELL, LEA
COUNTY, NEW MEXICO.**

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CASE NO. 13589
ORDER NO. R-12546-I

APPLICATION

DCP MIDSTREAM, LP ("DCP") through its undersigned attorneys, hereby makes application to the Oil Conservation Commission pursuant to the provisions of NMSA 1978, Sections 70-2-11 and 70-2-12, to re-open Case No. 13589 to amend Order No. R-12546 for the sole and limited purpose of approving DCP's C-108 application authorizing injection of treated acid gas for disposal through a second injection well, the proposed Linam Ranch AGI No. 2 well, to be located in proximity to the existing Linam Ranch AGI No. 1 well, specifically 2,120 feet from the South line and 2,120 feet from the West line (Unit K) of Section 30, Township 18 South, Range 37 East, N.M.P.M., Lea County, New Mexico. In support of its application, DCP states:

1. On October 30, 2012, DCP (formerly Duke Energy Field Services, LP) filed an original and one copy of a complete C-108 application with the Oil Conservation Division. An additional copy of the C-108 application was forwarded to the Division's District One Office in Hobbs. A copy of the complete C-108 application with all exhibits and appendices is attached hereto, as Exhibit A. The C-108 application describes DCP's proposed AGI No. 2 well in detail and identifies all potentially affected parties within the area of review who will receive direct

notice of this application and hearing. *See* Appendix B to Exhibit A. The C-108 application contains all the information necessary to evaluate and approve the drilling, completion, and operation of the proposed AGI No. 2 well as a second, or secondary, acid gas injection well.

2. Order No. R-12546, as amended, authorizes DCP to inject treated acid gas generated by its Linam Ranch Gas Plant into the Linam Ranch AGI No. 1 well for disposal at a location 1,980 feet from the South line and 1,980 feet from the West line (Unit K) of said Section 30. Under the Order, the Commission authorized injection into the Lower Bone Spring formation at a depth of 8,700 feet to 9,000 feet below the surface and at a maximum wellhead injection pressure of 2,644 psig. *See* Order No. R-12546.

3. The AGI No. 1 well was drilled and completed in 2009 and has been operating in compliance with Division rules and Order No. R-12546, as amended, for more than three-and-a-half years.

4. The AGI No. 1 well was drilled to replace the Linam Ranch Gas Plant's aging and inefficient sulfur recovery unit ("SRU"), which was used to reduce elemental sulfur from the treated acid gases generated from the sweetener units in the plant. Operation of the Linam Ranch Gas Plant is now entirely dependent on disposal of the plant's treated acid gas stream through the AGI No. 1 well. If the Linam Ranch Gas Plant were to experience interruptions or inoperability of the acid gas injection well, the Linam Ranch Gas Plant would have to cease operations, forcing producers behind the plant to shut in production.

5. DCP has determined, in conjunction with the Division, that a second acid gas injection well, while not required and at a significant cost to DCP, would be helpful to prevent unscheduled shut downs of the plant that would adversely impact the many producers the plant serves, as well as the State of New Mexico.

6. Accordingly, DCP seeks authority from the Commission to drill and operate a second acid gas injection well, the AGI No. 2 well, to serve as a secondary injection well to be used in the event that the AGI No. 1 well requires temporary cessation of injection for repairs, maintenance or upgrades, or in case other unforeseen operational issues arise.

7. The AGI No. 2 well will be located approximately 250 feet northeast of the existing AGI No. 1 well and will inject treated acid gas at the same maximum wellhead pressure (2,644 psig) into the same receiving formation (the Lower Bone Spring formation), and into the same target interval (approximately 8,710 feet to 9,140 feet below the surface), as the AGI No. 1 well approved under Order No. R-12546.

8. DCP expressly does not request modification of the injection volumes, rates, or pressures approved by the Commission and in effect under Order No. R-12546. Rather, DCP requests that the proposed AGI No. 2 well be approved to inject treated acid gas under the existing limits and conditions already in place under Order No. R-12546. In the event DCP operates AGI No. 1 simultaneously with the proposed secondary well, AGI No. 2, DCP would do so such that the combined injection would be within the existing limits and conditions in place under Order No. R-12546.

9. DCP, therefore, requests that the Commission re-open Case No. 13589 to amend Order No. R-12546 for the sole and limited purpose of approving DCP's C-108 application, authorizing it to inject treated acid gas through its proposed AGI No. 2 well, to be operated as a second, or secondary, injection well under the Order.

WHEREFORE, DCP Midstream, LP requests that this application be set for hearing before the Oil Conservation Commission on December 6, 2012, and, after notice and hearing as required by law, the Commission amend Order No. R-12546 to approve DCP Midstream, LP's

C-108 application to inject treated acid gas through its proposed AGI No. 2 well at a location 2,120 feet from the South line and 2,120 feet from the West line (Unit K) of Section 30, Township 18 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR DCP MIDSTREAM, LP

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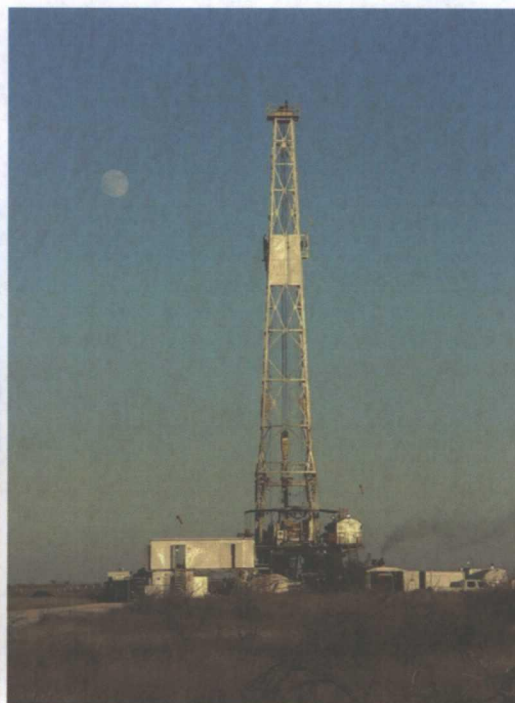
Case No. 13589: Application of DCP Midstream, LP to Re-Open Case No. 13589 to Amend Order No. R-12546 for the Limited Purpose of Authorizing a Second Acid Gas Injection Well, Lea County, New Mexico. Applicant DCP Midstream, LP proposes to re-open Case No. 13589 to amend Order No. R-13589 for the sole and limited purpose of seeking an order from the Oil Conservation Commission approving its C-108 application to use the proposed Linam Ranch AGI Well No. 2, to be located in proximity to the existing Linam Ranch AGI No. 1 well at a location 2,120 feet from the South line and 2,120 feet from the West line (Unit K) of Section 30, Township 18 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as a second injection well. The Applicant proposes to inject treated acid gas for disposal into the Lower Bone Spring formation, at an approximate depth of 8,710 feet to 9,140 feet below the surface, under the limits and conditions imposed by Order No. R-12546, including a maximum wellhead pressure of 2,644 psig. DCP does not request an increase in the injection capacity approved under Order No. R-12546. Rather, DCP requests that the proposed AGI No. 2 well be approved as a second well to inject treated acid gas under the existing limits and conditions already in place under Order No. R-12546. The proposed well is located approximately 4.5 miles West of Hobbs, New Mexico.



GEOLEX*
INCORPORATED

C-108 Application for Authority to Inject

DCP Midstream LP
Linam AGI #2
2120' FSL & 2120' FWL
Section 30, T18S, R37E
Lea County, New Mexico



October 29, 2012

Prepared For:
DCP Midstream LP
370 17th Street, Suite 2500
Denver, Colorado 80202

Prepared By:
Geolex, Inc.
500 Marquette Avenue, NE, Suite 1350
Albuquerque, New Mexico 87102
(505)-842-8000



APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Disposal Secondary Recovery _____ Pressure Maintenance _____ Disposal _____ Storage _____
Application qualifies for administrative approval? _____ Yes X No
- II. OPERATOR: DCP Midstream LP
ADDRESS: 370 17TH Street, #2500, Denver, CO 80202
CONTACT PARTY: Alberto A. Gutierrez, R.G. - GEOLEX, INC. (Consultant to DCP) PHONE: (505) 842-8000
- 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. **A CROSS REFERENCE TO THE APPLICABLE SECTIONS OR APPENDICES IN THE ATTACHED C108 APPLICATION FOR EACH ROMAN NUMERAL BELOW IS SPECIFIED BY SECTION AND/OR APPENDIX NUMBERS.**
- IV. Is this an expansion of an existing project? X Yes _____ No
If yes, give the Division order number authorizing the project: R-12546 as amended
- 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. **SECTION 5 and FIGURE 8**
- 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. **SECTION 5 and TABLES 4 and 5 and Appendix A**
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected; **SECTION 3 and TABLE 1**
 2. Whether the system is open or closed; **SECTIONS 1 and 7**
 3. Proposed average and maximum injection pressure; **SECTION 3.1**
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, **SECTION 1 REFERENCES LINAM AGI #1 END OF WELL REPORT**
 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.). **SECTION 1 REFERENCES LINAM AGI #1 END OF WELL REPORT**
- *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. **SECTION 4 and REFERENCE LINAM AGI #1 END OF WELL REPORT IX.** Describe the proposed stimulation program, if any. **None other than routine acidizing of perforations is anticipated.**
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted). **WELL IS NOT YET DRILLED.**
- *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. **SECTION 4 AND REFERENCE TO LINAM AGI #1 END OF WELL REPORT**
- 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. **SECTIONS 1 and 7**
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form. **SECTION 6 and APPENDIX B**
- 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: Alberto A. Gutierrez, C.P.G.

TITLE: President, Geolex, Inc.[®]; Consultant to DCP Midstream LP

SIGNATURE: 

DATE: October 29, 2012

E-MAIL ADDRESS: aag@geolex.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: **SEE ATTACHED APPLICATION**

III. 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. SECTION 30, T18S, R37E, 2120 FWL, 2120 FSL
 - (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. SEE SECTION 4 FOR PROPOSED WELL DESIGN. FINAL DESIGN WILL BE SUBMITTED WHEN PROPOSED WELL IS DRILLED AND COMPLETED.
 - (3) A description of the tubing to be used including its size, lining material, and setting depth. SECTION 4 and FIGURE 3 and APPENDIX B FOR PROPOSED WELL DESIGN
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used. FIGURE 3
- 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. SECTION 5
 - (2) The injection interval and whether it is perforated or open-hole. SECTIONS 4 and 5
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well. N/A – WELL IS NOT YET DRILLED
 - (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. N/A – WELL IS NOT YET DRILLED
 - (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. SECTION 3.2 and TABLE 2

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. SECTION 7; APPENDIX B: WE WILL NOTIFY OPERATORS AND LEASHOLD OWNERS AND SURFACE OWNERS WITH THE AREA OF REVIEW PURSUANT TO NMCD REGULATIONS AND WE WILL SUBMIT AFFIDAVITS OF PUBLICATION OF NOTICE AND CERTIFIED MAIL RETURN RECEIPTS AT HEARING

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: Not Applicable

- (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: DCP Midstream LPWELL NAME & NUMBER: Linam AGI #2 (proposed) see attached well schematic for well design and specificationsWELL LOCATION: 2120 FWL, 2120 FSL

FOOTAGE LOCATION

UNIT LETTER

30

SECTION

T18S

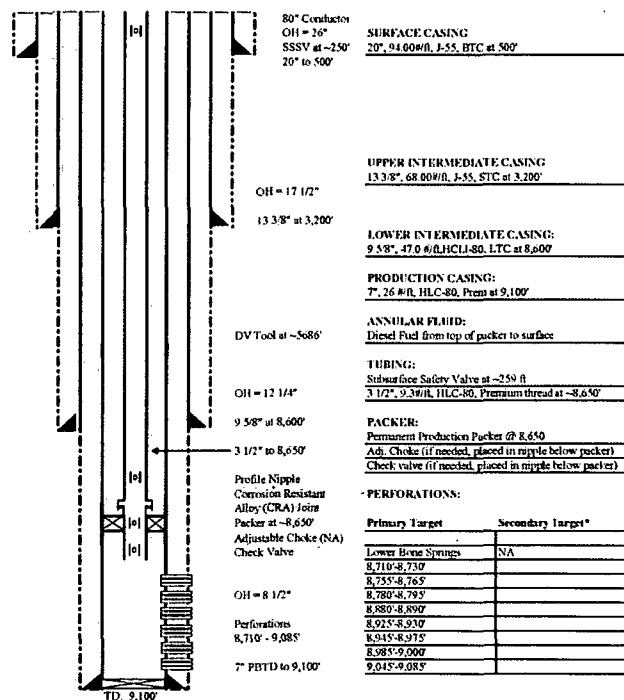
TOWNSHIP

R37E

RANGE

WELLBORE SCHEMATIC**GROLEX**
INCORPORATEDLocation: 2120 FSL & 2120 FWL
STR: S30-T18S-R37E
County, St.: LEA COUNTY, NEW MEXICO

DCP Midstream LP



Linam AGI #2 Proposed Well Design

INJECTION WELL DATA SHEETTubing Size: 3 ½ inches 9.3 ppf, EUE Lining Material: Plastic CoatedType of Packer: Retrievable Production Packer (Schlumberger QL, Baker DB or SimilarPacker Setting Depth: 8,650 feetOther Type of Tubing/Casing Seal (if applicable): N/A**Additional Data**

1. Is this a new well drilled for injection? X Yes No **Note: Well has not yet been drilled.**

If no, for what purpose was the well originally drilled? N/A

2. Name of the Injection Formation: Lower Bone Springs (Wolfcamp)

3. Name of Field or Pool (if applicable): N/A

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. N/A

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Ellenberger (9000), Upper Bone Springs – Abo (6200), Yeso (4200)

San Andres – Glorieta (2230), Grayburg – Queen (1450)

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1.0 EXECUTIVE SUMMARY

On behalf of DCP Midstream LP (DCP), Geolex[®], Inc. (Geolex) has prepared and is hereby submitting a complete C-108 application for approval to drill, complete and operate a redundant or backup acid gas injection and CO₂ sequestration well (Linam AGI #2) as part of the existing Linam AGI #1 Facility. The existing Linam AGI Facility which will house the new well is located on Section 30, T18S, R37E near Hobbs in Lea County, New Mexico (Figure 1). The proposed Linam AGI #2 will be drilled vertically at 2,120 feet from the south line and 2,120 feet from the west line of Section 30 at an approximate distance of 250 feet northeast of Linam AGI #1. Linam AGI #2 is intended to provide redundancy in the case that AGI #1 encounters problems that require it to be temporarily shut down for repairs or upgrades. The new well adds no additional capacity and is expected to operate exactly as the Linam AGI #1 does pursuant to NMOCC Order R-12546 and its amendments.

Operation of the Linam Gas Plant is dependent on the existing Linam AGI #1 well and the associated compression facility for its operation since the complete shutdown of the plant's sulphur reduction unit (SRU) following the settlement with NMED. Without the ability to dispose of acid gas using the existing well, the plant would have to be shut down and producers would have to be shut in. The existing well experienced a tubing leak failure which required a workover resulting in a prolonged plant shut down. For these reasons, DCP has determined, in conjunction with NMOCD, that a redundant or backup well which is capable of serving as a conduit to inject into the currently approved zone is necessary to prevent unscheduled shutdowns of the plant that would negatively affect many producers and the State of New Mexico.

The proposed Linam AGI #2 would be used in the event of the casing or tubing failure of the existing Linam AGI #1 and would be immediately available to continue injection of acid gas and keep the plant running while the Linam AGI #1 is repaired or worked over. During the last workover, an unsuccessful attempt was made to stack another packer above the existing packer to isolate the compromised casing. This repair should be made as soon as practicable to prevent a failure of this casing and it will require the well to be out of service for about 10 days. The ideal situation for assuring the continued operation of the plant is to have an alternate well approved for injection so DCP can continue injection and operations of the Linam Gas Plant when the Linam AGI #1 is being worked over or repaired.

On September 12, 2005, Geolex, on behalf of Duke Energy Field Services (now DCP Midstream LP), submitted a C-108 Application for Authorization to Inject for an acid gas injection (AGI) well, to be located near the DCP's Linam Gas Plant near Hobbs, New Mexico (Figure 1). The purpose of the AGI was to replace the existing SRU used to reduce elemental sulfur from the treated acid gasses (TAG) from the sweetener units. The SRU was aging, inefficient, and caused chronic emission problems. The C-108 Application for Authorization to Inject for Linam AGI #1 was approved under Order No. R-12546. AGI #1 was completed in 2009 and has been operating in compliance with Division rules and Order No. R-12546, as amended, for more than three-and-a-half years.

DCP proposes to drill the Linam AGI #2 to a total depth of approximately 9,100 feet and will target the Lower Bone Springs formation for injection. This is the same NMOCC-approved injection interval as approved for the Linam AGI #1. Like the Linam AGI #1, the proposed Linam AGI #2 is located on the northern end of the Central Platform, a buried structural high in the Permian Basin. In this area, the Permian Bone Springs consists of carbonate debris fans that flowed down slope from the northern edge of the Central Platform. Seismic data show that these debris fans are very thin under the Linam Plant, but thicken abruptly north of the Platform edge to the immediate north. Accordingly, the existing AGI #1 and

the proposed AGI #2 are located approximately one mile north of the plant, where a far more favorable reservoir has been identified for injection.

The close proximity of AGI #2 to AGI #1, approximately 250 feet away, ensures that the proposed injection zone for Linam AGI#2 will be nearly identical to that of Linam AGI #1. The injection reservoir selected and successfully implemented for AGI #1 and proposed AGI #2 is between approximately 8,710 and 9,137 feet below ground surface. Analysis of the reservoir characteristics of this unit, based on data from the completion and analysis of AGI #1, confirms that this zone is an excellent closed-system reservoir that should easily accommodate the future needs of DCP for disposal of acid gas and sequestration of CO₂ from the plant. DCP needs to safely inject up to 7.0 million standard cubic feet (MMSCF) per day of treated acid gas (TAG) for 30 years. Geologic studies conducted for the selection of this location and the performance of Linam AGI #1 demonstrate that the proposed injection zone is readily capable of accepting and containing the proposed acid gas and CO₂ injection volumes well within NMOCD's maximum allowable injection pressures. Details on the geologic analysis and activities, along with data on the installation and operation of the existing Linam AGI #1, can be found in the following documents, which are incorporated here by reference:

- C-108 Application for Authority to Inject, Linam Plant Area Lea County, NM, September 12, 2005;
- Oil Conservation Commission Hearing On Duke Energy Field Services' C-108 Application, February 9, 2006;
- Final End of Well Report, DCP Midstream LP, Linam AGI #1, September 30, 2011;
- NMOCC Order R-12546 and its amendments.

While all of the information required to evaluate and approve an AGI well at this location was already gathered, evaluated and presented to NMOCC for the Linam AGI #1, in preparing this C-108 for the Linam AGI #2 redundant well, Geolex conducted a detailed examination of all of the elements required to be evaluated in order to prepare and obtain approval for this application for injection. The elements of this evaluation include:

- Identification and characterization of all wells completed in hydrocarbon-producing zones and that surround and are present on the plant site;
- The depths of perforated pay intervals in those wells relative to the depth of the target injection zone (Lower Bone Springs);
- The past and current uses of the proposed injection zone;
- Total feet of net porosity in the Lower Bone Springs;
- The stratigraphic and structural setting of the targeted injection zone relative to any nearby active or plugged wells, and other wells penetrating the intervals;
- The identification of all surface owners within a one mile radius of the proposed injection well and sample notification letter;
- The identification of all wells, operators, and mineral leases within a one mile radius of the proposed injection well and a sample notification letter;
- Identification and characterization of all plugged wells within a one mile radius of the proposed injection well;
- The details of the proposed injection operation, including detailed well design and average and maximum daily rates of injection and injection pressures;
- Sources of injection fluid and compatibility with the formation fluid of the injection zone;
- Location and identification of any fresh water bearing zones in the area; the depth and quality of available groundwater in the vicinity of the proposed well, including a determination that there

are no structures which could possibly act as a conduit between the disposal zone and any known sources of drinking water.

Based upon our history with the injection zone through the Linam AGI #1 operation and supplemented by this detailed evaluation, DCP has determined that the proposed injection well is a safe and environmentally-sound project for the disposal of acid gas. Furthermore, the project provides additional environmental benefit by permanently sequestering a significant volume of CO₂, which would otherwise continue to be released to the atmosphere avoiding the flaring of H₂S, which currently takes place at the Plant. In addition, the redundant well will provide a more reliable AGI system as the plant can use one well while the other well is serviced as needed. At the expected ratio of 18.4% H₂S and 81.6% CO₂, injecting 7.0 MMSCFD will sequester approximately 61 tons of H₂S and 350 tons of CO₂ per day.

Our research and data from the preliminary analysis, completion and implementation of the AGI system through the Linam AGI #1 has identified and confirmed a primary AGI target interval in the Lower Bone Springs from a depth of 8,710 to 9,137 feet below ground surface. This reservoir is effectively sealed laterally and above and below by the much less permeable adjacent facies.

At the anticipated reservoir conditions (124°F and 3,337 psig), every million standard cubic feet of TAG will occupy 2,886 barrels (16,204 cubic feet) in the reservoir.

Although 22 wells exist within one mile of proposed Linam AGI #2, only 3 penetrate into the Lower Bone Springs. One of those wells is the active Linam AGI #1 and the other two wells have been plugged. NMOCD files show that all three wells that penetrate the injection reservoir have been completed and/or plugged in a manner that effectively isolates the Lower Bone Springs interval.

There are also three active oil wells within the one-mile radius of proposed Linam AGI #2. All three are completed well above the NMOCC-approved Lower Bone Springs AGI reservoir.

In addition to providing a safe and adequate reservoir for H₂S and CO₂, the geologic environment is ideal to demonstrate the required capture and sequestration of CO₂ to obtain future credits or offsets.

All surface owners and operators within a one-mile radius of the proposed injection well will be notified at least 20 days prior to the NMOCD hearing pursuant to the requirements of NMOCC.

There is no permanent body of surface water within several miles of the plant. A search of the New Mexico State Engineer's files shows that there are 18 water wells within the one-mile radius of the proposed AGI #2. All of these 18 water wells are completed to depths ranging from 60 to 270 feet below ground surface and will not be impacted by Linam AGI #1 or #2 operations. This will be assured by isolating all fresh water bearing zones with surface casing cemented to the surface, as was done for the Linam AGI #1. The proposed injection zone is a closed system, and there are no open faults, fractures, or other structures that could potentially serve as a pathway between the proposed injection zone and any sources of fresh water.

2.0 INTRODUCTION AND ORGANIZATION OF THIS C-108 APPLICATION

The completed NMOCD Form C-108 is included before the Table of Contents of this document and references appropriate sections where data required to be submitted are included herein.

This application organizes and details all of the information required by NMOCD and NMOCC to evaluate and approve the submitted Form C-108 – Application for Authorization to Inject. This information is presented in the following categories:

- A detailed description of the location, construction and operation of the proposed injection well (Section 3.0);
- A summary of the regional and local geology, the hydrogeology, and the location of drinking water wells within the area of review (Section 4.0);
- The identification, location, status, production zones, and other relevant information on oil and gas wells within the area of review (Section 5.0);
- The identification and required notification for operators and surface land owners that are located within the area of review (Section 6.0);
- An affirmative statement, based on the analysis of geological conditions at the site, that there is no hydraulic connection between the proposed injection zone and any known sources of drinking water (Section 7.0).

In addition, this application includes the following supporting information:

- Appendix A: Well Logs for Existing Wells within One Mile of Proposed Linam AGI #2 that Penetrate the Lower Bone Springs;
- Appendix B: Well Completion and Plugging Design for Deep Wells within One Mile of Proposed Linam AGI #2 that Penetrate the Lower Bone Springs Injection Reservoir;
- Appendix C: Maps and Spreadsheets Identifying Operators, Lessees, Surface Owners and Other Interested Parties for Notices, Copies of Notice Letters and Certified Mail Receipts.

It is anticipated that this application shall be the subject of a NMOCC hearing in December 2012.

3.0 PROPOSED CONSTRUCTION AND OPERATION OF LINAM AGI #2 WELL

The proposed injection well will be drilled near Linam AGI #1 in Unit K, 2,120 feet from the south line and 2,120 feet from the west line of Section 30, T18S, and R37E. Figure 2 shows the proposed location of the new well.

3.1 CALCULATED MAXIMUM INJECTION PRESSURE

The well will be designed and constructed such that it will serve as a redundant injection conduit for a stream of treated acid gas. The stream of treated acid gas (TAG) will be of approximately the following composition:

- 81.6% CO₂
- 18.4% H₂S
- Trace Components of C₁ – C₇

These concentrations are entered into Table 1 which are derived from the most recent data collected from the Linam AGI #1 and are used to calculate pressure and volume for TAG under current maximum Linam Plant capacity of 225 MMCFD and measured inlet gas concentrations. The TAG specific gravity is the average of the top and bottom specific gravity as calculated by AqualibriumTM software and included in the table.

The total volume of TAG to be injected under this scenario will be approximately 2,886 barrels per day (bpd) at 7 MMSCFD, under reservoir conditions. Pressure reduction valves will be incorporated, as needed, to assure that maximum surface injection pressure allowed by NMOCD will not be exceeded.

The calculated maximum allowable injection pressure is approximately 2,599 psig (depending on specific gravity of final TAG stream). We have used the following method approved by NMOCD to calculate the preliminary proposed maximum injection pressure. The final maximum permitted surface injection pressure should be based on the final specific gravity of the injection stream according to the following formula:

$$IP_{\max} = PG(D_{\text{top}}) \quad \text{where:} \quad \begin{array}{l} IP_{\max} = \text{maximum surface injection pressure (psig)} \\ PG = \text{pressure gradient of mixed injection fluid (psig/foot)} \\ D_{\text{top}} = \text{depth at top of perforated interval of injection zone (feet)} \end{array}$$

and $PG = 0.2 + 0.433(1.04 - SG_{\text{tag}})$ where:

SG_{tag} = specific gravity of treated acid gas and it is pressure and temperature dependent. It is calculated using the measured surface conditions of 120 F and 1,437 psig and bottom hole conditions of 122 F and 3,376 psig to determine conditions in the reservoir at equilibrium (see Table 1 for details). The reservoir conditions at equilibrium are 124 F and 3,376 psig resulting in an SG_{tag} of 0.81.

For the maximum requested injection volume (7 MMSCF/Day) it is assumed that:

$$\begin{aligned} SG_{\text{tag}} &= 0.81 \\ D_{\text{top}} &= 8,710 \text{ feet} \end{aligned}$$

Therefore:

$$\begin{aligned} PG &= 0.2 + 0.433(1.04 - 0.81) = 0.298 \\ IP_{\max} &= PG(D_{\text{top}}) = 0.298 \times 8,710 = 2,599 \text{ psig} \end{aligned}$$

Based on the performance of the existing injection well, it is anticipated that the average injection pressure will not exceed 2,599 psig but will be approximately 1,500 psig under normal operations. Based on the above calculations, DCP is requesting approval of a Maximum Allowable Operating Pressure (MOAP) of 2,599 psig at the surface.

Table 1: Pressure and Volume Calculations for TAG, Linam under Current Maximum Plant Capacity of 225 MMCFD and Measured Inlet Gas Concentrations									
PROPOSED INJECTION STREAM CHARACTERISTICS									
TAG	H ₂ S	CO ₂	H ₂ S	CO ₂	TAG				
Gas vol MMSCFD	conc. mol %	conc. mol %	inject rate lb/day	inject rate lb/day	inject rate lb/day				
7	18.4	81.6	122260	700156	822416				
CONDITIONS AT WELL HEAD									
Well Head Conditions			TAG						
Temp	Pressure	Gas vol	Comp	Inject Rate	Density ¹	SG ²	density	volume	volume
F	psi	MMSCFD	CO ₂ :H ₂ S	lb/day	kg/m ³		lb/gal	ft ³	bbl
120	1437	7	82:18	822416	456.66	0.46	3.81	28834	5136
CONDITIONS AT BOTTOM OF WELL									
Injection Zone Conditions					TAG				
Temp	Pressure ⁴	Depth _{top}	Depth _{bottom}	Thickness ⁴	Density ¹	SG ²	density	volume	volume
F	psi	ft	ft	ft	kg/m ³		lb/gal	ft ³	bbl
122	3376	8710	9137	427.00	818.98	0.82	6.84	16078	2864
CONDITIONS IN RESERVOIR AT EQUILIBRIUM									
Injection Reservoir Conditions					TAG				
Temp ³	Pressure ⁴	Ave. Porosity ⁶	Swr	Porosity	Density ¹	SG ²	density	volume	volume
F	psi	%		ft	kg/m ³		lb/gal	ft ³	bbl
124	3376	6.0	0.45	14.0	812.70	0.81	6.79	16202	2886
CONSTANTS									
		SCF/mol							
Molar volume at STD		0.7915							
		g/mol							
Molar weight of H ₂ S		34.0809							
Molar weight of CO ₂		44.0096							
Molar weight of H ₂ O		18.015							
		0.0397							
CALCULATION OF MAXIMUM INJECTION PRESSURE LIMITATION									
SG _{TAG}						0.81			
PG = 0.2 + 0.433 (1.04-SG _{TAG})						0.298 psi/ft			
IP _{max} = PG * Depth						2599 psi			
Where: SG _{TAG} is specific gravity of TAG; PG is calculated pressure gradient; and IP _{max} is calculated maximum injection pressure.									
CALCULATION OF 30 YEAR AREA OF INJECTION									
Cubic Feet/day (5.6146 ft ³ /bbl)						16202 ft ³ /day			
Cubic Feet/30 years						177535382 ft ³ /30 years			
Area = V/Net Porosity (ft)						12638211 ft ² /30 years			
Area = V/Net Porosity (ft) (43560 ft ² /acre)						290.1 acres/30 years			
Radius =						2006 ft			
Radius =						0.38 miles			
Note that total Mass of H2S remains constant -- for this reason ROE in H2S Contingency Plan Remains the Same									

Calculations presented in Table 1 (incorporating the compressibility of the TAG at reservoir conditions) show that, given a more detailed calculation of well pressure over 30 years, a daily injection volume of 7 MMSCF/Day of TAG will occupy approximately 177.6 million cubic feet in the reservoir. As discussed in Section 4.3, a calculated gross net porosity of 25.6 feet in the reservoir is reduced to an effective net porosity of 14.0 feet after correcting for a residual water content of 45%. Based on a net porosity of 14.0 feet, we calculate that the 30-year injection volume will occupy approximately 290.1 acres of the reservoir, with a radius of 0.38 miles centered around the Linam AGI #1 and #2.

3.2 WELL DESIGN

The Linam AGI #2 is intended to provide redundancy in case there is ever a problem that the Linam AGI #1 has to be shut in for repairs or upgrades. Since the Linam AGI #2 will be within 250 feet of the Linam AGI #1, the depth intervals of the injection zone are anticipated to be approximately same as for the Linam AGI #1. The Final End of Well Report, DCP Midstream LP, Linam AGI #1, September 30, 2011 contains the geophysical log suite and side wall core data. It demonstrates that the Linam AGI #1 and AGI #2 will be in the same geologic environment with nearly identical formation depths and reservoir

characteristics. Therefore, the Linam AGI #2 is designed to inject TAG into the Lower Bone Springs from approximately 8,710 to 9,137 feet below ground surface.

While the injected fluid will be dehydrated, the line that will convey the TAG to the well from the compression facilities will be a 3 inch steel line (304 or 316) to provide added corrosion protection. The compression facilities and associated piping and layout of H₂S alarms and other safety equipment will remain the same with the exception of additional H₂S monitors placed along the TAG line to the well and around the Linam AGI #2 wellhead. Based on this, only a minor revision of the Rule 11 Plan is required. This revision will be completed prior to placing the Linam AGI #2 into service. The schematic of the new AGI facilities and tie-in to the existing Linam Plant are shown in Figure 2, and the preliminary design for the injection well is shown in Figure 3.

The proposed well (Linam AGI #2) will be a vertical well, spudded on property leased by DCP. The well will be drilled vertically to the approved Lower Bone Springs injection zone to a final total depth of approximately 9,137 feet.

The well will have each string of the telescoping casing cemented to the surface and will include a subsurface safety valve (SSV) on the production tubing to assure that fluid cannot flow back out of the well in the event of a failure of the injection equipment. The annular space between the production tubing and the well bore will be filled with corrosion inhibited diesel fuel as a further safety measure which is consistent with injection well designs which have been previously approved by NMOCD for acid gas injection and the updated construction of the Linam AGI #1 after the May 2012 workover. In addition, the well drilling plan and design address the lost circulation problems that were encountered while drilling the Linam AGI #1 and the presence of acid gas in the Lower Bone Springs in the vicinity of the Linam AGI #1.

Design and materials considerations include: placement of SSV and the packer, double casing through freshwater resources and shallow production zones (Dockum and Rustler Group (groundwater), Artesia Group and San Andres-Grayburg (oil and gas production)), characterization of the zone of injection, and a total depth (TD) ensuring identification of the reservoirs. Four casing strings are proposed (Figure 3):

1. Surface casing to approximately 500 feet to protect the fresh water.
2. Intermediate casing (upper) to approximately 3,200 feet to isolate the Permian Salt Units (Salado and Castile) and the productive units in the Artesia Group (Yates and Queen).
3. Intermediate casing (lower) to approximately 8,600 feet in the Grayburg to isolate all lost circulation zones and allow for well control when penetrating the lower Bone Springs reservoir.
4. Production casing extending down to the final total depth (TVD approximately 9,100 feet).
5. Corrosion resistant (CRA) joints to be placed in production casing string at the packer seating depth.
6. CRA tubing to prevent potential tubing corrosion due to TAG pressure/temperature fluctuations.
7. Corrosion resistant cement will be utilized for cementing the production casing in the stage that includes the injection zone and caprock.

A suitable drilling rig will be chosen for the job that will include a 5,000 psi blowout preventer (minimum) and choke manifold for any unforeseen pressures encountered. The borehole for the surface casing will be drilled with a 26 inch bit to a depth of approximately 500 feet, and 20 inch, 94.0 ppf, J-55, BTC casing will be installed and cemented to the surface (approximately 753 cubic feet). The upper intermediate hole will be drilled with a 17 ½ inch bit to a depth of approximately 3,200 feet. There, a 13 3/8 inch, 68.0 ppf, J55, STC intermediate casing string will be run and cemented to surface (approximately 2,386 cubic feet). The lower intermediate hole will be drilled with a 12 ¼ inch bit to a

depth of approximately 8,600 feet. There, an 9 $\frac{5}{8}$ inch, 47.0 ppf, HCL-80, LTC intermediate casing string will be run and cemented to surface (approximately 2,764 cubic feet). Visual inspections of cement returns to the surface will be noted in both the conductor and surface pipe casing jobs. Casing and cement integrity will be demonstrated by pressure-testing after each cement job.

The Linam AGI #1 experienced lost mud returns at approximately 3,000 feet and at approximately 5,000 feet. It was necessary to add significant loss circulation material, increase mud weight and increase viscosity to minimize mud loss. Similar conditions will be encountered in the Linam AGI #2. In addition, the Linam AGI #1 experienced lost mud returns at approximately 5,800 feet. The drilling contractor will have LCM pills on hand and will be ready to pump to minimize lost returns and maintain circulation. H₂S and CO₂ influxes are expected in the Lower Bone Springs interval in the Linam AGI #2 based on actual experience during the completion of the Linam AGI #1. This is the reason for an additional intermediate string of casing down to just above the target injection zone. Furthermore, H₂S and CO₂ levels will be carefully monitored and mud weight will be adjusted accordingly to control the acid gas influx.

After verifying the intermediate casing (upper and lower), the well will be drilled to the projected TD of approximately 9,100 feet using an 8 $\frac{1}{2}$ inch bit. All drilling fluids will be managed and contained in a closed-loop system, to be documented in an approved NMOCD C-144-CLEZ form. All drilling water will be disposed of at a permitted facility.

The proposed open hole logging suite for the TD run consists of a Dual Induction, Density-Neutron-Gamma Ray Porosity log. No additional logging or coring will be performed since the well is essentially a twin of the Linam AGI #1, which has been exhaustively logged and tested.

After the logs have been evaluated, the production casing consisting of approximately 9,100 feet of 7 inch, 26 ppf, HCL-80, Premium casing grade will be run and cemented to the surface (approximately 1,299 cubic feet of cement). A 30 foot section of Corrosion Resistant Alloy (CRA) material will be inserted into the string at the packer setting depth to provide a corrosion resistant seat for the packer later in the job. The cementing of the long string will be accomplished in two stages. The first stage will seal the annular space from total depth (approximately 9100 feet) to a level well above the CRA joint in the caprock. This stage will employ acid-resistant cement (CORROSACEM™ or equivalent). For the second stage, a DV Tool previously inserted in the casing (at approximately 5,000) feet will be used to pump the remaining cement to the surface.

Once the cement has set up, the tubing adaptor for the wellhead will be welded on the wellhead and the rig will be released. A casing integrity (pressure test) will be performed to test the casing just prior to releasing the rig. Following successful testing and release of the drilling rig, a workover rig will be used and a cement bond log will be run to ascertain the quality of the cement bond of the production casing. It is important that a good bond be established around the injection interval as well as below the CRA joint to ensure that acid gas mixed with formation water does not travel up the outside of the casing and negatively impact the integrity of the casing job.

Once the integrity of the cement job has been confirmed, the selected injection intervals will be perforated with approximately four shots per foot. At this location a total of approximately 427 feet of injection zone may be perforated. A temporary string of removable packer and tubing will be run, and injection tests (step tests) will be performed to confirm that injection pressures and volumes mirror the Linam AGI #1. Once the reservoirs have been tested, the final tubing string including a permanent packer, approximately 9,120 feet of 3 $\frac{1}{2}$ inch, 6.5 ppf, L80 ULTRA FX premium thread tubing, and an SSV will be run into the well. A $\frac{1}{4}$ inch Inconel steel line will connect the SSV to a hydraulic panel at the surface.

The National Association of Corrosion Engineers (NACE) issues guidelines for metals exposed to various corrosive gases like the ones in this well. For a $\text{H}_2\text{S}/\text{CO}_2$ stream of acid gas that is de-watered at the surface through successive stages of compression, downhole components such as the SSV and packer need to be constructed of Inconel 925. The CRA joint will be constructed of a similar alloy from a manufacturer such as Sumitomo. A product like SM2550 (with 50% nickel content) will likely be used. The gates, bonnets and valve stems within the Christmas tree will also be nickel coated and corrosion resistant.

The rest of the Christmas tree will be outfitted with annular pressure gauges that report operating pressure conditions in real time to a gas control center located remotely from the wellhead. In the case of abnormal pressures or any other situation requiring immediate action, the acid gas injection process can be stopped at the compressor and the wellhead shut-in using a hydraulically operated wing valve on the Christmas tree. The SSV provides a redundant safety feature to shut in the well in case the wing valve does not close properly.

After the AGI well is drilled and tested (without using acid gas) to ensure that it will be able to accept the volume of injection fluid, it will be completed with the approved injection equipment for the acid gas stream. The Rule 11 Plan will be modified when the well connection design is complete and will be submitted for NMOCD review and approval prior to commencement of TAG injection into the Linam AGI #2 well. The current AGI facility at Linam operates under an approved Rule 11 Plan dated November 9, 2009. The new plan is anticipated to have an ROE essentially identical to the existing plan because the new well, the Linam AGI #2, is simply being located 250 feet to the northeast of the Linam AGI #1. There is no change in the total capacity or stream composition from what is already approved for the Linam AGI #1. The Linam AGI #1 and proposed Linam AGI #2 will operate as redundant injection points to the NMOCC-approved Lower Bone Springs injection reservoir.

4.0 REGIONAL AND LOCAL GEOLOGY AND HYDROGEOLOGY

The Linam Gas Plant is located in the NE 1/4 of Section 6, T 19 S, R 37 E, in Lea County, New Mexico. This Section (4.0) is based on the collection and analysis of data generated in the design and installation of Linam AGI #1. Linam AGI #2 will be located approximately 250 feet northeast of the Linam AGI #1 (Figure 1). The regional and local geology and hydrogeology are not expected to be significantly different within this short distance.

4.1 GENERAL GEOLOGIC SETTING

The Linam AGI #1 and proposed Linam AGI #2 are located on the north end of the Central Basin Platform, a buried structural high in the Permian Basin (Figure 4). The persistent relief of this platform throughout the deposition of Permian sediments in the larger basin greatly influenced the stratigraphy and local structure of the surrounding formations. Originally overlain by Ordovician and Mississippian deposits, the platform was draped by younger Pennsylvanian and Permian rocks, and was faulted along generally northwest-southeast and northeast-southwest normal faults. These faults continued to grow during lower (Wolfcamp and Leonardian) time, before being buried by the younger Guadeloupian and Ochoan series.

4.2 BEDROCK GEOLOGY

The Bone Springs Group (Leonardian) was deposited in this area along relatively steep slopes of the northern end of the Central Platform, and consists of relatively porous and permeable clastic carbonates, commonly in the form of debris fans from the adjacent, shallow-water Abo Reef (Figure 4).

As seen in Figure 5, the Abo Reef closely parallels the trend of the Central Platform, forming a narrow "fairway" west of the Linam Gas Plant. In contrast, the Bone Springs facies found west and north of the platform (in the Delaware Basin and the San Simon Channel) are not productive. This is due in part to the fact that the Bone Springs Formation is below the oil-water contact, easily seen in the trend of the Abo Reef play (Figure 5).

The depths to formation tops in the Linam AGI #1 and anticipated for the Linam AGI #2 are:

Table 2: Estimated Formation Tops in the Area of Proposed Linam AGI #2	
Formation	Depth (feet)
Anhydrite	1,542
Salt	1,653
Salt (bottom)	2,683
Yates	2,841
7 Rivers	3,150
Queen	3,783
Grayburg	4,167
San Andres	4,655
Brushy Canyon	5,023
Glorieta	5,536
Victorio Peak	5,939
Upper Bone Springs	6,125
Abo	7,641
Lower Bone Springs	8,104
Wolfcamp	9,045
TD	9,213
From Linam AGI #1 Well Log	

4.3 LITHOLOGIC AND RESERVOIR CHARACTERISTICS OF THE LOWER BONE SPRINGS

Figure 5 also includes isopach contours on the Bone Springs. The net thickness falls to zero beneath the plant, but thickens to over 100 feet in Section 30, approximately one mile north of the plant. Note that there are two north-dropping normal faults between the plant and the target area. Seismic data indicate that these faults were active during the deposition of the Bone Springs, and enhanced the accumulation of the detrital material that formed the reservoir. There is no indication that these faults penetrate the formation overlying the Bone Springs.

A total of 19 side wall cores were collected from the Bone Springs in AGI #1. Analyses of these cores (see Final End of Well Report, DCP Midstream LLC, Linam AGI #1, September 30, 2011) show porosity ranging from 0.4 to 15.8 percent, and permeability from 0.013 to 165 milliDarcies. The lithology was primarily dolomite, locally grading into dolomitic limestone. Fossil fragments were abundant, and the major porosity was vuggy in nature, developed by diagenetic dissolution of secondary calcite.

Analyses of the geophysical logs (see Final End of Well Report, DCP Midstream LLC, Linam AGI #1, September 30, 2011) showed porosities of 2 to 10 percent in the target interval. Based on the log analyses, 8 intervals between 8,710 and 9,085 feet were perforated in the Linam AGI #1 with a total of 750 shots.

The perforated intervals total 280 feet in an overall injection reservoir that is 375 feet thick, in which an average porosity of 6 % was calculated. The gross net porosity (427 ft. x 0.06) is 25.6 feet. Correcting for a residual water ratio (Swr) of 0.45, the available net porosity is 14.0 feet.

Reservoir testing on the Linam AGI #1 included injection-falloff and step-rate tests in the Bone Springs (see Linam AGI #1 End of Well Report, DCP Midstream LLC, Linam AGI #1, September 30, 2011). The injection and fall-off test, operated and analyzed by MHA Petroleum Consultants, began with a 9.5 hour period of injecting water at 2 barrels per minute, followed by a 221 hour fall off. Pressure was continuously recorded at the surface and by a bottom-hole probe. The analysis indicated a permeability of 2220 milliDarcy-feet, and possible intersecting barriers at 1800 and 2000 feet from the well. The fall-off test analysis further concluded that the reservoir has a minimum pore volume of 47 to 55 million barrels, and that only a 1000 psig increase in the reservoir would allow over 230 million barrels of compressed TAG.

The step-rate test on the Linam AGI #1 involved pumping water into the well at rates of 1 to 9 barrels per minute, using 30-minute intervals for each step. Injection rates, surface and bottom pressures were continuously recorded. Following the final injection step, pressure was monitored for fall back. The step test final surface pressure was 3600 psig. After 25 minutes, the pressure had fallen to 589 psig and was essentially zero the following day.

The very rapid decay of well head pressure after cessation of injection in both the fall-off and step-rate tests on Linam AGI #1 indicates that the reservoir has excellent injectivity, and adequate volume for the anticipated injection volumes. As discussed above, a capacity of 230 million barrels at a reservoir pressure increase of 1000 psig would compare very favorably versus the anticipated 30-year injection volume of approximately 75 million barrels, at the surface rate of 7.0 MMSCFD.

The step test (Figure 6) shows that there was no inflection or "breakdown" in the pressure/rate curve over the range tested. The area determined by the estimated injection pressures and projected range of injection rates is well below the maximum pressure set by Order R-12546. The well has a large capacity for additional injection before reaching the allowed maximum pressure.

During the April/May 2012 workover of the Linam AGI #1, it was noted that the reservoir went on vacuum when the well was killed with brine in preparation for tubing removal. This clearly demonstrates that the injection reservoir for the Linam AGI #1 (and proposed for Linam AGI #2) is an excellent reservoir that has shown no pressure increase after three years of operation. This makes the conservative cylindrical displacement model to anticipate the effect of injection in the reservoir in Section 3.0 more likely than not to over predict the extent of the effect of injection in the reservoir.

4.4 FORMATION FLUID CHEMISTRY

In January 2008, samples of the Bone Springs formation fluid were collected from AGI #1 and analyzed. The formation fluid is sodium chloride-rich brine with total dissolved solids of 73,412 milligrams per liter. A complete copy of the analyses is included in the Final End of Well Report, DCP Midstream LLC, Linam AGI #1, September 30, 2011. The formation fluid has been further impacted by the injection of acid gas via the Linam AGI #1 over the last three and one-half years. The areas at and around the wellhead will be continuously monitored for H₂S. Escape packs and 30 minute working packs will be readily available to workers in the event of an H₂S release during drilling and well completion. A wind sock will be installed and continuously monitored so that the safest evacuation route is always known. In addition, injection tubing will have a subsurface safety valve installed at approximately 250 feet and a check valve will be installed below the permanent packer.

4.5 GROUNDWATER HYDROLOGY IN THE VICINITY OF THE PROPOSED INJECTION WELL

Groundwater in the area of the well site is found in shallow, unconfined aquifers hosted by the Quaternary alluvial and aeolian surficial deposits, and the Tertiary Ogallala Formation. Groundwater may also occur in local, confined sandstone beds in the deeper “red beds” of the Triassic Dockum Group.

A review of the New Mexico State Engineer’s database identified 18 water wells within one mile of the Linam AGI #1 and the proposed location for the AGI #2. Data on these water wells are summarized in Table 3 below, and located in Figure 7. All of these wells are completed in very shallow units, at total depths ranging from 60 to 270 feet below ground surface in either the alluvium and/or the Ogallala Aquifer. Due to their distal locations and shallow completions, there are no potential impacts from the Linam AGI #1 and AGI #2 wells.

Table 3: Identified Water Wells within One Mile of Proposed Linam AGI #2

Owner	Type	UTME	UTMN	Distance (miles)	DepthWell	DepthWater
XCEL ENERGY	MON	659878	3621567	0.2525	60	50
JAMES L EVANS	IRR	659586	3621580	0.3575	185	70
MARKWEST PINNACLE LP	CPS	659398	3621041	0.38375	270	120
OLIN LYNCH	DOM	660108	3620475	0.44625	150	57
XCEL ENERGY	MON	659118	3621119	0.54938	68	50
NOBLE DRILLING COMPANY	P&A	659606	3620371	0.56125	120	65
MARCUM DRILLING COMPANY	PRO	659196	3620767	0.5625	103	45
SOUTHWESTERN PUBLIC SERVICE CO	EXP	659078	3621289	0.5775	80	60
XCEL ENERGY - MADDOX STATION	SAN	659067	3620842	0.6175	200	63
XCEL ENERGY	MON	659035	3621493	0.63125	60	50
SOUTHWESTERN PUBLIC SERVICE	IND	658994	3620960	0.64125	206	84
JIMMIE B. COOPER	IRR	661101	3621097	0.6925	166	35
AMERADA PETROLEUM CORPORATION	PRO	660016	3619973	0.755	108	35
CONTINENTAL OIL COMPANY	PRO	658779	3621565	0.7975	125	60
C/O A. H. VIASCAS EL PASO NATURAL GAS COMPANY	IND	659309	3620060	0.82125	181	70
XCEL ENERGY	MON	658677	3620972	0.83438	62	50
OSCAR BOURG DRLG. CO.	PRO	660229	3619765	0.89688	140	70
XCEL ENERGY	MON	658752	3622142	0.9825	60	50

5.0 OIL, GAS AND AGI WELLS IN THE LINAM AGI #2 AREA OF REVIEW AND VICINITY

There are 22 recorded oil/gas wells within one mile of the proposed Linam AGI #2, of which 3 are active oil wells and one of which is an active AGI well (Linam AGI #1). Eighteen are listed as plugged and abandoned. These wells are shown in Figure 8.

A review of the available NMOCD data regarding the wells within one mile of the proposed Linam AGI #2 well shows that of the 22 total wells, only 3 intersect and/or penetrate the proposed injection zone in the Lower Bone Springs. Of the total 22 wells, 19 (86%) are less than 8,500 feet deep. These wells are or were targeted into the San Andres/Grayburg, Glorieta and Paddock zones. The total depth of all these wells is well above the Lower Bone Springs injection reservoir, which lies from 8,710 to 9,137 feet in this area.

5.1 STATUS OF LOWER BONE SPRINGS-PENETRATING WELLS WITHIN ONE MILE OF THE PROPOSED LINAM AGI #2

As shown in the Table 4 below and in Figure 8 three wells penetrate the Lower Bone Springs in the one mile area of review. Information on the wells in the one mile area of review (see Table 4 below) includes their total depth, production or injection interval and current status. A review of the available data on these wells indicates that Goodwin #3 and Conoco-State #1 were dry holes and were plugged and abandoned (Appendix A). The third well that penetrates the Lower Bone Springs is our Linam AGI #1 and it has been cased and cemented throughout, above and below the Lower Bone Springs perforated interval, effectively sealing that formation and preventing any migration of injected fluids to deeper or shallower units (Figure 3 and Appendix A).

API #	OPERATOR	SPUD DATE	PLUG DATE	TOTAL DEPTH	WELL NAME	WELL TYPE	STATUS	Producing/Target/Production/Injection Zone	Miles From AGI #2
3002503976	CONTINENTAL OIL	2-Jan-00	2-Jan-00	8,582	GOODWIN 003	O	Plugged	Goodwin Drinkard	0.855
3002521832	PENNZENERGY EXPLORATION AND PRODUCTION LLC	2-Jan-00	2-Jan-00	11,675	CONOCO-State #1	O	Plugged	Goodwin Drinkard	0.703
3002538576	DCP Midstream, LP	21-Oct-07	N/A	9,213	Linam AGI #1	AGI	Active	Lower Bone Springs	0.047

5.2 CEMENTING, COMPLETION AND PLUGGING

The details of the completion and/or plugging design and construction of the three wells that penetrate the Lower Bone Springs are summarized below in Table 5. The final well design for the Linam AGI #1 and the plugging diagrams for Goodwin #3 and CONOCO-State #1 are included in Appendix A.

Table 5: Casing and Cement Details for Wells within One Mile of Proposed Linam AGI #2 that Penetrate the Lower Bone Springs Injection Reservoir			
API #	302503967	3002521832	3002538576
Well Name	Goodwin 003	CONOCO-State #1	Linam AGI #1
Status	P&A	P&A	Active AGI
Total Depth (feet)	8,582	11,675	9,213
Conductor Casing Depth (feet)	332	362	530
Intermediate Casing Depth (feet)	2,925	3,130	4,212
Long String Casing Depth (feet)	8,025 (Dry Well - Long String Casing Recovered Prior to Plugging)	NA Dry Well	9,213
Conductor Casing TOC Depth (feet)	Surface (From NMOCD Well Log)	Surface (From NMOCD Well Log)	Surface (see Linam AGI #1 EOW Rpt. Section 3.4)
Intermediate Casing TOC Depth (feet)	28 (From NMOCD Well Log)	1,000 (From NMOCD Well Log)	Surface (see Linam AGI #1 EOW Rpt. Section 3.4)
Long String Casing TOC Depth (feet)	NA Long String Casing Recovered	NA	Surface (see Linam AGI #1 EOW Rpt. Section 3.4)
Producing/Target/ Zone	Goodwin Drinkard	Goodwin Drinkard	Lower Bone Springs
Top Lower Bone Springs Injection Reservoir (Depth)	Unknown	Unknown	8,710

6.0 IDENTIFICATION AND REQUIRED NOTIFICATION OF OPERATORS, SUBSURFACE LESSEES AND SURFACE OWNERS WITHIN THE AREA OF REVIEW

Geolex contracted with MBF Land Services in Roswell, New Mexico to research land records in Lea County to obtain a listing of all operators, oil, gas and mineral lessees, and surface owners within a one mile radius of the proposed AGI well. Appendix B includes the data from that search.

Table B-1 lists operators and/or lessees within this one-mile radius, which are also shown on Map B-1. Table B-2 lists the names and addresses of surface owners within the same one mile area of review, which are displayed on Map B-2. Table B-3 shows the names and addresses of mineral owners on unleased tracts within the one mile area of review which are also displayed on Map B-3. A comprehensive summary of operator and/or lessee, surface owner and mineral owner land status information is included in Table B-4. The actual Land Status Reports for each Tract follow Table B-4.

All of these operators, oil, gas and mineral lessees and surface owners within the one-mile area of review will be provided notice and an opportunity to review this application at least 20 days prior to the NMOCC Hearing, according to the requirements of Section XIV of the C-108 and NMOCD's current policy on notices required for applications for acid gas injection wells. A draft form of the notice which will be provided to parties that may be affected is also included in Appendix B.

7.0 AFFIRMATIVE STATEMENT OF LACK OF HYDRAULIC CONNECTION BETWEEN PROPOSED INJECTION ZONE AND KNOWN SOURCES OF DRINKING WATER

As part of the work performed to support this application, a detailed investigation of the structure, stratigraphy and hydrogeology of the area surrounding the proposed Linam AGI #2 injection well has been performed. The investigation included the analysis of available geologic data and hydrogeologic data from wells (including data collected from our adjacent Linam AGI #1) and literature identified in Sections 3, 4 and 5 above including related appendices. Based on this investigation and analysis of these data, it is clear that there are no open fractures, faults or other structures which could potentially result in the communication of injected fluids from the proposed injection zone to any known sources of drinking water in the vicinity, as described above in Sections 4 and 5 of this application. The proposed injection zone is a closed system. This has been confirmed by our operation history in the Linam AGI #1 since 2009.

FIGURES

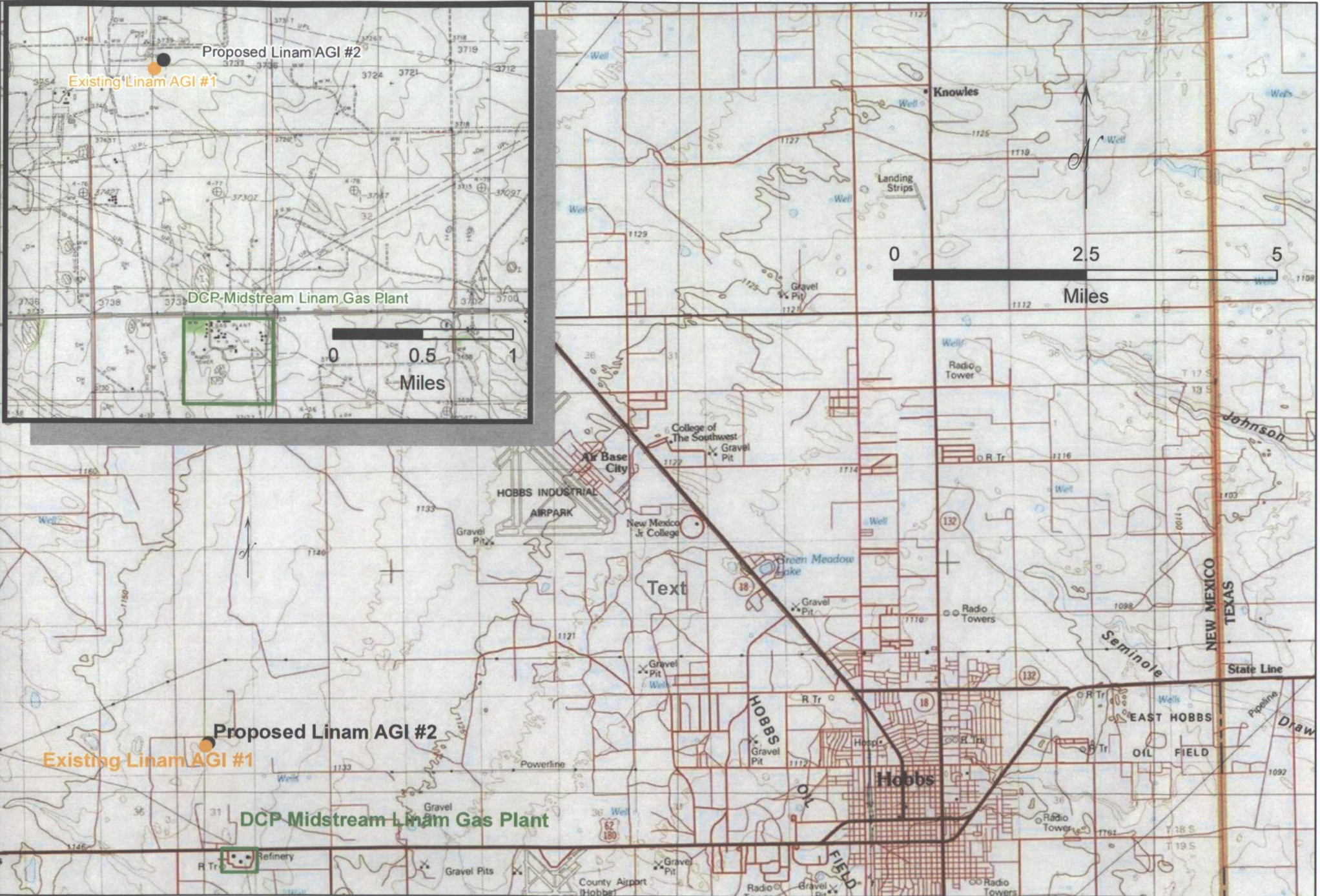


Figure 1: Location of Proposed DCP Midstream Linam AGI #2

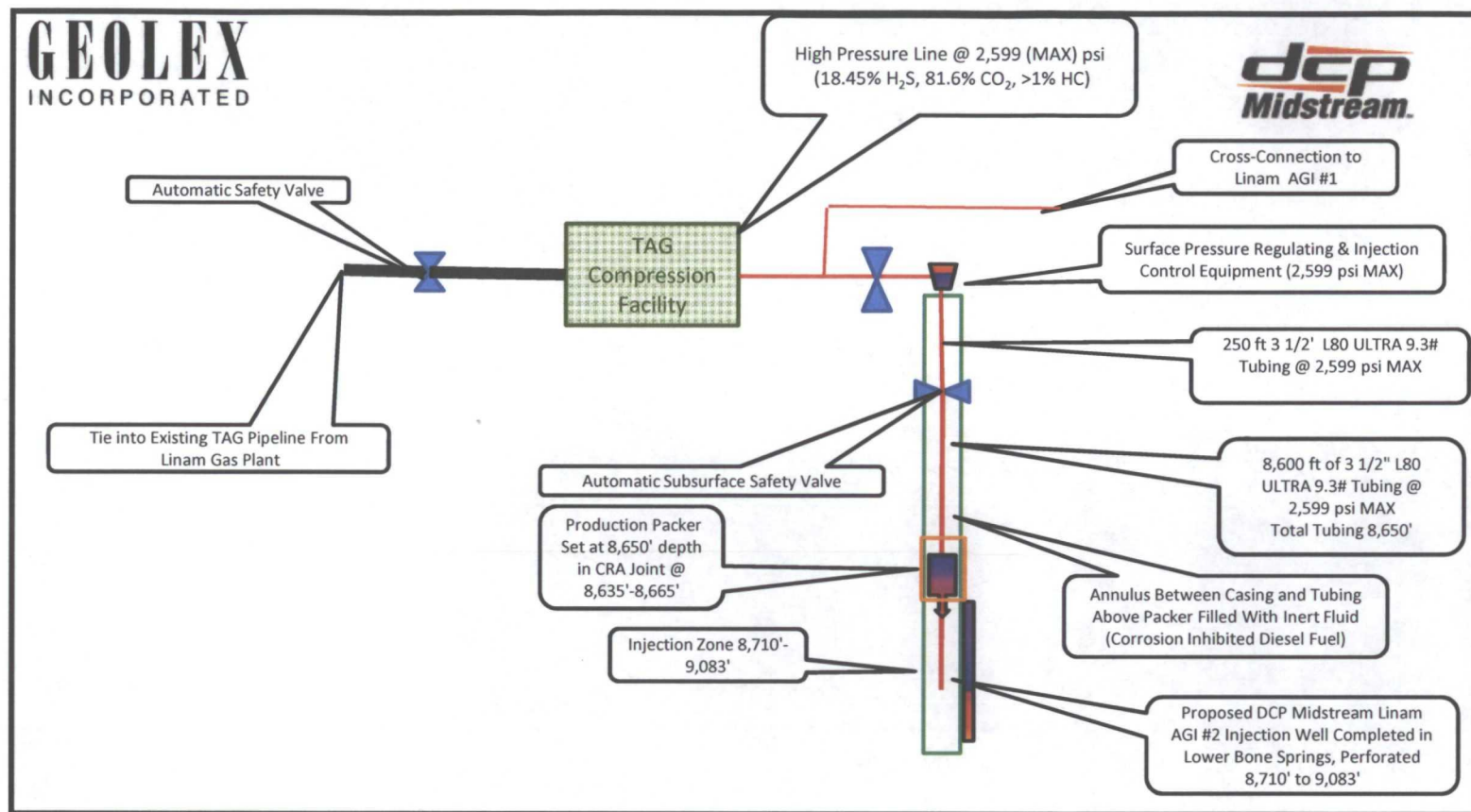
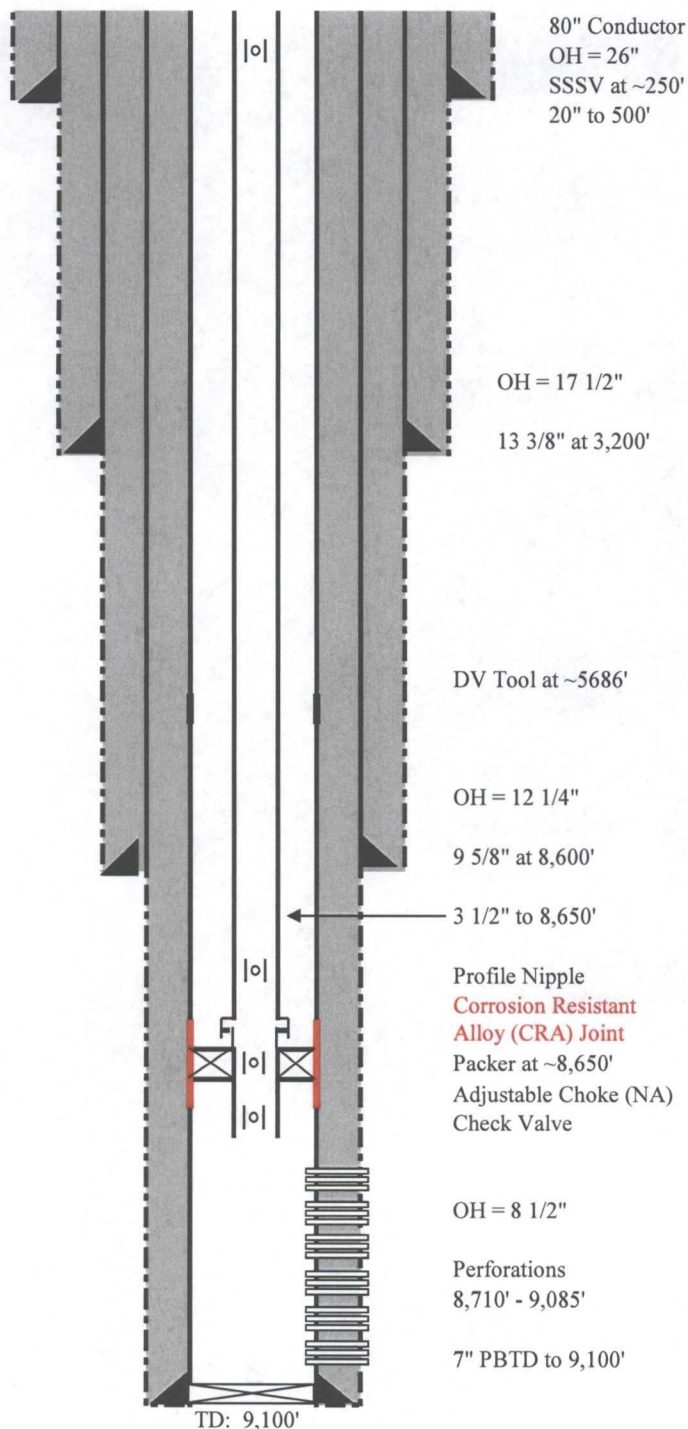


Figure 2: Schematic of DCP Midstream Proposed AGI #2 Injection System Components

Location: 2120 FSL & 2120' FWL
STR S30-T18S-R37E
County, St.: LEA COUNTY, NEW MEXICO

DCP Midstream LP



SURFACE CASING

20", 94.00#/ft, J-55, BTC at 500'

UPPER INTERMEDIATE CASING

13 3/8", 68.00#/ft, J-55, STC at 3,200'

LOWER INTERMEDIATE CASING:

9 5/8", 47.0 #/ft, HCLL-80, LTC at 8,600'

PRODUCTION CASING:

7", 26 #/ft, HLC-80, Prem at 9,100'

ANNULAR FLUID:

Diesel Fuel from top of packer to surface

TUBING:

Subsurface Safety Valve at ~259 ft

3 1/2", 9.3#/ft, HLC-80, Premium thread at ~8,650'

PACKER:

Permanent Production Packer @ 8,650

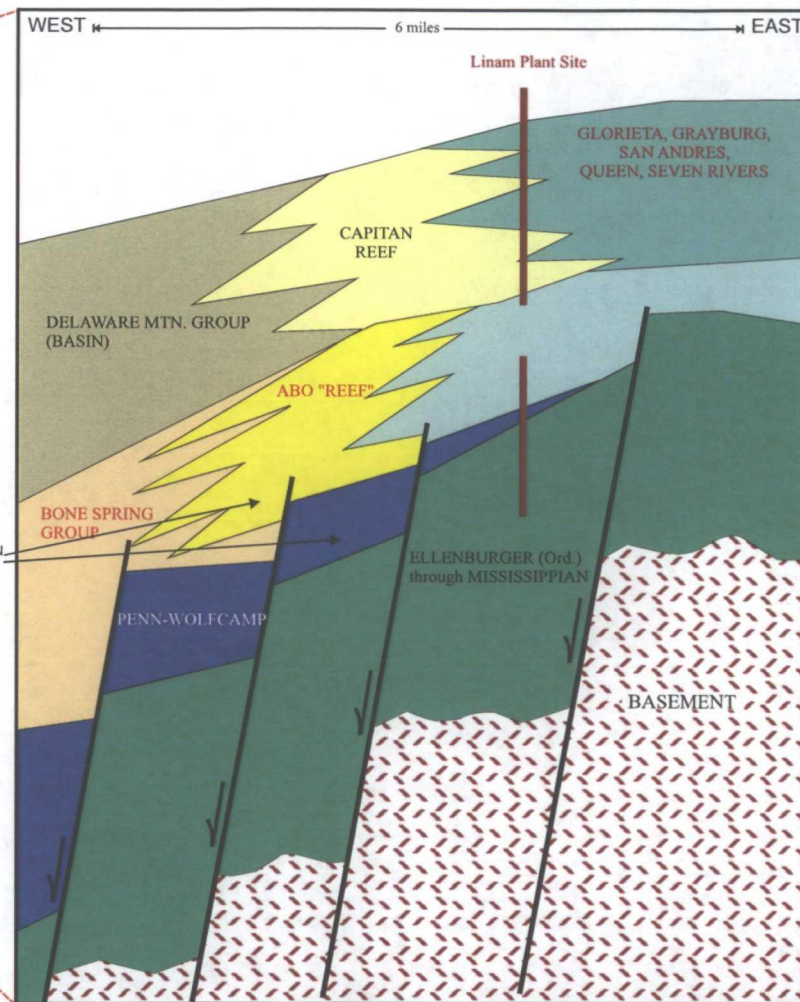
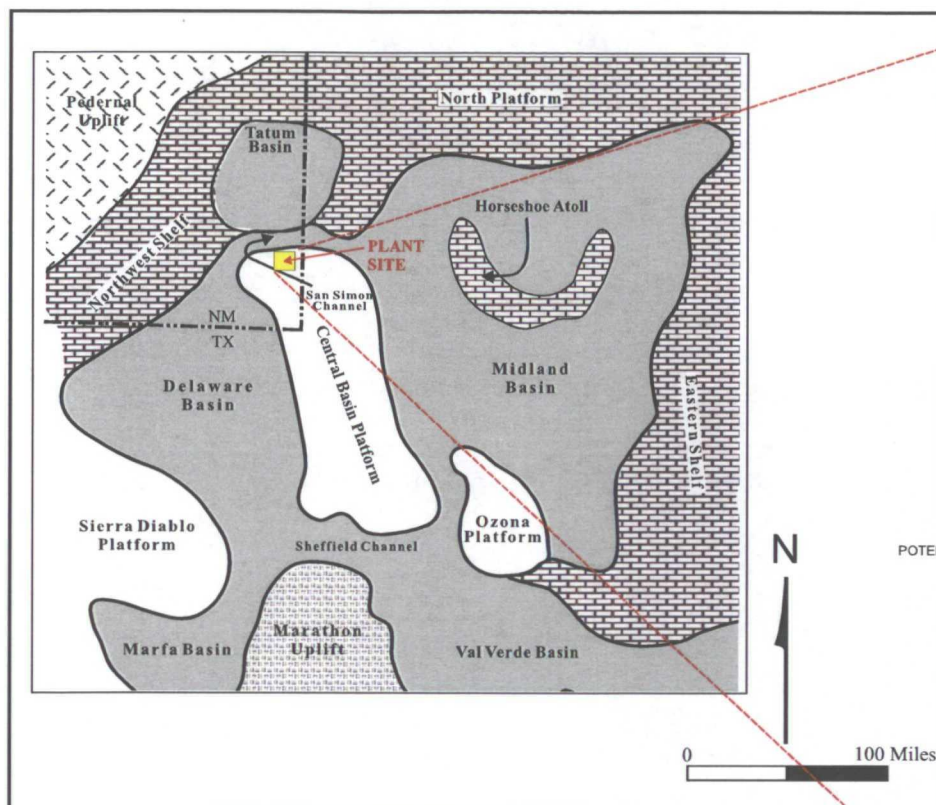
Adj. Choke (if needed, placed in nipple below packer)

Check valve (if needed, placed in nipple below packer)

PERFORATIONS:

Primary Target	Secondary Target*
Lower Bone Springs	NA
8,710'-8,730'	
8,755'-8,765'	
8,780'-8,795'	
8,880'-8,890'	
8,925'-8,930'	
8,945'-8,975'	
8,985'-9,000'	
9,045'-9,085'	

Linam AGI #2 Proposed Well Design



Local hydrocarbon pay zones indicated in red

Figure 4: Regional Setting of Linam Plant and General Stratigraphy of the Northwest Side of the Central Platform

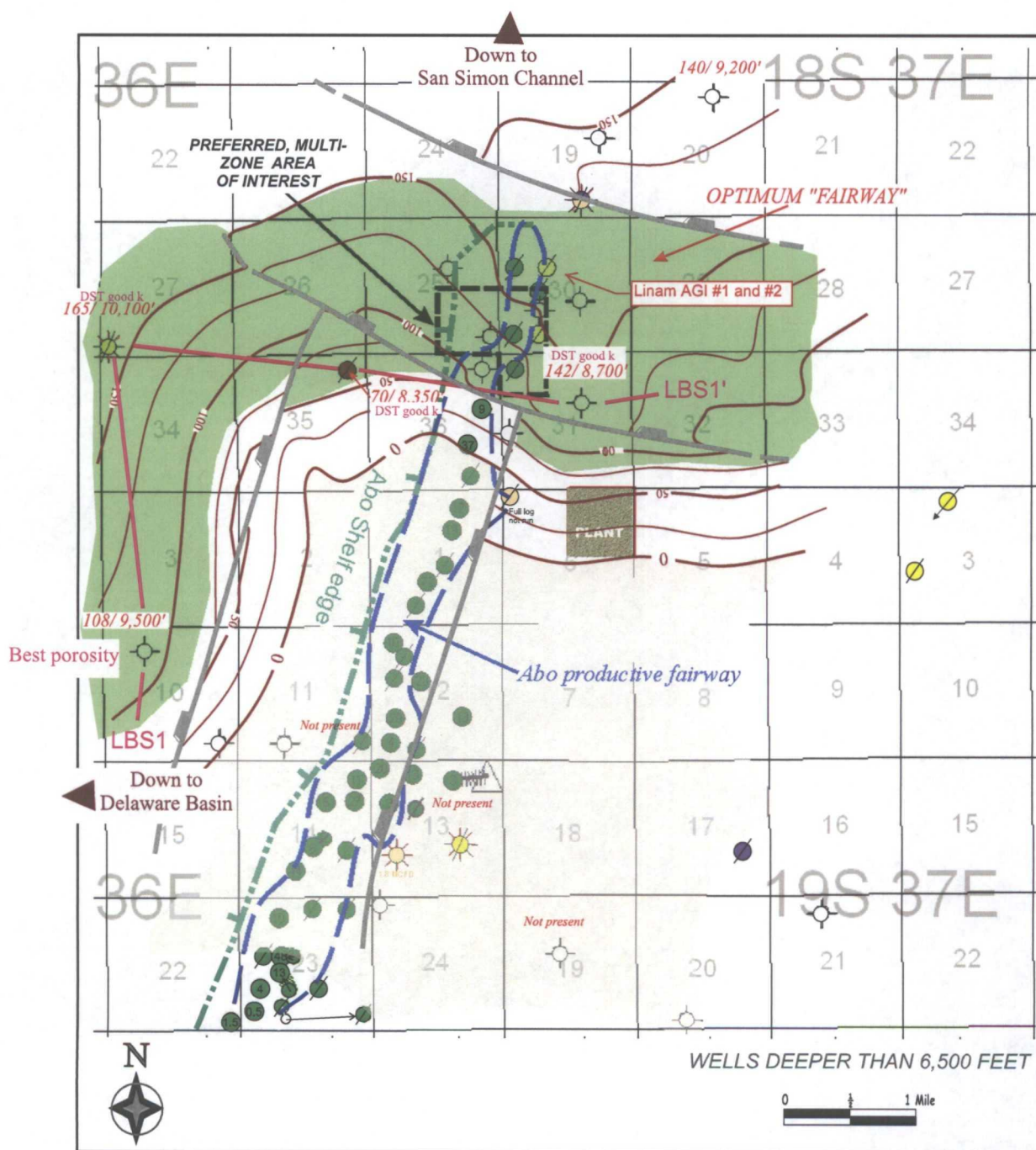
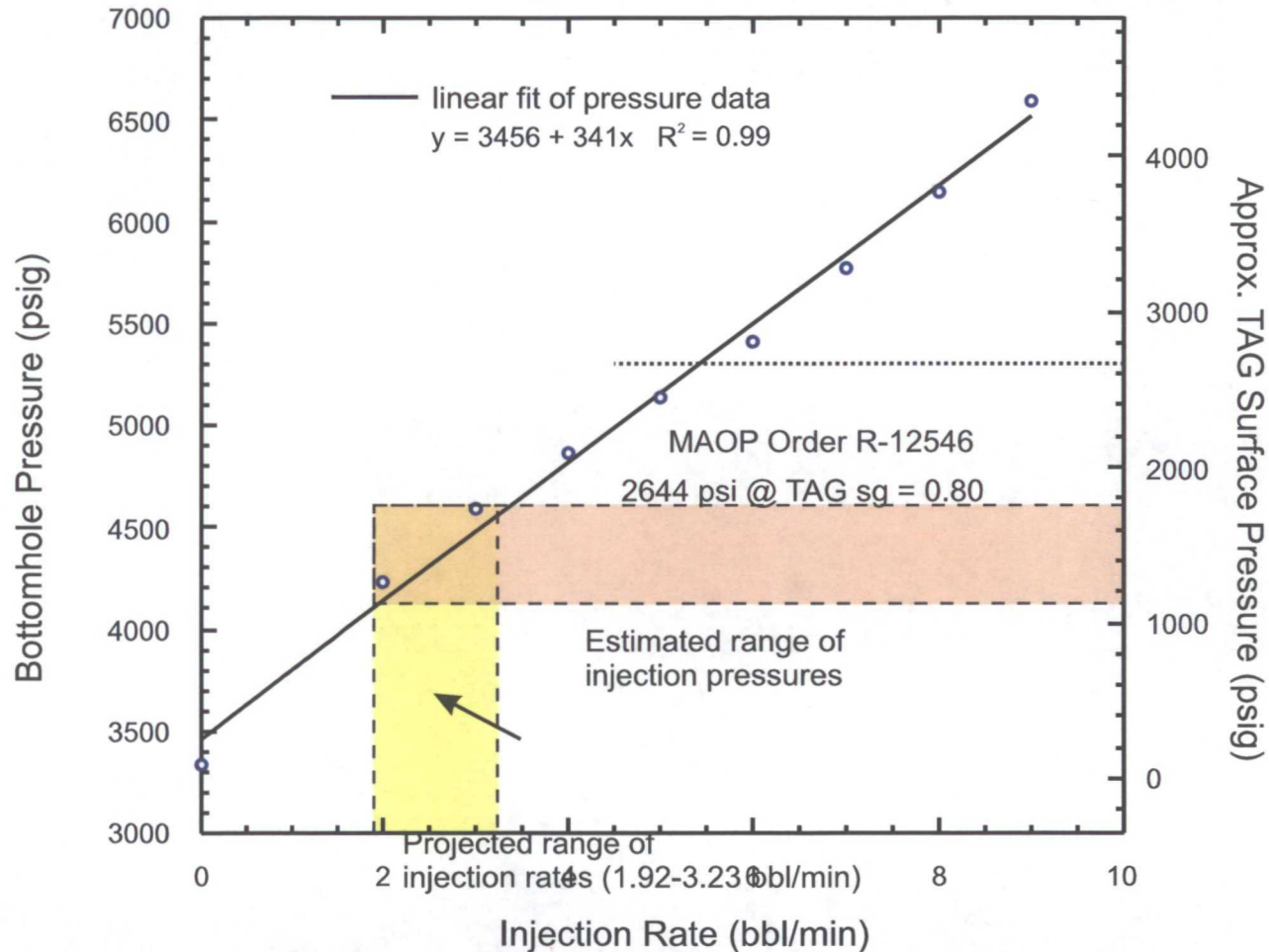


Figure 6:

Results of Linam AGI #1 Step Rate Test January 3-4, 2008



Note: Approx. TAG Surface Pressure is calculated using the initial reservoir pressure (3262 psi) and the ave. specific gravity of TAG ranging from 0.80 to 0.69. Note that during workover in April-May 2012, well Linam AGI #1 went on vacuum while killed, indicating an underpressured reservoir even after almost three years of operation at Linam AGI #1.

Explanation

-  Monitoring
-  Production
-  Industrial
-  Irrigation
-  Domestic
-  Exploratory
-  Sanitary
-  Cathodic Protection
-  Plugged & Abandoned

— One-Mile Radius From Proposed Linam AGI #2

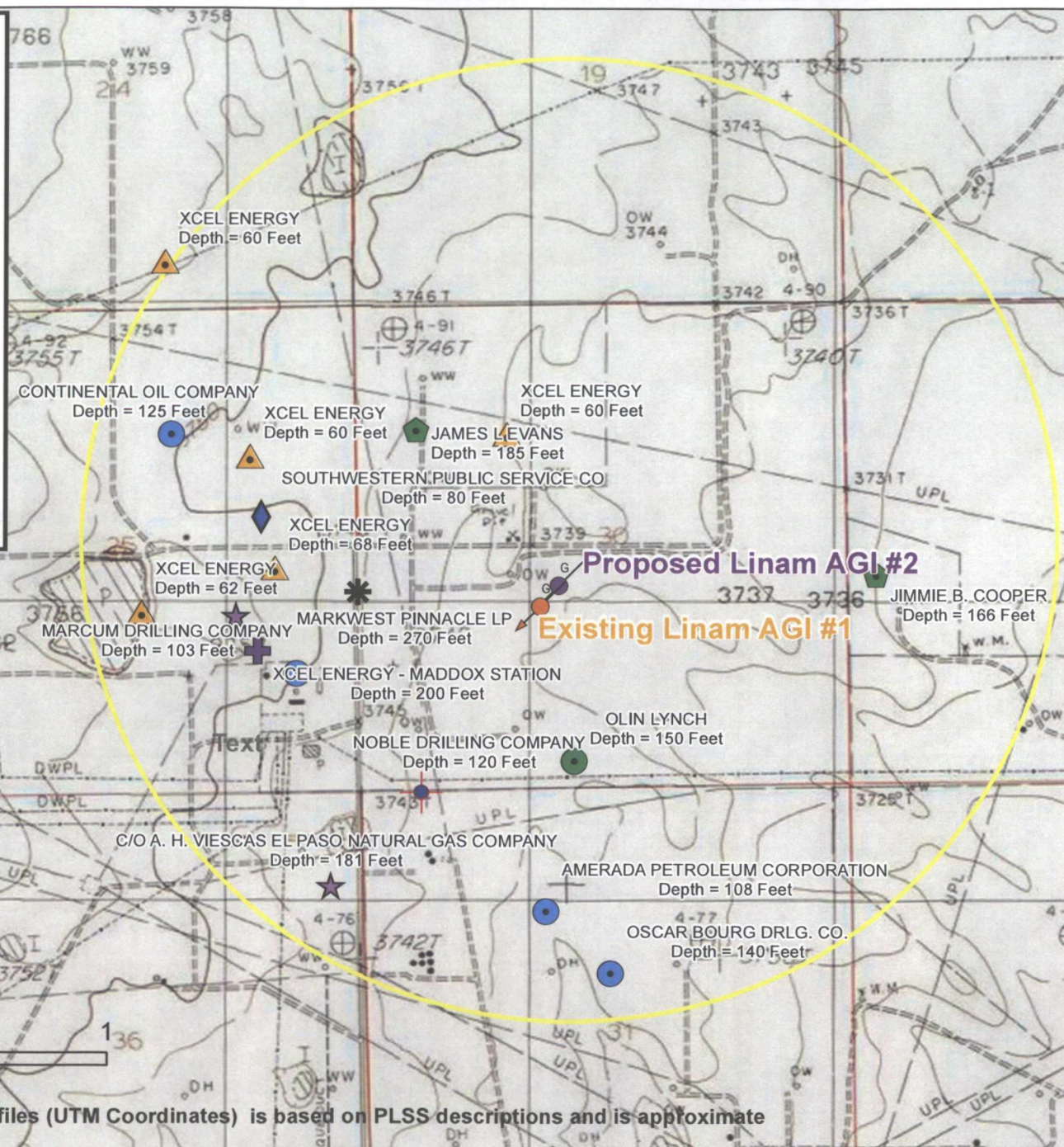














Figure 7: Identified Water Wells Within One Mile of Proposed Linam AGI #2

Explanation

-  Proposed Linam AGI #2
-  Grayburg/San Andres, Active
-  San Andres, P&A
-  San Andres/Arkansas Junction, Active
-  San Andres/Arkansas Junction, P&A
-  Abo, Active
-  Abo P&A
-  Goodwin/Drinkard, P&A
-  Lower Bone Springs, Active AGI (Penetrates Lower Bone Springs)
-  Deep Goodwin/Drinkard, P&A (Penetrates Lower Bone Springs)
-  Granite Wash, P&A (Penetrates Lower Bone Springs)
-  One-Mile Radius from Proposed Linam AGI #2

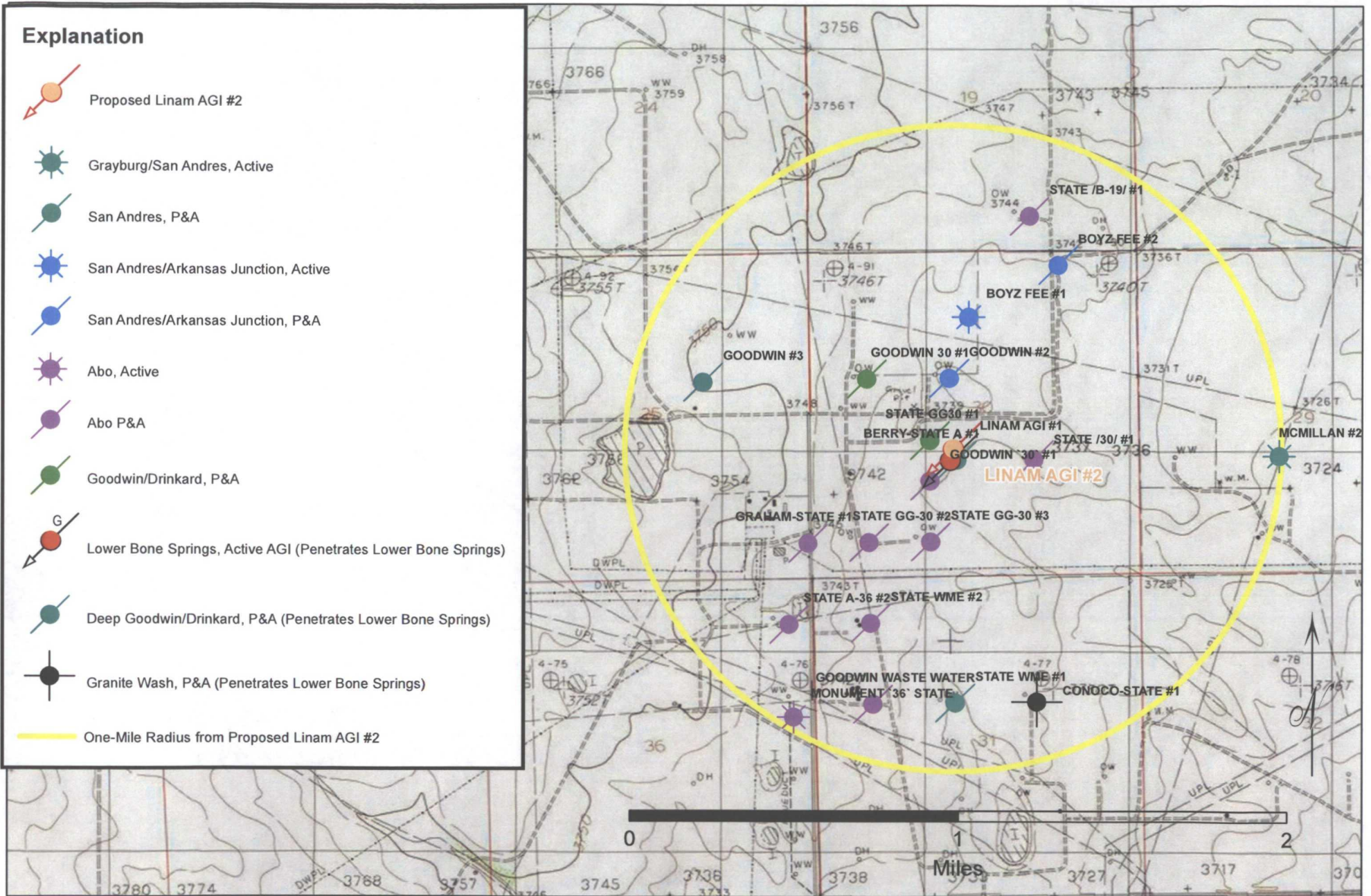


Figure 8: Oil, Gas and AGI Wells Within One Mile Radius of Proposed Linam AGI #2

APPENDICES

APPENDIX A

**Well Completion and Plugging Diagram for Deep Wells
within One Mile of Proposed Linam AGI #2 that Penetrate
the Lower Bone Springs Injection Reservoir**

CONOCO STATE #1
 API # 3002521832
 1980' FNL 1980' FEL, Sec. 31, T28 R37E

GR: 3739'

17.5" Bore to 385'
 13.375" 48# H40 Csg to 362'
 360 Sx Cmt to Surface

TOC @ 1000'
 (Temp. Survey)

12.25" Bore to 3130'
 9.875" 36# J-55 Csg to 3129'
 535 Sx Cmt to 1000'

10 Sx 0' - 20'

25 Sx 340' - 370'

50 Sx 984' - 1000'
 (Csg perf @ 984')

25 Sx 4658' - 4735'

50 Sx 6347' - 6500'

50 Sx 6627' - 6750'

50 Sx 6850' - 7000'

50 Sx 7112' - 7250'

100 Sx 8050' - 8365'

25 Sx 8725' - 8800'

25 Sx 9275' - 9350'

25 Sx 11600' - 11675'

TD @ 11,675'
 Dry Hole, no completion

Spud Date: July 31, 1966
 Operator: Pennzoil Company
 P&A Oct. 10, 1966 (Dry hole)
 Last Operator: Continental Oil Company

GOODWIN #3
API # 3002503976
1980' FNL 1980' FEL, Sec. 25, T18 R36E

GR: 3751'

17.5" Bore to 332'
13.375" 48# H40 Csg to 332'
550 Sx Cmt to Surface

10 Sx Plug @ Surface

12.25" Bore to 2925'
9.675" 36# J-55 Csg to 2925'
760 Sx Cmt to 28'

100 Sx @ 2750'

100 Sx @ 4350'

100 Sx @ 5250'

July 1972: Re-entered well
Set 5.5" Csg to 7990'
Perf & Test 7789-7953
No Commercial O&G

April 1973: Cut & Recovered 5.5" Csg @ 6525'
50 Sx @ 6550'

50 Sx 7822'-7420'

PBD 7920'
P&A 1961 No Csg.

100 Sx 7825'-7928'

TD 8.75" Bore @ 8582'

Spud Date: June 23., 1961
Operator: Continental oil Company
P&A April 20, 1962; Re-Entered July 1972, P&A April 1973
Last Operator: Continental Oil Company

DCP LINAM AGI #1 WELLBORE SCHEMATIC

Location: 1980' FSL, 1980' FWL
STR 30-T18S-R37E
County, St.: LEA, NEW MEXICO

SURFACE CASING:
 13 3/8", 48.00#/ft, H40, STC at 530'

INTERMEDIATE CASING:
 9 5/8", 40.00#/ft, J55, LTC at 4212'

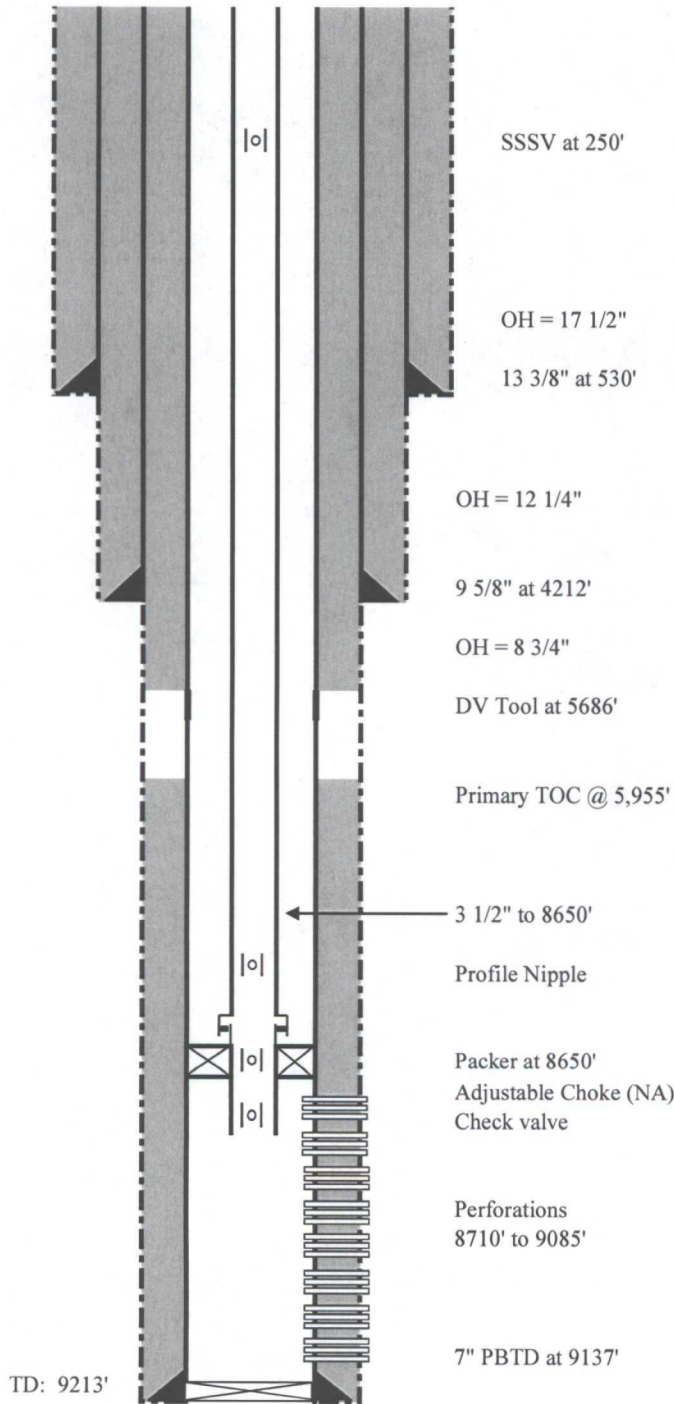
PRODUCTION CASING:
 7", 26.00#/ft, L80, STC at 9200'
 PBTD = 9137'

TUBING:
 Subsurface Safety Valve at 250 ft

PACKER:
 Permanent Production Packer
 Adjustable Choke
 Check valve

PERFORATIONS:

Primary Target	Secondary Target
Lower Bone Springs	Brushy Canyon
8710' - 8730'	5000' to 5300'
8755' - 8765'	(Not perforated)
8780' - 8795'	
8780' - 8890'	
8925' - 8930'	
8945' - 8975'	
8985' - 9000'	
9045' - 9085'	



APPENDIX B

Sample Notice Letter and Detailed Land Status Information on Operators, Lessees, Surface Owners, Mineral Owners and Other Interested Parties

- 1. Sample Notice Letter**
- 2. Table B-1**
- 3. Figure B-1**
- 4. Table B-2**
- 5. Figure B-2**
- 6. Table B-3**
- 7. Figure B-3**
- 8. Table B-4**
- 9. Land Status Reports by Tract (basis for Table B-4)**

November 1, 2012

Generic Notified Party
Mailing Address
City, State Zip Code

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RE: CASE NO. 13589: Application of DCP Midstream, LP to Re-Open Case No. 13589 to Amend Rule No. R-12546 for the Limited Purpose of Authorizing An Alternate Acid Gas Injection Well.

This letter is to advise you that DCP Midstream, LP ("DCP") filed the enclosed application on October 30, 2012, with the New Mexico Oil Conservation Division ("NMOCD" or "the Division") for the limited purpose of seeking approval to drill an alternate or redundant Acid Gas Injection (AGI) well at the Linam Gas Processing Plant ("Plant") near Hobbs, New Mexico. This matter will be the subject of a hearing in front of the NM Oil Conservation Commission. DCP already operates an AGI at this site (Linam AGI #1). The proposed new well (Linam AGI #2) is intended to provide an alternate means of injection in the case that AGI #1 encounters problems that require it to be temporarily shut down for repairs or upgrades. The proposed well will be located 2,120 feet from the South line and 2,120 feet from the West line of Section 30, Township 18 South, Range 37 East, in Lea County, New Mexico, approximately 250 feet north of the existing Linam AGI #1. DCP plans to inject up to 7 million cubic feet per day ("MMCFD") of acid gas and CO₂ from the Plant at a maximum pressure of 2,599 psi into the proposed AGI #2 well into the Lower Bone Springs Formation, at a target interval approximately 8,710 to 9,137 feet below the surface. This application does not seek to increase the injection volumes or pressures already approved for the Linam AGI #1, although it is possible that the proposed AGI #2 well may be operated simultaneously with the AGI #1 well by dividing the approved injection rate between the wells. *The proposed AGI #2 well will serve as a redundant well only. The proposed Linam AGI #2 is intended to work in the alternative to the existing AGI#1. It will add no additional injection capacity and will operate pursuant to NMOCC Order R-12546, as amended, just as the Linam AGI #1 operates under that Order.*

This application has been set for hearing before the New Mexico Oil Conservation Commission at 9:00 am December 6, 2012, in Porter Hall at the NMOCD's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by DCP's application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the application at a later date.

A party appearing at the hearing is required by the Division's rules to file a Pre-Hearing Statement with the NMOCD's Santa Fe office no later than one week prior to the hearing date. This statement must be served on counsel for DCP and on all other parties and should include: your name and the name of your attorney, if any; a concise statement of the case; the names of all witnesses you will call to testify at the hearing; the approximate time you will need to present your case; and an identification of any procedural matters that need to be resolved prior to the hearing. Interested persons may check the OCD website for hearing information at <http://www.emnrd.state.nm.us/OCD/hearings.html>. An interested person may contact Florene Davidson, Commission Clerk, at florene.davidson@state.nm.us (505-476-3458) for personal notice of the hearing.

If you have any questions concerning this application, you may contact Mr. Alberto Gutiérrez at (505) 842-8000 at Geolex, Inc.; 500 Marquette Avenue NW, Suite 1350; Albuquerque, New Mexico 87102.

Sincerely,
Geolex, Inc.

Alberto A. Gutiérrez, C.P.G.
President and Consultant to DCP Midstream, LP

Enclosure

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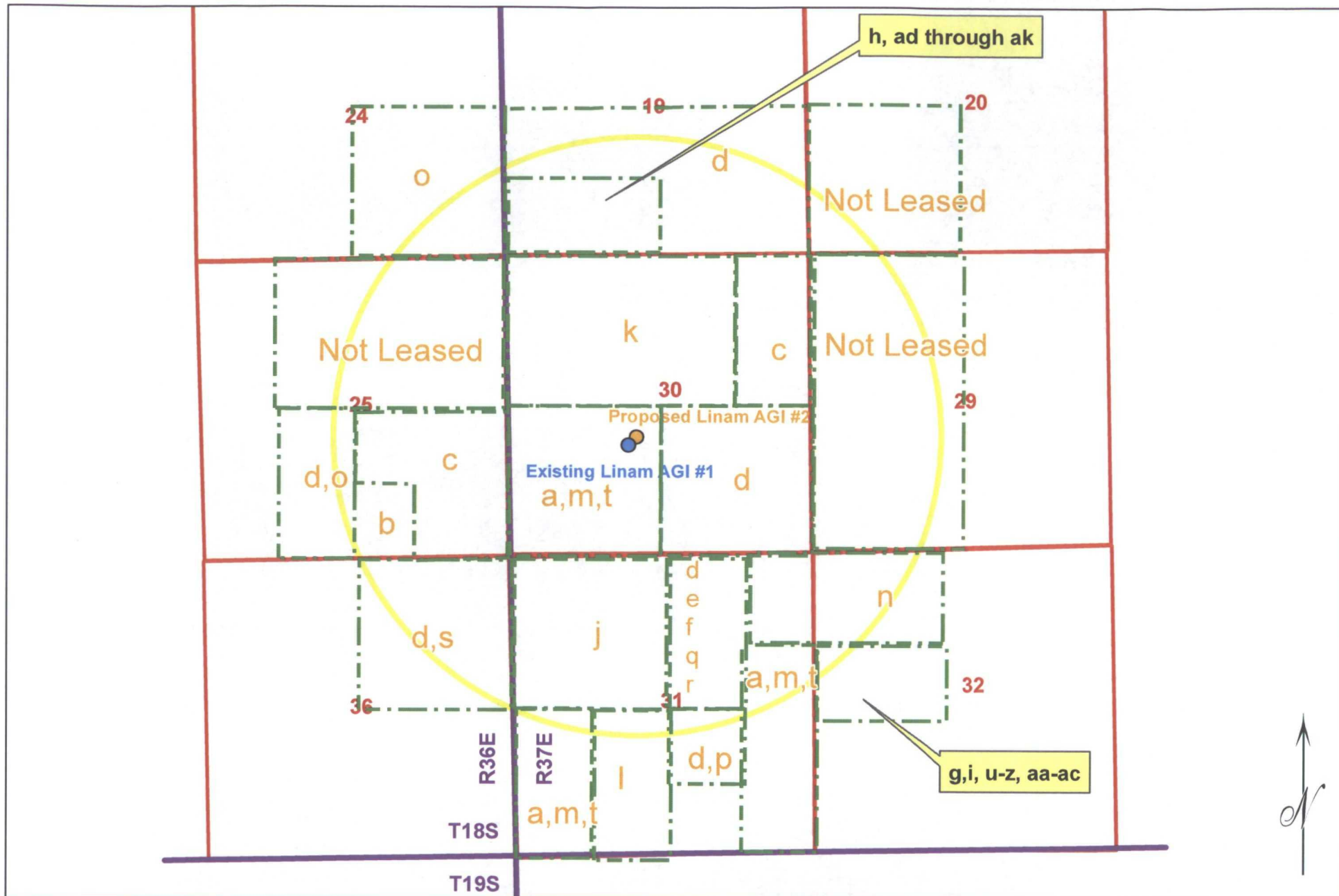
**Table B1: Operators and/or Lessees Within One
Mile of Proposed Linam AGI #2**

Operator/Working Interest	Map Key
Abo Petroleum Corp. 105 South Fourth St. Artesia, NM 88210	a
Chase Oil Corporation P.O. Box 1767 Artesia, NM 88210	b
Chevron Texaco Inc. P.O. Box 1635 Houston, TX 77251	c
Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	d
Devon Energy Corp. 20 North Broadway Suite 1500 Oklahoma City, OK 73102- 8260	e
Elk Refining Co. P.O. Box 1828 Midland, TX 79702	f
Exxon Mobil Corp. PO Box 2305 Houston, TX 77252	g
Kenneth G. Cone P.O. Box 11310 Midland, TX 79702	h
Lanexco, Inc. PO Box 2730 Midland, TX 79702	i
LeaCo New Mexico Exploration and Production, LLC a wholly owned subsidiary of Apache Corporation 2000 Post Oak Blvd. Suite 100 Houston, TX 77056	j

Operator/Working Interest	Map Key
Mack Energy Corporation P.O. Box 960 11344 Lovington Hwy Artesia, NM 88211	k
Marathon Oil Co. P.O. Box 552 Midland, TX 79702	l
Myco Industries, Inc. 105 South Fourth St. Artesia, NM 88210	m
O'Brien Goins Simpson Exploration Company 550 W. Texas, Suite 1140 Midland, TX 79701	n
Occidental Permian Limited Partnership P.O. Box 4294 Houston, TX 77210-4294	o
Southwest Royalties, Inc. 6 Desta Drive, Suite 2100 Midland, TX 79705	p
Wainoco, Inc. 1200 South St. Suite 2100 Houston, TX 77002	q
Wolf's Head Oil Refining Co. P.O. Box 1828 Midland, TX 79702	r
XTO Energy, Inc. 810 Houston St. Fort Worth, TX 76102-6398	s
Yates Petroleum Corp. 105 South Fourth St. Artesia, NM 88210	t

Operator/Working Interest	Map Key
D.L. Hannifin Family Trust Barbara E. Hannifin and Alan Hannifin, Co-Trustees PO Box 182 Roswell, NM 88202	u
P.J. Hannifin Family Trust 765 Santa Camelia Drive Solana Beach, CA 92075	v
Joe Alexander PO Box 3081 Midland, TX 79702	w
Robert W. Lansford 606 Abo Hobbs, NM 88240	x
William J. McCormick 2905 San Pablo, NE Albuquerque, NM 87110	y
Jack D. Mussett 604 Petroleum Bldg. Midland, TX 79701	z
Curtis Neeley Management Trust Curtis Neeley, Trustee PO Box 8992 Horseshoe Bay, TX 78657	aa
Thomas E. Phipps 5720 Wolf Lake Road Sebring, FL 33875	ab
William B. Blakemore, II 200 West Illinois – Suite 200 Midland, TX 79701	ac

Operator/Working Interest	Map Key
Cathie Cone Auvenshine McCown P.O. Box 658 Dripping Springs, TX 78620	ad
Tom R. Cone P.O. Box 778 Jay, Oklahoma 74346	ae
Cathie Cone McCown as Trustee of the Auvenshine Childrens Testamentary Trust P.O. Box 507 Dripping Springs, TX 78620	af
Long Trusts, a Texas Trust Larry T. Long, Managing Trustee P.O. Box 3096 118 South Kilgore Street Kilgore, TX 75663	ag
Randy Lee Cone P.O. Box 552 Jay, OK 74346	ah
Billy Glenn Spradlin 29 Rim Road Kilgore, TX 75662	ai
LFN Cone Properties, LLC, a Texas Limited Liability Co. P.O. Box 41809 Austin, TX 78704	aj
BOKE, NA fka Bank of Oklahoma, Successor Trustee of the Trusts created u/w of Kathleen Cone, Dec'd fbo the Children of Tom R. Cone P.O. Box 3499 Tulsa, OK 74101	ak

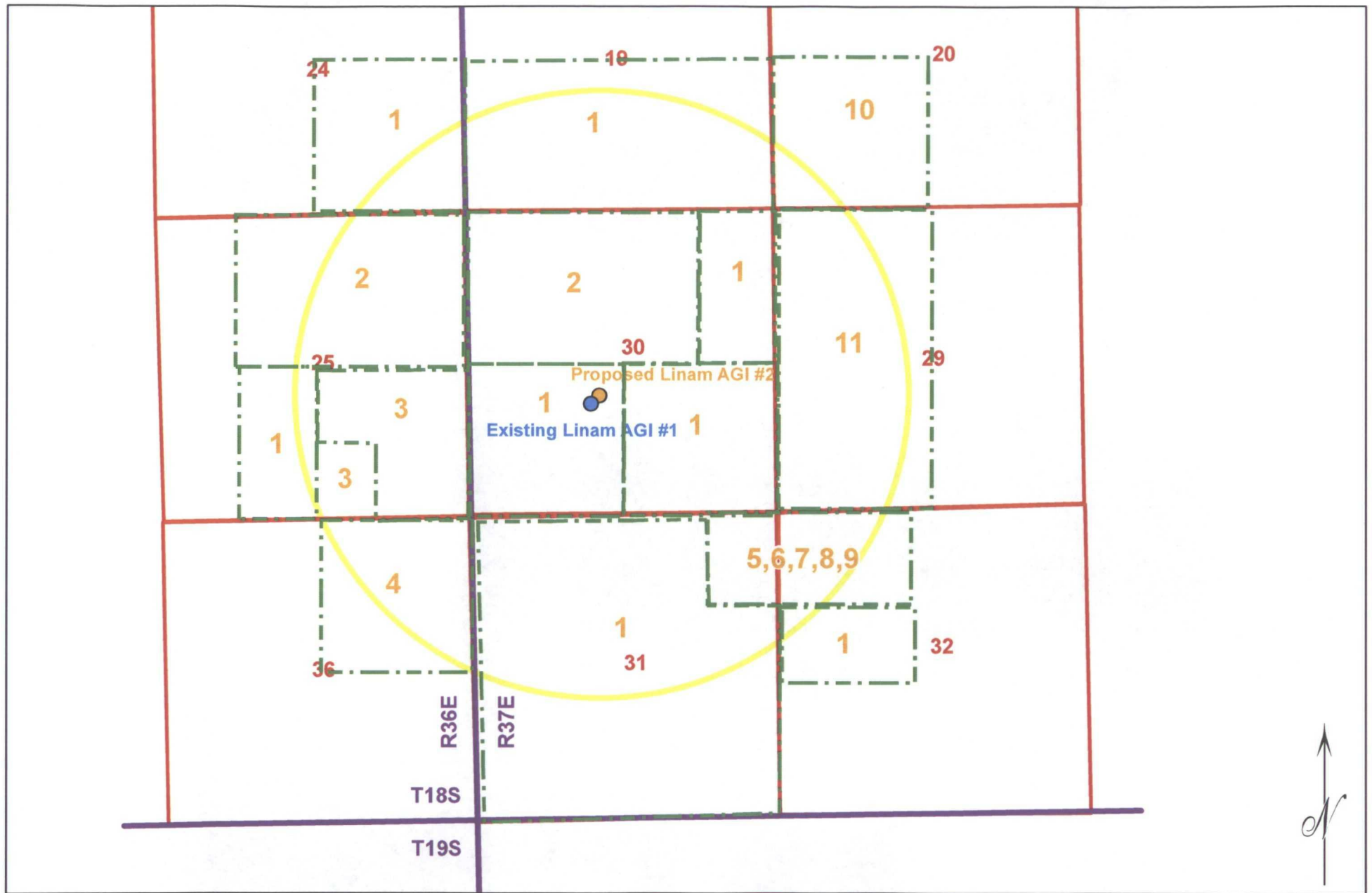


Note: See Table B1 for map key



Figure B1: Operators and/or Lessees Within One Mile of Proposed Linam AGI #2

Table B2: Surface Owners Within One Mile of Proposed Linam AGI #2	
Surface Ownership	Map Key
State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	1
Randy D. Smith and Naomi C. Smith P.O. Box 633 Carlsbad, NM 88221	2
Southwestern Public Service Co. P.O. Box 840 Denver, CO 80211	3
Burlington Resources Oil & Gas Co. ,LP 801 Cherry St. Ft. Worth, TX 76102	4
Carlin Properties, LLC P.O. Box 188 Monument, NM 88265-0188	5
Thelma Marie Carlin 312 Walnut Ruidoso, NM 88345	6
Beverly K. Carlin, legal Guardian of Sarah E. Carlin 11530 Hooker Street Westminster, CO 80030	7
Pamela Kaye Howard and Robert Groves Howard, Jr., 3813 Trevino Hobbs, NM 88240	8
Shayne Kathleen Maloney Carlin and Timothy James Carlin 9801 Carlsbad Highway Hobbs, NM 88240	9
A.C. Ranch NM, a general partnership 817 N. Grimes Hobbs, NM 88248	10
Jimmy B. Cooper P.O. Box 36 Monument, NM 88265	11



Note: See Table B2 for map key

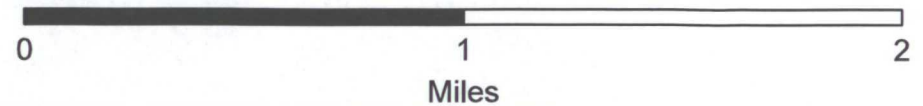


Figure B2: Surface Land Owners Within One Mile of Proposed Linam AGI #2

Table B3: Unleased Mineral Owners Within One Mile of	
Tract No.	Mineral Ownership
2	James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075
2	Madison M. Hinkle and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292
2	Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588
2	Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588
2	Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292
2	R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292
2	Richardson Mineral & Royalty, LLC P.O. Box 2423 Roswell, NM 88202-2423
2	Rolla R. Hinkle II and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345
2	Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292
9	Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588
9	Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292
9	R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292
9	Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292

Tract No.	Mineral Ownership
9	Madison M. Hinkle II and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292
9	Rolla R. Hinkle, II and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345
9	Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588
9	Collette E. Herman 3725 11th Ave. SW Rochester, MN 55902
9	Kennon M. Crowhurst 1304 W. 4th St. Roswell, NM 88201
9	Michael S. White P.O. Box 580 Dexter, NM 88230
9	Mario Picon 5014 West Berrendo Road Roswell, NM 88201
9	Jerry D. Romero 5713 95th St. Lubbock, TX 79424
9	Lynette P. Radke 624 Happy Trails Drive LeMars, IA 51031
9	James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075
9	Richardson Mineral & Royalty, LLC P.O. Box 2423 Roswell, NM 88202-2423
18	Billy Glenn Spradlin 29 Rim Road Kilgore, TX 75662
18	BOKE, NA fka Bank of Oklahoma, Successor Trustee of the Trusts created u/w of Kathleen Cone, Dec'd fbo the Children of Tom R. Cone P.O. Box 3499 Tulsa, OK 74101

Tract No.	Mineral Ownership
18	Cathie Auvenshine McCown P.O. Box 658 Dripping Springs, TX 78620
18	Cathie Cone McCown as Trustee of the Auvenshine Childrens Testamentary Trust P.O. Box 507 Dripping Springs, TX 78620
18	Kenneth G. Cone P.O. Box 11310 Midland, TX 79702
18	Lea County State Bank, as Trustee of The Carlin Trust and The Klein Trust created under the Last Will & Testament of James Virgil Linam, deceased P.O. Box 400 Hobbs, NM 88241
18	LFN Cone Properties, LLC, a Texas Limited Liability Co. P.O. Box 41809 Austin, TX 78704
18	Long Trusts, a Texas Trust P.O. Box 3096 118 South Kilgore Street Kilgore, TX 75663
18	Michael Harrison Moore, Trustee of the Michael Harrison Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998 P.O. Box 51570 Midland, TX 79710-1570
18	Randy Lee Cone P.O. Box 552 Jay, OK 74346
18	Richard Lyons Moore, Trustee of the Richard Lyons Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998 1150 North Carroll Avenue Southlake, TX 76092
18	Tom R. Cone P.O. Box 778 Jay, Oklahoma 74346

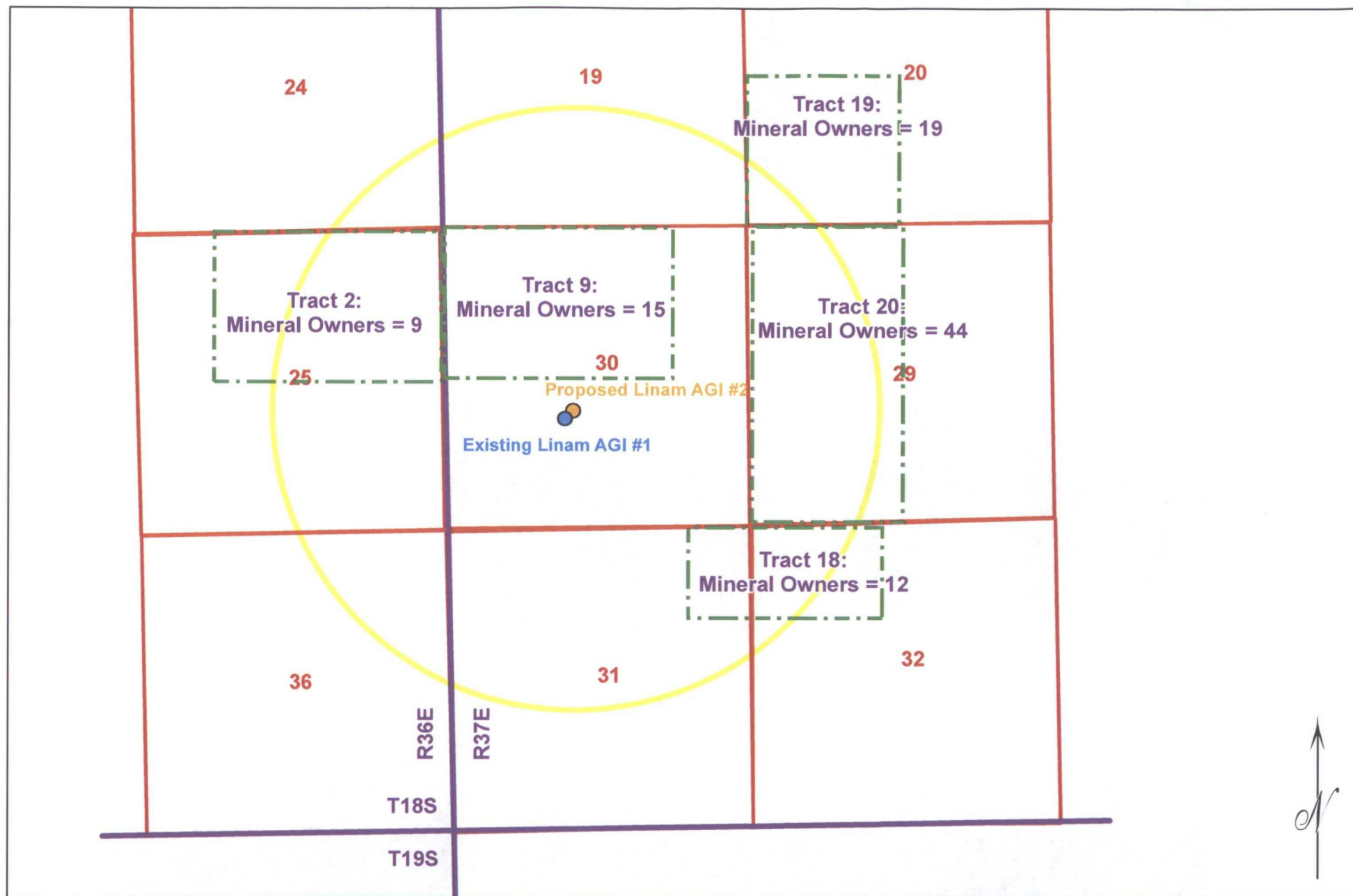
Tract No.	Mineral Ownership
19	Colleen M. Newman #24 Club Circle Sherwood, AR 72120
19	College of the Southwest 6610 Lovington Highway Hobbs, NM 88240
19	Corrigan Southern Land & Cattle Co., LLC 8117 Preston Road, Suite 610 Dallas, TX 75225
19	Diana A. Campbell, as Trustee of the Diana A. Campbell Trust dated 9/23/1996 PO Box 623 Agoura Hills, CA 91376-0623
19	J. Pat Corrigan Family Limited Partnership 7150 20th Street, Suite E Vero Beach, Florida 32966
19	Jane S. Notz 917 Ridge Road Cheyenne, WY 82001
19	Loretta Sue Montgomery 3553 Appaloosa Dr., Santa Teresa, NM 88008
19	Marshal & Winston, Inc. P.O. Box 50880 Midland, TX 79710-0880
19	Mary Ann Hastings Stephenson 3805 River View Road NW Albuquerque, NM 87105
19	Mary Sharlene Cowan 2106 W. 18th ST., Pueblo, CO 81003
19	Nancy J. Engstrom, as Trustee of the Nancy J. Engstrom Trust dated 3/20/2000 PO Box 2399 Santa Barbara, CA 93120-2399
19	Nationsbank of Texas, N. A., as Trustee of the V.P. Baker Family Royalty Trust PO Box 830308 Dallas, TX 75283-0308
19	Peggy J. Delgadillo, as Trustee of the Peggy J. Delgadillo Revocable Living Trust dated 4/19/2007 26172 Rainbow Glen Dr. Newhall, CA 91321-1369

Tract No.	Mineral Ownership
19	Robert L. McPheron and Irene I. McPheron PO Box 6273 Edmond, OK 73083
19	Suzanne Shipp Cunningham, as Trustee of the Suzanne Shipp Cunningham Revocable Trust, dated July 13/2001, as amended 3613 E. 49th St. Tulsa, OK 74135
19	Vickie Sue Garcia 2848 Jeffries Ranch Road Oceanside, CA 92057-4906
19	Western Commerce Bank as Trustee of the Frances J. Freeman Revocable Living Trust U/T/A dated September 1, 1992 PO Box 1627 Lovington, NM 88261-1627
19	William Marshall Shipp and Pamela Ann Dixon Shipp, as Trustees of the William Marshall Shipp and Pamela Ann Dixon Shipp Revocable Trust, dated 6/29/2001, as amended 1104 West Ave J. Lovington, NM 88260
19	Winston Partners, LTD c/o Meristem 601 Carlson Parkway Suite 800 Minnetonka, MN 55305
20	April Elizabeth Tucker 4308 South Rim Court Gilbert, AZ 85297
20	Audrey M. Curry Midland County, Texas
20	Bank of Amercia NA, Trustee of the Myrtle L. Davis Oil Trust PO Box 830308 Dallas, TX 75283
20	Beams Mineral Co. 4925 Greenville, Ave Suite 714 Dallas, TX 75205-4084
20	C.S. Daley 1110 N.W. 16th Street Oklahoma City, OK

Tract No.	Mineral Ownership
20	Clark C. Coll, ssp PO Box 1818 Roswell, NM 88202-0818
20	David H. Ellison, as PR of the Estate George Rittenhouse Ellison, Deceased 3118 Carroll Ave Cleveland, OH 44113
20	Eric J. Coll, ssp PO Box 1818 Roswell, NM 88202-0818
20	Etz Oil Properties, LTD PO Box 73406 Phoenix, AZ 85050
20	Floyd M. Melton, Jr., Successor Trustee under the LW&T of Austin Rittenhouse, deceased PO Box 534 Greenwood, MS 38935-0534
20	George H. Etz, Sr., Trust George H. Etz, Jr. as Trustee 1105 Xanthisma McAllen, TX 78504
20	George T. Blankenship, Jr. 6412 Avondale Dr., Suite 400 Oklahoma City, OK 73116
20	GNX Energies, Inc 550 W. Texas, Suite 1140 Midland, TX 79701
20	Harrison Levy, as Administrator of the Estate Harry Levy, deceased 5715 North Western, Suite C Oklahoma City, OK 73118
20	James L. Marr, as Trustee of the M&M Families Trust 1308 SW 114th Oklahoma City, OK 73170
20	James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075

Tract No.	Mineral Ownership
20	Jon F. Coll II ssp PO Box 1818 Roswell, NM 88202-0818
20	Joseph C. Blake Address Unkown
20	Joseph Nelson Address Unknown
20	Judith Rittenhouse, fka Judith Lamb LaForge 2434 E. Contessa Street Mesa, AZ 85213
20	Lewis Weldon Beard 1510 Belmont Street Jackson, MS 39202
20	Libby Linn Underwood Morrish 1388 Midland Street Brighton, CO 80101
20	Loran Tyner Lamb PO Box 534 Greenwood, MS 38935
20	Madison M. Hinkle and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292
20	Map 2001-Net, an Oklahoma general partner PO Box 268988 Oklahoma City, OK 73126
20	Mary Carolyn Fasken Belcher 1314 Bonham Odessa, TX 79761
20	Max W. Coll III, ssp PO Box 1818 Roswell, NM 88202-0818
20	Max W. Coll, II, ssp 83 La Barbaria Trail Santa Fe, NM 87505-9008
20	Melanie Coll DeTempe, married, ssp 5653 Tobias Avenue Van Nuys, CA 91411
20	Molly Catherine Lamb PO Box 534 Greenwood, MS 38935
20	Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588

Tract No.	Mineral Ownership
20	Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588
20	Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292
20	Oxford Exploration Company PO Box 370390 Denver, CO 80237
20	R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292
20	Richardson Mineral & Royalty, LLC PO Box 2423 Roswell, NM 88202-2423
20	Rolla R. Hinkle II and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345
20	Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292
20	Royalty Holding Company 3535 NW 58th, Suite 720 Oklahoma City, OK 73112
20	Sally Rodgers, ssp 152 Arroyo Hondo Rd Santa Fe, NM 87508
20	Susan Lamb Griffith 1510 Belmont Street Jackson, MS 39202
20	Thomas Weldon Tucker 1510 Belmont Street Jackson, MS 39202
20	Veva (Neva) K. Nelson Address Unknown
20	Wanda Doss Ellison, Executrix of the Estate of Charles Donald Ellison, Jr., deceased 2505 Whispering Oaks Denton, TX 76209-6491



Note: See Table B3 for map key

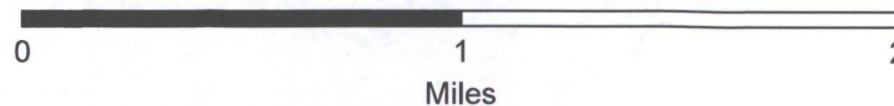


Figure B3: Unleased Mineral Owners Within One Mile of Proposed Linam AGI #2

Table B4: Summary Land Index

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
1	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	Snyder Ranches P.O. Box 2158 Hobbs, NM 88241	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Stanolind Oil & Gas	Occidental Permian Limited Partnership P.O. Box 4294 Houston, TX 77210-4294	All Depths
2	Randy D. Smith and Naomi C. Smith P.O. Box 633 Carlsbad, NM 88221			Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588	All Depths			
2				Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
2				R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
2				Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
2				Madison M. Hinkle and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
2				Rolla R. Hinkle and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345	All Depths			
2				Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588	All Depths			
2				James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075	All Depths			
				Richardson Mineral & Royalty, LLC P.O. Box 2423 Roswell, NM 88202-2423	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
3	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504- 1148	Southwestern Public Service Co. P.O. Box 840 Denver, CO 80211	Business Lease 504	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Stanolind Oil & Gas	Occidental Permian Limited Partnership P.O. Box 4294 Houston, TX 77210-4294	Surface to 4,200' and below the base of Bone Springs
3							Occidental Permian Limited Partnership P.O. Box 4294 Houston, TX 77210-4294	4,200' to base of Bone Springs
3							Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	4,200' to base of Bone Springs
4	Southwestern Public Service Co. P.O. Box 840 Denver, CO 80211			State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Gypsy Oil Co.	Chevron Texaco, Inc. P.O. Box 1635 Houston, TX 77251	All Depths
5	Southwestern Public Service Co. P.O. Box 840 Denver, CO 80211			State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Chase Oil Co.	Chase Oil Corporation P.O. Box 1767 Artesia, NM 88210	All Depths
6	Burlington Resources Oil & Gas Co., LP 801 Cherry St. Ft. Worth, TX 76102			State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Continental Oil Co.	XTO Energy, Inc. (Operator) 810 Houston St. Fort Worth, TX 76102- 6398	All Depths
6							Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	Surface to 4,170'
6							XTO Energy, Inc 810 Houston St. Fort Worth, TX 76102- 6398	Below 4,170'
7	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504- 1148	Naomi Smith P.O. Box 633 Carlsbad, NM 88220	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Continental Oil Co.	Kenneth G. Cone P.O. Box 11310 Midland, TX 79702	All Depths
7							Cathie Cone Auvenshine McCown P.O. Box 658 Dripping Springs, TX 78620	All Depths
7							Tom R. Cone P.O. Box 778 Jay, Oklahoma 74346	All Depths
7							Cathie Cone McCown as Trustee of the Auvenshine Childrens Testamentary Trust P.O. Box 507 Dripping Springs, TX 78620	All Depths

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
7							Long Trusts, a Texas Trust Larry T. Long, Managing Trustee P.O. Box 3096 118 South Kilgore Street Kilgore, TX 75663	All Depths
7							Randy Lee Cone P.O. Box 552 Jay, OK 74346	All Depths
7							Billy Glenn Spradlin 29 Rim Road Kilgore, TX 75662	All Depths
7							LFN Cone Properties, LLC, a Texas Limited Liability Co. P.O. Box 41809 Austin, TX 78704	All Depths
7							BOKE, NA fka Bank of Oklahoma, Successor Trustee of the Trusts created u/w of Kathleen Cone, Dec'd fbo the Children of Tom R. Cone P.O. Box 3499 Tulsa, OK 74101	All Depths
8	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	Naomi Smith P.O. Box 633 Carlsbad, NM 88220	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Continental Oil Co.	Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	All Depths
9	Randy D. Smith and Naomi C. Smith P.O. Box 633 Carlsbad, NM 88221			Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588	All depths below 100' below Drinkard (7,048')		Mack Energy Corporation (Operator) P.O. Box 960 11344 Lovington Hwy Artesia, NM 88211	Surface to 100' below Drinkard
9				Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292	All depths below 100' below Drinkard (7,048')			
9				R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292	All depths below 100' below Drinkard (7,048')			
9				Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All depths below 100' below Drinkard (7,048')			
9				Madison M. Hinkle and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All depths below 100' below Drinkard (7,048')			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
9				Rolla R. Hinkle, II and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345	All depths below 100' below Drinkard (7,048')			
9				Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588	All depths below 100' below Drinkard (7,048')			
9				Collette E. Herman 3725 11th Ave. SW Rochester, MN 55902	All depths below 100' below Drinkard (7,048')			
9				Kennon M. Crowhurst 1304 W. 4th St. Roswell, NM 88201	All depths below 100' below Drinkard (7,048')			
9				Michael S. White P.O. Box 580 Dexter, NM 88230	All depths below 100' below Drinkard (7,048')			
9				Mario Picon 5014 West Berrendo Road Roswell, NM 88201	All depths below 100' below Drinkard (7,048')			
9				Jerry D. Romero 5713 95th St. Lubbock, TX 79424	All depths below 100' below Drinkard (7,048')			
9				Lynette P. Radke 624 Happy Trails Drive LeMars, IA 51031	All depths below 100' below Drinkard (7,048')			
9				James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075	All depths below 100' below Drinkard (7,048')			
9				Richardson Mineral & Royalty, LLC P.O. Box 2423 Roswell, NM 88202-2423	All depths below 100' below Drinkard (7,048')			
9				Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
9				Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
9				R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
9				Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
9				Madison M. Hinkle, II and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
9				Rolla R. Hinkle and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345	All Depths			
9				Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588	All Depths			
9				Collette E. Herman 3725 11th Ave. SW Rochester, MN 55902	All Depths			
9				Kennon M Crowhurst 1304 W. 4th St. Roswell, NM 88201	All Depths			
9				Michael S. White P.O. Box 580 Dexter, NM 88230	All Depths			
9				Mario Picon 5014 West Berrendo Road Roswell, NM 88201	All Depths			
9				Jerry D. Romero 5713 95th St. Lubbock, TX 79424	All Depths			
9				Lynette P. Radke 624 Happy Trails Drive LeMars, IA 51031	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
9				James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075	All Depths			
9				Richardson Mineral & Royalty, LLC P.O. Box 2423 Roswell, NM 88202-2423	All Depths			
10	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	A.C. Ranch 817 North Grimes Hobbs, NM 88240	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Gypsy Oil Co.	Chevron Texaco Inc. P.O. Box 1635 Houston, TX 77251	All Depths
11	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	A.C. Ranch 817 North Grimes Hobbs, NM 88240	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Yates Petroleum Corp.	Yates Petroleum Corp. 105 South Fourth St. Artesia, NM 88210	All Depths
11							Abo Petroleum Corp. 105 South Fourth St. Artesia, NM 88210	All Depths
11							Myco Industries, Inc. 105 South Fourth St. Artesia, NM 88210	All Depths
12	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	Grazing Lease to: A.C. Ranch 817 North Grimes Hobbs, NM 88240	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Continental Oil Co.	Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	All Depths
13	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	Estate of Bruce Alene Carlin, dec. Estate of Faye Klein, dec. c/o P.O. Box 188 Monument, NM 88265	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Amerada Petroleum Corp.	LeaCo New Mexico Exploration and Production, LLC a wholly owned subsidiary of Apache Corporation 2000 Post Oak Blvd. Suite 100 Houston, TX 77056	All Depths
14	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	Estate of Bruce Alene Carlin, dec. Estate of Faye Klein, dec. c/o P.O. Box 188 Monument, NM 88265	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Continental Oil Co.	Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	Surface to 7,700

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
14							Conoco Phillips Co. P.o. Box 1150 Midland, TX 79702	All depths below 7,700'
14							Wolf's Head Oil Refining Co. P.O. Box 1828 Midland, TX 79702	Below 7,700
14							Wainoco, Inc. 1200 South St. Suite 2100 Houston, TX 77002	Below 7,700
14							Elk Refining Co. P.O. Box 1828 Midland, TX 79702	Below 7,700
14							Devon Energy Corp. 20 North Broadway Suite 1500 Oklahoma City, OK 73102-8260	Below 7,700
15	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504- 1148	EOG Resources, Inc. P.O. Box 4362 Houston, TX 77210-4362	Business Lease 1101	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Yates Petroleum Corp.	Yates Petroleum Corp. 105 South Fourth St. Artesia, NM 88210	All Depths
15		Estate of Bruce Alene Carlin, dec. Estate of Faye Klein, dec. c/o P.O. Box 188 Monument, NM 88265	Grazing Lease		All Depths		Abo Petroleum Corp. 105 South Fourth St. Artesia, NM 88210	All Depths
15							Myco Industries, Inc. 105 South Fourth St. Artesia, NM 88210	All Depths
16	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504- 1148	Estate of Bruce Alene Carlin, dec. Estate of Faye Klein, dec. c/o P.O. Box 188 Monument, NM 88265	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Adele N. Warn	Marathon Oil Co. P.O. Box 552 Midland, TX 79702	All Depths
17	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504- 1148	EOG Resources, Inc. P.O. Box 4362 Houston, TX 77210-4362	Business Lease 1101	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Phillips Petroleum Corp.	Southwest Royalties, Inc. 6 Desta Drive, Suite 2100 Midland, TX 79705	Surface to 4,100

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
17		Estate of Bruce Alene Carlin, dec. Estate of Faye Klein, dec. c/o P.O. Box 188 Monument, NM 88265	Grazing Lease				Conoco Phillips Co. P.O. Box 1150 Midland, TX 79702	Below 4,100
18	Carlin Properties, LLC P.O. Box 188 Monument, NM 88265-0188			Kenneth G. Cone P.O. Box 11310 Midland, TX 79702	All Depths	Lanexco, Inc. P.O. Box 2730 Midland, TX 79702		
18	Thelma Marie Carlin 312 Walnut Ruidoso, NM 88345			Cathie Auvenshine McCown P.O. Box 658 Dripping Springs, TX 78620	All Depths	O'Brien Goins Simpson Exploration Company, 550 W Texas, Suite 1140, Midland, TX 79701		
18	Beverly K. Carlin, legal Guardian of Sarah E. Carlin 11530 Hooker Street Westminster, CO 80030			Tom R. Cone P.O. Box 778 Jay, Oklahoma 74346	All Depths			
18	Pamela Kaye Howard and Robert Groves Howard, Jr., 3813 Trevino Hobbs, NM 88240			Cathie Cone McCown as Trustee of the Auvenshine Childrens Testamentary Trust P.O. Box 507 Dripping Springs, TX 78620	All Depths			
18	Shayne Kathleen Maloney Carlin and Timothy James Carlin 9801 Carlsbad Highway Hobbs, NM 88240			Long Trusts, a Texas Trust P.O. Box 3096 118 South Kilgore Street Kilgore, TX 75663	All Depths			
18				Randy Lee Cone P.O. Box 552 Jay, OK 74346	All Depths			
18				Billy Glenn Spradlin 29 Rim Road Kilgore, TX 75662	All Depths			
18				LFN Cone Properties, LLC, a Texas Limited Liability Co. P.O. Box 41809 Austin, TX 78704	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
18				BOKE, NA fka Bank of Oklahoma, Successor Trustee of the Trusts created u/w of Kathleen Cone, Dec'd fbo the Children of Tom R. Cone P.O. Box 3499 Tulsa, OK 74101	All Depths			
18				Lea County State Bank, as Trustee of The Carlin Trust and The Klein Trust created under the Last Will & Testament of James Virgil Linam, deceased P.O. Box 400 Hobbs, NM 88241	All Depths			
18				Michael Harrison Moore, Trustee of the Michael Harrison Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998 P.O. Box 51570 Midland, TX 79710-1570	Below 4,500			
18				Richard Lyons Moore, Trustee of the Richard Lyons Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998 1150 North Carroll Avenue Southlake, TX 76092	Below 4,500			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
19	A.C. Ranch NM, a general partnership 817 N. Grimes Hobbs, NM 88248			Marshal & Winston, Inc. P.O. Box 50880 Midland, TX 79710-0880	All Depths			
19				Mary Ann Hastings Stephenson 3805 River View Road NW Albuquerque, NM 87105	All Depths			
19				Colleen M. Newman #24 Club Circle Sherwood, AR 72120	All Depths			
19				Winston Partners, LTD c/o Meristem 601 Carlson Parkway Suite 800 Minnetonka, MN 55305	All Depths			
19				Western Commerce Bank as Trustee of the Frances J. Freeman Revocable Living Trust U/T/A dated September 1, 1992 PO Box 1627 Lovington, NM 88261-1627	All Depths			
19				Robert L. McPheron and Irene I. McPheron PO Box 6273 Edmond, OK 73083	All Depths			
19				Suzanne Shipp Cunningham, as Trustee of the Suzanne Shipp Cunningham Revocable Trust, dated July 13/2001, as amended 3613 E. 49th St. Tulsa, OK 74135	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
19				William Marshall Shipp and Pamela Ann Dixon Shipp, as Trustees of the William Marshall Shipp and Pamela Ann Dixon Shipp Revocable Trust, dated 6/29/2001, as amended 1104 West Ave J. Lovington, NM 88260	All Depths			
19				Diana A. Campbell, as Trustee of the Diana A. Campbell Trust dated 9/23/1996 PO Box 623 Agoura Hills, CA 91376-0623	All Depths			
19				Peggy J. Delgadillo, as Trustee of the Peggy J. Delgadillo Revocable Living Trust dated 4/19/2007 26172 Rainbow Glen Dr. Newhall, CA 91321-1369	All Depths			
19				Nancy J. Engstrom, as Trustee of the Nancy J. Engstrom Trust dated 3/20/2000 PO Box 2399 Santa Barbara, CA 93120-2399	All Depths			
19				J. Pat Corrigan Family Limited Partnership 7150 20th Street, Suite E Vero Beach, Florida 32966	All Depths			
19				Jane S. Notz 917 Ridge Road Cheyenne, WY 82001	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
19				Loretta Sue Montgomery 3553 Appaloosa Dr., Santa Teresa, NM 88008	All Depths			
19				Vickie Sue Garcia 2848 Jeffries Ranch Road Oceanside, CA 92057-4906	All Depths			
19				Mary Sharlene Cowan 2106 W. 18th ST., Pueblo, CO 81003	All Depths			
19				Corrigan Southern Land & Cattle Co., LLC 8117 Preston Road, Suite 610 Dallas, TX 75225	All Depths			
19				Nationsbank of Texas, N. A., as Trustee of the V.P. Baker Family Royalty Trust PO Box 830308 Dallas, TX 75283-0308	All Depths			
19				College of the Southwest 6610 Lovington Highway Hobbs, NM 88240	All Depths			
20	Jimmy B. Cooper P.O. Box 36 Monument, NM 88265			Nuevo Seis Limited Partnership P.O. Box 2588 Roswell, NM 88202-2588	All Depths			
20				Oscura Resources P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
20				R.R. Hinkle Co., Inc. P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
20				Rolla R. Hinkle, III and Rosemary Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
20				Madison M. Hinkle and Susan Hinkle P.O. Box 2292 Roswell, NM 88202-2292	All Depths			
20				Rolla R. Hinkle II and Marjorie W. Hinkle 303 Coal Dr. Ruidoso, NM 88345	All Depths			
20				Morris E. Schertz and Holly K. Schertz P.O. Drawer 2588 Roswell, NM 88202-2588	All Depths			
20				James Mark McFayden and Adrienne Jacqueline McFayden Joint Living Trust 1549 Ayelsbury Plano, TX 75075	All Depths			
20				Richardson Mineral & Royalty, LLC PO Box 2423 Roswell, NM 88202-2423	All Depths			
20				Royalty Holding Company 3535 NW 58th, Suite 720 Oklahoma City, OK 73112	All Depths			
20				C.S. Daley 1110 N.W. 16th Street Oklahoma City, OK	All Depths			
20				Mary Carolyn Fasken Belcher 1314 Bonham Odessa, TX 79761	All Depths			
20				Joseph Nelson Address Unknown	All Depths			
20				Veva (Neva) K. Nelson Address Unknown	All Depths			
20				Joseph C. Blake Address Unknown	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
20				Audrey M. Curry Midland County, Texas	All Depths			
20				Oxford Exploration Company PO Box 370390 Denver, CO 80237	All Depths			
20				Libby Linn Underwood Morrish 1388 Midland Street Brighton, CO 80101	All Depths			
20				Harrison Levy, as Administrator of the Estate Harry Levy, deceased 5715 North Western, Suite C Oklahoma City, OK 73118	All Depths			
20				George H. Etz, Sr., Trust George H. Etz, Jr. as Trustee 1105 Xanthisma McAllen, TX 78504	All Depths			
20				George T. Blankenship, Jr. 6412 Avondale Dr., Suite 400 Oklahoma City, OK 73116	All Depths			
20				Etz Oil Properties, LTD PO Box 73406 Phoenix, AZ 85050	All Depths			
20				Wanda Doss Ellison, Executrix of the Estate of Charles Donald Ellison, Jr., deceased 2505 Whispering Oaks Denton, TX 76209-6491	All Depths			

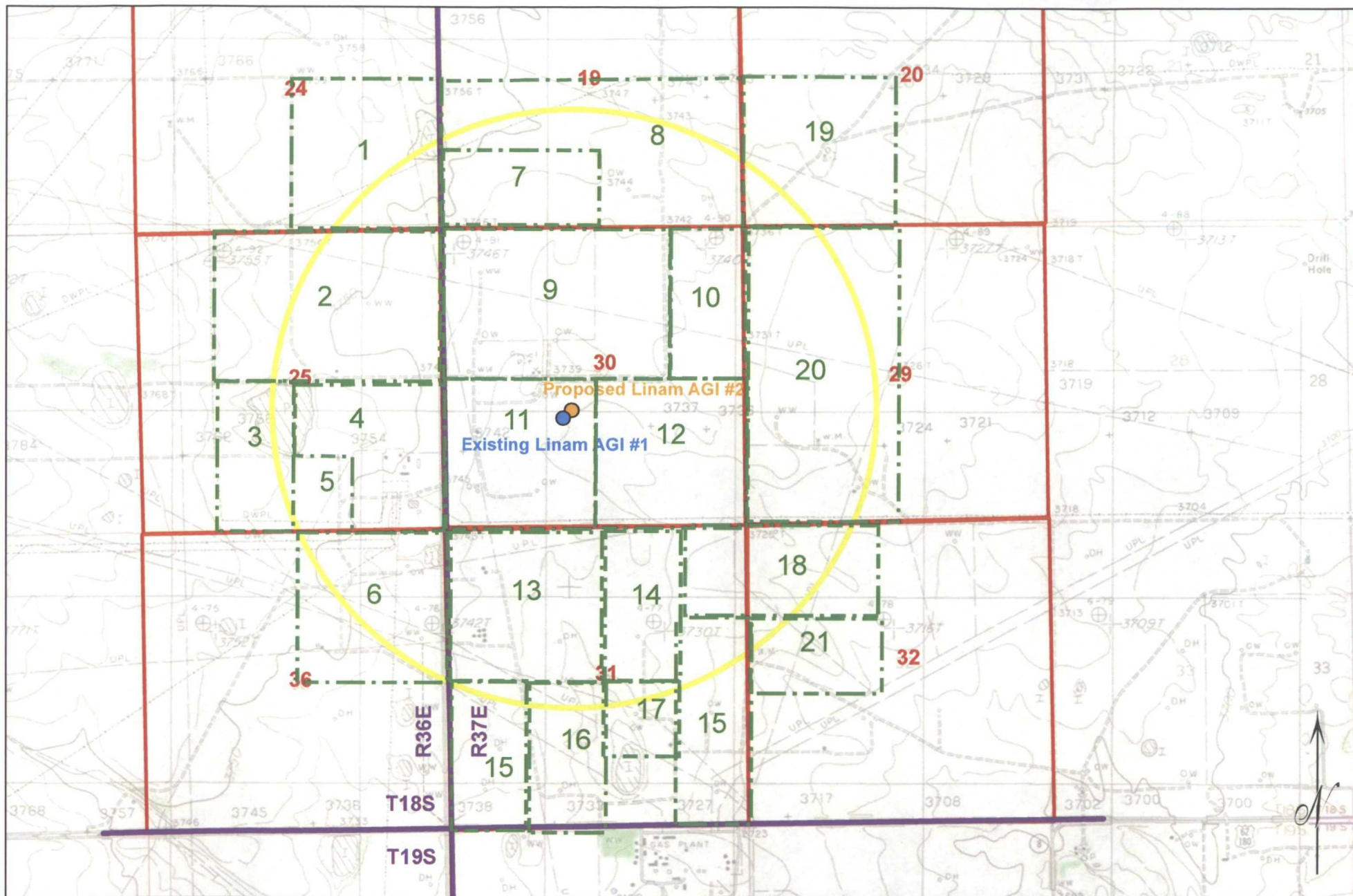
Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
20				David H. Ellison, as PR of the Estate George Rittenhouse Ellison, Deceased 3118 Carroll Ave Cleveland, OH	All Depths			
20				Beams Mineral Co. 4925 Greenville, Ave Suite 714 Dallas, TX 75205-4084	All Depths			
20				Susan Lamb Griffith 1510 Belmont Street Jackson, MS 39202	All Depths			
20				Judith Rittenhouse, fka Judith Lamb LaForge 2434 E. Contessa Street Mesa, AZ 85213	All Depths			
20				Thomas Weldon Tucker 1510 Belmont Street Jackson, MS 39202	All Depths			
20				April Elizabeth Tucker 4308 South Rim Court Gilbert, AZ 85297	All Depths			
20				Lewis Weldon Beard 1510 Belmont Street Jackson, MS 39202	All Depths			
20				Molly Catherine Lamb PO Box 534 Greenwood, MS 38935	All Depths			
20				Loran Tyner Lamb PO Box 534 Greenwood, MS 38935	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
20				James L. Marr, as Trustee of the M&M Families Trust 1308 SW 114th Oklahoma City, OK 73170	All Depths			
20				Floyd M. Melton, Jr., Successor Trustee under the LW&T of Austin Rittenhouse, deceased PO Box 534 Greenwood, MS 38935-0534	All Depths			
20				Bank of America NA, Trustee of the Myrtle L. Davis Oil Trust PO Box 830308 Dallas, TX 75283	All Depths			
20				GNX Energies, Inc 550 W. Texas, Suite 1140 Midland, TX 79701	All Depths			
20				Sally Rodgers, ssp 152 Arroyo Hondo Rd Santa Fe, NM 87508	All Depths			
20				Max W. Coll, II, ssp 83 La Barbaria Trail Santa Fe, NM 87505-9008	All Depths			
20				Eric J. Coll, ssp PO Box 1818 Roswell, NM 88202-0818	All Depths			
20				Clark C. Coll, ssp PO Box 1818 Roswell, NM 88202-0818	All Depths			
20				Jon F. Coll, II, ssp PO Box 1818 Roswell, NM 88202-0818	All Depths			

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
20				Melanie Coll DeTempe, married, ssp 5653 Tobias Avenue Van Nuys, CA 91411	All Depths			
20				Max W. Coll III, ssp PO Box 1818 Roswell, NM 88202-0818	All Depths			
20				Map 2001-Net, an Oklahoma general partner PO Box 268988 Oklahoma City, OK 73126	All Depths			
21	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	Estate of Bruce Alene Carlin, dec. Estate of Faye Klein, dec. c/o P.O. Box 188 Monument, NM 88265	Grazing Lease	State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148	All Depths	Humble Oil & Refining	Lanexco, Inc. PO Box 2730 Midland, TX 79702	Surface to 3,995
21							D.L. Hannifin Family Trust Barbara E. Hannifin and Alan Hannifin, Co-Trustees PO Box 182 Roswell, NM 88202	Surface to 3,995
21							P.J. Hannifin Family Trust 765 Santa Camelia Drive Solana Beach, CA 92075	Surface to 3,995
21							Joe Alexander PO Box 3081 Midland, TX 79702	Surface to 3,995
21							Robert W. Lansford 606 Abo Hobbs, NM 88240	Surface to 3,995
21							William J. McCormick 2905 San Pablo, NE Albuquerque, NM 87110	Surface to 3,995
21							Jack D. Mussett 604 Petroleum Bldg. Midland, TX 79701	Surface to 3,995
21							Curtis Neeley Management Trust Curtis Neeley, Trustee PO Box 8992 Horseshoe Bay, TX 78657	Surface to 3,995

Tract No.	Surface Ownership	Lessee	Lease Type	Mineral Ownership	Depth Restrictions	Lessee	Operator/Working Interest	Depth Restrictions
21							Thomas E. Phipps 5720 Wolf Lake Road Sebring, FL 33875	Surface to 3,995
21							William B. Blakemore, II 200 West Illinois – Suite 200 Midland, TX 79701	Surface to 3,995
21							Exxon Mobil Corp. PO Box 2305 Houston, TX 77252	Below 3,995

**BASIS FOR TABLE B-4 - SUMMARY LAND INDEX
(LAND STATUS REPORTS BY TRACT)**



Land Report Tracts Within One Mile of Proposed Linam AGI #2

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 1

Township 18 South, Range 36 East, N.M.P.M.
Section 24: SE/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
Snyder Ranches
PO Box 2158
Hobbs, NM 88241

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1553
DATE: 12/27/1932
LESSEE: Stanolind Oil & Gas
Co.
COVERED LANDS: 2,992.92 ac

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

**Occidental Permian Limited
Partnership
PO Box 4294
Houston, TX 77210-4294**

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI # 2

TRACT: 2

Township 18 South, Range 36 East, N.M.P.M.

Section 25: E/2NW/4, NE/4

Lea County, NM

REPORT DATE: 10/26/2012

LANDMAN: Mary Helen Ormseth

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

Randy D. Smith and
Naomi C. Smith
PO Box 633
Carlsbad, NM 88221

MINERAL OWNERSHIP

E/2NW/4, NE/4

All Depths

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

UNLEASED MINERAL OWNERS:

Nuevo Seis Limited Partnership
PO Box 2588
Roswell, NM 88202-2588

Oscura Resources
PO Box 2292
Roswell, NM 88202-2292

R.R. Hinkle Co., Inc.
PO Box 2292
Roswell, NM 88202-2292

Rolla R. Hinkle, III and
Rosemary Hinkle
PO Box 2292
Roswell, NM 88202-2292

Madison M. Hinkle and
Susan Hinkle
PO Box 2292
Roswell, NM 88202-2292

**Rolla R. Hinkle II and
Marjorie W. Hinkle
303 Coal Dr.
Ruidoso, NM 88345**

**Morris E. Schertz and
Holly K. Schertz
PO Drawer 2588
Roswell, NM 88202-2588**

**James Mark McFayden and
Adrienne Jacqueline McFayden
Joint Living Trust
1549 Ayelsbury
Plano, TX 75075**

**Richardson Mineral & Royalty,
LLC
PO Box 2423
Roswell, NM 88202-2423**

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 3

Township 18 South, Range 36 East, N.M.P.M.
Section 25: E/2SW/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Business Lease 504
Southwestern Public Service Co.
PO Box 840
Denver, CO 80211

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1553
DATE: 12/27/1932
LESSEE: Stanolind Oil & Gas
Co.
COVERED LANDS: 2,992.92 ac

LEASEHOLD OWNERSHIP

Surface to 4,200', and below the base of the Bone Spring Formation

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

Occidental Permian Limited
Partnership
PO Box 4294
Houston, TX 77210-4294

LEASEHOLD OWNERSHIP

From 4,200' to the base of the Bone Spring Formation

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

Occidental Permian Limited
Partnership
PO Box 4294
Houston, TX 77210-4294

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428

805 N. Richardson

Roswell, NM 88202

Telephone (575) 625-0599

Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2

TRACT: 4

Township 18 South, Range 36 East, N.M.P.M.Section 25: N/2SE/4, SE/4SE/4Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

Southwestern Public Service Co.
PO Box 840
Denver, CO 80211

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148			OGI: A-1543 DATE: 12/29/1928 LESSEE: Gypsy Oil Co. COVERED LANDS: 2,113.26 ac

LEASEHOLD OWNERSHIP**All Depths**

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
<u>Working Interest:</u>			

ChevronTexaco, Inc.
PO Box 1635
Houston, TX 77251

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 5

Township 18 South, Range 36 East, N.M.P.M.
Section 25: SW/4SE/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments
recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

Southwestern Public Service Co.
PO Box 840
Denver, CO 80211

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148			OGL: VB-1422 DATE: 5/1/2008 LESSEE: Chase Oil Corp. COVERED LANDS: SWSE

LEASEHOLD OWNERSHIP**All Depths**

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
<u>Working Interest:</u>			

Chase Oil Corporation
PO Box 1767
Artesia, NM 88210

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2

TRACT: 6

Township 18 South, Range 36 East, N.M.P.M.

Section 36: NE/4

Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

**Burlington Resources Oil & Gas Co., LP
801 Cherry St.
Fort Worth, TX 76102**

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

**State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148**

**OGL: B-2657
DATE: 9/23/1933
LESSEE: Continental Oil Co.
COVERED LANDS: 4,699.93 ac**

LEASEHOLD OWNERSHIP
SE/4NE/4

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

OPERATOR:

Monument 36 State #3
(API: 30-025-34533)

XTO Energy, Inc.
810 Houston St.
Fort Worth, TX 76102-6398

LEASEHOLD OWNERSHIP
N/2NE/4, SW/4SE/4
Surface to 4,170'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

LEASEHOLD OWNERSHIP
N/2NE/4, SW/4SE/4
All depths below 4,170'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

XTO Energy, Inc.
810 Houston St.
Fort Worth, TX 76102-6398

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 7

Township 18 South, Range 37 East, N.M.P.M.
Section 19: Lot 4, SE/4SW/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
Naomi Smith
PO Box 633
Carlsbad, NM 88220

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1535 1/2
DATE: 12/22/1932
LESSEE: Continental Oil Co.
COVERED LANDS: 4,639.32 ac

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

Kenneth G. Cone
PO Box 11310
Midland, TX 79702

Cathie Cone Auvenshine
McCown
PO Box 658
Dripping Springs, TX 78620

Tom R. Cone
PO Box 778
Jay, Oklahoma 74346

Cathie Cone McCown as
Trustee,
of the Auvenshine Childrens
Testamentary Trust
PO Box 507
Dripping Springs, TX 78620

Long Trusts, a Texas Trust
Larry T. Long, Managing
Trustee
PO Box 3096
118 South Kilgore Street
Kilgore, TX 75663

Randy Lee Cone
PO Box 552
Jay, Oklahoma 74346

Billy Glenn Spradlin
29 Rim Road
Kilgore, TX 75662

LFN Cone Properties, LLC,
a Texas limited liability co.
PO Box 41809
Austin, TX 78704

BOKE, NA fka Bank of
Oklahoma,
Successor Trustee of the Trusts
created
u/w of Kathleen Cone, Dec'd
fbo the Children of Tom R. Cone
PO Box 3499
Tulsa, OK 74101

MBF LAND SERVICES

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2

TRACT: 8

Township 18 South, Range 37 East, N.M.P.M.

Section 19: Lot 3, NE/4SW/4, SE/4

Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
Naomi Smith
PO Box 633
Carlsbad, NM 88220

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1535 1/2
DATE: 12/22/1932
LESSEE: Continental Oil Co.
COVERED LANDS: 4,639.32 ac

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI # 2

TRACT: 9

Township 18 South, Range 37 East, N.M.P.M.

Section 30: NW/4, W/2NE/4

Lea County, NM

REPORT DATE: 10/26/2012

LANDMAN: Mary Helen Ormseth

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

**Randy D. Smith and
Naomi C. Smith
PO Box 633
Carlsbad, NM 88221**

LEASEHOLD OWNERSHIP

NE/4NW/4

Surface to 100' below the Drinkard Formation (7,048')

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

OPERATOR:

**Boyz Fee # 1
API: 30-025-38544**

**Mack Energy Corporation
PO Box 960
11344 Lovington Hwy
Artesia, NM 88211
(575)748-1288**

MINERAL OWNERSHIP

NE/4NW/4

All depths below 100' below the Drinkard Formation (7,048')

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

UNLEASED MINERAL OWNERS:

Nuevo Seis Limited Partnership
PO Box 2588
Roswell, NM 88202-2588

Oscura Resources
PO Box 2292
Roswell, NM 88202-2292

R.R. Hinkle Co., Inc.
PO Box 2292
Roswell, NM 88202-2292

Rolla R. Hinkle, III and
Rosemary Hinkle
PO Box 2292
Roswell, NM 88202-2292

Madison M. Hinkle and
Susan Hinkle
PO Box 2292
Roswell, NM 88202-2292

Rolla R. Hinkle II and
Marjorie W. Hinkle
303 Coal Dr.
Ruidoso, NM 88345

Morris E. Schertz and
Holly K. Schertz
PO Drawer 2588
Roswell, NM 88202-2588

Collette E. Herman
3725 11th Ave. SW
Rochester, MN 55902

Kennon M Crowhurst
1304 W. 4th Street
Roswell, NM 88201

Michael S. White
PO Box 580
Dexter, NM 88230

Mario Picon
5014 West Berrendo Road
Roswell, NM 88201

Jerry D. Romero
5713 95th Street
Lubbock, TX 79424

Lynette P. Radke
624 Happy Trails Drive
LeMars, IA 51031

James Mark McFayden and
Adrienne Jacqueline McFayden
Joint Living Trust
1549 Ayelsbury
Plano, TX 75075

Richardson Mineral & Royalty,
LLC
PO Box 2423
Roswell, NM 88202-2423

MINERAL OWNERSHIP
W/2NW/4, SE/4NW/4, W/2NE/4
All Depths

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

UNLEASED MINERAL
OWNERS:

Nuevo Seis Limited Partnership
PO Box 2588
Roswell, NM 88202-2588

Oscura Resources
PO Box 2292
Roswell, NM 88202-2292

R.R. Hinkle Co., Inc.
PO Box 2292
Roswell, NM 88202-2292

Rolla R. Hinkle, III and
Rosemary Hinkle
PO Box 2292
Roswell, NM 88202-2292

Madison M. Hinkle II and
Susan Hinkle
PO Box 2292
Roswell, NM 88202-2292

Rolla R. Hinkle and
Marjorie W. Hinkle
303 Coal Dr.
Ruidoso, NM 88345

**Morris E. Schertz and
Holly K. Schertz
PO Drawer 2588
Roswell, NM 88202-2588**

**Collette E. Herman
3725 11th Ave. SW
Rochester, MN 55902**

**Kennon M Crowhurst
1304 W. 4th Street
Roswell, NM 88201**

**Michael S. White
PO Box 580
Dexter, NM 88230**

**Mario Picon
5014 West Berrendo Road
Roswell, NM 88201**

**Jerry D. Romero
5713 95th Street
Lubbock, TX 79424**

**Lynette P. Radke
624 Happy Trails Drive
LeMars, IA 51031**

**James Mark McFayden and
Adrienne Jacqueline McFayden
Joint Living Trust
1549 Ayelsbury
Plano, TX 75075**

**Richardson Mineral & Royalty,
LLC
PO Box 2423
Roswell, NM 88202-2423**

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2

TRACT: 10

Township 18 South, Range 37 East, N.M.P.M.Section 30: E/2NE/4Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments
recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
A.C. Ranch
817 North Grimes
Hobbs, NM 88240

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: A-1543
DATE: 12/29/1928
LESSEE: Gypsy Oil Co.
COVERED LANDS: 12,113.68 ac

LEASEHOLD OWNERSHIP**All Depths**

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ChevronTexaco Inc.
PO Box 1635
Houston, TX 77251

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428

805 N. Richardson

Roswell, NM 88202

Telephone (575) 625-0599

Fax (575) 625-0687

REPORT**PROSPECT: Linam AGI #2****TRACT: 11****Township 18 South, Range 37 East, N.M.P.M.****Section 30: Lots 3, 4, E/2SW/4****Lea County, NM****REPORT DATE: 10/25/2012****LANDMAN: Ron Prince**

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico

Commissioner of Public Lands

P.O. Box 1148

Santa Fe, NM 87504-1148

Subject to:**Grazing Lease to:****A.C. Ranch****817 North Grimes****Hobbs, NM 88240****MINERAL OWNERSHIP**

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
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State of New Mexico

Commissioner of Public Lands

P.O. Box 1148

Santa Fe, NM 87504-1148

OGL: V-8950**DATE: 5/1/2011****LESSEE: Yates Petroleum Corp****COVERED LANDS: Lots 3, 4,
E2SW**

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
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Working Interest:

Yates Petroleum Corporation
105 South Fourth St.
Artesia, NM 88210

Abo Petroleum Corporation
105 South Fourth St.
Artesia, NM 88210

Myco Industries, Inc.
105 South Fourth St.
Artesia, NM 88210

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A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
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Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 12

Township 18 South, Range 37 East, N.M.P.M.
Section 30: SE/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
A.C. Ranch
817 North Grimes
Hobbs, NM 88240

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
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State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: A-1535 1/2
DATE: 12/22/1932
LESSEE: Continental Oil Co.
COVERED LANDS: 4,639.32 ac

LEASEHOLD OWNERSHIP **All Depths**

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

**LAND SERVICES**

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805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 13

Township 18 South, Range 37 East, N.M.P.M.
Section 31: Lots 1, 2, (W/2NW/4), E/2NW/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease, covering W/2NE/4
Estate of Bruce Alene Carlin, dec.
Estate of Faye Klein, dec.
c/o PO Box 188
Monument, NM 88265

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
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State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1431
DATE: 12/23/1941
LESSEE: Amerada Petroleum
Corp.
COVERED LANDS: 13,817.54 ac

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

LeaCo New Mexico Exploration
and Production, LLC
a wholly owned subsidiary of
Apache Corporation
2000 Post Oak Blvd. – Suite 100
Houston, TX 77056

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 14

Township 18 South, Range 37 East, N.M.P.M.
Section 31: W2NE/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
Estate of Bruce Alene Carlin, dec.
Estate of Faye Klein, dec.
c/o PO Box 188
Monument, NM 88265

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
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State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1535 1/2
DATE: 12/22/1932
LESSEE: Continental Oil Co
COVERED LANDS: 4,639.32 ac

LEASEHOLD OWNERSHIP
Surface to 7,700'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

LEASEHOLD OWNERSHIP
All depths Below 7,700'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

Wolf's Head Oil Refining Co.
PO Box 1828
Midland, TX 79702

Wainoco, Inc.
1200 South St. – Suite 2100
Houston, TX 77002

Elk Refining Co.
PO Box 1828
Midland, TX 79702

Devon Energy Corporation
20 North Broadway – Suite 1500
Oklahoma City, OK 73102-8260

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 15

Township 18 South, Range 37 East, N.M.P.M.
Section 31: Lots 3, 4 (W/2SW/4), SE/4NE/4, E/2SE/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Business Lease 1101, covering undescribed 0.34 ac. out of the SE/4
EOG Resources, Inc.
PO Box 4362
Houston, TX 77210-4362

Grazing Lease to:
Estate of Bruce Alene Carlin, dec.
Estate of Faye Klein, dec.
c/o PO Box 188
Monument, NM 88265

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: V-8961
DATE: 5/1/2011
LESSEE: Yates Petroleum Corp.
COVERED LANDS:
Lots 3, 4, SE/4NE/4, E/2SE/4

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
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Working Interest:

Yates Petroleum Corporation
105 South Fourth St.
Artesia, NM 88210

Abo Petroleum Corporation
105 South Fourth St.
Artesia, NM 88210

Myco Industries, Inc.
105 South Fourth St.
Artesia, NM 88210

**LAND SERVICES**

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Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 16

Township 18 South, Range 37 East, N.M.P.M.
Section 31: E/2SW/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Grazing Lease to:
Estate of Bruce Alene Carlin, dec.
Estate of Faye Klein, dec.
c/o PO Box 188
Monument, NM 88265

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
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State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1713
DATE: 2/10/1933
LESSEE: Adele N. Warn
COVERED LANDS: 479.85 ac

LEASEHOLD OWNERSHIP
All Depths

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
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Working Interest:

Marathon Oil Co.
PO Box 552
Midland, TX 79702

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 17

Township 18 South, Range 37 East, N.M.P.M.
Section 31: NW/4SE/4
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:

Business Lease 1101, covering undescribed 0.34 ac. out of the SE/4
EOG Resources, Inc.
PO Box 4362
Houston, TX 77210-4362

Grazing Lease to:
Estate of Bruce Alene Carlin, dec.
Estate of Faye Klein, dec.
c/o PO Box 188
Monument, NM 88265

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-2073
DATE: 8/19/1933
LESSEE: Phillips Petroleum
Corp.
COVERED LANDS: 479.85 ac

LEASEHOLD OWNERSHIP
NW/4SE/4

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

OPERATOR:

Cheryl A #0001
(API 30-025-05520)

Southwest Royalties, Inc.
6 Desta Drive - Suite 2100
Midland, TX 79705

LEASEHOLD OWNERSHIP
NW/4SE/4
All depths below 4,100'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
-----------------	---------------------	-------------------------	------------------

Working Interest:

ConocoPhillips Co.
PO Box 1150
Midland, TX 79702

MBF LAND SERVICES

A Division of MBF Inspection Services, Inc.

PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI # 2

TRACT: 18

Township 18 South, Range 37 East, N.M.P.M.

Section 31: NE/4NE/4

Section 32: NW/4NW/4, E/2NW/4

Lea County, NM

REPORT DATE: 10/26/2012

LANDMAN: Mary Helen Ormseth

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

**Carlin Properties, LLC
PO Box 188
Monument, NM 88265-0188**

**Thelma Marie Carlin
312 Walnut
Ruidoso, NM 88345**

**Beverly K. Carlin, legal Guardian
of Sarah E. Carlin
11530 Hooker Street
Westminster, CO 80030**

**Pamela Kaye Howard and
Robert Groves Howard, Jr.,
3813 Trevino
Hobbs, NM 88240**

**Shayne Kathleen Maloney Carlin and
Timothy James Carlin
9801 Carlsbad Highway
Hobbs, NM 88240**

LEASEHOLD OWNERSHIP
All Depths

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

Lanexco, Inc.
310 W. Wall, Suite 910
PO Box 2730
Midland, TX 79702

Subject to: Unrecorded
Farmout Agreement covering
the NE/4NE/4 Section 31 and
N/2N/2, SE/4NW/4 of Section 32
in favor of:

O'Brien Goins Simpson
Exploration Company, as
Farmer
550 W. Texas, Suite 1140
Midland, TX 79701

MINERAL OWNERSHIP
All Depths

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

UNLEASED MINERAL
OWNERS:

Kenneth G. Cone
PO Box 11310
Midland, TX 79702

Cathie Auvenshine McCown
PO Box 658
Dripping Springs, TX 78620

Tom R. Cone
PO Box 778
Jay, Oklahoma 74346

Cathie Cone McCown as
Trustee,
of the Auvenshine Childrens
Testamentary Trust
PO Box 507
Dripping Springs, TX 78620

Long Trusts, a Texas Trust
PO Box 3096
118 South Kilgore Street
Kilgore, TX 75663

Randy Lee Cone
PO Box 552
Jay, Oklahoma 74346

Billy Glenn Spradlin
29 Rim Road
Kilgore, TX 75662

LFN Cone Properties, LLC,
a Texas limited liability co.
PO Box 41809
Austin, TX 78704

BOKE, NA fka Bank of
Oklahoma,
Successor Trustee of the Trusts
created
u/w of Kathleen Cone, Dec'd
fbo the Children of Tom R. Cone
PO Box 3499
Tulsa, OK 74101

Lea County State Bank, as
Trustee of
The Carlin Trust and
The Klein Trust created under
the Last Will & Testament of
James Virgil Linam, deceased
PO Box 400
Hobbs, NM 88241

MINERAL OWNERSHIP
Only as to depths below 4,500'

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
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Unleased Mineral Owners:
Only as to depths below
4,500'

Michael Harrison Moore,
Trustee
of the Michael Harrison Moore
2006 Trust
under the Third Amendment
and Restatement
of the Moore Revocable Trust
Agreement dated December 15,
1998
PO Box 51570
Midland, TX 79710-1570

Richard Lyons Moore as
Trustee
of the Richard Lyons Moore
2006 Trust
under the Third Amendment
and Restatement
of the Moore Revocable Trust
Agreement dated December 15,
1998
1150 North Carroll Avenue
Southlake, Texas 76092

Title Notes

Eloise H. Shipe, address unknown – acquired her interest in 1931
D.J. Flanigan, of Hobbs, NM - acquired his interest in 1934
C.T. Seale, etux Jimmie M., of Las Cruces, NM – acquired his interest in 1935

I was unable to find any information filed of record for these individuals after the 1950's, however 1983-1985 when Alpha Twenty-One Production Co., acquired all of the OGL's covering the above described lands they also bought leases from the following individuals who appear as strangers to title:

Margaret Ship Chambers; Bk 364 Pg 475

Robert C. Beasley, Albert E. Beasley, James S. Beasley, Harry Shipe and Margaret Beasley-Zerbach,
as sole heirs of Mrs. R.E. Beasley, dec'd; Bk 370 Pg 351

Mrs. R.W. Castle; Bk 364 Pg 473

Charles E. Shipe, etux Ruby G.; Bk 365 Pg 609

Janet Seale Clute, married, ssp; Bk 365 Pg 605

Carolyn Seale Muggenberg, married, ssp; Bk 365 Pg 588

Grace F. Reed, et vir Bruce D.; Bk 366 Pg 258

Laurence Flanigan, ssp; Bk 367 Pg 806

Jerry Wallace, Mark Roe, Kurt Roe and Lonna Parker,
sole heirs of Mrs. L. K. Roe, dec'd; Bk 365 Pg 595

Patricia Stouffer, married, ssp; Bk 365 Pg 586

Susan Gorsetman, married, ssp; Bk 366 Pg 256

Ralph M. Flanigan, married, ssp; Bk 366 Pg 834

Mary Jo Flanigan, single; Bk 367 Pg 808

It appears that these maybe the heirs to the interests held by the above individuals.

MBF LAND SERVICES
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Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI # 2
TRACT: 19

Township 18 South, Range 37 East, N.M.P.M.
Section 20: SW/4
Lea County, NM

REPORT DATE: 10/26/2012

LANDMAN: Mary Helen Ormseth

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

A. C. Ranch NM, a general partnership
817 N. Grimes
Hobbs, NM 88248

MINERAL OWNERSHIP **All Depths**

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

UNLEASED MINERAL OWNERS:

Marshall & Winston, Inc.
PO Box
50880
Midland, TX 79710-0880

Mary Ann Hastings Stephenson
3805 River View Road NW
Albuquerque, NM 87105

Colleen M. Newman
#24 Club Circle
Sherwood, AR 72120

Winston Partners, LTD
c/o Meristem
601 Carlson Parkway, Suite 800
Minnetonka, MN 55305

Western Commerce Bank as
Trustee of the Frances J.
Freeman Revocable Living
Trust U/T/A dated September 1,
1992
PO Box 1627
Lovington, NM 88261-1627

**Robert L. McPheron and Irene
I. McPheron
PO Box 6273
Edmond, OK 73083**

**Suzanne Shipp Cunningham, as
Trustee of the Suzanne Shipp
Cunningham Revocable Trust,
dated July 13/2001, as amended
3613 E. 49th St.
Tulsa, OK 74135**

**William Marshall Shipp and
Pamela Ann Dixon Shipp, as
Trustees of the William
Marshall Shipp and Pamela Ann
Dixon Shipp Revocable Trust,
dated 6/29/2001, as amended
1104 West Ave J.
Lovington, NM 88260**

**Diana A. Campbell, as Trustee
of the Diana A. Campbell Trust
dated 9/23/1996
PO Box 623
Agoura Hills, CA 91376-0623**

**Peggy J. Delgadillo, as Trustee
of the Peggy J. Delgadillo
Revocable Living Trust dated
4/19/2007
26172 Rainbow Glen Dr.
Newhall, CA 91321-1369**

**Nancy J. Engstrom, as Trustee
of the Nancy J. Engstrom Trust
dated 3/20/2000
PO Box 2399
Santa Barbara, CA 93120-2399**

**J. Pat Corrigan Family Limited
Partnership
7150 20th Street, Suite E
Vero Beach, Florida 32966**

**Jane S. Notz
917 Ridge Road
Cheyenne, WY 82001**

**Loretta Sue Montgomery
3553 Appaloosa Dr.,
Santa Teresa, NM 88008**

**Vickie Sue Garcia
2848 Jeffries Ranch Road
Oceanside, CA 92057-4906**

**Mary Sharlene Cowan
2106 W. 18th ST.,
Pueblo, CO 81003**

**Corrigan Southern Land &
Cattle Co., LLC
8117 Preston Road, Suite 610
Dallas, TX 75225**

**Nationsbank of Texas, N. A., as
Trustee of the V.P. Baker
Family Royalty Trust
PO Box 830308
Dallas, TX 75283-0308
(Bank of America???)**

**College of the Southwest
6610 Lovington Highway
Hobbs, NM 88240**

**LAND SERVICES**

A Division of MBF Inspection Services, Inc.

PO Box 2428

805 N. Richardson

Roswell, NM 88202

Telephone (575) 625-0599

Fax (575) 625-0687

REPORT**PROSPECT: Linam AGI # 2****TRACT: 20****Township 18 South, Range 37 East, N.M.P.M.****Section 29: W/2****Lea County, NM****REPORT DATE: 10/26/2012****LANDMAN: Mary Helen Ormseth**

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP**Jimmy B. Cooper and****PO Box 36****Monument, NM 88265****MINERAL OWNERSHIP****All Depths**

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

UNLEASED MINERAL OWNERS:**Nuevo Seis Limited Partnership****PO Box 2588****Roswell, NM 88202-2588****Oscura Resources****PO Box 2292****Roswell, NM 88202-2292****R.R. Hinkle Co., Inc.****PO Box 2292****Roswell, NM 88202-2292****Rolla R. Hinkle, III and****Rosemary Hinkle****PO Box 2292****Roswell, NM 88202-2292****Madison M. Hinkle and****Susan Hinkle****PO Box 2292****Roswell, NM 88202-2292****Rolla R. Hinkle II and****Marjorie W. Hinkle****303 Coal Dr.****Ruidoso, NM 88345**

**Morris E. Schertz and
Holly K. Schertz
PO Drawer 2588
Roswell, NM 88202-2588**

**James Mark McFayden and
Adrienne Jacqueline McFayden
Joint Living Trust
1549 Ayelsbury
Plano, TX 75075**

**Richardson Mineral & Royalty,
LLC
PO Box 2423
Roswell, NM 88202-2423**

**Royalty Holding Company
3535 NW 58th, Suite 720
Oklahoma City, OK 73112**

**C.S. Daley
1110 N.W. 16th Street
Oklahoma City, OK
(circa 1958)**

**Mary Carolyn Fasken Belcher
1314 Bonham
Odessa, TX 79761**

**Joseph Nelson
Address Unknown**

**Veva (Neva) K. Nelson
Address Unknown**

**Joseph C. Blake
Address Unknown**

**Audrey M. Curry
Midland County, Texas**

**Oxford Exploration Company
PO Box 370390
Denver, CO 80237**

**Libby Linn Underwood Morrish
1388 Midland Street
Brighton, CO 80101**

**Harrison Levy, as Administrator
of the Estate Harry Levy,
deceased
5715 North Western, Suite C
Oklahoma City, Ok 73118**

**George H. Etz, Sr., Trust
George H. Etz, Jr. as Trustee
1105 Xanthisma
McAllen, TX 78504**

George T. Blankenship, Jr.
6412 Avondale Dr., Suite 400
Oklahoma City, OK 73116

Etz Oil Properties, LTD
PO Box 73406
Phoenix, AZ 85050

Wanda Doss Ellison, Executrix
of the Estate of Charles Donald
Ellison, Jr., deceased
2505 Whispering Oaks
Denton, TX 76209-6491

David H. Ellison, as PR of the
Estate George Rittenhouse
Ellison, Deceased
3118 Carroll Ave
Cleveland, OH 44113

Beams Mineral Co.
4925 Greenville, Ave Suite 714
Dallas, TX 75205-4084

Susan Lamb Griffith
1510 Belmont Street
Jackson, MS 39202

Judith Rittenhouse, fka Judith
Lamb LaForge
2434 E. Contessa Street
Mesa, AZ 85213

Thomas Weldon Tucker
1510 Belmont Street
Jackson, MS 39202

April Elizabeth Tucker
4308 South Rim Court
Gilbert, AZ 85297

Lewis Weldon Beard
1510 Belmont Street
Jackson, MS 39202

Molly Catherine Lamb
PO Box 534
Greenwood, MS 38935

Loran Tyner Lamb
PO Box 534
Greenwood, MS 38935

James L. Marr, as Trustee of the
M&M Families Trust
1308 SW 114th
Oklahoma City, OK 73170

Floyd M. Melton, Jr., Successor
Trustee under the LW&T of
Austin Rittenhouse, deceased
PO Box 534
Greenwood, MS 38935-0534

**Bank of Amercia NA, Trustee of
the Myrtle L. Davis Oil Trust
PO Box 830308
Dallas, TX 75283**

**GNX Energies, Inc
550 W. Texas, Suite 1140
Midland, TX 79701**

**Sally Rodgers, ssp
152 Arroyo Hondo Rd
Santa Fe, NM 87508**

**Max W. Coll, II, ssp
83 La Barbaria Trail
Santa Fe, NM 87505-9008**

**Eric J. Coll, ssp
PO Box 1818
Roswell, NM 88202-0818**

**Clarke C. Coll, ssp
PO Box 1818
Roswell, NM 88202-0818**

**Jon F. Coll, II, ssp
PO Box 1818
Roswell, NM 88202-0818**

**Melanie Coll DeTempe, married,
ssp
5653 Tobias Avenue
Van Nuys, CA 91411**

**Max W. Coll, III, ssp
PO Box 1818
Roswell, NM 88202-0818**

**Map 2001-Net, an Oklahoma
general partner
PO Box 268988
Oklahoma City, OK 73126**

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Linam AGI #2
TRACT: 21

Township 18 South, Range 37 East, N.M.P.M.
Section 32: SWNW
Lea County, NM

REPORT DATE: 10/25/2012

LANDMAN: Ron Prince

The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

SURFACE OWNERSHIP

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Subject to:
Grazing Lease to:
Estate of Bruce Alene Carlin, dec.
Estate of Faye Klein, dec.
c/o PO Box 188
Monument, NM 88265

MINERAL OWNERSHIP

NAME OF MINERAL OWNERS	INTEREST	NET ACRES	LEASEHOLD STATUS
------------------------	----------	-----------	------------------

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

OGL: B-1320
DATE: 11/22/1928
LESSEE: Humble Oil &
Refining
COVERED LANDS: 10,138.93 ac

LEASEHOLD OWNERSHIP
Surface to 3,995'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
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Working Interest:

Lanexco, Inc.
PO Box 2730
Midland, TX 79702

D.L. Hannifin Family Trust
Barbara E. Hannifin and Alan
Hannifin, Co-Trustees
PO Box 182
Roswell, NM 88202

P.J. Hannifin Family Trust
No Trustee named in
Conveyance
765 Santa Camelia Drive
Solana Beach, CA 92075
Note: Patrick J. Hannifin, et ux
Mary S. Hannifin, purported to
assign this interest to Lanexco,
Inc. However, the Trust is the
record owner, not the Hannifins
as individuals

Joe Alexander
Marital Status Unknown
PO Box 3081
Midland, TX 79702

Robert W. Lansford
Marital Status Unknown
606 Abo
Hobbs, NM 88240

William J. McCormick
Marital Status Unknown
2905 San Pablo, NE
Albuquerque, NM 87110

Jack D. Mussett
Marital Status Unknown
604 Petroleum Bldg.
Midland, TX 79701

Curtis Neeley Management
Trust
Curtis Neeley, Trustee
PO Box 8992
Horseshoe Bay, TX 78657

Thomas E. Phipps
Marital Status Unknown
5720 Wolf Lake Road
Sebring, FL 33875

William B. Blakemore, II
Marital Status Unknown
200 West Illinois – Suite 200
Midland, TX 79701

LEASEHOLD OWNERSHIP
All Depths below 3,995'

INTEREST OWNERS	WORKING INTEREST	NET REVENUE INTEREST	STATUS & REMARKS
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Working Interest:

Exxon Mobil Corp.
PO Box 2305
Houston, TX 77252