

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

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

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

Check One Only for [B] or [C]

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

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

[D] Other: Specify _____

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

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

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

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

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

Ben Stone

 Print or Type Name

 Signature

Agent for Capstone NR, LLC 4/19/13
 Title
 ben@sosconsulting.us
 e-mail Address

NMOCD CASE NO. 15036
 September 5, 2013
 Exhibit No. 2

APPLICATION FOR AUTHORIZATION TO INJECT

PURPOSE: ***REINSTATEMENT of existing waterflood; the application qualifies for administrative approval.***

II. OPERATOR: ***Capstone Natural Resources, LLC***
ADDRESS: ***2250 E 73rd St, Suite 500 Tulsa, OK 74136***

CONTACT PARTY: ***Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850***

III. WELL DATA: ***All pertinent well data and applicable wellbore diagrams are attached hereto.***

IV. ***This is not an expansion of an existing project.***

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

*VI. ***A tabulation is attached*** of data on all wells of public record within the area of review which penetrate the proposed injection zone. ***The data includes*** a description of each well's type, construction, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail. ***There are 3 P&A wells within the combined Area of Review.***

VII. ***The following data is attached*** on the proposed operation, including:

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

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

IX. ***Acidizing or other stimulation may be performed on subject wells as needed after an appropriate monitoring period.***

*X. ***There is no applicable new logging or test data on the wells however, any previous well logs have been filed with the Division and they need not be resubmitted.***

*XI. ***There are no fresh water wells within one mile the subject injection wells.***

XII. ***An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found*** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. ***"Proof of Notice" section on the next page of this form has been completed.***

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: ***Ben Stone*** TITLE: ***Consultant, Agent for Agua Sucia, LLC***

SIGNATURE: _____

DATE: ***4/20/2013***

E-MAIL ADDRESS: ***Agent: SOS Consulting, LLC: ben@sosconsulting.us***

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:

III. WELL DATA – *The following information and data is included:*

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

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

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well. ***CURRENT Schematics are attached for each, a typical PROPOSED Schematic represents all 3 wells.***

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

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

XIV. PROOF OF NOTICE *pursuant to the following criteria is attached.*

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

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

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

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

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

C-108 - Item III

Well Data

All pertinent well data is illustrated on the following
Well Schematics (Current and Proposed)

(Subject well data is also contained in
Item VI - Tabulation of AOR Wells)

CURRENT WELL SCHEMATIC

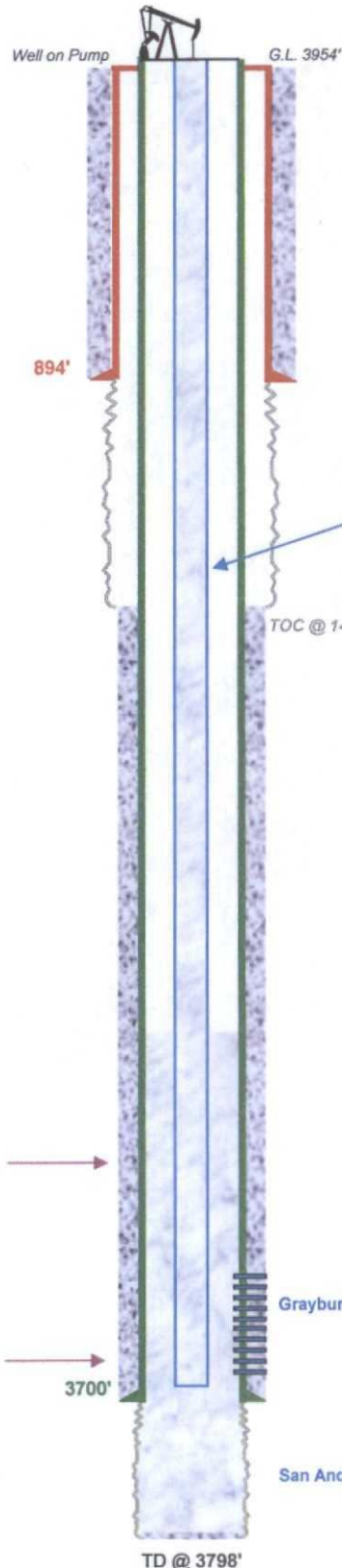
Lea 'C' Federal Well No.4

API 30-015-05132

1980' FSL & 1980' FWL, UL 'J', SEC. 11-T17S-R31E
EDDY COUNTY, NEW MEXICO

Spud Date: 4/07/1961

Grayburg Jackson; SR-Q-G-SA, Pool Code 28509



Surface Casing

8.625", 24.0#, J-55 csg. (10.0" Hole) @ 894'
w/ 125 sx Class 'C' - Circulated

WELL HISTORY

- 1961 - Completed as SA Openhole Producer
- 1972 - Added Pay w/ GB Perfs
- 1974 - Converted to Injection (R-4697)
- 1994-2003 - Apprv'd TA Status
- 2003 - Returned to Production
- 4/2012 - Acquired by Capstone NR, LLC
- 7/2012 - Acidize & Rtn to Production

Production Casing

5.5" 15.5#, J-55 csg. (8.0" Hole) @ 3700'
385 sxs - TOC @ 1460' by Calc.

Top GB 3362'

Top SA 3691'

3700'

Produced Fluids

Grayburg Perfs: 3443', 99', 3503', 15', 43', 58', 74', 92',
3604', 25', 33', 50', 60', 69', 82'

San Andres Openhole: 3700'-3798'

TD @ 3798'

CURRENT WELL SCHEMATIC

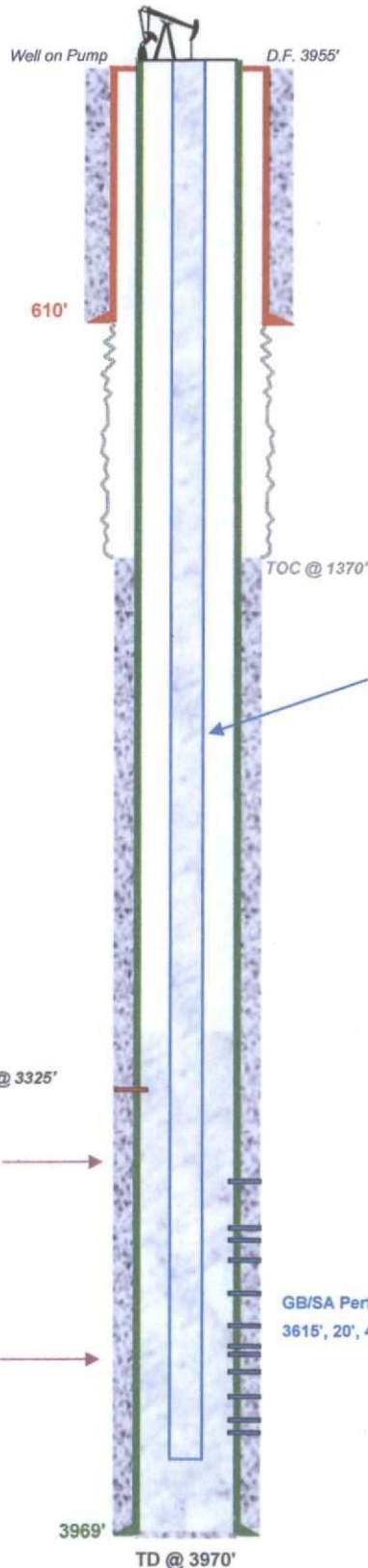
Lea 'C' Federal Well No.7

API 30-015-20627

1980' FNL & 1980' FWL, UL 'F', SEC. 11-T17S-R31E
EDDY COUNTY, NEW MEXICO

Spud Date: 4/22/1972

Grayburg Jackson; SR-Q-G-SA, Pool Code 28509



Surface Casing

8.625", 24.0#, J-55 csg. (11.0" Hole) @ 610'
w/ 350 sx Class 'C' - Circulated

WELL HISTORY

1972 - Completed as GB/SA Producer
1974 - Converted to Injection (R-4697)
1994-2003 - Apprv'd TA Status
2005 - Operator Reclassify to SI Producer
4/2012 - Acquired by Capstone NR, LLC
7/2012 - Acidize & Rtn to Production

2.375" Tbg. @ 3914'

Production Casing

5.5" 15.5/17.0/20.0#, Csg. (7.875" Hole) @ 3969'
1600 sxs - TOC @ 1370' by Temp.

Remedial 5/1972: Sqz Hole @ 3325'
Sqz w/ 50 sx

Top GB ~3400'

Top SA ~3655'

Produced Fluids

GB/SA Perfs: 3407', 65', 89', 3507', 21', 37', 79',
3615', 20', 41', 46', 51', 90', 3711', 80', 86', 91', 3852', 81', 95'

3969'

TD @ 3970'

CURRENT WELL SCHEMATIC

Lea 'C' Federal Well No.15

API 30-015-20706

1980' FNL & 660' FEL, UL 'H', SEC. 11-T17S-R31E
EDDY COUNTY, NEW MEXICO

Spud Date: 8/29/1972

Grayburg Jackson; SR-Q-G-SA, Pool Code 28509

Well on Pump G.R. 3966'

Surface Casing

8.625", 24.0#, J-55 csg. (11.0" Hole) @ 651'
w/ 350 sx Class 'C' - Circulated

651'

WELL HISTORY

1972 - Completed as GB/SA Producer
1977 - Converted to Injection (WFX-449)
1994-2003 - Apprv'd TA Status
2005 - Operator Reclassify to SI Producer
4/2012 - Acquired by Capstone NR, LLC
8/2012 - C/O to 4015'; Acidize & Rtn to Production

2.375" Tbg. @ 4001'

Production Casing

5.5" 14.0/17.0#, J-55 Csg. (7.875" Hole) @ 4030'
1100 sxs - Circulated to Surface

Top GB 3429'

Produced Fluids

Top SA 3967'

Fill to 4015'

4030'

TD @ 4030'

GB Perfs: 3442'-3702' (13 holes)

GB/SA Perfs: 3749'-4014' (14 holes)

PROPOSED WELL SCHEMATIC

Typical Lea 'C' Federal Injection Well

API 30-015-20706

SECTION 11-T17S-R31E
EDDY COUNTY, NEW MEXICO

Grayburg Jackson; SR-Q-G-SA, Pool Code 28509

Annulus Monitored
or open to atmosphere

Injection Pressure Regulated
and Volumes Reported

Surface Casing

8.625", 24.0#, J-55 csg. (11.0" Hole) @ 651'/894'
w/ 350 sx Class 'C' - Circulated

651'

PROJECT SYNOPSIS

1961-1972 - Wells Completed as GB/SA Producers
1974 - Original Injection Authorization R-4697
1977 - Waterflood Project Expanded by WFX-449
1994-2003 - Apprv'd TA Status
2005 - Operator Reclassify to SI Producer
4/2012 - Acquired by Capstone NR, LLC
2012 - Acidize & Return to Production
2013 - C-108 / REINSTATE INJECTION OPERATIONS

Annulus Loaded w/ Inert Packer Fluid

2.375" Internally Coated Tubing Set in PKR
<100' Above Uppermost Perforation

Production Casing

5.5" 14.0/17.0#, J-55 Csg. (7.875" Hole) @ 3798'/4030'
TOC @ 1460' or Higher

GB Perfs: 3407' (Uppermost) to ~3682'

SA Perfs or Openhole: (Uppermost) 3700' to 4014'

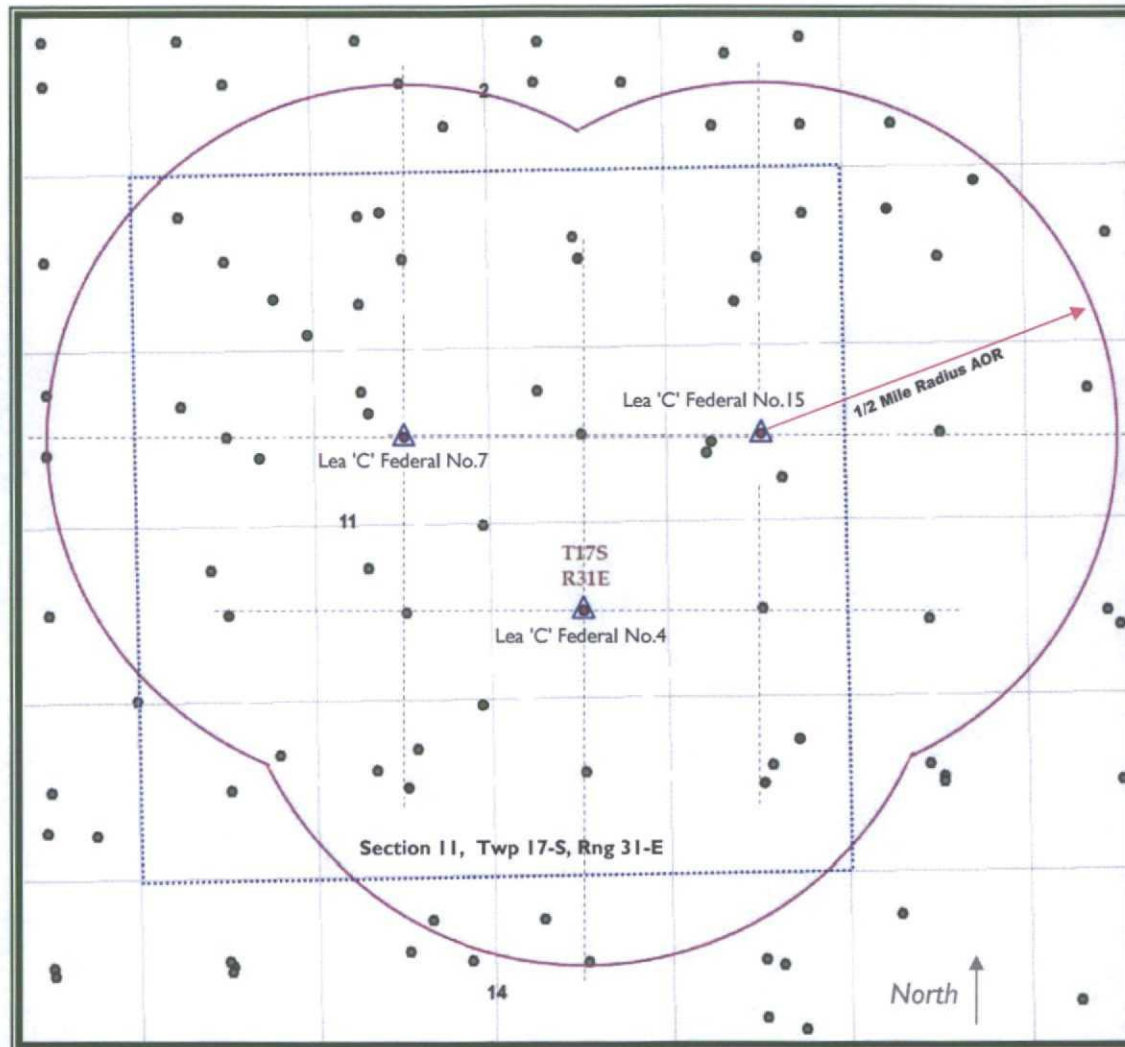
Reinjected Lease
Produced Water

4000'

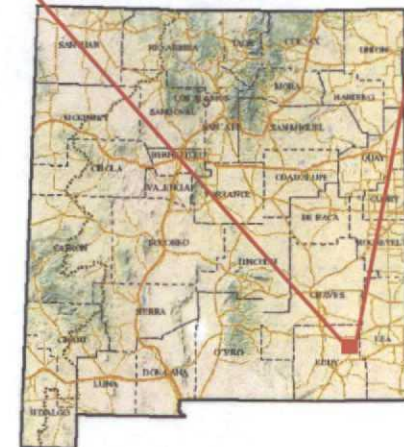
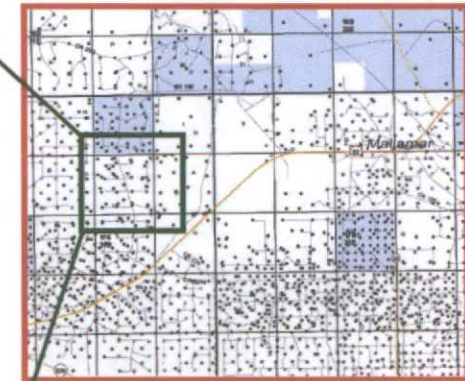
TD @ ~4000'

Form C-108 - Item V

Lea 'C' Federal Waterflood - Area of Review / Overview Map



~4.0 miles West of
Maljamar, NM



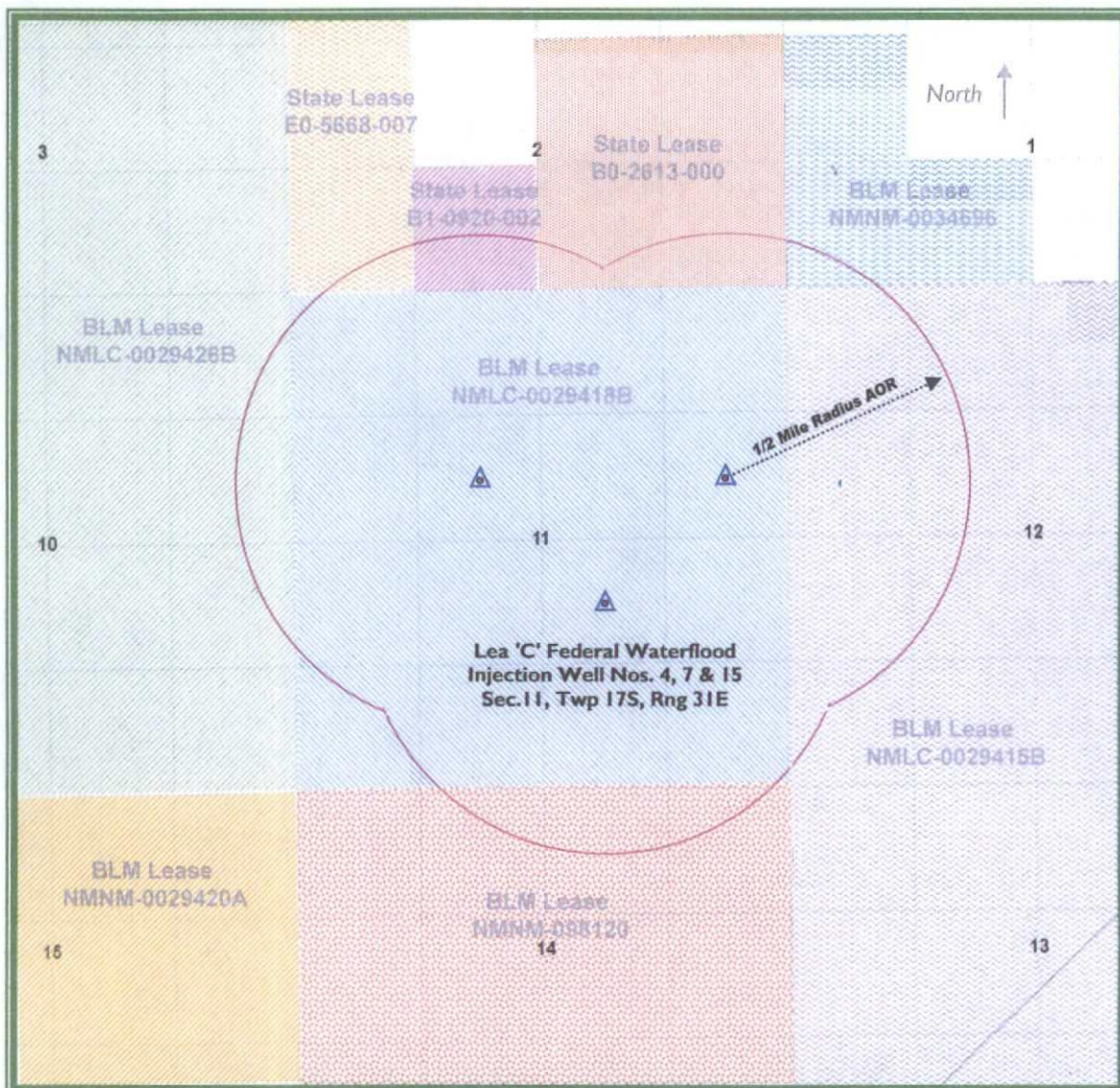
Eddy County, New Mexico

CAPSTONE
Natural Resources, LLC

SOS Consulting, LLC

Lea 'C' Federal Waterflood - Leasehold Plat

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



Capstone Natural Resources, LLC

LEGEND

NMLC-0029418B Chevron USA	NMNM-0034696 Scott, Horst Family
NMLC-0029426B ZPZ Delaware	State B0-2613-000 Exxon Mobil
NMNM-0029420A Linn Energy	State B1-0920-002 Paul Slayton
NMNM-098120 Linn Energy	State E0-5668-007 COG Oil & Gas / Chevron
NMLC-0029415B Burnett, Hudson, Lewis & others	

Additional Lessees and Operators are shown in the List of Interested Parties contained herein.



Eddy County, New Mexico

Form C-108 Item VI - Tabulation of AOR Wells

Depth to Top of Proposed Injection Interval Grayburg 3220'		ALL Wells Penetrate Proposed Injection Zone.							
API Well No.	Current Operator	Well Name	Well No.	Type	Lease	Status	UL	STR	Total Depth
SECTION 11 WELLS									
Subject Wells									
30-015-05132	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#004	Oil	Federal	Active	J	11-17S-31E	3798'
8.625" (10.0" hole) @ 932' w/ 125 sx Circ; 5.5" (8.0" hole) @ 3700' w/ 385 sx TOC 1460' by Calc.									
30-015-20627	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#007	Oil	Federal	Active	F	11-17S-31E	3970'
8.625" (11.0" hole) @ 610' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3970' w/ 1600 sx TOC 1370' by Temp.									
30-015-20706	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#015	Oil	Federal	Active	H	11-17S-31E	4030'
8.625" (11.0" hole) @ 651' w/ 350 sx Circ; 5.5" (7.875" hole) @ 4030' w/ 1100 sx Circulated to Surface.									
Other AOR Wells									
30-015-05131	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#003	Oil	Federal	P&A, Site Released	D	11-17S-31E	3740'
SEE P&A SCHEMATIC									
30-015-05129	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#001	Oil	Federal	Active	C	11-17S-31E	3735'
8.625" (11.0" hole) @ 932' w/ 125 sx Circ; 5.5" (7.875" hole) @ 3666' w/ 370 sx TOC 878' by Calc.									
30-015-05130	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#002	Oil	Federal	Active	B	11-17S-31E	3759'
8.625" (11.0" hole) @ 900' w/ 80 sx Circ; 5.5" (7.875" hole) @ 3664' w/ 350 sx TOC 1027' by Calc.									
30-015-05133	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#005	Oil	Federal	Active	O	11-17S-31E	3816'
8.625" (11.0" hole) @ 871' w/ 100 sx Circ; 5.5" (7.875" hole) @ 3815' w/ 365 sx TOC 1065' by Calc.									
30-015-05134	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#006	Oil	Federal	Active	G	11-17S-31E	3967'
8.625" (11.0" hole) @ 913' w/ 400 sx Circ; 4.5" (6.25" hole) @ 3966' w/ 400 sx TOC 1309' by Calc.									
30-015-20641	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#008	Oil	Federal	Active	K	11-17S-31E	3950'
8.625" (11.0" hole) @ 650' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3920' w/ 1300 sx Calc. to Circ. Not Rpt'd									
30-015-20648	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#009	Oil	Federal	Active	N	11-17S-31E	3950'
8.625" (11.0" hole) @ 631' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3950' w/ 1300 sx Calc. to Circ. Not Rpt'd									
30-015-20678	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#010	Oil	Federal	Active	E	11-17S-31E	3940'
8.625" (11.0" hole) @ 620' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3939' w/ 1600 sx Calc. to Circ. Not Rpt'd									
30-015-20679	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#011	Oil	Federal	Expired TA	L	11-17S-31E	3930'
8.625" (11.0" hole) @ 614' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3930' w/ 1600 sx Calc. to Circ. Not Rpt'd									
30-015-20697	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#012	Oil	Federal	Active	M	11-17S-31E	3910'
8.625" (11.0" hole) @ 615' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3908' w/ 1200 sx Calc. to Circ. Not Rpt'd									
30-015-20704	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#013	Oil	Federal	Active	P	11-17S-31E	4000'
8.625" (11.0" hole) @ 652' w/ 350 sx Circ; 5.5" (7.875" hole) @ 4020' w/ 1100 sx Calc. to Circ. Not Rpt'd									
30-015-20705	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#014	Oil	Federal	Active	I	11-17S-31E	4020'
8.625" (11.0" hole) @ 635' w/ 375 sx Circ; 5.5" (7.875" hole) @ 4000' w/ 1100 sx Calc. to Circ. Not Rpt'd									

Form C-108 Item VI - Tabulation of AOR Wells (cont.)

API Well No.	Current Operator	Well Name	Well No.	Type	Lease	Status	UL	STR	Total Depth
30-015-20707	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#016	Oil	Federal	Active	A	11-17S-31E	4060' <u>8.625" (11.0" hole) @ 650' w/ 350 sx Circ; 5.5" (7.875" hole) @ 4059' w/ 1550 sx Calc. to Circ. Not Rpt'd</u>
30-015-40879	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#017	Oil	Federal	Active	P	11-17S-31E	4490' <u>8.625" (11.0" hole) @ 694' w/ 450 sx Circ; 5.5" (7.875" hole) @ 4488' w/ 955 sx Calc. to Circ. Not Rpt'd</u>
30-015-40993	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#018	Oil	Federal	New	N	11-17S-31E	4500' <u>8.625" (11.0" hole) @ 650' w/ 350 sx Circ; 5.5" (7.875" hole) @ 4500' w/ 750 sx Circ.to Surface</u>
30-015-40998	[289372] CAPSTONE NAT. RSRCS, LLC	LEA C FEDERAL	#019	Oil	Federal	Active	D	11-17S-31E	4426' <u>8.625" (11.0" hole) @ 687' w/ 450 sx Circ; 5.5" (7.875" hole) @ 4426' w/ 955 sx Circ. to Surface</u>
30-015-36851	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#010	Oil	Federal	Active	B	11-17S-31E	6663' <u>13.375" (17.5" hole) @ 715' w/ 750 sx Circ.; 8.625" (11.0" hole) @ 1978' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6653' w/ 1000 sx Circ.to Surface</u>
30-015-37444	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#011	Oil	Federal	Active	A	11-17S-31E	6830' <u>13.375" (17.5" hole) @ 670' w/ 650 sx Circ.; 8.625" (11.0" hole) @ 1973' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6823' w/ 1100 sx Circ.to Surface</u>
30-015-38375	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#015	Oil	Federal	Active	C	11-17S-31E	6730' <u>13.375" (17.5" hole) @ 746' w/ 700 sx Circ.; 8.625" (11.0" hole) @ 1953' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6727' w/ 1050 sx Circ.to Surface</u>
30-015-37822	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#027	Oil	Federal	Active	A	11-17S-31E	6861' <u>13.375" (17.5" hole) @ 705' w/ 720 sx Circ.; 8.625" (11.0" hole) @ 1870' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6856' w/ 1100 sx Circ.to Surface</u>
30-015-40008	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#028	Oil	Federal	Active	D	11-17S-31E	6834' <u>13.375" (17.5" hole) @ 662' w/ 700 sx Circ.; 8.625" (11.0" hole) @ 1978' w/ 650 sx Circ; 5.5" (7.875" hole) @ 6834' w/ 1700 sx Circ.to Surface</u>
30-015-40009	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#032	Oil	Federal	Active	C	11-17S-31E	6872' <u>13.375" (17.5" hole) @ 728' w/ 600 sx Circ.; 8.625" (11.0" hole) @ 1900' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6897' w/ 1050 sx Circ.to Surface</u>
30-015-37823	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#039	Oil	Federal	Active	N	11-17S-31E	6897' <u>13.375" (17.5" hole) @ 662' w/ 700 sx Circ.; 8.625" (11.0" hole) @ 1978' w/ 650 sx Circ; 5.5" (7.875" hole) @ 6834' w/ 1700 sx Circ.to Surface</u>
30-015-38381	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#041	Oil	Federal	Active	E	11-17S-31E	6747' <u>13.375" (17.5" hole) @ 728' w/ 600 sx Circ.; 8.625" (11.0" hole) @ 1924' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6737' w/ 1050 sx Circ.to Surface</u>
30-015-39311	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#042	Oil	Federal	Active	H	11-17S-31E	7020' <u>13.375" (17.5" hole) @ 734' w/ 750 sx Circ.; 8.625" (11.0" hole) @ 1962' w/ 600 sx Circ; 5.5" (7.875" hole) @ 7012' w/ 1200 sx Circ.to Surface</u>
30-015-40010	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#057	Oil	Federal	Active	E	11-17S-31E	6861' <u>13.375" (17.5" hole) @ 661' w/ 650 sx Circ.; 8.625" (11.0" hole) @ 1938' w/ 750 sx Circ; 5.5" (7.875" hole) @ 6861' w/ 1750 sx Circ.to Surface</u>
30-015-40011	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#061	Oil	Federal	Active	F	11-17S-31E	6831' <u>13.375" (17.5" hole) @ 659' w/ 500 sx Circ.; 8.625" (11.0" hole) @ 1937' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6831' w/ 1150 sx Circ.to Surface</u>
30-015-39144	[4323] CHEVRON U S A INC	TEX MACK 11 FEDERAL	#063	Oil	Federal	Active	I	11-17S-31E	6959' <u>13.375" (17.5" hole) @ 736' w/ 650 sx Circ.; 8.625" (11.0" hole) @ 2004' w/ 800 sx Circ; 5.5" (7.875" hole) @ 6949' w/ 1100 sx Circ.to Surface</u>
30-015-29720	[4323] CHEVRON U S A INC	TEXMACK 11 FEDERAL	#001	Oil	Federal	Active	C	11-17S-31E	12359' <u>11.75" (14.75" hole) @ 625' w/ 509 sx Circ.; 8.625" (11.0" hole) @ 4490' w/ 2000 sx Circ; 5.5" (7.875" hole) @ 12359' w/ 3400 sx TOC @ 4000'</u>
30-015-36835	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#003	Oil	Federal	Active	D	11-17S-31E	6805' <u>13.375" (17.5" hole) @ 668' w/ 550 sx Circ.; 8.625" (11.0" hole) @ 1930' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6805' w/ 1200 sx Calc. to 454'</u>

Form C-108 Item VI - Tabulation of AOR Wells (cont.)

API Well No.	Current Operator	Well Name	Well No.	Type	Lease	Status	UL	STR	Total Depth
30-015-36836	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#004	Oil	Federal	Active	L	11-17S-31E	6822'
		<u>13.375" (17.5" hole) @ 628' w/ 600 sx Circ.; 8.625" (11.0" hole) @ 1898' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6822' w/ 1100 sx Calc. to 1000'</u>							
30-015-36847	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#005	Oil	Federal	Active	P	11-17S-31E	6795'
		<u>13.375" (17.5" hole) @ 652' w/ 600 sx Circ.; 8.625" (11.0" hole) @ 1896' w/ 550 sx Circ; 5.5" (7.875" hole) @ 6836' w/ 1100 sx Calc. to 1014'</u>							
30-015-36848	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#006	Oil	Federal	Active	F	11-17S-31E	6852'
		<u>13.375" (17.5" hole) @ 628' w/ 600 sx Circ.; 8.625" (11.0" hole) @ 1934' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6835' w/ 1150 sx Calc. to 748'</u>							
30-015-36849	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#007	Oil	Federal	Active	G	11-17S-31E	6655'
		<u>13.375" (17.5" hole) @ 672' w/ 475 sx Circ.; 8.625" (11.0" hole) @ 1919' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6740' w/ 1400 sx Calc. to Circ - Not Rpt'd.</u>							
30-015-36850	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#008	Oil	Federal	Active	K	11-17S-31E	6593'
		<u>13.375" (17.5" hole) @ 671' w/ 475 sx Circ.; 8.625" (11.0" hole) @ 1938' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6655' w/ 1200 sx Calc. to 304'</u>							
30-015-36945	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#009	Oil	Federal	Active	K	11-17S-31E	6840'
		<u>13.375" (17.5" hole) @ 800' w/ 475 sx Circ.; 8.625" (11.0" hole) @ 1854' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6835' w/ 1100 sx Calc. to 1013'</u>							
30-015-39703	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#021	Oil	Federal	New	O	11-17S-31E	6900'
		<u>PROPOSED: 13.375" (17.5" hole) @ 695' w/ 550 sx Circ.; 8.625" (11.0" hole) @ 1950' w/ 900 sx Circ; 5.5" (7.875" hole) @ 6900' w/ 1200 sx Calc. to 549'</u>							
30-015-37667	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#035	Oil	Federal	Active	M	11-17S-31E	6788'
		<u>13.375" (17.5" hole) @ 741' w/ 588 sx Circ.; 8.625" (11.0" hole) @ 1917' w/ 600 sx Circ; 5.5" (7.875" hole) @ 6785' w/ 1633 sx Calc. to Circ. - Not Rpt'd.</u>							
30-015-39704	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#046	Oil	Federal	New	I	11-17S-31E	7061'
		<u>PROPOSED: 13.375" (17.5" hole) @ 725' w/ 550 sx Circ.; 8.625" (11.0" hole) @ 1950' w/ 900 sx Circ; 5.5" (7.875" hole) @ 7061' w/ 1200 sx Calc. to 710'</u>							
30-015-37445	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#054	Oil	Federal	Active	H	11-17S-31E	6802'
		<u>13.375" (17.5" hole) @ 672' w/ 700 sx Circ.; 8.625" (11.0" hole) @ 1905' w/ 700 sx Circ; 5.5" (7.875" hole) @ 6744' w/ 1400 sx Calc. to Circ. - Not Rpt'd.</u>							
30-015-39312	[229137] COG OPERATING LLC	TEX MACK 11 FEDERAL	#058	Oil	Federal	New	H	11-17S-31E	7052'
		<u>PROPOSED: 13.375" (17.5" hole) @ 750' w/ 550 sx Circ.; 8.625" (11.0" hole) @ 1850' w/ 900 sx Circ; 5.5" (7.875" hole) @ 7052' w/ 1200 sx Calc. to 701'</u>							
30-015-30312	[22351] TEXACO E&P INC	TEXMACK 11 FEDERAL	#002	Gas	Federal	P&A, Site Released	N	11-17S-31E	12350'
		<u>SEE P&A SCHEMATIC</u>							

SECTION 2 WELLS

30-015-05042	[274841] ALAMO PERMIAN RSRCs, LLC	STATE BKC	#009	Oil	State	Active	N	2-17S-31E	3999'
		<u>8.625" (11.0" hole) @ 413' w/ 200 sx Circ; 5.5" (7.875" hole) @ 3846' w/ 175 sx Calc. to 2920'</u>							
30-015-37346	[229137] COG OPERATING LLC	TEX-MACK	#221	Oil	State	Active	N	2-17S-31E	6832'
		<u>13.375" (17.5" hole) @ 478' w/ 600 sx Circ.; 8.625" (11.0" hole) @ 1800' w/ 550 sx Circ; 5.5" (7.875" hole) @ 6814' w/ 1100 sx Calc. to 922'</u>							
30-015-22585	[274841] ALAMO PERMIAN RSRCs, LLC	STATE BGK	#002	Oil	State	Active	P	2-17S-31E	3867'
		<u>8.625" (11.0" hole) @ 790' w/ 350 sx Circ; 5.5" (7.875" hole) @ 3866' w/ 350 sx Calc. to 2014'</u>							
30-015-38367	[229137] COG OPERATING LLC	TEX-MACK	#214	Oil	State	Active	P	2-17S-31E	6925'
		<u>13.375" (17.5" hole) @ 483' w/ 500 sx Circ.; 8.625" (11.0" hole) @ 1972' w/ 700 sx Circ; 5.5" (7.875" hole) @ 6912' w/ 1150 sx Calc. to 825'</u>							

Form C-108 Item VI - Tabulation of AOR Wells (cont.)

API Well No.	Current Operator	Well Name	Well No.	Type	Lease	Status	UL	STR	Total Depth
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SECTION 10 WELLS

30-015-26044	[269324] LINN OPERATING, INC.	H E WEST B	#042	Oil	Federal	Active	H	10-17S-31E	4004'
8.625" (11.0" hole) @ 641' w/ 400 sx Circ.; 5.5" (7.875" hole) @ 3985' w/ 900 sx Calc. to Circ. - Not Rpt'd.									
30-015-31322	[14049] MARBOB ENERGY CORP.	OXY POTEET STRWBRRY FED	#001	Gas	Federal	P&A, Site Released	H	10-17S-31E	12200'
SEE P&A SCHEMATIC									

SECTION 14 WELLS

30-015-36780	[229137] COG OPERATING LLC	SKELLY UNIT	#624	Oil	Federal	Active	B	14-17S-31E	6620'
13.375" (17.5" hole) @ 472' w/ 500 sx Circ.; 8.625" (11.0" hole) @ 1801' w/ 550 sx Circ.; 5.5" (7.875" hole) @ 6607' w/ 1050 sx Calc. to 1050'									
30-015-05147	[269324] LINN OPERATING, INC.	SKELLY UNIT	#102	Injection	Federal	Active	B	14-17S-31E	
8.625" (11.0" hole) @ 862' w/ 125 sx Circ.; 5.5" (7.875" hole) @ 3679' w/ 370 sx Calc. to 1721'									
30-015-40727	[4323] CHEVRON U S A INC	SKELLY UNIT	#645	Oil	Federal	New	C	14-17S-31E	6735'
13.375" (17.5" hole) @ 658' w/ 550 sx Circ.; 8.625" (11.0" hole) @ 2033' w/ 650 sx Circ.; 5.5" (7.875" hole) @ 6735' w/ 1050 sx Calc. to 1178'									

SECTION 12 WELLS

30-015-40830	[3080] BURNETT OIL CO INC	NOSLER FEDERAL	#005	Oil	Federal	New	D	12-17S-31E	7000'
PROPOSED: 10.75" (14.75" hole) @ 800' w/ 400 sx Circ.; 7.0" (8.75" hole) @ 7000' w/ 1075 sx Calc. to Circ. - Not Rpt'd.									
30-015-39475	[229137] COG OPERATING LLC	PUCKETT 12 FEDERAL	#002H	Oil	Federal	New	D	12-17S-31E	6600'/11236'
PROPOSED: 13.375" (17.5" hole) @ 770' w/ 450 sx Circ.; 9.625" (12.25" hole) @ 2050' w/ 500 sx Circ.; 7.0"+5.5" (8.75" hole) @ 11236' w/ 1400 sx Calc. to Circ.									
30-015-39194	[25111] HUDSON OIL CO. OF TEXAS	PUCKETT NORTH	#012	Oil	Federal	Active	D	12-17S-31E	4265'
8.625" (12.25" hole) @ 789' w/ 450 sx Circ.; 5.5" (7.875" hole) @ 4270' w/ 950 sx Calc. to Circulated to Surface.									
30-015-39193	[25111] HUDSON OIL CO. OF TEXAS	PUCKETT NORTH	#013	Oil	Federal	Active	E	12-17S-31E	4335'
8.625" (12.25" hole) @ 786' w/ 220 sx Circ.; 5.5" (7.875" hole) @ 4288' w/ 920 sx Circulated to Surface.									
30-015-37912	[25111] HUDSON OIL CO. OF TEXAS	PUCKETT NORTH	#010	Oil	Federal	Active	F	12-17S-31E	4333'
8.625" (12.25" hole) @ 750' w/ 450 sx Circ.; 5.5" (7.875" hole) @ 4338' w/ 950 sx Calc. to Circulated to Surface.									
30-015-34746	[25111] HUDSON OIL CO. OF TEXAS	PUCKETT NORTH	#001	Oil	Federal	Active	L	12-17S-31E	4268'
8.625" (12.25" hole) @ 744' w/ 390 sx Circ.; 5.5" (7.875" hole) @ 4268' w/ 1650 sx Circulated to Surface.									

SECTION 1 WELLS

30-015-23556	[236183] TANDEM ENERGY CORP.	VOLA FEDERAL	#001	Oil	Federal	Active	D	1-17S-31E	4500'
8.675" (11.0" hole) @ 668' w/ 375 sx Circ.; 4.5" (7.875" hole) @ 4500' w/ 675 sx Calc. to 1731'									

PLUGGED WELL SCHEMATIC

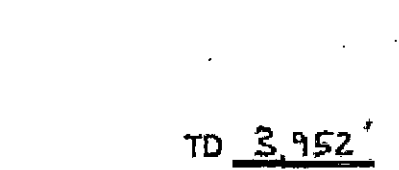
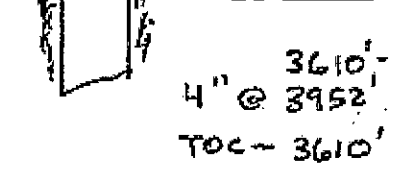
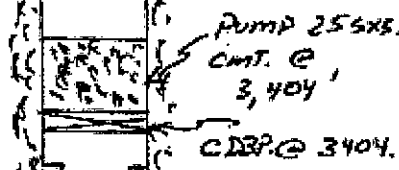
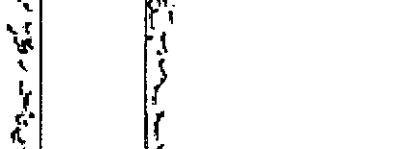
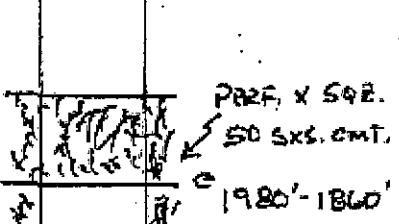
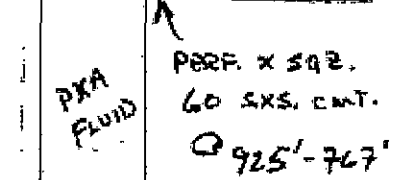
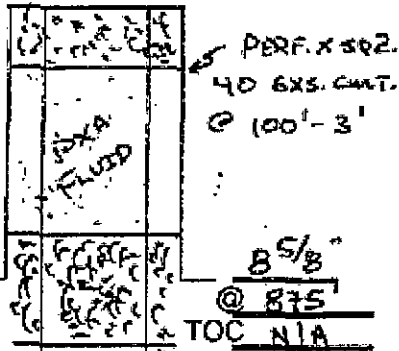
PLUGGING & ABANDONMENT WORKSHEET

(3 STRING CSNG)

30-015-05131

OPERATOR CAPSTONE NATURAL RESOURCES LLC
LEASENAME LEA "C"

WELL # 003
SECT 11 TWN 17S RNG 31E
FROM 660 NSL 660 ENVL
TD: 3952' FORMATION @ TD
PBD: 3942' FORMATION @ PBD



	SIZE	SET @	TOC	TOC DETERMINED BY
SURFACE	8 5/8	875'	N/A	95 SX5.
INTMED 1				
INTMED 2				
PROD	5 1/2	3626'	N/A	375 SX5.
	SIZE	TOP	BOT	TOC DETERMINED BY
LINER 1	4"	3610'	3952'	CIBP 75 SX5.
LINER 2				
	CUT & PULL @		TOP - BOTTOM	
INTMED 1		PERFS	3430' - 3606'	
INTMED 2		OPENHOLE	3669' - 3932'	
PROD				

* REQUIRED PLUGS DISTRICT 1

RESTRICTION (ANY)	
YATES	
QUEEN	
GRAYBURD	
SAN ANDRES	
CANTAN REEF	
DELAWARE	
BELL CANYON	
CHERRY CANYON	
BRUNY CANYON	
BONE SPRING	
GEORGETA	
OLNEY	
TUBO	
BRICKYARD	
ABO	
WC	
PENN	
STRAWN	
ATOKA	
WICKLOW	
MISS	
DEVONIAN	

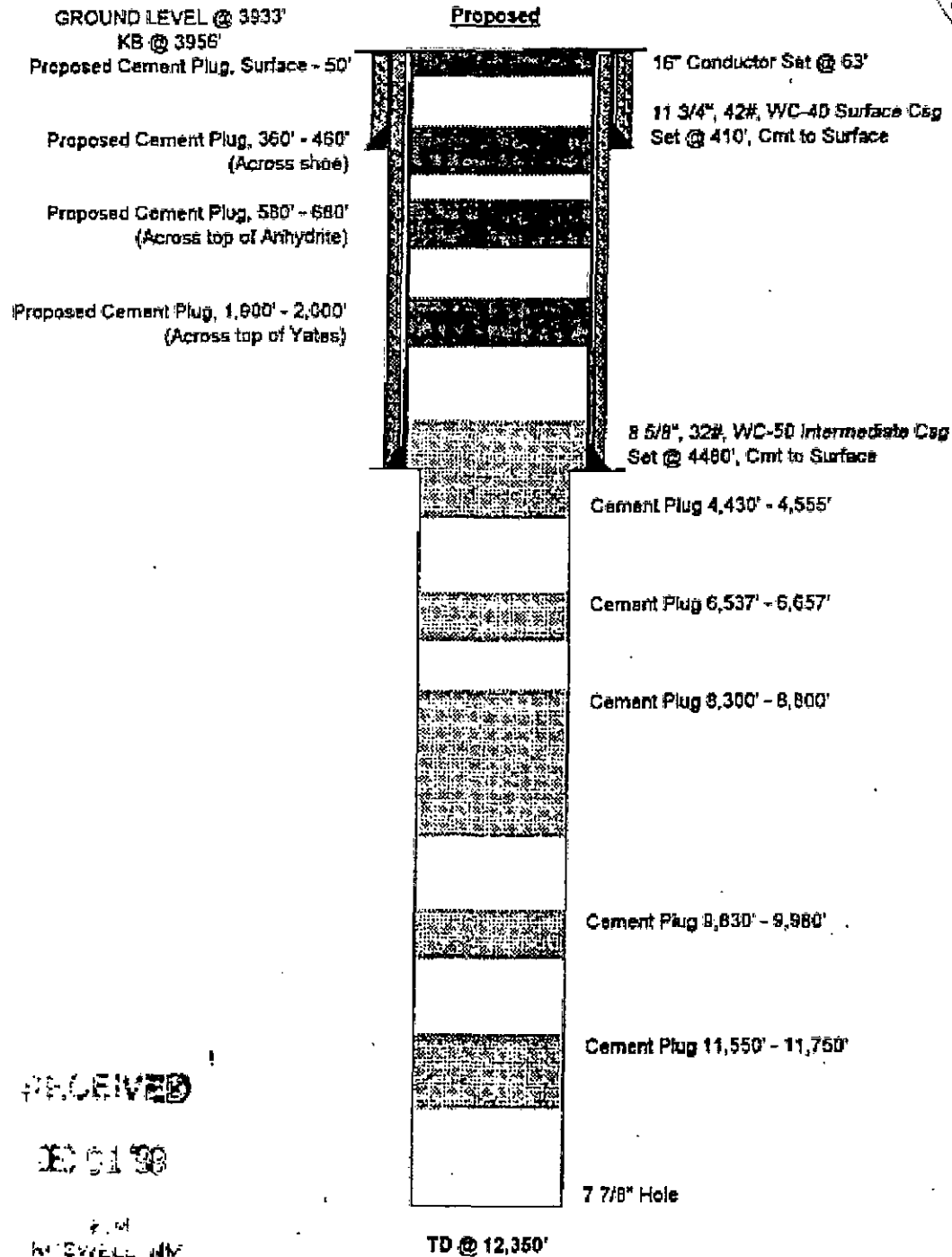
PLUG	TYPE	SACKS	DEPTH
PLUG	PLUG	CMNT	
EXAMPLES			
PLUG #1	OH	25 SX5	9850'
PLUG #2	SHOE	50 SX5	8700'-8800'
PLUG #3	CIBP/35'		5300'
PLUG #4	CIBP	25 SX5	5300'
PLUG #5	STUB	50 SX5	4600'-4700'
PLUG #6	RETNR SQZ	200 SX5	400'
PLUG #7	SURF	10 SX5	0-10'
PLUG #8			
PLUG #9			
PLUG #10			
PLUG #11			
PLUG #12			
PLUG #13			
PLUG #14			
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PLUG #100			

DATE 05/14/12

PLUGGED WELL SCHEMATIC

Texmack 11 Federal #2

800' FSL, 1750' FWL
SEC 11, T17S, R31E
Eddy County, NM
FRSID # 333-69030390
Estimate # 685507
Proposed



RECEIVED

JUN 27 2013

W. W. SWEET, NM

PLUGGED WELL SCHEMATIC

Poteet Strawberry Federal Well No.1

API 30-015-31322

1650' FNL & 660' FEL, SEC. 10-T17S-R31E

EDDY COUNTY, NEW MEXICO

Spud Date: 11/01/2000

P&A Date: 4/26/2006

Well plugged by:
Marbob Energy Corp.

<PLUGGING ITEMS LISTED LEFT>

PLUGS:

Sqz Hole @ 60'
Sqz w/ 30 sx
Down 5.5"/Circ 9.625"

Sqz Hole @ 750'
Sqz w/ 60 sx
Tagged @ 563'

Sqz add't 50 sx
Tagged @ 3463'

Sqz Hole @ 4550'
Sqz w/ 50 sx
Tagged @ 4353'

Sqz Hole @ 5170'
Sqz w/ 50 sx
Tagged @ 4988'

P&A Marker

G.L. 3931'

<PRE-P&A EXISTING ITEMS LISTED RIGHT>

Surface Casing

13.375", 48.0# Csg. (17.5" Hole) @ 625'
350 sx - Circ. to Surface

Intermediate Casing

9.625" Csg (12.25" Hole) @ 4500'
1900 sx - Circ. to Surface

<P&A SUBSEQUENT SUNDRY>

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
GSA FPMR (41 CFR)
Exempt, March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	7. If Title or C/A Agreement, Name and No.
2. Name of Operator Marbob Energy Corporation	8. Well Name and No. Oxy Poteet Strawberry Federal #1
3a. Address PO Box 377, Artesia, NM 88211-0377	9. API Well No. 30-015-31322
3b. Phone No. (include area code) 505-748-3383	10. Field and Pool, or Exploratory Area Hawthorne, Wadsworth, SE
4. Location of Well (Frontage Sec., T., R., M., or Survey Description) 1650 FNL 660 FEL, Sec. 10-T17S-R31E, Unit H	11. County or Parish, State Eddy Co., NM
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Cement to Isolation
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recapture
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletes horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Record under which the work will be performed or provide the Record No. on file with BLM/BIA. If the work is to be performed in a multiple completion or recompletion in a new general, a Form 1160-1 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including all testing, have been completed, and the operator has determined that the site is ready for final inspection.)

Plugged & abandoned as follows:

41806 - MTRU cast equip.
42006 - Set 5 1/2" CTRP on top @ 8499'. Circ hole of 380 hole used inside field. Spgs 25 sx on top of CTRP.
42108 - Perf 5 1/2" csg @ 5170'. Set 5 1/2" pkr @ 4880'. Spgs 50 sx on top of CTRP.
42208 - Press up on top @ 10006. Hole. Rts plus. Tag plug @ 4988'. Perf csg @ 4224'. Spgs 28 sx on top. Displace to 4480'. WOC.
42308 - Tagged plug @ 4550'. POCSE & set pkr @ 3463'. Set circ. Spgs 50 sx on top. CWT 10006. WOC 4 hrs. Tagged plug @ 3463'. Perf 5 1/2" csg @ 780'. Set pkr @ 2847'. Set Circ. Spgs 60 sx on top. CWT 10006. WOC.
42408 - Tagged plug @ 8499'. Perf 5 1/2" csg @ 60'. Circ 20 sx on top down 5 1/2" csg & up 5 5/8" csg to surf. CWT 10006. WOC. Rts press.
CWT @ surf. Plug was either. Cut off wellhead. Install dry hole marker. RD.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Shane A. Briggs Title Production Analyst
Signature [Signature] Date 05/01/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVAL: _____ Title _____ Date _____
Conditions of approval, if any, are attached. Approval of this notice does not constitute approval of the subject matter which would entitle the applicant to conduct operations thereon.
Title 18 U.S.C. Section 1061 and Title 42 U.S.C. Section 1212. make it a crime for any person knowingly and willfully to make or any department or agency of the United States any false, fictitious or fraudulent statements or representations, or to any matter within its jurisdiction.
(Instructions on page 3)

Spot 25 sx on CIBP

CIBP @ 8499'
(Set for P&A)

Formation Fluids

CIBP + 35' Cmt @ 10200'

CIBP + 35' Cmt @ 11600'

CIBP + 35' Cmt @ 11975'

CIBP + 10' Cmt @ 12090'

Perfs

U.Wfcp 8597'-8732'

L.Wfcp 9630'-84'

Cisco 10232'-82'

Atoka 11618'-33'

Marrow 12028'-32'

L.Mrw 12106'-16'

12200'
TD @ 12200'

Production Casing

5.5", 17.0# csg. (8.75" Hole) @ 12200'
1270 sx - TOC @ 7410' by CBL

SOS Consulting, LLC

Drawn by: Ben Stone, 4/18/2013

C-108 - Item VIII

Geological Data

The proposed injection zones are the Grayburg and San Andres formations from 3407 feet to 4030 feet within the subject wellbores. The Grayburg formation consists primarily of quartz sand with cementation. The San Andres formation consists primarily of dolomite with intermingled stringers of quartz sand with dolomite cementation.

The Grayburg is overlain by the Queen and then Seven Rivers formations. The surface formation is Cretaceous and has no known source of drinking water. Additionally, there are no known sources of drinking water which overlie or underlie the subject intervals.

C-108 - Item XI
Water Wells Within One Mile

No water wells were identified within one mile of the subject injection wells.



New Mexico Office of the State Engineer
Active & Inactive Points of Diversion
(with Ownership Information)

No PODs found.

PLSS Search:

Section(s): 2, 10, 11, 12, 14 Township: 17S Range: 31E

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

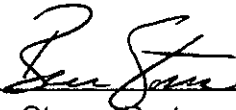
4/18/13 7:48 AM

Page 1 of 1

ACTIVE & INACTIVE POINTS OF DIVERSION

C-108 ITEM XII – GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.



Ben Stone, Partner
SOS Consulting, LLC

Project: Capstone Natural Resources, LLC
Lea 'C' Federal Waterflood
Reviewed 4/19/2013

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**

SURFACE OWNER

U.S. DEPARTMENT OF INTERIOR - FedEx'd copy of application
Bureau of Land Management
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

MINERALS LESSEES and OFFSET OPERATORS (All notified via U.S. Postal Certified Mail)

BLM Lease NMLC-0029418B

- Lessee***
- 1 CHEVRON USA, INC.
15 Smith Road
Midland, TX 79705
- Operator***
- 2 CAPSTONE NATURAL RESOURCES, LLC (*Applicant*)
2250 E 73rd St., Ste. 500
Tulsa, OK 74136-6834
- 3 COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

BLM Lease NMLC-0029462B

- Lessee***
- 4 ZPZ DELAWARE I, LLC
2000 Post Oak Blvd., Ste. 100
Houston, TX 77056-4497
- Operator***
- 5 LINN OPERATING, INC.
600 Travis St., Ste. 5100
Houston, TX 77002-3092
- 6 APACHE CORPORATION
2000 Post Oak Blvd., Ste. 100
Houston, TX 77056-4400

BLM Lease NMNM-0029420A

Lessee
LINN ENERGY HOLDINGS, LLC
600 Travis St., Ste. 5100
Houston, TX 77002-3092

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

BLM Lease NMNM-0029420A (cont.)

Operator

CHEVRON USA, INC.
15 Smith Road
Midland, TX 79705

COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

LINN OPERATING, INC.
600 Travis St., Ste. 5100
Houston, TX 77002-3092

BLM Lease NMNM-098120

Lessee

LINN ENERGY HOLDINGS, LLC
600 Travis St., Ste. 5100
Houston, TX 77002-3092

Operator

CHEVRON USA, INC.
15 Smith Road
Midland, TX 79705

COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

LINN OPERATING, INC.
600 Travis St., Ste. 5100
Houston, TX 77002-3092

BLM Lease NMLC-0029415B

Lessee

- 7 BURNETT OIL CO
801 Cherry St., Ste. 1500 Unit #9
Fort Worth, TX 76102-6881
- 8 E.R. HUDSON TRUST 1
616 Texas Street
Fort Worth, TX 76102
- 9 EDWARD R. HUDSON, JR.
616 Texas Street
Fort Worth, TX 76102

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

BLM Lease NMLC-0029415B (cont.)

- Lessee**
- 10 WILLIAM A. HUDSON II
616 Texas Street
Fort Worth, TX 76102
- 11 JAVELINA PARTNERS
616 Texas Street
Fort Worth, TX 76102
- 12 DELMAR H. LEWIS
616 Texas Street
Fort Worth, TX 76102
- 13 LINDY'S LIVING TRUST
616 Texas Street
Fort Worth, TX 76102
- 14 ZORRO PARTNERS, LTD
616 Texas Street
Fort Worth, TX 76102

Operator
BURNETT OIL CO
801 Cherry St., Ste. 1500 Unit #9
Fort Worth, TX 76102-6881

COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

- 15 HUDSON OIL COMPANY OF TEXAS
616 Texas Street
Fort Worth, TX 76102

BLM Lease NMNM-0034696

- Lessee**
- 16 ALEXIS SCOTT
28 Scotts Place
Santa Fe, NM 87507-4396
- 17 VOLA VALE HORST FAMILY TRUST
P.O. Box 1057
Santa Fe, NM 87504-1057

- Operator**
- 18 TANDEM ENERGY CORP.
2700 Post Oak Blvd., Ste. 1000
Houston, TX 77055

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

State Lease B0-2613-000

Lessee

- 19 EXXON MOBIL CORP.
800 Bell Street
Houston, Texas 77002

Operator

- 20 ALAMO PERMIAN RESOURCES, LLC
415 W. Wall St., Ste. 500
Midland, TX 79701

CHEVRON USA, INC.
15 Smith Road
Midland, TX 79705

COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

State Lease B1-0920-002

Lessee

- 21 PAUL SLAYTON
704 E. College Blvd.
Roswell, NM 88201

Operator

ALAMO PERMIAN RESOURCES, LLC
415 W. Wall St., Ste. 500
Midland, TX 79701

COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

State Lease E0-5668-007

Lessee

COG OIL & GAS, LP INC. / CHEVRON USA, INC.
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

Operator

ALAMO PERMIAN RESOURCES, LLC
415 W. Wall St., Ste. 500
Midland, TX 79701

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

State Lease E0-5668-007 (cont.)

Operator

COG OPERATING, LLC
600 W. Illinois Ave.
One Concho Center
Midland, TX 79701

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
1220 St. Francis Drive
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
811 S. First St.
Artesia, NM 88210

BUREAU OF LAND MANAGEMENT (FedEx'ed copy)
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

Offset Minerals

NEW MEXICO STATE LAND OFFICE (FedEx'ed copy)
Oil & Gas Division
310 Old Santa Fe Trail
Santa Fe, NM 87501



April 12, 2013

NOTIFICATION TO INTERESTED PARTIES

via U.S. Certified Mail

To Whom It May Concern:

Capstone Natural Resources, LLC, Tulsa, Oklahoma, has made application to the New Mexico Oil Conservation Division to **reinstate** its Lea 'C' Federal Waterflood Project. The proposed operation will be for potential secondary recovery of oil from the Grayburg and San Andres formations utilizing three (3) wells for injection of produced lease water. As indicated in the notice below, the wells are located in Section 11, Township 17 South, Range 31 East in Eddy County, New Mexico.

Following is the notice to be published in the Artesia Daily Press, Artesia, New Mexico on or about April 15, 2013.

LEGAL NOTICE

Capstone Natural Resources, LLC, 2250 E 73rd Street, Suite 500 Tulsa, OK 74136, is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to reinstate an existing waterflood project in its Lea 'C' Federal lease. Three wells are proposed for reinstatement for injection into the Grayburg and San Andres formations as follows:

Lea 'C' Federal No.4 (API No.30-015-05132) located in unit letter J;
Lea 'C' Federal No.7 (API No.30-015-20627) located in unit letter F;
Lea 'C' Federal No.15 (API No.30-015-20706) located in unit letter H;

all in Section 11, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

Produced water from the lease will be reinjected at the previously authorized maximum injection pressures of 662 to 672 psi (.2 psi/ft uppermost perforation). Maximum injection rates will be limited only by this pressure. The applicant may opt to conduct a step rate test and submit with the subject application or, after approval to determine if higher injection pressures are appropriate.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505) 476-3460 within 15 days of the date of this notice. Additional information may be obtained from Capstone Natural Resources, LLC (918) 236-3800 or its agent, SOS Consulting, LLC, (903) 488-9850.

You have been identified as a party who may be interested as an offset lessee or operator.

You are entitled to a full copy of the application. If so desired, please call or email SOS Consulting, LLC at 903-488-9850, info@sosconsulting.us, and a copy will be expedited to you. If a copy has already been sent to you or your company, we will advise you of that and the address to which it was sent.

Thank you for your attention in this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Ben Stone", with a stylized flourish at the end.

Ben Stone, SOS Consulting, LLC
Agent for Capstone Natural Resources, LLC

Cc: Application File

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)

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EDWARD R. HUDSON, JR.
616 Texas Street
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C-108 - Item XIV

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TANDEM ENERGY CORP. 2700 Post Oak Blvd., Ste. 1000 Houston, TX 77055	
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C-108 - Item XIV

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VOLA VALE HORST FAMILY TRUST
P.O. Box 1057
Santa Fe, NM 87504-1057

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EXXON MOBIL CORP.
800 Bell Street
Houston, Texas 77002

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ALAMO PERMIAN RESOURCES, LLC
415 W. Wall St., Ste. 500
Midland, TX 79701

PS Form 3849

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PAUL SLAYTON
704 E. College Blvd.
Roswell, NM 88201

PS Form 3849

Affidavit of Publication

NO.

22519

STATE OF NEW MEXICO

County of Eddy:

Danny Scott

being duly sworn, says that he is the

Publisher

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/days on the same

day as follows:

First Publication

April 14, 2013

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

14th day of

April

2013



OFFICIAL SEAL
Latisha Romine

NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015

Latisha Romine

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Capstone Natural Resources, LLC, 2250 E 73rd Street, Suite 500 Tulsa, OK 74136, is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to reinstate an existing water flood project in its Lea 'C' Federal lease. Three wells are proposed for reinstatement for injection into the Grayburg and San Andres formations as follows:

Lea 'C' Federal No. 4 (API No. 30-015-05132) located in unit letter J.

Lea 'C' Federal No. 7 (API No. 30-015-20627) located in unit letter F.

Lea 'C' Federal No. 15 (API No. 30-015-20708) located in unit letter H.

all in Section 11, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

Produced water from the lease production will be reinjected at the previously authorized maximum injection pressures of 662 to 672 psi (2 psi/ft uppermost perforation). Maximum injection rates will be limited only by this pressure. The applicant may opt to conduct a step rate test and submit with the subject application or after approval to determine if higher injection pressures are appropriate.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505 (505) 476-3460 within 15 days of the date of this notice. Additional information may be obtained from Capstone Natural Resources, LLC (918) 236-3800 or its agent, SOS Consulting, LLC (903) 488-9850.

Published in the Artesia Daily Press, Artesia, N.M., April 14, 2013. Legal No. 22519.

C-108 ITEM VII – PROPOSED OPERATION

The Lea 'C' Federal Waterflood will be a secondary recovery project and operated as a closed system utilizing a tank battery facility centrally located to the subject wells in Section 22. The project will on to reinject produced water from the lease thereby improving overall economics of Capstone's Lea 'C' Federal operations. (Analysis of Grayburg / San Andres water is included in this application.)

Injection will be into the Grayburg and San Andres formations from 3407 feet to 4014 at the previously authorized maximum injection pressures of 662 to 672 psi (.2 psi/ft uppermost perforation). Maximum injection rates will be limited only by this pressure but are expected to be between 200 and 300 barrels per day. Capstone Natural Resources may opt to conduct a step rate test in the future feet to determine if higher injection pressures are appropriate. This would be submitted to OCD as a request to increase the injection pressure.

Routine maintenance will be ongoing and any releases will be reported within 24 hours to OCD on form C-141 pursuant to various portions of 19.15.30 NMAC.

The facility will not be manned but will have appropriate telemetry including tank volume and system pressure alarms. The facility will be available for inspections at any time deemed necessary by OCD or BLM personnel.