

C104AReport

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(A)

District III
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State of New Mexico
Energy, Minerals and Natural Resources

Form C-145
Permit 70039

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Change of Operator

Previous Operator Information

OGRID: 15346
Name: MOUNTAIN STATES
PETROLEUM CORP
Address: 704 NORTH BUENA VISTA AVE
Address:
City, State, Zip: FARMINGTON, NM 87401

New Operator Information

Effective Date: 3/31/2007
OGRID: 256689
Name: NACOGDOCHES OIL AND GAS, INC
Address: P.O. BOX 632418
Address:
City, State, Zip: NACOGDOCHES, TX 759632418

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

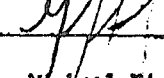
Previous Operator

Signature: 
Printed Name: Dennis McLaughlin

Title: President

Date: 3-18-08 Phone: 214-389-9800

New Operator

Signature: 
Printed Name: Michael Finley

Title: President

Date: 3-18-08 Phone: 936-560-4747

Oil Conservation Division

Case No. 2

Exhibit No.

ChangeOp Comments

OGRID: [15346] MOUNTAIN STATES PETROLEUM CORP
Permit Number: 70039
Permit Type: ChangeOp

Created By	Comment	Comment Date
DPHILLIPS	Additional bonding is required for several wells in the total amount of \$578,174. I can fax you the list you generated of the wells you are transferring so you can see which wells require bonding and the amounts. Questions? Call me (505) 476-3461.	3/24/2008

Oil Conservation Division
Energy, Minerals & Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Tel 505.476.3480 ~ Fax 505.476.3462
mikal.altomare@state.nm.us

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From: Mike Finley [mailto:mike.finley@nogtx.com]

Sent: Monday, May 05, 2008 10:32 AM

To: Altomare, Mikal, EMNRD

Cc: Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD; Phil Mahar; Mike Allen; Mike Finley; Donna Finley; Kellie Dehnisch; Ben Campbell

Subject: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

(2)

Ms. Altomare,

I tried to reach you by phone last week(Monday) as I was in Santa Fe for the day and had hope I might catch you in the office, but I was sorry to hear you were out on business that day. I had no appointment but I was to be in Window Rock Tuesday and took the chance.. Regardless, I have the correct list of wells, from our perspective, and would like to discuss the list with you ASAP. We are anxious to complete our bonding requirements and transfer the operator's license. I will call you today and discuss the details and hope we can come to resolution and move this forward.

Thank you,

Mike Finley

Nacogdoches Oil and Gas

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]

Sent: Friday, April 11, 2008 10:39 AM

To: Mike Finley

Cc: Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD

Subject: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

(1)

Mr. Finley,

As we discussed, I am pasting below a chart reflecting what I am showing currently for Mountain States Petroleum [ogrid 15346] as wells that are coming up as requiring additional bonding. As I understand it, your company has acquired these wells, and is now faced with posting the bonding in order to effectuate the change of operatorship.

From our discussion, it is my understanding that there are a number of these wells that are being actively worked over by your company, and have been swabbed, etc., thus producing some amount of oil and/or gas. You have indicated that you will be providing me with documentation (C103 sundries, etc.) for these wells to show the work/production/activity for these wells, so that we can see if there might be some wells that might not, in fact, be 'inactive' such that they require the additional bonding as listed. I will review the materials as you get them to me, and then, once we have figured out what wells do need bonding and your company has completed the posting of those bonding, we should be able to proceed with the change of operator process. Please let me know if you have any additional questions. As

Mikal Altomare

Well Name	API	Well Type	Last Prod/Inj	Inactive Addl Bond Due	Meas Depth	Reqd Bond Amt	Bond Reqd Now	Bond In Place	In Viol
HANSON #003	30-031-05528	O	07/2004		1591			0	
HANSON #004	30-031-05527	O	12/2004		1587			0	
HANSON #006	30-031-20042	O	07/2004		1537			0	
HANSON #007	30-031-20043	O	12/2004		1563			0	
HANSON #008	30-031-20044	O	12/2004		1579			0	
HANSON #013	30-031-20048	O	12/2004		1554			0	
HANSON #014	30-031-20142	O	12/2004		1518			0	
HANSON #015	30-031-20143	O	12/2004		1539			0	
HANSON #016	30-031-20144	O	06/2005		1539			0	
HANSON #026	30-031-20419	O	10/2004		1654			0	
HANSON #029	30-031-20438	O	07/2004		1650			0	
HANSON #035	30-031-20599	O	07/2004		1648			0	
HANSON #036	30-031-20720	O	07/2004		1665			0	
HANSON #038	30-031-20725	O	06/2005		2705			0	
HANSON #039	30-031-20810	O	07/2004		1560			0	
HANSON #040	30-031-20809	O	12/2004		1583			0	
HANSON #041	30-031-20850	O	12/2004		1640			0	
HOSPAH SAND UNIT #001Y	30-031-20338	O	11/2004	12/01/2006	1613	6613	Y	0	Y
HOSPAH SAND UNIT #002	30-031-05185	O	11/2004	12/01/2006	3282	8282	Y	0	Y
HOSPAH SAND UNIT #003	30-031-05205	O	07/2004	08/01/2006	1631	6631	Y	0	Y
HOSPAH SAND UNIT #004Y	30-031-20339	O	01/2008	02/01/2010	1581	6581		0	
HOSPAH SAND UNIT #005	30-031-05158	O	01/2008	02/01/2010	1675	6675		0	
HOSPAH SAND UNIT #006	30-031-05190	O	02/2005	03/01/2007	1590	6590	Y	0	Y
HOSPAH SAND UNIT #007	30-031-05204	O	05/2007	06/01/2009	1615	6615		0	
HOSPAH SAND UNIT #009	30-031-05176	O	05/2007	06/01/2009	1570	6570		0	
HOSPAH SAND UNIT #010	30-031-05208	O	01/2008	02/01/2010	1665	6665		0	
HOSPAH SAND UNIT #011Y	30-031-20340	O	01/2008	02/01/2010	1563	6563		0	
HOSPAH SAND UNIT #012	30-031-05189	O	01/2008	02/01/2010	1610	6610		0	
HOSPAH SAND UNIT #013	30-031-05178	O	01/2008	02/01/2010	1561	6561		0	
HOSPAH SAND UNIT #015	30-031-05207	O	11/2004	12/01/2006	1677	6677	Y	0	Y
HOSPAH SAND UNIT #016	30-031-05211	O	07/2004	08/01/2006	1663	6663	Y	0	Y
HOSPAH SAND UNIT #017	30-031-05213	O	07/2004	08/01/2006	1689	6689	Y	0	Y
HOSPAH SAND UNIT #019	30-031-05203	O	07/2004	08/01/2006	1600	6600	Y	0	Y
HOSPAH SAND UNIT #020	30-031-05198	O	01/2008	02/01/2010	1587	6587		0	
HOSPAH SAND UNIT #021	30-031-05184	O	11/2004	12/01/2006	1570	6570	Y	0	Y
HOSPAH SAND UNIT #022	30-031-05195	O	08/2007	09/01/2009	1596	6596		0	
HOSPAH SAND UNIT #023	30-031-05192	O	07/2004	08/01/2006	1570	6570	Y	0	Y
HOSPAH SAND UNIT #024	30-031-05186	O	07/2004	08/01/2006	1552	6552	Y	0	Y
HOSPAH SAND UNIT #025	30-031-05212	O	11/2004	12/01/2006	1646	6646	Y	0	Y
HOSPAH SAND UNIT #027	30-031-05214	O	07/2004	08/01/2006	1630	6630	Y	0	Y
HOSPAH SAND UNIT #028	30-031-05216	O	11/2004	12/01/2006	1733	6733	Y	0	Y
HOSPAH SAND UNIT #029	30-031-05225	O	07/2004	08/01/2006	1792	6792	Y	0	Y
HOSPAH SAND UNIT #032	30-031-05224	O	07/2004	08/01/2006	1783	6783	Y	0	Y
HOSPAH SAND UNIT #034	30-031-05223	O	11/2004	12/01/2006	1769	6769	Y	0	Y
HOSPAH SAND UNIT #035	30-031-05222	O	07/2004	08/01/2006	1724	6724	Y	0	Y

HOSPAH SAND UNIT #036	30-031-05217	O	01/2008	02/01/2010	1704	6704		0	
HOSPAH SAND UNIT #037	30-031-05219	O	09/2006	10/01/2008	1730	6730		0	
HOSPAH SAND UNIT #038	30-031-05179	O	07/2004	08/01/2006	1665	6665	Y	0	Y
HOSPAH SAND UNIT #039	30-031-05171	O	07/2004	08/01/2006	1557	6557	Y	0	Y
HOSPAH SAND UNIT #048Y	30-031-20269	O	01/2008	02/01/2010	1625	6625		0	
HOSPAH SAND UNIT #050	30-031-05201	O	10/2007	11/01/2009	1614	6614		0	
HOSPAH SAND UNIT #051	30-031-05194	O	11/2004	12/01/2006	1550	6550	Y	0	Y
HOSPAH SAND UNIT #052	30-031-05182	O	07/2004	08/01/2006	1529	6529	Y	0	Y
HOSPAH SAND UNIT #053	30-031-60022	O	01/2008	02/01/2010	3105	8105		0	
HOSPAH SAND UNIT #054	30-031-05220	O	01/2008	02/01/2010	1720	6720		0	
HOSPAH SAND UNIT #055	30-031-05594	O			455			0	
HOSPAH SAND UNIT #056	30-031-20104	O	11/2004	12/01/2006	2730	7730	Y	0	Y
HOSPAH SAND UNIT #058	30-031-20115	I	12/2005	01/01/2008	1631	6631	Y	0	Y
HOSPAH SAND UNIT #059	30-031-20116	O	11/2004	12/01/2006	1744	6744	Y	0	Y
HOSPAH SAND UNIT #060	30-031-07024	I	01/2008	02/01/2010	1640	6640		0	
HOSPAH SAND UNIT #061	30-031-07025	I	01/2008	02/01/2010	1715	6715		0	
HOSPAH SAND UNIT #063	30-031-05559	I	01/2008	02/01/2010	1844	6844		0	
HOSPAH SAND UNIT #066	30-031-05577	I	05/2002	06/01/2004	1704	6704	Y	6650	
HOSPAH SAND UNIT #070	30-031-20247	I	01/2008	02/01/2010	1683	6683		0	
HOSPAH SAND UNIT #071	30-031-07030	I	12/1992	01/01/1995	1787	6787	Y	6787	
HOSPAH SAND UNIT #084	30-031-20248	I	12/2005	01/01/2008	1574	6574	Y	0	Y
HOSPAH SAND UNIT #085	30-031-20371	O	11/2004	12/01/2006	1580	6580	Y	0	Y
HOSPAH SAND UNIT #088	30-031-20596	O	11/2004	12/01/2006	1720	6720	Y	0	Y
HOSPAH SAND UNIT #089	30-031-05193	O	11/2004	12/01/2006	7850	12850	Y	0	Y
HOSPAH SAND UNIT #092	30-031-20613	I	12/2005	01/01/2008	1655	6655	Y	0	Y
HOSPAH SAND UNIT #093	30-031-20611	I	12/2005	01/01/2008	1605	6605	Y	0	Y
HOSPAH SAND UNIT #094	30-031-20609	I	01/2008	02/01/2010	1635	6635		0	
HOSPAH SAND UNIT #095	30-031-20608	O	11/2004	12/01/2006	1650	6650	Y	0	Y
HOSPAH SAND UNIT #096	30-031-20717	O	11/2004	12/01/2006	1790	6790	Y	0	Y
HOSPAH SAND UNIT #098	30-031-20798	O	01/2008	02/01/2010	1602	6602		0	
HOSPAH SAND UNIT #100	30-031-20831	I	11/2007	12/01/2009	1835	6835		0	
HOSPAH SAND UNIT #102	30-031-20833	O	01/2008	02/01/2010	1695	6695		0	
HOSPAH SAND UNIT #105	30-031-20944	O	11/2004	12/01/2006	1701	6701	Y	0	Y
LONE PINE DAKOTA D UNIT #012	30-031-20183	G	12/1992	01/01/1995	3926	8926	Y	8000	
LONE PINE DAKOTA D UNIT #014	30-031-20174	I	12/1992	01/01/1995	2793	7793	Y	7793	
LONE PINE DAKOTA D UNIT #023	30-031-20201	O	06/2005	07/01/2007	2775	7775	Y	0	Y
NAVAJO 29 #002	30-045-25103	M	01/2008		6006			0	
NAVAJO 32 #002	30-045-24945	M	04/2006		6022			0	
NAVAJO 5 #001	30-045-21755	M	02/2006		6087			0	
NAVAJO 5 #002	30-045-21816	M	01/2008		6300			0	
NAVAJO NATION AS #001	30-045-24484	M	01/2008		6270			0	
SANTA FE #002	30-031-05148	O			1612			0	
SANTA FE #016	30-031-20086	O	06/2005	07/01/2007	2708	7708	Y	0	Y
SANTA FE #017	30-031-20102	O	06/2005	07/01/2007	2794	7794	Y	0	Y
SANTA FE #029	30-031-20341	O	06/2005	07/01/2007	2705	7705	Y	0	Y
SANTA FE PACIFIC RAILROAD #002	30-031-20165	G	09/1994	10/01/1996	2811	7811	Y	7811	
SANTA FE PACIFIC RAILROAD #008	30-031-20181	G	08/1987	09/01/1989	2930	7930	Y	7930	

SANTA FE PACIFIC RAILROAD #009	30-031-20182	G	06/2005	07/01/2007	2810	7810	Y	0	Y
SANTA FE RAILROAD #003	30-031-05147	O	11/2004	12/01/2006	1584	6584	Y	0	Y
SANTA FE RAILROAD #004	30-031-05151	O	02/2005	03/01/2007	1567	6567	Y	0	Y
SANTA FE RAILROAD #007	30-031-05141	O	07/2004	08/01/2006	1614	6614	Y	0	Y
SANTA FE RAILROAD #008	30-031-05496	O	05/2005	06/01/2007	1665	6665	Y	0	Y
SANTA FE RAILROAD #009	30-031-05531	O	07/2004	08/01/2006	1670	6670	Y	0	Y
SANTA FE RAILROAD #012	30-031-20032	O	02/2005	03/01/2007	1585	6585	Y	0	Y
SANTA FE RAILROAD #013	30-031-20038	O	07/2004	08/01/2006	1606	6606	Y	0	Y
SANTA FE RAILROAD #014	30-031-20037	O	07/2004	08/01/2006	1576	6576	Y	0	Y
SANTA FE RAILROAD #015	30-031-20036	O	07/2004	08/01/2006	1642	6642	Y	0	Y
SANTA FE RAILROAD #018	30-031-20138	O	07/2004	08/01/2006	1551	6551	Y	0	Y
SANTA FE RAILROAD #019	30-031-20139	O	02/2005	03/01/2007	1622	6622	Y	0	Y
SANTA FE RAILROAD #020	30-031-20140	O	02/2005	03/01/2007	1655	6655	Y	0	Y
SANTA FE RAILROAD #021	30-031-20141	O	05/2005	06/01/2007	1609	6609	Y	0	Y
SANTA FE RAILROAD #023	30-031-20150	I	05/2005	06/01/2007	1550	6550	Y	0	Y
SANTA FE RAILROAD #039	30-031-20452	O	07/2004	08/01/2006	1650	6650	Y	0	Y
SANTA FE RAILROAD #040	30-031-20451	O	07/2004	08/01/2006	1655	6655	Y	0	Y
SANTA FE RAILROAD #041	30-031-20594	O	07/2004	08/01/2006	1650	6650	Y	0	Y
SANTA FE RAILROAD #042	30-031-20745	O	11/2004	12/01/2006	4029	9029	Y	0	Y
SANTA FE RAILROAD #043	30-031-20712	O	11/2004	12/01/2006	1715	6715	Y	0	Y
SANTA FE RAILROAD #044	30-031-20713	O	07/2004	08/01/2006	1715	6715	Y	0	Y
SANTA FE RAILROAD #045	30-031-20804	O	11/2004	12/01/2006	1676	6676	Y	0	Y
SANTA FE RAILROAD #047	30-031-20836	O	07/2004	08/01/2006	1625	6625	Y	0	Y
SANTA FE RAILROAD #048	30-031-20837	O	07/2004	08/01/2006	1665	6665	Y	0	Y
SANTA FE RAILROAD #049	30-031-20838	O	11/2004	12/01/2006	1740	6740	Y	0	Y
SANTA FE RAILROAD #050	30-031-20854	O	11/2004	12/01/2006	1650	6650	Y	0	Y
SANTA FE RAILROAD #051	30-031-20853	I	05/2005	06/01/2007	1610	6610	Y	0	Y
SANTA FE RAILROAD A #072	30-031-05570	O	07/2004	08/01/2006	1631	6631	Y	0	Y
SANTA FE RAILROAD A #073	30-031-20019	O	01/2008	02/01/2010	1665	6665		0	
SANTA FE RAILROAD A #074	30-031-20021	O	07/2004	08/01/2006	1592	6592	Y	0	Y
SANTA FE RAILROAD A #075	30-031-20072	O	12/2007	01/01/2010	1608	6608		0	
SANTA FE RAILROAD A #076	30-031-20073	O	01/2008	02/01/2010	1591	6591		0	
SANTA FE RAILROAD A #077	30-031-20100	O	01/2008	02/01/2010	1609	6609		0	
SANTA FE RAILROAD A #079	30-031-20099	O	01/2008	02/01/2010	1665	6665		0	
SANTA FE RAILROAD A #080	30-031-20133	O	01/2008	02/01/2010	1635	6635		0	
SANTA FE RAILROAD A #081	30-031-20134	O	01/2008	02/01/2010	1655	6655		0	
SANTA FE RAILROAD A #082	30-031-20137	O	01/2008	02/01/2010	1605	6605		0	
SANTA FE RAILROAD A #083	30-031-20147	I	03/2005	04/01/2007	1547	6547	Y	0	Y
SANTA FE RAILROAD A #084	30-031-20372	I	03/2005	04/01/2007	1656	6656	Y	0	Y
SANTA FE RAILROAD A #087	30-031-20413	I	03/2005	04/01/2007	1598	6598	Y	0	Y
SANTA FE RAILROAD A #088	30-031-20440	O	01/2008	02/01/2010	1670	6670		0	
SANTA FE RAILROAD A #089	30-031-20442	O	11/2007	12/01/2009	1769	6769		0	
SANTA FE RAILROAD A #090	30-031-20441	O	01/2008	02/01/2010	1670	6670		0	
SANTA FE RAILROAD A #091	30-031-20714	O	01/2008	02/01/2010	1682	6682		0	
SANTA FE RAILROAD A #093	30-031-20716	O	12/2007	01/01/2010	1620	6620		0	
SANTA FE RAILROAD A #094	30-031-20722	O	01/2008	02/01/2010	1700	6700		0	
SANTA FE RAILROAD A #095	30-031-20746	O	01/2008	02/01/2010	1640	6640		0	

SANTA FE RAILROAD A #096	30-031-20800	O	01/2008	02/01/2010	1682	6682		0	
SANTA FE RAILROAD A #097	30-031-20855	I	03/2005	04/01/2007	1690	6690	Y	0	Y
SANTA FE RR B #032	30-031-20303	O	04/1980	05/01/1982	2648	7648	Y	7648	
SANTA FE RR B #033	30-031-20369	O	02/1983	03/01/1985	2652	7652	Y	7652	
SANTA FE RR B #034	30-031-20390	O	02/2004	03/01/2006	1638	6638	Y	6638	
SANTA FE RR B #035	30-031-20391	I	07/2004	08/01/2006	1644	6644	Y	0	Y
SANTA FE RR B #036	30-031-20416	O	06/1989	07/01/1991	1600	6600	Y	6600	
SANTA FE RR B #037	30-031-20415	O	06/1989	07/01/1991	1614	6614	Y	6614	
SANTA FE RR B #039	30-031-20749	I			1650			0	
SOUTH HOSPAH UNIT #001	30-031-05142	O	06/2005		1565			0	
SOUTH HOSPAH UNIT #002	30-031-05139	O	03/2004		1637			0	
SOUTH HOSPAH UNIT #003	30-031-05140	O	06/2005		1603			0	
SOUTH HOSPAH UNIT #004	30-031-05145	O	11/2004		1640			0	
SOUTH HOSPAH UNIT #005	30-031-05146	I	05/2005		1645			0	
SOUTH HOSPAH UNIT #006	30-031-20009	O	03/2004		1710			0	
SOUTH HOSPAH UNIT #007	30-031-20012	O	03/2004		1750			0	
SOUTH HOSPAH UNIT #008	30-031-20015	O	03/2004		1709			0	
SOUTH HOSPAH UNIT #009	30-031-20013	O	11/2004		6945			0	
SOUTH HOSPAH UNIT #010	30-031-60017	O	08/2004		2827			0	
SOUTH HOSPAH UNIT #011	30-031-20016	O	03/2004		1774			0	
SOUTH HOSPAH UNIT #012	30-031-20020	O	03/2004		1840			0	
SOUTH HOSPAH UNIT #013	30-031-20054	O	08/2004		1720			0	
SOUTH HOSPAH UNIT #014	30-031-20053	O	11/2004		1758			0	
SOUTH HOSPAH UNIT #015	30-031-20055	O	10/2005		1790			0	
SOUTH HOSPAH UNIT #016	30-031-20056	O	11/2004		1710			0	
SOUTH HOSPAH UNIT #017	30-031-20057	I	10/2005		1787			0	
SOUTH HOSPAH UNIT #021	30-031-05134	O	08/2004		1647			0	
SOUTH HOSPAH UNIT #022	30-031-05498	O	03/2004		1734			0	
SOUTH HOSPAH UNIT #024	30-031-20091	O	08/2004		1711			0	
SOUTH HOSPAH UNIT #025	30-031-20092	O	11/2004		1702			0	
SOUTH HOSPAH UNIT #026	30-031-20093	O	11/2004		1660			0	
SOUTH HOSPAH UNIT #027	30-031-20094	O	03/2004		1669			0	
SOUTH HOSPAH UNIT #028	30-031-20095	O	08/2004		1675			0	
SOUTH HOSPAH UNIT #029	30-031-20120	O	08/2004		1625			0	
SOUTH HOSPAH UNIT #030	30-031-20121	O	03/2005		1622			0	
SOUTH HOSPAH UNIT #031	30-031-20122	O	10/2005		1651			0	
SOUTH HOSPAH UNIT #032	30-031-20125	O	06/2005		1647			0	
SOUTH HOSPAH UNIT #033	30-031-20124	I	10/2005		1660			0	
SOUTH HOSPAH UNIT #035	30-031-20119	O	10/2005		1596			0	
SOUTH HOSPAH UNIT #036	30-031-20118	I	10/2005		1635			0	
SOUTH HOSPAH UNIT #037X	30-031-20135	O	03/2004		1666			0	
SOUTH HOSPAH UNIT #038	30-031-20151	O	03/2004		1595			0	
SOUTH HOSPAH UNIT #039	30-031-20152	I	10/2005		1687			0	
SOUTH HOSPAH UNIT #046	30-031-20360	O	11/2004		1696			0	
SOUTH HOSPAH UNIT #047	30-031-20361	O	11/2004		1780			0	
SOUTH HOSPAH UNIT #048	30-031-20362	O	08/2004		1635			0	
SOUTH HOSPAH UNIT #049	30-031-20363	O	11/2004		1639			0	

SOUTH HOSPAH UNIT #050	30-031-20364	O	10/2005	1601	0
SOUTH HOSPAH UNIT #051	30-031-20242	I	05/2005	1662	0
SOUTH HOSPAH UNIT #052	30-031-20243	I	05/2005	1622	0
SOUTH HOSPAH UNIT #053	30-031-20278	O	11/2004	1678	0
SOUTH HOSPAH UNIT #054	30-031-20407	I	05/2005	1624	0
SOUTH HOSPAH UNIT #057	30-031-20408	I	05/2005	1746	0
SOUTH HOSPAH UNIT #058	30-031-20409	I	05/2005	1679	0
SOUTH HOSPAH UNIT #059	30-031-20410	I	10/2005	1657	0
SOUTH HOSPAH UNIT #060	30-031-20411	I	10/2005	1648	0
SOUTH HOSPAH UNIT #061	30-031-20546	O	11/2004	1715	0
SOUTH HOSPAH UNIT #062	30-031-20545	O	10/2005	1710	0
SOUTH HOSPAH UNIT #063	30-031-20544	I	10/2005	1695	0
SOUTH HOSPAH UNIT #064	30-031-20547	O	12/2004	1685	0
WHIGHAM #003	30-031-20129	O	01/2008 02/01/2010	2885 7885	0



Mikal M. Altomare

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 10:55 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: [!! SPAM] RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding
Attachments: image002.jpg; image003.jpg

I need to see if her documents state the year 09 or 08 this is 08. Very important..mf

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Monday, May 19, 2008 4:31 PM
To: Mike Finley
Cc: Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD; Sanchez, Daniel J., EMNRD
Subject: [!! SPAM] RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

(3)

Mr. Finley,

I have finally had the opportunity to review the summary you provided [dated 4/26/08] regarding your plans to bring wells back into production, etc. You have identified the following wells as currently "producing" [the **bold/underlined** wells indicate those wells that are currently listed on the OCD financial assurance compliance report as requiring additional bonding]:

- a. Santa Fe RR (A) wells: 72, 73, **74**, 75, 76, 77, 79, 80, 81, 82, 88, 89, 90, 91, 93, 94, 95, 96
- b. Sand Unit wells: 4y, 05, **06**, 07, 09, 10, 11y, 12, 13, **16**, 20, **21**, 22, **24, 28, 34, 36**, 48y, 50, 53, 54, **88**, 98

Can you provide me with additional documentation for the wells identified above in bold/underlined font to establish that they are, in fact, online, active and producing?

As for ongoing/planned work on the other wells, as I understand it from the information you provided, there appear to be four particular dates of significance:

1. **May 25th** – the date by which you have estimated/hope to have the injection system repaired and all SF Railroad wells that are currently idle back up and running. [**03, 04, 07, 08, 09, 12, 13, 14, 15, 18, 19, 20, 21, 23, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51**]
2. **May 26th** – the date by which you hope to have the specified SF Railroad (A) [**72, 74, 83, 97**] wells back in production [within 30 days of the sending of the report to us on May 5th]
3. **July 1st** – The date by which you expect to have the NGPL activated, and will therefore be able to bring the specified SF Railroad (B) [32, 33, 34, **35**, 36, 37 and 39] and Lone Pine Dakota Unit [14 and **23**] wells back into production.
4. **July 31st** – the date by which you estimate/plan to have the specified Hospah Sand Unit wells back in production [**02, 03**, 94, 100, 105, **38, 39, 51, 52**, 55, **58, 59**, 60, 61, 63, 66, 70, 71, **84, 89, 92, 93**, 100]

We are coming up fairly quickly on the May 25th and May 26th dates – does it still seem likely that those deadlines are going to stand? Once the SF RR and/or SF RR(A) wells are back up, I will again need some sort of documentation for each of the wells that is back online/in production (for those wells coming up

on the OCD financial assurance report) so that I can document that they are no longer inactive (and thus justify not requiring that additional bonding be posted even though there are no C115s as of yet).

At this point, my suggestion would be to reassess after the May 26th date (next week), and we can then see how many of the SF RR (A), SF RR, and Hospah Sand Unit wells you can get me documentation of activity/production for so that I can eliminate them from the list of wells needing individual bonding. Then we can come up with a more definitive (and hopefully more manageable) listing of wells for which you will need to post the additional bonding so that you can complete the operator transfer. I think the best bet for those wells for which you are less sure of a reactivation date or that are not likely to be back online until July, August or later, your best bet is to go ahead and post the bonds now, and then, once they are back online, you can retrieve them again.

You have noted that there are several wells that are still inactive and not currently being tested/worked over – specifically the SF Pacific Railroad and the Santa Fe Wells. For your information, as of right now, the only SF Pacific RR well that you have not already posted the additional bonding for is the 09. Also, one of the Santa Fe wells that you listed, the 02, is not yet coming up as needing additional bonding [i.e. additional bonding is only needed for the SF 16, 17 and 29].

Finally, in addition to the Hospah Sand Unit wells that you specified in your list as either already producing or being worked on, there are a number of additional wells in this unit that require additional bonding and that do not appear to be included in any of your immediate plans to bring wells back online. Those wells that will require additional bonding are: 1y, 15, 17, 19, 23, 25, 27, 29, 32, 35, 56, 85, 95 and 96.

In SUMMARY:

Here is what I would propose, although much of it presumes you are still on track with the May 25th and May 26th deadline/dates you discussed in your April 26, 2008 summary:

1. Provide me with documentation showing production/activity for the wells that are coming up on the financial assurance compliance report that you assert are already “producing” on the Santa Fe Railroad (A) unit and the Hospah Sand Unit – specifically:
 - a. SFRR(A) – 74
 - b. HSU – 06, 16, 21, 24, 28, 34, 36 & 88
-if I can verify these wells are producing, I can eliminate them from the list of wells requiring additional bonding
2. If the Santa Fe Railroad Unit wells are up as expected by May 25th (after reworking of the injection system), provide me with documentation that those wells that are coming up on the financial assurance compliance report are back online/producing. Specifically – SFRR wells 03, 04, 07, 08, 09, 12, 13, 14, 15, 18, 19, 20, 21, 23, 39, 40, 42, 43, 44, 45, 47, 48, 49, 50 and 51. -if I can verify these wells are producing, I can eliminate them from the list of wells requiring additional bonding
3. If the equipment is obtained that is necessary to bring the identified SF RR(A) wells back online by the May 26th date, provide me with documentation that the well coming up on the financial assurance compliance report is back online – specifically, SFRR (A) well 83. -if I can verify this well is producing, I can eliminate them from the list of wells requiring additional bonding
4. **Post single-well financial assurances for:**

- a. **Lone Pine Dakota 23** and **SFRR (B) 35** - to be recovered if/when back online (right now estimated to be July 1, 2008).
- b. **Hospah Sand Unit Wells** currently idle and appearing on the financial assurance compliance report, but expected to be back online by July 31, 2008: wells **02, 03, 38, 39, 51, 52, 58, 59, 84, 89, 92, 93, 105** – bonds to be retrieved if/when wells are back in production/injection-anticipated date of July 31, 2008
- c. **Hospah Sand Unit Wells** currently appearing on financial assurance compliance report and not currently anticipated to be back online in near future – wells **1y, 15, 17, 19, 23, 25, 27, 29, 32, 35, 56, 95 and 96**
- d. **Santa Fe Pacific Railroad** well appearing on financial assurance compliance report [for which no individual bond yet posted] – well **09**
- e. **Santa Fe Wells** – currently inactive and appearing on financial assurance compliance report **16, 17, 29**

I know this might all seem confusing because there are a number of steps, and a number of units involved, but I think if we tackle it one step at a time, we can get it done with a minimum of frustration and difficulty. I am also copying bonding administrator Dorothy Phillips (505-476-3461) on this as well so that she is up to date regarding what she might expect as we try to tackle these bonding issues and the operator transfer. Please let me know if you have any questions regarding any of the information I have provided.

Sincerely,
Mikal Altomare

Inactive Well Additional Financial Assurance Report

15346 MOUNTAIN STATES PETROLEUM CORP

Total Well Count: 200

Printed On: Monday, May 19 2008

Well Name	Lease Type	API	Last Prod/ Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
HANSON #003	F	30-031-05528	07/2004		1591			0	
HANSON #004	F	30-031-05527	12/2004		1587			0	
HANSON #006	F	30-031-20042	07/2004		1537			0	
HANSON #007	F	30-031-20043	12/2004		1563			0	
HANSON #008	F	30-031-20044	12/2004		1579			0	
HANSON #013	F	30-031-20048	12/2004		1554			0	
HANSON #014	F	30-031-20142	12/2004		1518			0	
HANSON #015	F	30-031-20143	12/2004		1539			0	
HANSON #016	F	30-031-20144	06/2005		1539			0	
HANSON #026	F	30-031-20419	10/2004		1654			0	
HANSON #029	F	30-031-20438	07/2004		1650			0	
HANSON #035	F	30-031-20599	07/2004		1648			0	
HANSON #036	F	30-031-20720	07/2004		1665			0	
HANSON #038	F	30-031-20725	06/2005		2705			0	
HANSON #039	N	30-031-20810	07/2004		1560			0	
HANSON #040	F	30-031-20809	12/2004		1583			0	
HANSON #041	N	30-031-20850	12/2004		1640			0	
HOSP AH SAND UNIT #001Y	P	30-031-20338	11/2004	12/01/2006	1613	6613	Y	0	Y
HOSP AH SAND UNIT #002	P	30-031-05185	11/2004	12/01/2006	3282	8282	Y	0	Y
HOSP AH SAND UNIT #003	S	30-031-05205	07/2004	08/01/2006	1631	6631	Y	0	Y

HOSPAH SAND UNIT #004Y	P	30-031-20339	01/2008	02/01/2010	1581	6581		0	
HOSPAH SAND UNIT #005	P	30-031-05158	01/2008	02/01/2010	1675	6675		0	
HOSPAH SAND UNIT #006	P	30-031-05190	02/2005	03/01/2007	1590	6590	Y	0	Y
HOSPAH SAND UNIT #007	S	30-031-05204	05/2007	06/01/2009	1615	6615		0	
HOSPAH SAND UNIT #009	P	30-031-05176	05/2007	06/01/2009	1570	6570		0	
HOSPAH SAND UNIT #010	S	30-031-05208	01/2008	02/01/2010	1665	6665		0	
HOSPAH SAND UNIT #011Y	P	30-031-20340	01/2008	02/01/2010	1563	6563		0	
HOSPAH SAND UNIT #012	P	30-031-05189	01/2008	02/01/2010	1610	6610		0	
HOSPAH SAND UNIT #013	P	30-031-05178	01/2008	02/01/2010	1561	6561		0	
HOSPAH SAND UNIT #015	S	30-031-05207	11/2004	12/01/2006	1677	6677	Y	0	Y
HOSPAH SAND UNIT #016	S	30-031-05211	07/2004	08/01/2006	1663	6663	Y	0	Y
HOSPAH SAND UNIT #017	S	30-031-05213	07/2004	08/01/2006	1689	6689	Y	0	Y
HOSPAH SAND UNIT #019	S	30-031-05203	07/2004	08/01/2006	1600	6600	Y	0	Y
HOSPAH SAND UNIT #020	P	30-031-05198	01/2008	02/01/2010	1587	6587		0	
HOSPAH SAND UNIT #021	P	30-031-05184	11/2004	12/01/2006	1570	6570	Y	0	Y
HOSPAH SAND UNIT #022	P	30-031-05195	08/2007	09/01/2009	1596	6596		0	
HOSPAH SAND UNIT #023	P	30-031-05192	07/2004	08/01/2006	1570	6570	Y	0	Y
HOSPAH SAND UNIT #024	P	30-031-05186	07/2004	08/01/2006	1552	6552	Y	0	Y
HOSPAH SAND UNIT #025	S	30-031-05212	11/2004	12/01/2006	1646	6646	Y	0	Y
HOSPAH SAND UNIT #027	S	30-031-05214	07/2004	08/01/2006	1630	6630	Y	0	Y
HOSPAH SAND UNIT #028	S	30-031-05216	11/2004	12/01/2006	1733	6733	Y	0	Y
HOSPAH SAND UNIT #029	S	30-031-05225	07/2004	08/01/2006	1792	6792	Y	0	Y
HOSPAH SAND UNIT #032	S	30-031-05224	07/2004	08/01/2006	1783	6783	Y	0	Y
HOSPAH SAND UNIT #034	S	30-031-05223	11/2004	12/01/2006	1769	6769	Y	0	Y
HOSPAH SAND UNIT #035	S	30-031-05222	07/2004	08/01/2006	1724	6724	Y	0	Y
HOSPAH SAND UNIT #036	S	30-031-05217	01/2008	02/01/2010	1704	6704		0	
HOSPAH SAND UNIT #037	S	30-031-05219	09/2006	10/01/2008	1730	6730		0	
HOSPAH SAND UNIT #038	P	30-031-05179	07/2004	08/01/2006	1665	6665	Y	0	Y
HOSPAH SAND UNIT #039	P	30-031-05171	07/2004	08/01/2006	1557	6557	Y	0	Y
HOSPAH SAND UNIT #048Y	S	30-031-20269	01/2008	02/01/2010	1625	6625		0	
HOSPAH SAND UNIT #050	S	30-031-05201	10/2007	11/01/2009	1614	6614		0	
HOSPAH SAND UNIT #051	P	30-031-05194	11/2004	12/01/2006	1550	6550	Y	0	Y
HOSPAH SAND UNIT #052	P	30-031-05182	07/2004	08/01/2006	1529	6529	Y	0	Y
HOSPAH SAND UNIT #053	S	30-031-60022	01/2008	02/01/2010	3105	8105		0	
HOSPAH SAND UNIT #054	P	30-031-05220	01/2008	02/01/2010	1720	6720		0	
HOSPAH SAND UNIT #055	P	30-031-05594			455			0	
HOSPAH SAND UNIT #056	P	30-031-20104	11/2004	12/01/2006	2730	7730	Y	0	Y
HOSPAH SAND UNIT #058	P	30-031-20115	12/2005	01/01/2008	1631	6631	Y	0	Y
HOSPAH SAND UNIT #059	P	30-031-20116	11/2004	12/01/2006	1744	6744	Y	0	Y
HOSPAH SAND UNIT #060	P	30-031-07024	01/2008	02/01/2010	1640	6640		0	
HOSPAH SAND UNIT #061	P	30-031-07025	01/2008	02/01/2010	1715	6715		0	
HOSPAH SAND UNIT #063	S	30-031-05559	01/2008	02/01/2010	1844	6844		0	
HOSPAH SAND UNIT #066	P	30-031-05577	05/2002	06/01/2004	1704	6704	Y	6650	
HOSPAH SAND UNIT #070	S	30-031-20247	01/2008	02/01/2010	1683	6683		0	
HOSPAH SAND UNIT #071	S	30-031-07030	12/1992	01/01/1995	1787	6787	Y	6787	
HOSPAH SAND UNIT #084	P	30-031-20248	12/2005	01/01/2008	1574	6574	Y	0	Y
HOSPAH SAND UNIT #085	P	30-031-20371	11/2004	12/01/2006	1580	6580	Y	0	Y

HOSPAH SAND UNIT #088	P	30-031-20596	11/2004	12/01/2006	1720	6720	Y	0	Y
HOSPAH SAND UNIT #089	P	30-031-05193	11/2004	12/01/2006	7850	12850	Y	0	Y
HOSPAH SAND UNIT #092	P	30-031-20613	12/2005	01/01/2008	1655	6655	Y	0	Y
HOSPAH SAND UNIT #093	P	30-031-20611	12/2005	01/01/2008	1605	6605	Y	0	Y
HOSPAH SAND UNIT #094	P	30-031-20609	01/2008	02/01/2010	1635	6635		0	
HOSPAH SAND UNIT #095	P	30-031-20608	11/2004	12/01/2006	1650	6650	Y	0	Y
HOSPAH SAND UNIT #096	P	30-031-20717	11/2004	12/01/2006	1790	6790	Y	0	Y
HOSPAH SAND UNIT #098	P	30-031-20798	01/2008	02/01/2010	1602	6602		0	
HOSPAH SAND UNIT #100	S	30-031-20831	11/2007	12/01/2009	1835	6835		0	
HOSPAH SAND UNIT #102	S	30-031-20833	01/2008	02/01/2010	1695	6695		0	
HOSPAH SAND UNIT #105	P	30-031-20944	11/2004	12/01/2006	1701	6701	Y	0	Y
LONE PINE DAKOTA D UNIT #012	P	30-031-20183	12/1992	01/01/1995	3926	8926	Y	8000	
LONE PINE DAKOTA D UNIT #014	P	30-031-20174	12/1992	01/01/1995	2793	7793	Y	7793	
LONE PINE DAKOTA D UNIT #023	P	30-031-20201	06/2005	07/01/2007	2775	7775	Y	0	Y
NAVAJO 29 #002	N	30-045-25103	01/2008		6006			0	
NAVAJO 32 #002	N	30-045-24945	04/2006		6022			0	
NAVAJO 5 #001	N	30-045-21755	02/2006		6087			0	
NAVAJO 5 #002	N	30-045-21816	01/2008		6300			0	
NAVAJO NATION AS #001	N	30-045-24484	01/2008		6270			0	
SANTA FE #002	P	30-031-05148			1612			0	
SANTA FE #016	P	30-031-20086	06/2005	07/01/2007	2708	7708	Y	0	Y
SANTA FE #017	P	30-031-20102	06/2005	07/01/2007	2794	7794	Y	0	Y
SANTA FE #029	P	30-031-20341	06/2005	07/01/2007	2705	7705	Y	0	Y
SANTA FE PACIFIC RAILROAD #002	P	30-031-20165	09/1994	10/01/1996	2811	7811	Y	7811	
SANTA FE PACIFIC RAILROAD #008	P	30-031-20181	08/1987	09/01/1989	2930	7930	Y	7930	
SANTA FE PACIFIC RAILROAD #009	P	30-031-20182	06/2005	07/01/2007	2810	7810	Y	0	Y
SANTA FE RAILROAD #003	P	30-031-05147	11/2004	12/01/2006	1584	6584	Y	0	Y
SANTA FE RAILROAD #004	P	30-031-05151	02/2005	03/01/2007	1567	6567	Y	0	Y
SANTA FE RAILROAD #007	P	30-031-05141	07/2004	08/01/2006	1614	6614	Y	0	Y
SANTA FE RAILROAD #008	P	30-031-05496	05/2005	06/01/2007	1665	6665	Y	0	Y
SANTA FE RAILROAD #009	P	30-031-05531	07/2004	08/01/2006	1670	6670	Y	0	Y
SANTA FE RAILROAD #012	P	30-031-20032	02/2005	03/01/2007	1585	6585	Y	0	Y
SANTA FE RAILROAD #013	P	30-031-20038	07/2004	08/01/2006	1606	6606	Y	0	Y
SANTA FE RAILROAD #014	P	30-031-20037	07/2004	08/01/2006	1576	6576	Y	0	Y
SANTA FE RAILROAD #015	P	30-031-20036	07/2004	08/01/2006	1642	6642	Y	0	Y
SANTA FE RAILROAD #018	P	30-031-20138	07/2004	08/01/2006	1551	6551	Y	0	Y
SANTA FE RAILROAD #019	P	30-031-20139	02/2005	03/01/2007	1622	6622	Y	0	Y
SANTA FE RAILROAD #020	P	30-031-20140	02/2005	03/01/2007	1655	6655	Y	0	Y
SANTA FE RAILROAD #021	P	30-031-20141	05/2005	06/01/2007	1609	6609	Y	0	Y
SANTA FE RAILROAD #023	P	30-031-20150	05/2005	06/01/2007	1550	6550	Y	0	Y
SANTA FE RAILROAD #039	P	30-031-20452	07/2004	08/01/2006	1650	6650	Y	0	Y
SANTA FE RAILROAD #040	P	30-031-20451	07/2004	08/01/2006	1655	6655	Y	0	Y
SANTA FE RAILROAD #041	P	30-031-20594	07/2004	08/01/2006	1650	6650	Y	0	Y
SANTA FE RAILROAD #042	P	30-031-20745	11/2004	12/01/2006	4029	9029	Y	0	Y
SANTA FE RAILROAD #043	P	30-031-20712	11/2004	12/01/2006	1715	6715	Y	0	Y
SANTA FE RAILROAD #044	P	30-031-20713	07/2004	08/01/2006	1715	6715	Y	0	Y
SANTA FE RAILROAD #045	P	30-031-20804	11/2004	12/01/2006	1676	6676	Y	0	Y

SANTA FE RAILROAD #047	P	30-031-20836	07/2004	08/01/2006	1625	6625	Y	0	Y
SANTA FE RAILROAD #048	P	30-031-20837	07/2004	08/01/2006	1665	6665	Y	0	Y
SANTA FE RAILROAD #049	P	30-031-20838	11/2004	12/01/2006	1740	6740	Y	0	Y
SANTA FE RAILROAD #050	P	30-031-20854	11/2004	12/01/2006	1650	6650	Y	0	Y
SANTA FE RAILROAD #051	P	30-031-20853	05/2005	06/01/2007	1610	6610	Y	0	Y
SANTA FE RAILROAD A #072	P	30-031-05570	07/2004	08/01/2006	1631	6631	Y	0	Y
SANTA FE RAILROAD A #073	P	30-031-20019	01/2008	02/01/2010	1665	6665		0	
SANTA FE RAILROAD A #074	P	30-031-20021	07/2004	08/01/2006	1592	6592	Y	0	Y
SANTA FE RAILROAD A #075	P	30-031-20072	12/2007	01/01/2010	1608	6608		0	
SANTA FE RAILROAD A #076	P	30-031-20073	01/2008	02/01/2010	1591	6591		0	
SANTA FE RAILROAD A #077	P	30-031-20100	01/2008	02/01/2010	1609	6609		0	
SANTA FE RAILROAD A #079	P	30-031-20099	01/2008	02/01/2010	1665	6665		0	
SANTA FE RAILROAD A #080	P	30-031-20133	01/2008	02/01/2010	1635	6635		0	
SANTA FE RAILROAD A #081	P	30-031-20134	01/2008	02/01/2010	1655	6655		0	
SANTA FE RAILROAD A #082	P	30-031-20137	01/2008	02/01/2010	1605	6605		0	
SANTA FE RAILROAD A #083	P	30-031-20147	03/2005	04/01/2007	1547	6547	Y	0	Y
SANTA FE RAILROAD A #084	P	30-031-20372	03/2005	04/01/2007	1656	6656	Y	0	Y
SANTA FE RAILROAD A #087	P	30-031-20413	03/2005	04/01/2007	1598	6598	Y	0	Y
SANTA FE RAILROAD A #088	P	30-031-20440	01/2008	02/01/2010	1670	6670		0	
SANTA FE RAILROAD A #089	P	30-031-20442	11/2007	12/01/2009	1769	6769		0	
SANTA FE RAILROAD A #090	P	30-031-20441	01/2008	02/01/2010	1670	6670		0	
SANTA FE RAILROAD A #091	P	30-031-20714	01/2008	02/01/2010	1682	6682		0	
SANTA FE RAILROAD A #093	P	30-031-20716	12/2007	01/01/2010	1620	6620		0	
SANTA FE RAILROAD A #094	P	30-031-20722	01/2008	02/01/2010	1700	6700		0	
SANTA FE RAILROAD A #095	P	30-031-20746	01/2008	02/01/2010	1640	6640		0	
SANTA FE RAILROAD A #096	P	30-031-20800	01/2008	02/01/2010	1682	6682		0	
SANTA FE RAILROAD A #097	P	30-031-20855	03/2005	04/01/2007	1690	6690	Y	0	Y
SANTA FE RR B #032	P	30-031-20303	04/1980	05/01/1982	2648	7648	Y	7648	
SANTA FE RR B #033	P	30-031-20369	02/1983	03/01/1985	2652	7652	Y	7652	
SANTA FE RR B #034	P	30-031-20390	02/2004	03/01/2006	1638	6638	Y	6638	
SANTA FE RR B #035	P	30-031-20391	07/2004	08/01/2006	1644	6644	Y	0	Y
SANTA FE RR B #036	P	30-031-20416	06/1989	07/01/1991	1600	6600	Y	6600	
SANTA FE RR B #037	P	30-031-20415	06/1989	07/01/1991	1614	6614	Y	6614	
SANTA FE RR B #039	P	30-031-20749			1650			0	
SOUTH HOSPAH UNIT #001	F	30-031-05142	06/2005		1565			0	
SOUTH HOSPAH UNIT #002	F	30-031-05139	03/2004		1637			0	
SOUTH HOSPAH UNIT #003	F	30-031-05140	06/2005		1603			0	
SOUTH HOSPAH UNIT #004	F	30-031-05145	11/2004		1640			0	
SOUTH HOSPAH UNIT #005	F	30-031-05146	05/2005		1645			0	
SOUTH HOSPAH UNIT #006	F	30-031-20009	03/2004		1710			0	
SOUTH HOSPAH UNIT #007	F	30-031-20012	03/2004		1750			0	
SOUTH HOSPAH UNIT #008	F	30-031-20015	03/2004		1709			0	
SOUTH HOSPAH UNIT #009	F	30-031-20013	11/2004		6945			0	
SOUTH HOSPAH UNIT #010	F	30-031-60017	08/2004		2827			0	
SOUTH HOSPAH UNIT #011	F	30-031-20016	03/2004		1774			0	
SOUTH HOSPAH UNIT #012	F	30-031-20020	03/2004		1840			0	
SOUTH HOSPAH UNIT #013	F	30-031-20054	08/2004		1720			0	

SOUTH HOSPAH UNIT #014	F	30-031-20053	11/2004	1758	0
SOUTH HOSPAH UNIT #015	F	30-031-20055	10/2005	1790	0
SOUTH HOSPAH UNIT #016	F	30-031-20056	11/2004	1710	0
SOUTH HOSPAH UNIT #017	F	30-031-20057	10/2005	1787	0
SOUTH HOSPAH UNIT #021	F	30-031-05134	08/2004	1647	0
SOUTH HOSPAH UNIT #022	F	30-031-05498	03/2004	1734	0
SOUTH HOSPAH UNIT #024	F	30-031-20091	08/2004	1711	0
SOUTH HOSPAH UNIT #025	F	30-031-20092	11/2004	1702	0
SOUTH HOSPAH UNIT #026	F	30-031-20093	11/2004	1660	0
SOUTH HOSPAH UNIT #027	F	30-031-20094	03/2004	1669	0
SOUTH HOSPAH UNIT #028	F	30-031-20095	08/2004	1675	0
SOUTH HOSPAH UNIT #029	F	30-031-20120	08/2004	1625	0
SOUTH HOSPAH UNIT #030	F	30-031-20121	03/2005	1622	0
SOUTH HOSPAH UNIT #031	F	30-031-20122	10/2005	1651	0
SOUTH HOSPAH UNIT #032	F	30-031-20125	06/2005	1647	0
SOUTH HOSPAH UNIT #033	F	30-031-20124	10/2005	1660	0
SOUTH HOSPAH UNIT #035	F	30-031-20119	10/2005	1596	0
SOUTH HOSPAH UNIT #036	F	30-031-20118	10/2005	1635	0
SOUTH HOSPAH UNIT #037X	F	30-031-20135	03/2004	1666	0
SOUTH HOSPAH UNIT #038	F	30-031-20151	03/2004	1595	0
SOUTH HOSPAH UNIT #039	F	30-031-20152	10/2005	1687	0
SOUTH HOSPAH UNIT #046	F	30-031-20360	11/2004	1696	0
SOUTH HOSPAH UNIT #047	F	30-031-20361	11/2004	1780	0
SOUTH HOSPAH UNIT #048	F	30-031-20362	08/2004	1635	0
SOUTH HOSPAH UNIT #049	F	30-031-20363	11/2004	1639	0
SOUTH HOSPAH UNIT #050	F	30-031-20364	10/2005	1601	0
SOUTH HOSPAH UNIT #051	F	30-031-20242	05/2005	1662	0
SOUTH HOSPAH UNIT #052	F	30-031-20243	05/2005	1622	0
SOUTH HOSPAH UNIT #053	F	30-031-20278	11/2004	1678	0
SOUTH HOSPAH UNIT #054	F	30-031-20407	05/2005	1624	0
SOUTH HOSPAH UNIT #057	F	30-031-20408	05/2005	1746	0
SOUTH HOSPAH UNIT #058	F	30-031-20409	05/2005	1679	0
SOUTH HOSPAH UNIT #059	F	30-031-20410	10/2005	1657	0
SOUTH HOSPAH UNIT #060	F	30-031-20411	10/2005	1648	0
SOUTH HOSPAH UNIT #061	F	30-031-20546	11/2004	1715	0
SOUTH HOSPAH UNIT #062	F	30-031-20545	10/2005	1710	0
SOUTH HOSPAH UNIT #063	F	30-031-20544	10/2005	1695	0
SOUTH HOSPAH UNIT #064	F	30-031-20547	12/2004	1685	0
WHIGHAM #003	P	30-031-20129	01/2008	02/01/2010	2885 7885 0



<="" span="">>Mikal M. Altomare

Assistant General Counsel

Mike Dehnisch

Subject: FW: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

From: Mike Finley

Sent: Monday, May 19, 2008 6:01 PM

To: Mike Allen; 'Terry Hughes'

Subject: FW: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

(5)

Mike,

Review this and we will talk after you have compared notes and get updates from the field..mf

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]

Sent: Monday, May 19, 2008 4:31 PM

To: Mike Finley

Cc: Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD; Sanchez, Daniel J., EMNRD

Subject: [!! SPAM] RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

Mr. Finley,

*I have finally had the opportunity to review the summary you provided [dated 4/26/08] regarding your plans to bring wells back into production, etc. You have identified the following wells as currently "producing" [the **bold/underlined** wells indicate those wells that are currently listed on the OCD financial assurance compliance report as requiring additional bonding]:*

- a. *Santa Fe RR (A) wells: 72, 73, **74**, 75, 76, 77, 79, 80, 81, 82, 88, 89, 90, 91, 93, 94, 95, 96*
- b. *Sand Unit wells: 4y, 05, **06**, 07, 09, 10, 11y, 12, 13, **16**, 20, **21**, 22, **24, 28, 34, 36**, 48y, 50, 53, 54, **88**, 98*

Can you provide me with additional documentation for the wells identified above in bold/underlined font to establish that they are, in fact, online, active and producing?

(7)

From: Mike Finley [mailto:mike.finley@nogtx.com]
Sent: Tuesday, May 20, 2008 10:26 AM
To: Altomare, Mikal, EMNRD
Subject: RE: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

MS. Altomare,

Thanks for the update. We are working on it now. I will be in New Mexico next week, is it possible or would it help if we meet in person to work this out? Thx...mike

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Tuesday, May 20, 2008 11:25 AM
To: Mike Finley
Subject: RE: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

(6)

Mr. Finley, Thanks for your response. I look forward to hearing an update after you confer with your engineer. FYI, I re-reviewed my work this morning and realized that I needed to make a couple of minor corrections/additions to be sure the information is as accurate as possible. The changes are made in the forwarded message, below, in yellow highlighting and consist mostly of places where one well or another got inadvertently left off of a list or was not properly designated as a well that is listed on the OCD financial assurance compliance report -- probably due to the large number of wells I was working with/evaluating at one time. Sorry about that.

Mikal



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

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From: Mike Finley [mailto:mike.finley@nogtx.com]
Sent: Monday, May 19, 2008 5:03 PM
To: Altomare, Mikal, EMNRD
Subject: RE: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

(4)

Ms. Altomare,

Thank you for your review and encouragement. I will review this letter with my Engineer tomorrow and we will get back to you shortly with a field update..

Mike Finley

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Monday, May 19, 2008 4:31 PM
To: Mike Finley
Cc: Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD; Sanchez, Daniel J., EMNRD
Subject: [!! SPAM] RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding

Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:00 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: RE: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding
Attachments: image001.jpg; image002.jpg; image003.jpg

From: Mike Finley
Sent: Tuesday, May 20, 2008 12:23 PM
To: 'Altomare, Mikal, EMNRD'
Subject: RE: RE: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding (9)

I think we can make Friday work. I will confirm, but let's book it and I will get back to you ASAP on our initial review of your response. Thx mike

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Tuesday, May 20, 2008 11:40 AM
To: Mike Finley
Subject: [!! SPAM] RE: RE: Nacogdoches - mountain states petroleum wells transferred/showing needing bonding (8)

*If you think it would be helpful to sit down and go over it together, I would be more than happy to do so. It might be helpful just to lay it all out in front of us and break down the different categories - those that are already online, those that are expected to be soon, and those that you are going to have to post a bond for, etc.... and I can then tell you which ones I might be able to eliminate from the list, and what paperwork I need to back it up. then we can start hopefully coming up with some manageable figures. That way you could also meet Dorothy as well, and ask her any questions you might have about the bond posting aspect of it as well. I will not be in the office Monday or Tuesday, however, and I have a hearing on Thursday that I am basically 'on call' for, so if you could swing Wednesday or Friday, that would be best. Let me know what you think, and I would be happy to reserve the conference room.
Mikal*



Mikal M. Altomare

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mikal.altomare@state.nm.us

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:04 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: Nacogdoches-Mtn States Wells
Attachments: image001.jpg

Print all including 19th-20th ...mf

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Friday, May 30, 2008 5:49 PM
To: Mike.Allen5@gmail.com; Mike Finley
Cc: Macquesten, Gail, EMNRD
Subject: Nacogdoches-Mtn States Wells

(10)

Gentlemen,

As we discussed, the OCD online system currently reflects a total of **72 wells** that are out of compliance with financial assurance requirements and in need of single-well bonds.

Out of these **72 wells**, you had previously indicated that 10 wells are already back online and producing, an additional 28 wells are expected to be back online/producing by the end of May, 2 wells are expected to be back on production by July 1st once a pipeline is connected/converted, and 10 wells are expected to be back on production by July 31st. No additional information regarding plans for reactivation was provided for the remaining 22 wells.

10 wells stated to already be back online:

- HSU #066 30-031-05190
- HSU #016 30-031-05211
- HSU #021 30-031-05184
- HSU #024 30-031-05186
- HSU #028 30-031-05216
- HSU #034 30-031-05223
- HSU #036 30-031-05217
- HSU #088 30-031-20596
- SFRR(A) #074 30-031-20021
- SFRR(A) #72 30-031-05570

28 wells expected to be back on production by the end of May (now):

- SFRR #003 30-031-05147
- SFRR #004 30-031-05151
- SFRR #007 30-031-05141
- SFRR #008 30-031-05496
- SFRR #009 30-031-05531
- SFRR #012 30-031-20032
- SFRR #013 30-031-20038
- SFRR #014 30-013-20037
- SFRR #015 30-031-20036

- SFRR #018 30-031-20138
- SFRR #019 30-031-20139
- SFRR #020 30-031-20140
- SFRR #021 30-031-20141
- SFRR #023 30-031-20150
- SFRR #039 30-031-20452
- SFRR #040 30-031-20451
- SFRR #041 30-031-20594
- SFRR #042 30-031-20745
- SFRR #043 30-031-20712
- SFRR #044 30-031-20713
- SFRR #045 30-031-20804
- SFRR #047 30-031-20836
- SFRR #048 30-031-20837
- SFRR #049 30-031-20838
- SFRR #050 30-031-20854
- SFRR #051 30-031-20853
- SFRR(A) #083 30-031-20147
- SFRR(A) #097 30-031-20855

2 wells expected to be back online (connected to functional pipeline) by July 1, 2008

- SFRR(B) #035 30-031-20391
- LPD DUnit #023 30-031-20201

Remaining 22 wells appearing on the Financial Assurance Non-compliance Report on OCD online:

- HSU #001y 30-031-20338
- HSU #015 30-015-05207
- HSU #017 30-031-05213
- HSU #019 30-031-05203
- HSU #023 30-031-05192
- HSU #025 30-031-05212
- HSU #027 30-031-05214
- HSU #029 30-031-05225
- HSU #035 30-031-05222
- HSU #032 30-031-05223
- HSU #052 30-031-05182
- HSU #056 30-031-20104
- HSU #085 30-031-20371
- HSU #095 30-031-20608
- HSU #096 30-031-20717
- HSU #105 30-031-20944
- SF #016 30-031-20086
- SF #017 30-031-20102
- SF #029 30-031-20341
- SFPRR #009 30-031-20182
- SFRR(A) #084 30-031-20372

Please provide the following so that we can attempt to determine your company's actual bonding obligations with regard to these wells, acquired from Mountain States Petroleum:

1. advise me of which of the above-listed wells are currently, actually producing, and provide me with **documents** for each such currently-producing well that support your claim that it is, in fact, producing/active at this time [C103 reports or other records reflecting the work done to bring the well back online, the date it was brought back online, the production, etc.]
2. advise me of which of the above-listed wells, though not back in production at this time, have been tested for potential productiveness by you, and provide me with whatever **documents** you have reflecting the testing that was done, results, determinations made based on the tests regarding plans for the well, etc.
3. advise which, if any, of these wells you have performed repairs to/worked over and provide me with supporting **documentation** for each,
4. advise me of which of the above-listed wells have not yet been assessed and/or tested by your company.

Once I have this information, I will better be able to actually see what you have been able to accomplish to date, and will have a better idea of the wells that are actually 'active' and/or being actively worked over, despite appearing to be inactive for over 2 years on the OCD system.

Additionally, as we discussed, please feel free to submit documents/information regarding the plans relating to the ongoing project in this waterflood area, which may might provide us with more of a 'big picture' understanding of the project of which these wells are a part, as a whole.

I look forward to receiving/reviewing the additional information regarding these wells. It was a pleasure meeting with you today.

Sincerely,

Mikal Altomare



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:19 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: Re:Nacogdoches O&G-C 103's 4 of 18
Attachments: Hospah Sand Unit #21.jpg; Hospah Sand Unit #24.jpg; Hospah Sand Unit #28.jpg; Hospah Sand Unit #34.jpg

From: Mike Allen [mailto:mike.allen5@gmail.com]
Sent: Wednesday, July 09, 2008 7:58 PM
To: Altomare, Mikal, EMNRD
Cc: Mike Finley
Subject: Re:Nacogdoches O&G-C 103's 4 of 18

(11)

Ms Altomare,

Pursuant to our telephone conversation last week, I am forwarding 18, C 103's for wells on the Hospah Sand Unit and the Santa Fe Railroad leases located in Sections 1,7 and 36, Twn. 17N Rge. 8W, McKinley County, New Mexico. These forms were also sent through normal channels from our contract regulatory personnel, just recently.

In addition, our field personnel have started the swabbing operation that we discussed that should be completed shortly. I will forward you the results upon completion.

Please let me know if this is acceptable.

Thank You,

Mike Allen
Production Engineer
Nacogdoches Oil & Gas Inc.

On Fri, May 30, 2008 at 5:48 PM, Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us> wrote:

Gentlemen,

As we discussed, the OCD online system currently reflects a total of **72 wells** that are out of compliance with financial assurance requirements and in need of single-well bonds.

Out of these **72 wells**, you had previously indicated that 10 wells are already back online and producing, an additional 28 wells are expected to be back online/producing by the end of May, 2

wells are expected to be back on production by July 1st once a pipeline is connected/converted, and 10 wells are expected to be back on production by July 31st. No additional information regarding plans for reactivation was provided for the remaining 22 wells.

10 wells stated to already be back online:

- HSU #066 30-031-05190
- HSU #016 30-031-05211
- HSU #021 30-031-05184
- HSU #024 30-031-05186
- HSU #028 30-031-05216
- HSU #034 30-031-05223
- HSU #036 30-031-05217
- HSU #088 30-031-20596
- SFRR(A) #074 30-031-20021
- SFRR(A) #72 30-031-05570

28 wells expected to be back on production by the end of May (now):

- SFRR #003 30-031-05147
- SFRR #004 30-031-05151
- SFRR #007 30-031-05141
- SFRR #008 30-031-05496
- SFRR #009 30-031-05531
- SFRR #012 30-031-20032
- SFRR #013 30-031-20038
- SFRR #014 30-013-20037
- SFRR #015 30-031-20036
- SFRR #018 30-031-20138
- SFRR #019 30-031-20139
- SFRR #020 30-031-20140
- SFRR #021 30-031-20141

- SFRR #023 30-031-20150
- SFRR #039 30-031-20452
- SFRR #040 30-031-20451
- SFRR #041 30-031-20594
- SFRR #042 30-031-20745
- SFRR #043 30-031-20712
- SFRR #044 30-031-20713
- SFRR #045 30-031-20804
- SFRR #047 30-031-20836
- SFRR #048 30-031-20837
- SFRR #049 30-031-20838
- SFRR #050 30-031-20854
- SFRR #051 30-031-20853
- SFRR(A) #083 30-031-20147
- SFRR(A) #097 30-031-20855

2 wells expected to be back online (connected to functional pipeline) by July 1, 2008

- SFRR(B) #035 30-031-20391
- LPD DUnit #023 30-031-20201

Remaining 22 wells appearing on the Financial Assurance Non-compliance Report on OCD online:

- HSU #001y 30-031-20338
- HSU #015 30-015-05207
- HSU #017 30-031-05213
- HSU #019 30-031-05203
- HSU #023 30-031-05192
- HSU #025 30-031-05212
- HSU #027 30-031-05214

- HSU #029 30-031-05225
- HSU #035 30-031-05222
- HSU #032 30-031-05223
- HSU #052 30-031-05182
- HSU #056 30-031-20104
- HSU #085 30-031-20371
- HSU #095 30-031-20608
- HSU #096 30-031-20717
- HSU #105 30-031-20944
- SF #016 30-031-20086
- SF #017 30-031-20102
- SF #029 30-031-20341
- SFPRR #009 30-031-20182
- SFRR(A) #084 30-031-20372
- SFRR(A) #087 30-031-20413

Please provide the following so that we can attempt to determine your company's actual bonding obligations with regard to these wells, acquired from Mountain States Petroleum:

1. advise me of which of the above-listed wells are currently, actually producing, and provide me with **documents** for each such currently-producing well that support your claim that it is, in fact, producing/active at this time [C103 reports or other records reflecting the work done to bring the well back online, the date it was brought back online, the production, etc.]
2. advise me of which of the above-listed wells, though not back in production at this time, have been tested for potential productiveness by you, and provide me with whatever **documents** you have reflecting the testing that was done, results, determinations made based on the tests regarding plans for the well, etc.
3. advise which, if any, of these wells you have performed repairs to/worked over and provide me with supporting **documentation** for each,
4. advise me of which of the above-listed wells have not yet been assessed and/or tested by your company.

Once I have this information, I will better be able to actually see what you have been able to accomplish to date, and will have a better idea of the wells that are actually 'active' and/or being actively worked over, despite appearing to be inactive for over 2 years on the OCD system.

Additionally, as we discussed, please feel free to submit documents/information regarding the plans relating to the ongoing project in this waterflood area, which may might provide us with more of a 'big picture' understanding of the project of which these wells are a part, as a whole.

(116)

Date/Time: _____

Date:	Lease:	Well #:	Fluid:	Pulls:	Deep:
7-17-08	H5U	25	30 gal	5	600'
7-17-08	H5U	2	50 gal	10	450'
7-21-08	H5U	89	40 gal	4	800'
7-21-08	H5U	15	10 gal	4	600'
7-21-08	H5U	100	20 gal	4	650'
7-23-08	SFRR 924	74	20 gal	5	600'
7-23-08	SFRR	72	20 gal	5	700'
7-23-08	H5U	15	10 gal	5	650'
7-23-08	H5U	17	20 gal	5	450'
7-24-08	H5U	19	10 gal	5	500'
7-24-08	H5U	23	20 gal	5	700'
7-24-08	H5U	25	20 gal	5	450'
7-24-08	H5U	27	10 gal	3	600'
7-25-08	H5U	29	20 gal	5	450'
7-25-08	H5U	35	30 gal	3	400'
7-25-08	H5U	32	20 gal	3	650'
7-25-08	H5U	52	10 gal	5	650'
7-26-08	H5U	95	10 gal	3	600'
7-26-08	H5U	105	10 gal	5	700'
7-26-08	H5U	66			

Employee Signature: Michael Lewis

Approval: _____

H5U 56, 85, 16, 21, 24, 28, 34, 36, 88, ON LINE NOW

Date/Time: _____

Date:	Lease:	Well #:	Fluid:	Pulls:	Deep:
7-28-08	SFRR A	74	40 gal	5	400'
7-28-08	SFRR A	72	40 gal	5	650'
7-28-08	SFRR SFRR	9	10 gal	3	600'
7-28-08	SFRR	13	20 gal	3	450'
7-29-08	SFRR	14	20 gal	5	400'
7-29-08	SFRR	15	10 gal	3	620'
7-29-08	SFRR	18	20 gal	5	400'
7-29-08	SFRR	23	30 gal	5	720'
7-29-08	SFRR	39	10 gal	3	600'
7-30-08	SFRR	40	10 gal	3	450'
7-30-08	SFRR	41	80 gal	5	500'
7-30-08	SFRR	47	20 gal	5	700'
7-30-08	SFRR	49	5 gal	5	400'
7-31-08	SFRR	50	10 gal	3	800'
7-31-08	SFRR	51	10 gal	5	500'
8-1-08	SF	17	5 gal	3	420'
8-1-08	SF	29	5 gal	3	600'

Employee Signature: Michael Lewis

Approval: _____

8-5-08-SFRR 72 - ON LINE

SFRR: 3, 4, 7, 8, 9, 12, 19, 20, 21, 42, 43, 45, 48, READY TO GO ON LINE

(11c)

Angelina Well Service Work Order					Work Order #	
					HOS # 080	
Date Issued	Date Work Began	Date Work Completed		Requested by	Lease Name	Well #
7/23/2008				Terry	South Hospah	
Materials & Supplies		QTY	In Stock	Ordered	Personnel Assigned	Equipment
Injection wells - need MIT test line-hookup injection pu					Terry Hughes	
Purchase Orders						
Vendor Name	Description			PO #	Amount	
Rig Reports						
Rig Report #	Date	Supervisor		Notes		

Work Instructions: 7 injection wells – need MIT, test line-hookup injection pump.

(11d)

Angelina Well Service Work Order					Work Order #	
					HOS # 152	
Date Issued	Date Work Began	Date Work Completed		Requested by	Lease Name	Well #
7/30/2008				Terry Hughes	SFRR	
Materials & Supplies		QTY	In Stock	Ordered	Personnel Assigned	Equipment
3 tanks strapped		3.00				
Purchase Orders						
Vendor Name	Description			PO #	Amount	
Rig Reports						
Rig Report #	Date	Supervisor		Notes		

Work Instructions: Need 3 tanks strapped with Premier NDT Service - \$ 1.55 per mile - \$255.00 per tank.

Address: Premier NDT Service – 2198 Bloomfield Hwy – Farmington, NM 87401.

Approval of Work

Date _____

Work Completed

Date _____

Angelina Well Service Work Order						Work Order #	
HOS # 166							
Date Issued	Date Work Began		Date Work Completed		Requested by	Lease Name	Well #
8/14/2008					Terry Hughes	South Hospah	
Materials & Supplies		QTY	In Stock	Ordered	Personnel Assigned	Equipment	Days Needed
					Bo		
Purchase Orders							
Vendor Name	Description			PO #	Amount		
Rig Reports							
Rig Report #	Date	Supervisor		Notes			

Work Instructions: Hook up murphy switches on 1500 bbls tanks.

Date

(120c)

[illegible]

Work Instructions: Run red cable to Lone Pine Dakota 13 & 23 – Wells pump & test wells, take gas sample off of both.

Approval of Work

Date _____

Work Completed

Date _____

Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:20 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: Nacodgoches O&G Swabbing Results
Attachments: image001.jpg

From: Mike Allen [mailto:mike.allen5@gmail.com]
Sent: Tuesday, August 19, 2008 10:11 AM
To: Mike Finley
Subject: Fwd: Nacodgoches O&G Swabbing Results

----- Forwarded message -----

From: Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us>
Date: Tue, Aug 19, 2008 at 9:50 AM
Subject: RE: Nacodgoches O&G Swabbing Results
To: Mike Allen <mike.allen5@gmail.com>
Cc: "Macquesten, Gail, EMNRD" <gail.macquesten@state.nm.us>, "Sanchez, Daniel J., EMNRD" <daniel.sanchez@state.nm.us>

(10) (14)

Mike,

I am pretty open next week to meet regarding the status of Nacodgoches/Mtn States wells and posting bonds/finally getting the wells transferred over to Nac. , etc. I would ask that you bring copies of the C103s with you as I don't think I have copies of all of the ones you tried to email, though. I think that some of them got saved/transmitted as jpgs instead of pdfs, and so I only got the FIRST pages instead of the entire series.

Thank you for the recent spreadsheet, though, it is very helpful. Is it comprehensive as to all of the wells that you have now worked on and are now seeking to rebut the presumption of inactivity for (i.e. not have to post additional bonding for)? Let me know what dates/times would be your preference for next week and I will check my/our conference room availability to confirm. In between now and the meeting I will review all the material you have gotten me (and anything additional you wish to submit between now and then) and we can go over a definitive list so that hopefully you can begin the process of posting bonds and transferring the wells next week after our meeting.

FYI, in addition to the spreadsheet you have provided, the C10s I have received are for the HSU nos. 21, 24, 28, 34 and 36. if there are additional documents or is additional data (spreadsheet info) you would

like me to consider before our meeting, please forward to me. **Please be aware that we cannot receive zipped attachments.**

Thanks,

Mikal



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

Tel 505.476.3480 ~ Fax 505.476.3462

mikal.altomare@state.nm.us

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From: Mike Allen [mailto:mike.allen5@gmail.com]

Sent: Monday, August 18, 2008 5:37 PM

To: Altomare, Mikal, EMNRD

Subject: Nacodgoches O&G Swabbing Results

(13)

Mikal,

Please see the attached swabbing reports from our wells in Hospah. Please let me know if this is satisfactory to you.

We would like to schedule a meeting with you sometime the week of the 25th to discuss the bonding. Could you please let us know if this meets your schedule?

Thank You

Mike Allen

Production Engineer

Nacogdoches O&G Inc.

(918)260-7620 Cell

(918)872-6109 office

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:06 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: Nacogdoches O&G-C 103's 5 of 18
Attachments: image002.jpg

more

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Tuesday, August 19, 2008 11:14 AM
To: Mike Allen
Cc: Mike Finley
Subject: RE: Nacogdoches O&G-C 103's 5 of 18

(16)

Mike – I have received an email with a 23 page document attached and am reviewing now. Thanks! The afternoon of the 27th looks ok to me. How about 2pm? Let me know if this works for you.
Mikal



Mikal M. Altomare

Assistant General Counsel

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From: Mike Allen [mailto:mike.allen5@gmail.com]
Sent: Tuesday, August 19, 2008 10:10 AM
To: Altomare, Mikal, EMNRD
Cc: Mike Finley
Subject: Re: Nacogdoches O&G-C 103's 5 of 18

(15)

Mikal,

Angela just sent the remaining C 103's. I am not sure what happened before, but she now has verification that they have gone through.

Could you please let me know that you have them? Also, how does Wednesday the 27th, afternoon look for you?

Thx, Mike

On Tue, Aug 19, 2008 at 10:07 AM, Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us> wrote:

Mike, I was just reviewing my emails from you and realized you had said that I should have received a separate email from someone by the name of Jaramillo with the other C103s, but I have not received anything from her or anyone else with the additional documents. I have run a search on my inbox just to be sure I haven't missed it as I have been swamped and am just now resurfacing, but nothing is coming up. Can you get those to me either by fax or pdf? I receive things by pdf routinely so am not sure why they wouldn't be going through...

Thanks, and sorry for not getting back to you sooner. Things have been a little nuts here lately!

Mikal



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

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From: Mike Allen [<mailto:mike.allen5@gmail.com>]

Sent: Tuesday, August 05, 2008 3:12 PM

(12)

To: Altomare, Mikal, EMNRD

Subject: Re: Nacogdoches O&G-C 103's 5 of 18

Mikal,

I was checking to see if you received the remaining C103's for Nacogdoches O&G. I am expecting the data in from the field on swabbing some of the last remaining wells on our bonding list. I will make every effort to get that to you tomorrow.

Thank You,

Mike Allen

Nacogdoches O&G

On Mon, Jul 28, 2008 at 1:17 PM, Mike Allen <mike.allen5@gmail.com> wrote:

Hi Mikal,

I did indeed try to send a zipped attachment, but it would not go through. I then had our regulatory person send out the remaining C103's directly to you. It should have come in under Angela Jaramillo e-mail. She said she sent them around the 17th, but I have a call into her confirming the exact date. Please let me know if you do not find them and I will have her re-send them.

I also wanted you to know that the field has completed the swabbing that we discussed. I should have the information available shortly.

I will call you this afternoon to discuss where we go from here.

Thanks,

Mike Allen

On Thu, Jul 24, 2008 at 5:03 PM, Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us> wrote:

Hi Mike – I was just reviewing the materials you sent and realized that you had indicated you had forwarded EIGHTEEN c103s for my review. However, I only received FIVE. I received two emails – titled "5 of 18" and "4 of 18" and the C103s I received were for the HSU Nos. 21, 24, 28, 34 and 36. I am not sure why the others did not go through properly. I do know, however, that (due to security measures) we are not permitted to receive zipped attachments – not sure if that was an issue or not, but I thought I would let you know in case it was. You might want to try resending the other C103s that did not make it in the first try.

Thanks!

Mikal



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

Tel 505.476.3480 ~ Fax 505.476.3462

mikal.altomare@state.nm.us

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From: Mike Allen [mailto:mike.allen5@gmail.com]

Sent: Wednesday, July 09, 2008 9:04 PM

To: Altomare, Mikal, EMNRD

Subject: Re: Nacogdoches O&G-C 103's 5 of 18

On Wed, Jul 9, 2008 at 7:57 PM, Mike Allen <mike.allen5@gmail.com> wrote:

Ms Altomare,

Pursuant to our telephone conversation last week, I am forwarding 18, C 103's for wells on the Hospah Sand Unit and the Santa Fe Railroad leases located in Sections 1,7 and 36, Twn. 17N Rge. 8W, McKinley County, New Mexico. These forms were also sent through normal channels from our contract regulatory personnel, just recently.

In addition, our field personnel have started the swabbing operation that we discussed that should be completed shortly. I will forward you the results upon completion.

Please let me know if this is acceptable.

Thank You,

Mike Allen

Production Engineer

Nacogdoches Oil & Gas Inc.

On Fri, May 30, 2008 at 5:48 PM, Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us> wrote:

Gentlemen,

As we discussed, the OCD online system currently reflects a total of **72 wells** that are out of compliance with financial assurance requirements and in need of single-well bonds.

Out of these **72 wells**, you had previously indicated that 10 wells are already back online and producing, an additional 28 wells are expected to be back online/producing by the end of May, 2 wells are expected to be back on production by July 1st once a pipeline is connected/converted, and 10

wells are expected to be back on production by July 31st. No additional information regarding plans for reactivation was provided for the remaining 22 wells.

10 wells stated to already be back online:

- HSU #066 30-031-05190
- HSU #016 30-031-05211
- HSU #021 30-031-05184
- HSU #024 30-031-05186
- HSU #028 30-031-05216
- HSU #034 30-031-05223
- HSU #036 30-031-05217
- HSU #088 30-031-20596
- SFRR(A) #074 30-031-20021
- SFRR(A) #72 30-031-05570

28 wells expected to be back on production by the end of May (now):

- SFRR #003 30-031-05147
- SFRR #004 30-031-05151
- SFRR #007 30-031-05141
- SFRR #008 30-031-05496
- SFRR #009 30-031-05531
- SFRR #012 30-031-20032
- SFRR #013 30-031-20038
- SFRR #014 30-013-20037
- SFRR #015 30-031-20036
- SFRR #018 30-031-20138
- SFRR #019 30-031-20139
- SFRR #020 30-031-20140
- SFRR #021 30-031-20141
- SFRR #023 30-031-20150

- SFRR #039 30-031-20452
- SFRR #040 30-031-20451
- SFRR #041 30-031-20594
- SFRR #042 30-031-20745
- SFRR #043 30-031-20712
- SFRR #044 30-031-20713
- SFRR #045 30-031-20804
- SFRR #047 30-031-20836
- SFRR #048 30-031-20837
- SFRR #049 30-031-20838
- SFRR #050 30-031-20854
- SFRR #051 30-031-20853
- SFRR(A) #083 30-031-20147
- SFRR(A) #097 30-031-20855

2 wells expected to be back online (connected to functional pipeline) by July 1, 2008

- SFRR(B) #035 30-031-20391
- LPD DUnit #023 30-031-20201

Remaining 22 wells appearing on the Financial Assurance Non-compliance Report on OCD online:

- HSU #001y 30-031-20338
- HSU #015 30-015-05207
- HSU #017 30-031-05213
- HSU #019 30-031-05203
- HSU #023 30-031-05192
- HSU #025 30-031-05212
- HSU #027 30-031-05214
- HSU #029 30-031-05225
- HSU #035 30-031-05222

- HSU #032 30-031-05223
- HSU #052 30-031-05182
- HSU #056 30-031-20104
- HSU #085 30-031-20371
- HSU #095 30-031-20608
- HSU #096 30-031-20717
- HSU #105 30-031-20944
- SF #016 30-031-20086
- SF #017 30-031-20102
- SF #029 30-031-20341
- SFPRR #009 30-031-20182
- SFRR(A) #084 30-031-20372
- SFRR(A) #087 30-031-20413

Please provide the following so that we can attempt to determine your company's actual bonding obligations with regard to these wells, acquired from Mountain States Petroleum:

1. advise me of which of the above-listed wells are currently, actually producing, and provide me with **documents** for each such currently-producing well that support your claim that it is, in fact, producing/active at this time [C103 reports or other records reflecting the work done to bring the well back online, the date it was brought back online, the production, etc.]
2. advise me of which of the above-listed wells, though not back in production at this time, have been tested for potential productiveness by you, and provide me with whatever **documents** you have reflecting the testing that was done, results, determinations made based on the tests regarding plans for the well, etc.
3. advise which, if any, of these wells you have performed repairs to/worked over and provide me with supporting **documentation** for each,
4. advise me of which of the above-listed wells have not yet been assessed and/or tested by your company.

Once I have this information, I will better be able to actually see what you have been able to accomplish to date, and will have a better idea of the wells that are actually 'active' and/or being actively worked over, despite appearing to be inactive for over 2 years on the OCD system.

Additionally, as we discussed, please feel free to submit documents/information regarding the plans relating to the ongoing project in this waterflood area, which may might provide us with more of a 'big picture' understanding of the project of which these wells are a part, as a whole.

Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:21 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: Nacodgoches O&G /Mountain States Wells -upcoming status meeting
Attachments: image003.jpg

From: Mike Allen [mailto:mike.allen5@gmail.com]
Sent: Wednesday, August 20, 2008 9:57 AM
To: Mike Finley
Subject: Fwd: Nacodgoches O&G /Mountain States Wells -upcoming status meeting

(18) (19)

I am going to get the issues that she has resolved today. We need to talk about this, when you get a chance.

----- Forwarded message -----

From: Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us>
Date: Wed, Aug 20, 2008 at 9:18 AM
Subject: Nacodgoches O&G /Mountain States Wells -upcoming status meeting
To: Mike Allen <mike.allen5@gmail.com>
Cc: "Macquesten, Gail, EMNRD" <gail.macquesten@state.nm.us>, "Perrin, Charlie, EMNRD" <charlie.perrin@state.nm.us>

(18)

Mike-

I have reserved our conference room for our meeting for next **Wednesday, August 27, 2008 at 2:00 p.m.**, and I look forward to discussing this matter further and moving things forward with regard to finally transferring the Mountain States wells over to Nacogdoches O&G. I have reviewed the materials you have provided, and have a couple of preliminary comments that you might want to consider prior to our meeting:

1. For the wells that you have noted that swab tests have been performed, we will need you to complete/submit C103s for those wells, formally documenting the information you have provided on the spreadsheet, so that each well has documentation in its particular well file reflecting the swab test and the oil 'produced' therefrom.
2. Regarding the draft C103 for the **SFRR#003, 30-031-05147**, the Return to Production date has been left out (likely a clerical error but will need to be corrected).
3. Regarding **SFRR #012, 30-031-20032**, your spreadsheet notes that it is "ready to go online"; however, I am not showing that we have received a draft C103 or any other notes reflecting swabbing done on this well.
4. Regarding **HSU #015**, your spreadsheet for swab tests has two entries for this well, and I am wondering if this is a clerical error or if it was indeed swabbed twice (on two different dates – 7/21 and 7/23)?

5. You have noted on the spreadsheet information for wells designated as "**SFRR 072** and **SFRR 074**" as well as "**SFRR(A) 072** and **SFRR(A) 074**" with two different sets of values; however, I am showing that the SFRR well numbers only go as high as 51, and there are no SFRR well nos. 074 or 072. Are these figures duplicates and meant to reference the SFRR(A) 72 and 74 wells? [without APIs on the spreadsheet, I had no way of confirming].
6. I am waiting to hear back from the district regarding the information provided on the C103s regarding 'returned to production' – I am used to seeing subsequent reports where a well is returned to production as containing more substantive information such as WHAT was done to the well to return it to production (i.e. the remedial/workover work performed). Also, the C103s need to have the boxes checked to indicate that they are a 'subsequent report' of _____. I will let you know what, if any, additional comments the district has regarding this issue, and we can also discuss this further at the meeting. As I said, to rebut the presumption of inactivity, I need to be able to have documentation to support the conclusion that the well is, in fact, back in production, etc.
7. Finally, the following is the list of wells that are coming up as in need of additional bonding and for which I have not received any additional information regarding swabbing and/or any C103 drafts from you, and the associated bond that is owed. Please let me know if you believe this list to be incorrect for some reason.

▪ SFRR(A) #083	30-031-20147	Bond: \$6,547
▪ SFRR(A) #097	30-031-20855	Bond: \$6,690
▪ SFRR(B) #035	30-031-20391	Bond: \$6,644
▪ LPD DUnit #023	30-031-20201	Bond: \$7,775
▪ HSU #001y	30-031-20338	Bond: \$6,613
▪ SFRR #044	30-031-20713	Bond: \$6,715
▪ SFPRR #009	30-031-20182	Bond: \$7,810
▪ SFRR(A) #084	30-031-20372	Bond: \$6,656
▪ SFRR(A) #087	30-031-20413	Bond: \$6,598
▪ HSU #096	30-031-20717	Bond: \$6,790
▪ HSU #092	30-031-20613	Bond: \$6,655
▪ HSU #093	30-031-20611	Bond: \$6,605
▪ HSU #058	30-031-20115	Bond: \$6,631
▪ HSU #059	30-031-20116	Bond: \$6,744

- Total Bonds Owed for Wells for which No Documentation has been presented to rebut presumption : \$95,473

PLEASE NOTE: Ideally, Nacogdoches should immediately contact Dorothy Phillips, the bonding administrator, to begin the process of posting these fourteen bonds so that they can be posted, or at least in the works, prior to our meeting next week. At a minimum, you should come to the meeting next week prepared to meet with Ms. Phillips following our meeting for the purpose of posting these fourteen single-well bonds. Ms. Phillips can be reached at 505.476.3461 or via email at Dorothy.phillips@state.nm.us.

I look forward to meeting with you all again next week. Please let me know if you have any questions in the interim, or if you have any additional documents you would like me to review prior to the meeting.

Sincerely,

Mikal Altomare



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

Tel 505.476.3480 ~ Fax 505.476.3462

mikal.altomare@state.nm.us

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From: Mike Allen [<mailto:mike.allen5@gmail.com>]

Sent: Tuesday, August 19, 2008 11:01 AM

To: Altomare, Mikal, EMNRD

Subject: Re: Nacodgoches O&G Swabbing Results

(17)

Mikal,

We are confirming our meeting Wednesday 27th @2:00 pm.

Thx, Mike

On Tue, Aug 19, 2008 at 9:50 AM, Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us> wrote:

Mike,

I am pretty open next week to meet regarding the status of Nacodgoches/Mtn States wells and posting bonds/finally getting the wells transferred over to Nac. , etc. I would ask that you bring copies of the C103s with you as I don't think I have copies of all of the ones you tried to email, though. I think that some of them got saved/transmitted as jpgs instead of pdfs, and so I only got the FIRST pages instead of the entire series.

Thank you for the recent spreadsheet, though, it is very helpful. Is it comprehensive as to all of the wells that you have now worked on and are now seeking to rebut the presumption of inactivity for (i.e. not have to post additional bonding for)? Let me know what dates/times would be your preference for next week and I will check my/our conference room availability to confirm. In between now and the meeting I will review all the material you have gotten me (and anything additional you wish to submit between now and then) and we can go over a definitive list so that hopefully you can begin the process of posting bonds and transferring the wells next week after our meeting.

*FYI, in addition to the spreadsheet you have provided, the C10s I have received are for the HSU nos. 21, 24, 28, 34 and 36. if there are additional documents or is additional data (spreadsheet info) you would like me to consider before our meeting, please forward to me. **Please be aware that we cannot receive zipped attachments.***

Thanks,

Mikal



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

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mikal.altomare@state.nm.us

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From: Mike Allen [mailto:mike.allen5@gmail.com]
Sent: Monday, August 18, 2008 5:37 PM
To: Altomare, Mikal, EMNRD
Subject: Nacodgoches O&G Swabbing Results

Mikal,

Please see the attached swabbing reports from our wells in Hospah. Please let me know if this is satisfactory to you.

We would like to schedule a meeting with you sometime the week of the 25th to discuss the bonding. Could you please let us know if this meets your schedule?

Thank You

Mike Allen

Production Engineer

Nacogdoches O&G Inc.

Date/Time: _____

Date:	Lease:	Well #:	Oil:	Pulls:	Deep:
7-17-08	HSU	25	30 gal.	5	600'
7-17-08	HSU	2	50 gal.	10	450'
7-21-08	HSU	89	40 gal.	4	800'
7-21-08	HSU	15	10 gal.	4	600'
7-21-08	HSU	100	20 gal.	4	650'
7-23-08	SFRR	74	20 gal.	5	600'
7-23-08	SFRR	72	20 gal.	5	700'
7-23-08	HSU	15	10 gal.	5	650'
7-23-08	HSU	17	20 gal.	5	450'
7-24-08	HSU	19	10 gal.	5	500'
7-24-08	HSU	23	20 gal.	5	700'
7-24-08	HSU	25	20 gal.	5	650'
7-24-08	HSU	27	10 gal.	3	600'
7-25-08	HSU	29	20 gal.	5	650'
7-25-08	HSU	35	30 gal.	3	400'
7-25-08	HSU	32	20 gal.	3	650'
7-25-08	HSU	52	10 gal.	5	650'
7-26-08	HSU	95	10 gal.	3	600'
7-26-08	HSU	105	10 gal.	5	700'
7-26-08	HSU	66	10 gal.	5	600'

Employee Signature: Michael Lewis

Approval: _____

HSU: 56, 85, 16, 21, 24, 28, 34, 36, 88 – on line now.

Date/Time: _____

Date:	Lease:	Well #:	Oil:	Pulls:	Deep:
7-28-08	SFRR A	74	40 gal.	5	400'
7-28-08	SFRR A	72	40 gal.	5	650'
7-28-08	SFRR	9	10 gal.	3	600'
7-28-08	SFRR	13	20 gal.	3	450'
7-29-08	SFRR	14	20 gal.	5	400'
7-29-08	SFRR	15	10 gal.	3	620'
7-29-08	SFRR	18	20 gal.	5	600'
7-29-08	SFRR	23	30 gal.	5	720'
7-29-08	SFRR	39	10 gal.	3	600'
7-30-08	SFRR	40	10 gal.	3	450'
7-30-08	SFRR	41	30 gal.	5	500'
7-30-08	SFRR	47	20 gal.	5	700'
7-30-08	SFRR	49	5 gal.	5	600'
7-31-08	SFRR	50	10 gal.	3	800'
7-31-08	SFRR	51	10 gal.	5	500'
8-1-08	SF	17	5 gal.	3	420'
8-1-08	SF	29	5 gal.	3	600'

Employee Signature: Michael Lewis

Approval: _____

8-5-08 - SFRR 72 - ON LINE

SFRR - 3, 4, 7, 8, 9, 12, 19, 20, 21, 42, 43, 45, 48 - Ready to go on line.

Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:07 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: 2008 28 aug NOG_MSOG fin assur.doc
Attachments: 2008 28 aug NOG_MSOG fin assur.doc

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Thursday, August 28, 2008 2:34 PM
To: Mike Allen; Mike Finley
Cc: Perrin, Charlie, EMNRD; Macquesten, Gail, EMNRD
Subject: 2008 28 aug NOG_MSOG fin assur.doc

(21)

Mr. Allen and Mr. Finley,

Attached in word format is a word document incorporating your current financial assurance report (that for Mountain States Petroleum) which I have then adapted and color coded to reflect the current status of the work done by your company to date to rebut the presumption of inactivity for purposes of Rule 40/financial assurance compliance. I have used different colored typeface and highlighting to designate those wells for which I have received C103s from you indicating either swabbing or return to production and those wells for which you will be required to post the additional bonding unless/until they are returned to production or plugged and released. The color key is at the very top of the document.

As you will note, I have also referenced the two remaining issues A) the SFRR 12 - which you had previously indicated was ready to return to production, but for which I have not received a C103, and B) the other three wells for which I will need amended/clarified C103s to be submitted as I indicated in my previous email (the SFRR (A)74, the SF 017 and the SFRR 003).

As of now, if you are able to provide me with the three amended C103s, and without including the bond amount for the SFRR 012, the total amount of additional bonding needed per my calculations is \$128,450. If the SFRR is not back online or has not had swabbing/work performed, etc., the bond required for the SFRR 012 of \$6,585 will also need to be posted (for a total of \$135,035. These are just my calculations based on the financial assurance compliance report that I pulled from our website, and you will want to confirm my numbers yourselves and with Dorothy Phillips, the bonding administrator with whom you will work to get these posted. Her contact information is: dorothy.phillips@state.nm.us or 505.476.3461.

Once you have had the chance to review the document, please let me know if you have any questions regarding the list or how I have come to categorize the wells, and advise regarding the status of the four wells whose status is still outstanding. Once I have all necessary information and confirmation from you, I will prepare the necessary letter to be circulated to the Districts and to Ms. Phillips so that you can begin the process of posting the bond and changing operatorship over to your company.

Sincerely,
Mikal Altomare

Wells for which presumption has been rebutted – no additional bonding required - [for purposes of Rule 40, Districts disregard “in violation”NY for these wells]

21 well previously noted to be ready to go back online but for which no paperwork has been submitted. SFRR 012

- = 3 wells w/ corrections/clarification needed for C103s

---Wells requiring additional bonding [presumption not rebutted] - 19 wells / \$128,450 total additional bonding due as of 8/28/08]

Inactive Well Additional Financial Assurance Report

15346 MOUNTAIN STATES PETROLEUM CORP

Total Well Count: 200

Printed On: Thursday, August 28 2008

Well Name	Lease Type	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
WATSON #001	1	30-031-20536	1	1/1/20		149'				
WATSON #001	1	30-031-20537	1	1/1/20		138'				
WATSON #001	1	30-031-20042	1	1/1/20		147'				
WATSON #001	1	30-031-20043	1	1/1/20		150'				
WATSON #001	1	30-031-20044	1	1/1/20		149'				
WATSON #001	1	30-031-20049	1	1/1/20		153'				
WATSON #001	1	30-031-20147	1	2/1/20		131'				
WATSON #001	1	30-031-20148	1	1/1/20		149'				
WATSON #001	1	30-031-20149	1	1/1/20		132'				
WATSON #001	1	30-031-20150	1	1/1/20		109'				
WATSON #001	1	30-031-20151	1	1/1/20		147'				
WATSON #001	1	30-031-20152	1	1/1/20		147'				
WATSON #001	1	30-031-20153	1	1/1/20		147'				
WATSON #001	1	30-031-20154	1	1/1/20		147'				
WATSON #001	1	30-031-20155	1	1/1/20		147'				
WATSON #001	1	30-031-20156	1	1/1/20		147'				
WATSON #001	1	30-031-20157	1	1/1/20		147'				
WATSON #001	1	30-031-20158	1	1/1/20		147'				
WATSON #001	1	30-031-20159	1	1/1/20		147'				
WATSON #001	1	30-031-20160	1	1/1/20		147'				

HOSPAL SAND UNIT #001Y	P	30-031-20338	O	11/2004	12/01/2006	1613	6613	Y	0	Y
HOSPAL SAND UNIT #002	P	30-031-05185	O	11/2004	12/01/2006	3282	8282	Y	0	Y
HOSPAL SAND UNIT #003	S	30-031-05205	O	07/2004	08/01/2006	1631	6631	Y	0	Y
HOSPAL SAND UNIT #006	P	30-031-05190	O	02/2005	03/01/2007	1590	6590	Y	0	Y
HOSPAL SAND UNIT #015	S	30-031-05207	O	11/2004	12/01/2006	1677	6677	Y	0	Y
HOSPAL SAND UNIT #017	S	30-031-05213	O	07/2004	08/01/2006	1689	6689	Y	0	Y
HOSPAL SAND UNIT #019	S	30-031-05203	O	07/2004	08/01/2006	1600	6600	Y	0	Y
HOSPAL SAND UNIT #023	P	30-031-05192	O	07/2004	08/01/2006	1570	6570	Y	0	Y
HOSPAL SAND UNIT #024	P	30-031-05186	O	07/2004	08/01/2006	1552	6552	Y	0	Y
HOSPAL SAND UNIT #025	S	30-031-05212	O	11/2004	12/01/2006	1646	6646	Y	0	Y
HOSPAL SAND UNIT #027	S	30-031-05214	O	07/2004	08/01/2006	1630	6630	Y	0	Y
HOSPAL SAND UNIT #028	S	30-031-05216	O	11/2004	12/01/2006	1733	6733	Y	0	Y
HOSPAL SAND UNIT #029	S	30-031-05225	O	07/2004	08/01/2006	1792	6792	Y	0	Y
HOSPAL SAND UNIT #032	S	30-031-05224	O	07/2004	08/01/2006	1783	6783	Y	0	Y
HOSPAL SAND UNIT #034	S	30-031-05223	O	11/2004	12/01/2006	1769	6769	Y	0	Y
HOSPAL SAND UNIT #035	S	30-031-05222	O	07/2004	08/01/2006	1724	6724	Y	0	Y
HOSPAL SAND UNIT #038	P	30-031-05179	O	07/2004	08/01/2006	1665	6665	Y	0	Y

HOSPAL SAND UNIT #039	P	30-031-05171	O	07/2004	08/01/2006	1557	6557	Y	0	Y
HOSPAL SAND UNIT #040	P <td>30-031-05171 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1557 <td>6557 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05171 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1557 <td>6557 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	07/2004 <td>08/01/2006 <td>1557 <td>6557 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	08/01/2006 <td>1557 <td>6557 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1557 <td>6557 <td>Y <td>0 <td>Y</td> </td></td></td>	6557 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #050	P <td>30-031-05194 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1550 <td>6550 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05194 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1550 <td>6550 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1550 <td>6550 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1550 <td>6550 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1550 <td>6550 <td>Y <td>0 <td>Y</td> </td></td></td>	6550 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #051	P <td>30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td>	6529 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #052	P <td>30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td>	6529 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #053	P <td>30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td>	6529 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #054	P <td>30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td>	6529 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #055	P <td>30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05182 <th>O</th> <td>07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	07/2004 <td>08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	08/01/2006 <td>1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1529 <td>6529 <td>Y <td>0 <td>Y</td> </td></td></td>	6529 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #056	P <td>30-031-20104 <th>O</th> <td>11/2004 <td>12/01/2006 <td>2730 <td>7730 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20104 <th>O</th> <td>11/2004 <td>12/01/2006 <td>2730 <td>7730 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>2730 <td>7730 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>2730 <td>7730 <td>Y <td>0 <td>Y</td> </td></td></td></td>	2730 <td>7730 <td>Y <td>0 <td>Y</td> </td></td></td>	7730 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #058	P <td>30-031-20115 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1631 <td>6631 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20115 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1631 <td>6631 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1631 <td>6631 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1631 <td>6631 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1631 <td>6631 <td>Y <td>0 <td>Y</td> </td></td></td>	6631 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #059	P <td>30-031-20116 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20116 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #060	P <td>30-031-20124 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20124 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #061	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #062	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #063	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #064	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #065	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #066	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #067	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #068	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #069	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #070	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #071	P <td>30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20125 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1744 <td>6744 <td>Y <td>0 <td>Y</td> </td></td></td>	6744 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #084	P <td>30-031-20248 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20248 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td>	6574 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #085	P <td>30-031-20248 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20248 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td>	6574 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #088	P <td>30-031-20248 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20248 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1574 <td>6574 <td>Y <td>0 <td>Y</td> </td></td></td>	6574 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #089	P <td>30-031-05193 <th>O</th> <td>11/2004 <td>12/01/2006 <td>7850 <td>12850 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-05193 <th>O</th> <td>11/2004 <td>12/01/2006 <td>7850 <td>12850 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>7850 <td>12850 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>7850 <td>12850 <td>Y <td>0 <td>Y</td> </td></td></td></td>	7850 <td>12850 <td>Y <td>0 <td>Y</td> </td></td></td>	12850 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #092	P <td>30-031-20613 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1655 <td>6655 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20613 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1655 <td>6655 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1655 <td>6655 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1655 <td>6655 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1655 <td>6655 <td>Y <td>0 <td>Y</td> </td></td></td>	6655 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #093	P <td>30-031-20611 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20611 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td>	6605 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #094	P <td>30-031-20604 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20604 <th>I</th> <td>12/2005 <td>01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	I	12/2005 <td>01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	01/01/2008 <td>1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1605 <td>6605 <td>Y <td>0 <td>Y</td> </td></td></td>	6605 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #095	P <td>30-031-20608 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1650 <td>6650 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20608 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1650 <td>6650 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1650 <td>6650 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1650 <td>6650 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1650 <td>6650 <td>Y <td>0 <td>Y</td> </td></td></td>	6650 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #096	P <td>30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td>	6790 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #098	P <td>30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td>	6790 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #100	P <td>30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td>	6790 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #102	P <td>30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20717 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1790 <td>6790 <td>Y <td>0 <td>Y</td> </td></td></td>	6790 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #105	P <td>30-031-20944 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20944 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td>	6701 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y
HOSPAL SAND UNIT #107	P <td>30-031-20944 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td></td>	30-031-20944 <th>O</th> <td>11/2004 <td>12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td></td></td>	O	11/2004 <td>12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td></td>	12/01/2006 <td>1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td></td>	1701 <td>6701 <td>Y <td>0 <td>Y</td> </td></td></td>	6701 <td>Y <td>0 <td>Y</td> </td></td>	Y <td>0 <td>Y</td> </td>	0 <td>Y</td>	Y

Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:06 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: C103s for NOG/MSOG
Attachments: image001.jpg

more

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Thursday, August 28, 2008 10:07 AM
To: Mike Allen; Mike Finley
Subject: C103s for NOG/MSOG

(20)

Mike and Mike – I have done a run through the C103s from yesterday and am comparing them with my list as we discussed. I did notice, however, that there are three wells that will need corrected c103s so wanted to get the info to you ASAP, while I finish my tallying.

1. SFRR No. 003 is still blank after the “returned subject well to production on...” on the C103 form. Need a date inserted here.
2. You have submitted two DIFFERENT C103s for the SF No. 017 – one indicates swabbing on 8/1/08 w/ 5 gals, 3 pulls, 600 feet deep, the other swabbing on 8/1/08 with 5 gals with 3 pulls and 420 feet deep. Where there two done on the same day? If not, which C103 is correct?
3. Santa Fe RR (A) 74 [which I identified by the listed API on the C103] is identified on the C103 as Sante Fe Railroad A No. **002** (instead of 74), so the well name needs to be corrected on this C103.

I am hoping to get you a summary email with the full list, etc. for your confirmation sometime today. if you could get me the corrected three C103s by PDF that would be great. [please remember to fill in the subsequent report/other box on the revised forms as well! Thanks!]

Thank you!
Mikal



Mikal M. Altomare

Assistant General Counsel
Oil Conservation Division
Energy, Minerals & Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Tel 505.476.3480 ~ Fax 505.476.3462
mikal.altomare@state.nm.us

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:07 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: one additional thing
Attachments: image001.jpg

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Thursday, August 28, 2008 10:10 AM
To: Mike Allen; Mike Finley
Subject: one additional thing

(22)

Your spreadsheet had indicated that SFRR #012, 30-031-05496 was ready to go online; however, I do not see a c103 for this well. Is there a C103 for this well?



Mikal M. Altomare

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:08 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: NOG - Converting injection wells to production
Attachments: image001.jpg

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Thursday, August 28, 2008 3:36 PM
To: Mike Allen; Mike Finley
Cc: Perrin, Charlie, EMNRD
Subject: NOG - Converting injection wells to production

(23)

Mike and Mike –

I confirmed with my colleagues in the office as well as the District office, and the way you get the ball rolling for converting an existing injection well back to a production well is to file a C103 sundry/notice of Intent with the District. This will then put the District office on notice of what you plan to do, and they can then work with you to determine if anything special needs to be done as part of the conversion back process, etc.

Charlie is now aware that you are contemplating this for at least one well. I have also updated him regarding the status of the mountain states to NOG transfer and of your plans to post the bonds and get the operator transfer completed within the next week or so.

Mikal



Mikal M. Altomare

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:10 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: follow up - NOG status/bonding
Attachments: image001.jpg

Importance: High

From: Altomare, Mikal, EMNRD [mailto:Mikal.Altomare@state.nm.us]
Sent: Thursday, September 04, 2008 12:13 PM
To: Mike Allen; Mike Finley
Subject: follow up - NOG status/bonding
Importance: High

(24)

Mike and Mike – I am following up regarding my email last week regarding my summary of the current status of NOG/Mtn states wells so that I can do an official letter of rebuttal of presumption of inactivity for the districts, and also to find out when we can expect you to do the posting/change of operator. Please let me know asap regarding your anticipated timeline.

Thanks.

Mikal



Mikal M. Altomare

Assistant General Counsel
Oil Conservation Division
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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:22 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: FW: 2008 28 aug NOG_MSOG fin assur.doc
Attachments: image001.jpg; 2008 28 aug NOG_MSOG fin assur.doc

From: Mike Allen [mailto:mike.allen5@gmail.com]
Sent: Wednesday, September 10, 2008 5:10 PM
To: Mike Finley
Subject: Fwd: FW: 2008 28 aug NOG_MSOG fin assur.doc

----- Forwarded message -----

From: Altomare, Mikal, EMNRD <Mikal.Altomare@state.nm.us>
Date: Wed, Sep 10, 2008 at 5:05 PM
Subject: FW: 2008 28 aug NOG_MSOG fin assur.doc
To: Mike Allen <mike.allen5@gmail.com>

(25)

Mike – sorry for the confusion. I am forwarding the email I sent back on the 28th with the attachment summarizing the mtn states/NOG well statuses. I am now in receipt of the corrected sundries for the SFRR (A)74, the SF 017 [referenced in paragraph 2 of my previous email]. I have not received any additional sundries for the SFRR 012, and the information provided recently indicates that the SFRR 003 is actually not yet back online as previously thought [also referenced at paragraph 2 of my previous email].

You are correct, the additional bonding due per my calculations based on our last conversation and the documents submitted at our last meeting was \$135,035.00. However, I had previously been under the impression that the SFRR 003 had already been returned to production, but the submission I received recently seems to indicate it is still being worked on and has not yet been returned to production. If that well has not yet been returned to production, then the bond for that well [\$6,584] will need to be posted as well, for a total additional bonding now due of \$141,619.00. Dorothy will confirm the figures for you once I give her a definitive list of the wells for which you have been able to rebut the presumption of inactivity v. those for which additional bonding is still owed.

I will go ahead and draft a letter to Dorothy and to the Districts specifying the list of wells for which you have rebutted the presumption of inactivity based upon the attached summary and the recent receipt of the sundries for the SFRR (A)74 and the SF017, and the new information regarding the current inactive status of the SFRR 003. You will be copied on this letter when it is completed.

Thanks in advance for getting this completed.

Mikal



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

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mikal.altomare@state.nm.us

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From: Altomare, Mikal, EMNRD
Sent: Thursday, August 28, 2008 1:34 PM
To: 'Mike Allen'; Mike Finley
Cc: Perrin, Charlie, EMNRD; Macquesten, Gail, EMNRD
Subject: 2008 28 aug NOG_MSOG fin assur.doc

Mr. Allen and Mr. Finley,

Attached in word format is a word document incorporating your current financial assurance report (that for Mountain States Petroleum) which I have then adapted and color coded to reflect the current status of the work done by your company to date to rebut the presumption of inactivity for purposes of Rule 40/financial assurance compliance. I have used different colored typeface and highlighting to designate those wells for which I have received C103s from you indicating either swabbing or return to production and those wells for which you will be required to post the additional bonding unless/until

they are returned to production or plugged and released. The color key is at the very top of the document.

As you will note, I have also referenced the two remaining issues A) the SFRR 12 - which you had previously indicated was ready to return to production, but for which I have not received a C103, and B) the other three wells for which I will need amended/clarified C103s to be submitted as I indicated in my previous email (the SFRR (A)74, the SF 017 and the SFRR 003).

As of now, if you are able to provide me with the three amended C103s, and without including the bond amount for the SFRR 012, the total amount of additional bonding needed per my calculations is \$128,450. If the SFRR is not back online or has not had swabbing/work performed, etc., the bond required for the SFRR 012 of \$6,585 will also need to be posted (for a total of \$135,035. These are just my calculations based on the financial assurance compliance report that I pulled from our website, and you will want to confirm my numbers yourselves and with Dorothy Phillips, the bonding administrator with whom you will work to get these posted. Her contact information is: dorothy.phillips@state.nm.us or 505.476.3461.

Once you have had the chance to review the document, please let me know if you have any questions regarding the list or how I have come to categorize the wells, and advise regarding the status of the four wells whose status is still outstanding. Once I have all necessary information and confirmation from you, I will prepare the necessary letter to be circulated to the Districts and to Ms. Phillips so that you can begin the process of posting the bond and changing operatorship over to your company.

Sincerely,

Mikal Altomare

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Mike Dehnisch

From: Mike Allen [mike.allen5@gmail.com]
Sent: Thursday, June 25, 2009 5:30 PM
To: Mike Dehnisch
Subject: Fwd: Bond-Nacodgoches Oil & Gas

(252)

----- Forwarded message -----

From: **Phillips, Dorothy, EMNRD** <dorothy.phillips@state.nm.us>
Date: Fri, Sep 12, 2008 at 2:47 PM
Subject: RE: Bond-Nacodgoches Oil & Gas
To: Mike Allen <mike.allen5@gmail.com>

Your bank will create a Letter of credit for each well. The API is to be put on the top left on the letter of credit. The amount for each letter of credit is on the list Mikal sent you. For example: Santa Fe RR B No. 35 - API 30-031-20391 and the Bond amount is: \$6,644

Here is the list and you will see the required amount for each well under the required bond amount.

Well Name	Lease Type	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place
SANTA FE RR B #035	P	30-031-20391	I	07/2004	08/01/2006	1644	6644	Y	0
SANTA FE RAILROAD A #097	P	30-031-20855	I	03/2005	04/01/2007	1690	6690	Y	0
SANTA FE RAILROAD A #083	P	30-031-20147	I	03/2005	04/01/2007	1547	6547	Y	0
SANTA FE RAILROAD A #084	P	30-031-20372	I	03/2005	04/01/2007	1656	6656	Y	0
SANTA FE RAILROAD A #087	P	30-031-20413	I	03/2005	04/01/2007	1598	6598	Y	0
SANTA FE RAILROAD #044	P	30-031-20713	O	07/2004	08/01/2006	1715	6715	Y	0
SANTA FE RAILROAD #012	P	30-031-20032	O	02/2005	03/01/2007	1585	6585	Y	0
SANTA FE PACIFIC RAILROAD #009	P	30-031-20182	G	06/2005	07/01/2007	2810	7810	Y	0
SANTA FE RAILROAD #003 **	P	30-031-05147	O	11/2004	12/01/2006	1584	6584	Y	0
LONE PINE DAKOTA D UNIT #023	P	30-031-20201	O	06/2005	07/01/2007	2775	7775	Y	0
HOSPAH SAND UNIT #096	P	30-031-20717	O	11/2004	12/01/2006	1790	6790	Y	0
HOSPAH SAND UNIT #092	P	30-031-20613	I	12/2005	01/01/2008	1655	6655	Y	0
HOSPAH SAND UNIT #093	P	30-031-20611	I	12/2005	01/01/2008	1605	6605	Y	0
HOSPAH SAND UNIT #084	P	30-031-20248	I	12/2005	01/01/2008	1574	6574	Y	0
HOSPAH SAND UNIT #058	P	30-031-20115	I	12/2005	01/01/2008	1631	6631	Y	0
HOSPAH SAND UNIT #059	P	30-031-20116	O	11/2004	12/01/2006	1744	6744	Y	0
HOSPAH SAND UNIT #051	P	30-031-05194	O	11/2004	12/01/2006	1550	6550	Y	0
HOSPAH SAND UNIT #039	P	30-031-05171	O	07/2004	08/01/2006	1557	6557	Y	0

HOSPAH SAND UNIT #038	P	30-031-05179	O	07/2004 08/01/2006	1665	6665	Y	0
HOSPAH SAND UNIT #003	S	30-031-05205	O	07/2004 08/01/2006	1631	6631	Y	0
HOSPAH SAND UNIT #001Y	P	30-031-20338	O	11/2004 12/01/2006	1613	6613	Y	0

From: Mike Allen [mailto:mike.allen5@gmail.com]

Sent: Friday, September 12, 2008 1:08 PM

To: Phillips, Dorothy, EMNRD

Subject: Re: Bond-Nacodgoches Oil & GOn Fri, Sep 12, 2008 at 1:59 PM, Phillips, Dorothy, EMNRD

<dorothy.phillips@state.nm.us> wrote:

I am sorry but they have to be individual bonds. One for each well in question for a total of 21 Letters of Credit. As you bring each well back on line or plug them, then you advise that you want the individual bond released because one of these have occurred. I will verify with the districts. The **total** amount of bonding is correct. Each letter of credit must have the API No. of the well on it so I can know which LOC goes to which well. I have a list that Mikal Altomare gave me of those requiring bonds.

(25b)

From: Mike Allen [mailto:mike.allen5@gmail.com]

Sent: Friday, September 12, 2008 12:38 PM

To: Phillips, Dorothy, EMNRD

Subject: Bond-Nacodgoches Oil & Gas

Ms Phillips,

I have sent a blank LOC form to our office in Nacodoches to be filled out and then sent on to our bank. I just need to verify the amount of bond. Are we still at \$141,619.00? Please let me know.

Thank You,

Mike Allen

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Mike Dehnisch

From: Mike Finley
Sent: Saturday, June 20, 2009 11:29 AM
To: Mike Allen; Mike Dehnisch
Subject: FW: NOG bonds posted - the next step
Attachments: image001.jpg

Did we contact Sonny as per this letter? I couldn't get him to answer is not a defence....mf

From: Altomare, Mikal, EMNRD [Mikal.Altomare@state.nm.us]
Sent: Wednesday, September 24, 2008 5:02 PM
To: Mike Allen; Mike Finley
Cc: Swazo, Sonny, EMNRD; Macquesten, Gail, EMNRD
Subject: NOG bonds posted - the next step:

(26)

Mr. Allen and Mr. Finley,

Dorothy Phillips has advised me that NOG has now posted the bonds for the wells for which it was not able to rebut the presumption of inactivity. Thank you for completing this important step which, as you know, is a pre-requisite to NOG being able to formally complete the transfer of operatorship of the wells from Mountain States Petroleum. I have advised Dorothy that I have now been provided with documentation to indicate some kind of sufficient activity/production for the remaining wells that are coming up on the *financial assurance compliance report* as being "in violation" (i.e. with a "y" in the far right column). You are therefore in good standing now to submit the Application for change of Operator from Mountain States, and I would recommend that you do this as soon as possible. Once you have done so, it is very important that you take steps to then formally report (submit C115s for) the production for the wells that you have rebutted the presumption on – in other words, as soon as feasible, **report** the production [under NOG's ogrid] for those wells that you have indicated to me are "back in production" AND report the production that resulted from the swabbing [no matter how minimal] that was conducted on those wells for which you submitted documentation of swabbing as a showing of activity/production.

The **NEXT STEP**, once you have everything officially transferred over to NOG, is to contact **Sonny Swazo** here at the OCD. He is the attorney here who handles our Inactive Well Program [which is different/subject to different rules/standards than the financial assurance compliance program, which is what we have been addressing to date]. You have a large number of Federal wells that, while not requiring additional bonding because of the fact that they are Federal, ARE inactive and thus still are going to cause you problems with Rule 40 compliance. Once you have all the wells transferred into NOG, however, you will be in a position to work with Sonny to come up with an agreed plan to bring the company /inactive wells into compliance. My understanding in speaking with you all is that you have been working with the BLM on a number of these wells and may already have a plan of some kind in place, so it may simply be a matter of formalizing it. Nonetheless, until you do so, the wells will continue to come up on the inactive well list, and this will inhibit NOG's ability to get approval for certain activities.

I would encourage you to contact Sonny as soon as possible, and I will do my best to bring him up to speed regarding what we have been able to accomplish to date.

Sonny Swazo
505-476-3463
Sonny.swazo@state.nm.us

Please be advised, I will be out of the office tomorrow and Friday, September 25 and 26th as well as Monday September 29th. I will be sure to touch base with Sonny upon my return to get him the information he needs to be able to continue working with NOG once the change of operator goes through.

Sincerely,
Mikal Altomare



Mikal M. Altomare

Assistant General Counsel
Oil Conservation Division
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Mike Dehnisch

From: Mike Finley
Sent: Friday, September 26, 2008 2:48 PM
To: Wayne.price@state.nm.us
Cc: Mike Allen; Mike Dehnisch
Subject: meeting

Re: Fresh water lake / Disposal Hospah New Mexico

Wayne Price
OCD –Environmental
New Mexico

Dear Mr. Price,

We talked while meeting with Mikal in your offices a few weeks back about disposing of fresh water in Hospah New Mexico. You suggest that we could work together in saving the water from reinjection into a saltwater zone and thus losing it forever. We ran the water samples from both the produced water fresh zone (1,600') and the fresh water zone nearest the surface (500') as you suggested. It appears to us that there is no real issues concerning compatibility. We would like to meet with you next week when you are back in the office. I will be in New Mexico Wednesday, the first of October through Friday the Third of October. I hope you can find time to schedule me in for a visit to explore the next step. We have confirmed we can put the proposed impoundment entirely on our own land. This is of the highest importance to us and we are ready to move with commitment and diligence. Thank you in advance for your help.

Sincerely,
Mike Finley
President
Nacogdoches Oil and Gas
936-560-4747 office
936-552-9400 cell

Mike Dehnisch

From: Mike Finley
Sent: Monday, October 06, 2008 11:10 AM
To: Mike Dehnisch
Subject: FW: Hospah water

From: Price, Wayne, EMNRD [mailto:wayne.price@state.nm.us]
Sent: Monday, October 06, 2008 10:23 AM
To: Mike Finley
Cc: VonGonten, Glenn, EMNRD; Jones, Brad A., EMNRD; Lowe, Leonard, EMNRD; Powell, Brandon, EMNRD
Subject: RE: Hospah water

Dear Mike, After reviewing the water analysis I have the following comments:

1. Your produced water (630 mg/L) is approximately 20 times greater in chlorides than that of the ground water (34 mg/l).
2. Your project would require an OCD part 36 permit, and a possible Federal NPDES permit.
3. The issue of the previous discharge being halted by EPA region 9 must be fully investigated and OCD would want an OK from them before we would consider it.

So your path forward place to start is with EPA.

From: Mike Finley [mailto:mike.finley@nogtx.com]
Sent: Thursday, October 02, 2008 12:57 PM
To: Price, Wayne, EMNRD
Subject: Hospah water

Wayne,
This is what I have, we are already looking for hydrology maps for the area..
Thanks,
Mike Finley
Nacogdoches Oil and Gas

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Mike Dehnisch

From: Mike Finley
Sent: Thursday, October 23, 2008 8:08 PM
To: Mike Dehnisch
Subject: Re: Today's happenings and Findings

Good report we need to let wayne know what we have done in writing and get specifics as to what we need to do and what does the epa have to do with it? Tie him down. Politely thx mf

From: Mike Dehnisch
To: Mike Finley; Mike Allen
Sent: Thu Oct 23 16:49:17 2008
Subject: Today's happenings and Findings

First off, we passed the DOT audit: with flying colors... a big kudos goes on to Hilary and Doug.

I called back to Wayne Price and talk to him at some length. I told him of what I had on hydrology, from the BLM, and summarized what I found out about the water quality. He said that we can send it, but he is "too busy" to meet with you next week. He said plus that there are several hoops to push through. He came back, after I mentioned the hydrology information that I have, that we would need to test the water table at the location site and come up with a process that would ensure that we would not be harming the water table. He also mentioned something about involving the EPA for approval. He said "I would like to see it happen, but there are several hoops to push through." I stayed on him about meeting you anytime next week. He ended by saying he was busy all week with something and we hung up. I will continue to write up a document with everything included, but he is not ready to meet for some reason. I felt like there was something he wasn't telling me, but I couldn't get it out of him.

~~I found tubing numbers in our well files and Angela is going to go back tomorrow and get the sundries changed and see what they say. She said she would contact me as soon as she left their office...DONE!~~

~~Mike A., Richard and Doug will start meeting each morning at 7:45 CST starting tomorrow morning...Done!~~

~~Talked to Stacy. He talked with Marvin on the phone and then met with him in person today. The run tickets have been mailed (not sure, couple days ago). He also stress that to Marvin that these needed to be turned in. He went to Stafford today to go back on the truck in order to get it to English lease.~~

~~Ray was going to let Dave call me from his cell phone when he went down to Nav. 10 today so that I could get that gas card number, but I never received a call. I will call Dave tonight.~~

~~The POs that Wayne wrote were from the time that they were hauling some equipment and the tires blew out on the trailer. Wayne was in Tom's truck. He called Richard and Richard told him to write the PO from Tom's book in the truck since he was stranded on the side of the road.~~

~~There are probably some other things to tell you, but that is all I have for now.~~

Mike Dehnisch
Nacogdoches Oil & Gas, Inc
mike.dehnisch@nogtx.com
 (936)560-4747 office
 (936)645-0026 cell

(30)

Wayne,

Here is a our proposal and information that we have gathered to this point. Due to the amount of freshwater that will soon be injected, it is a top priority for us to get moving in the right direction. We will be available to meet from the 12-14 of November in Santa Fe to discuss the next steps in order to get the process moving. We do understand your busy schedule appreciate any and all your time working with us on this matter. Please let us know if you have any questions or if there is a time we can meet next week.

Thank you,

Mike Finley

and

Mike Dehnisch

Nacogdoches Oil & Gas, Inc

mike.finley@nogtx.com

mike.dehnisch@nogtx.com

(936)560-4747 office

(936)645-0026 cell

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Mike Dehnisch

From: Price, Wayne, EMNRD [wayne.price@state.nm.us]
Sent: Thursday, November 06, 2008 3:41 PM
To: Mike Dehnisch
Cc: Mike Finley
Subject: RE: Proposal from Nacogdoches Oil & Gas for Water Release at Hospah, NM

(32)

Sorry Mike, but we have an emergency in SE NM that will consume most of my staff for some time. Please do not expect a quick review on this project. There is simply too many variables for it to happen quickly. However, in concept I do support utilizing diverted water. For your information I think you totally misunderstand the process. You must prove to us there is no shallow groundwater in the area. We have indicated that to you but the last proposal was not acceptable. I recommend you hire a consultant that fully understands our rules and regulations. The analytically is insufficient for our proper evaluation. I also mentioned that you may want to check with Game and Fish, but I didn't see anything.

From: Mike Dehnisch [mailto:mike.dehnisch@nogtx.com]
Sent: Thursday, November 06, 2008 1:23 PM
To: Price, Wayne, EMNRD
Cc: Mike Finley
Subject: FW: Proposal from Nacogdoches Oil & Gas for Water Release at Hospah, NM

(31)

Wayne,

Have you had a chance to review our proposal? We are ready to move forward on the next steps. We are asking for your help on what those next steps are. We plan on being available Tuesday through Thursday of next week if you can me. Again, we thank you in advance for your time and attention.

Thank you,

Mike Finley
Mike Dehnisch

From: Mike Dehnisch
Sent: Monday, November 03, 2008 3:29 PM
To: 'wayne.price@state.nm.us'
Subject: FW: Proposal from Nacogdoches Oil & Gas for Water Release at Hospah, NM

Wayne,

I have a correction on those numbers for disposal. That 400,000 gallons a day. (not per month). This a big difference and should be noted.

Thank you,

From: Mike Dehnisch
Sent: Monday, November 03, 2008 8:33 AM
To: 'wayne.price@state.nm.us'
Cc: Mike Finley
Subject: Proposal from Nacogdoches Oil & Gas for Water Release at Hospah, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JAN 13 2009

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

5. Lease Serial No.
see attached list
6. If Indian, Allottee or Tribe Name
see attached list

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.
South Hospah Federal Leases

8. Well Name and No.
see attached list

9. API Well No.
see attached list

10. Field and Pool or Exploratory Area
see attached list

11. Country or Parish, State
McKinley County

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Nacogdoches Oil and Gas, Inc.

3a. Address
P.O. Box 832418
Nacogdoches, TX 76963

3b. Phone No. (include area code)
(936) 560-4747

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec. 12 T17N R09W, see attached list for footage.

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other off-lease measurement & sale
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

See attached Application for off-lease measurement and sale for South Hospah Federal Leases.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Mike Allen

Title Production Engineer

Signature

Date 01/09/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title
Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

OPERATOR



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
South Hoshah CDP

CONDITIONS OF APPROVAL FOR OFF-LEASE MEASUREMENT AND SURFACE COMMINGLING OF OIL

- Each contributing well in this application must have a production test conducted prior to bringing the well on line. This test will be used for allocation purposes. Wells currently producing into this facility must have a production test conducted within 90 days of approval of this application. Provide the well test results to this office within 10 days of conducting the test.
- The Coriolis meters at the Western Pipeline sales facility must be calibrated in accordance with API standards under "Manual of Petroleum Measurement Standards Chapter 5, section 6 -- Measurement of Liquid Hydrocarbons by Coriolis Meters"
- Liquid hydrocarbons produced at the Central Delivery Point (CDP) must be allocated back to each well in proportion to the well's test results.
- If gas is produced in the future development of this field, a separate surface commingling application will be required.
- Measurement of oil and gas at the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement and Onshore Order No. 5, Gas Measurement.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.

(34)

Mike Dehnisch

From: Hospah
Sent: Tuesday, June 30, 2009 6:05 PM
To: Mike Dehnisch
Subject: FW: spill report
Attachments: Spill report - 5-19-09.PDF; Spill report - 5-25-09.PDF

From: Hospah
Sent: Tuesday, May 26, 2009 1:56 PM
To: 'monica.kuehling@state.nm.us'
Subject: spill report

(35) 8

Mike Dehnisch

From: Kellie Dehnisch
Sent: Thursday, June 25, 2009 4:25 PM
To: Mike Dehnisch
Subject: FW: Updated 2014 Corrections

This is the approval email that we received from the Navajo Nation stating that my audit corrections have been approved.

From: Marlene Nakai [mailto:m_nakai@frontiernet.net]
Sent: Thursday, May 28, 2009 3:01 PM
To: Kellie Dehnisch
Cc: 'Donna Finley'; rcheromiah@frontiernet.net; Mike Finley
Subject: RE: Updated 2014 Corrections

Hi Kellie,

The review of the Form MMS-2014s has been completed. The Form MMS-2014s may now be filed with the MMS.

If you have questions, please call or email. Thank you.

Marlene

From: Kellie Dehnisch [mailto:kellie.dehnisch@nogtx.com]
Sent: Wednesday, May 27, 2009 3:35 PM
To: Marlene Nakai
Cc: 'Donna Finley'; rcheromiah@frontiernet.net; Mike Finley
Subject: RE: Updated 2014 Corrections

Hi Marlene,

I have made the changes you requested and have attached an updated report for your review. I have still NOT filed this 2014 report with the MMS. Please advise of your final approval and I will then file with the MMS.

Thank you.
Kellie

From: Marlene Nakai [mailto:m_nakai@frontiernet.net]
Sent: Wednesday, May 27, 2009 12:48 PM
To: Kellie Dehnisch
Cc: 'Donna Finley'; rcheromiah@frontiernet.net; Mike Finley
Subject: RE: Updated 2014 Corrections

Hi Kellie,

I completed the review of the 2014s. Below is the only corrections needed:

1. line 389 Per original 2014, sales volume should be 2,894.49.
2. line 399 sales date should be 8/2005 not 7/2005
3. line 401 should not be Beautiful Mountain, should be DBK
4. line 402 delete. Reported at line 356.

These are the only corrections needed. Please send copies of the corrections for my review prior to submitting to the MMS.

Marlene

Notice: This message may contain privileged and confidential information which is protected from disclosure. If you are not the addressee indicated in this communication (or an agent or employee responsible for delivering this message to such person), you may not read, copy, use or disseminate this message to any other person. In such case, you should destroy this communication and notify the sender immediately by reply mail or telephone. Please advise the sender immediately if you or your employer do not consent to Internet email for messages of this kind. This communication is restricted to the intended recipient and is not to be provided to a third party without the prior consent of the Minerals Management Service or its representatives.

From: Kellie Dehnisch [mailto:kellie.dehnisch@nogbx.com]
Sent: Monday, April 20, 2009 4:48 PM
To: Marlene Nakai
Cc: 'Donna Finley'; rcheromiah@frontiernet.net; Mike Finley
Subject: RE: Updated 2014 Corrections

Hi Marlene,

Thank you for your help this afternoon. I have attached the corrections that were listed in your email below. Please let me know if you have questions.

Thank you,
Kellie

From: Marlene Nakai [mailto:m_nakai@frontiernet.net]
Sent: Friday, March 27, 2009 2:37 PM
To: Kellie Dehnisch
Cc: 'Donna Finley'; rcheromiah@frontiernet.net; Mike Finley
Subject: RE: Updated 2014 Corrections

Hi Kellie,

Below is the corrections that need to be made before the Form MMS-2014s can be submitted to the MMS:

7/05 - 8/05 Natural Gas Liquids and Condensate not reported lease no. 5160071800
Line 16 Sales months should be 2/06 not 3/06
Line 186 Incorrect Sales Value and Royalty Value Reported
3/07 Reverse royalty value reported under TC 51 lease no. 5270011170
Line 320 Delete. No adjustments needed for sales month 4/07
Line 326 TC 51 needs to be changed to TC 50
4/06 processing allowance not reported for lease no. 5250041570
Line 356 sales volumes reported at 50%. Report at 100%.
Line 359 sales values incorrectly reported of 4,388.68; sales volumes s/b 43.92, not 43.88
Line 362 sales value s/b 1,042.08, not 1043.28
Line 368 Sales value s/b 2490.48, not 2491.44; royalty value s/b 415.08, not 415.24
Line 377 sales volumes reported at 50%. Report at 100%.
Line 386 sales volumes s/b 1394.16, not 1394.28; sales value s/b 69708.04, not 69712.68
Line 390 sales volumes reported at 50%. Report at 100%.
Line 394 Delete line. Already reversed at Line 1
5/07 lease 6230088890; original line with TC 51, \$1715.11 was not reversed.
3/06 Exhibit F Lease no. 516007180. No correction required. Correctly reported but was underpaid.

For the period 5/06 - 12/07, lease no. 5250041580, with no sales; do not need to submit Form MMS 2014.

If you have questions, please call or email.

Marlene Nakai
Navajo Nation Minerals Audit Program
Phone: (928) 871-6032

Notice: This message may contain privileged and confidential information which is protected from disclosure. If you are not the addressee indicated in this communication (or an agent or employee responsible for delivering this message to such person), you may not read, copy, use or disseminate this message to any other person. In such case, you should destroy this communication and notify the sender immediately by reply mail or telephone. Please advise the sender immediately if you or your employer do not consent to Internet email for messages of this kind. This communication is restricted to the intended recipient and is not to be provided to a third party without the prior consent of the Minerals Management Service or its representatives.

-----Original Message-----

From: Kellie Dehnisch [mailto:kellie.dehnisch@nogtx.com]
Sent: Friday, March 20, 2009 2:18 PM
To: Marlene Nakai
Cc: 'Donna Finley'
Subject: Updated 2014 Corrections

Hi Marlene,

I have made the 2014 corrections that we discussed this morning on the telephone. Please let me know if you have questions.

Have a nice weekend.

Thanks,
Kellie

(36)

Mike Dehnisch

From: Hospah
Sent: Tuesday, June 30, 2009 6:05 PM
To: Mike Dehnisch
Subject: FW: SFRR sundries
Attachments: SFRR sundries.PDF

From: Hospah
Sent: Thursday, May 28, 2009 9:27 AM
To: 'monica.kuehling@state.nm.us'
Cc: Mike Dehnisch
Subject: SFRR sundries

(36a)

NOG

Mike Finley

Sent: Tuesday, June 09, 2009 6:34 PM**To:** mikal.altomare@state.nm.us**Cc:** Mike Dehnisch; Mike Allen; Taylor Mathews

Mikal,

I think it would be very beneficial for us to talk. First as I stated in my voice mail to you, we have an issue with the well count on nonproducing wells. We have made significant progress getting the wells back on line or getting them ready. The issue is water. We simply cannot turn the wells on until there is a resolution to the water disposal issue. As you are aware we produce fresh water and after testing very good water for marine life and agriculture. When we discussed the water issue while at the OCD when we were first meeting, we started then trying to resolve this issue. We followed the instructions given us. We obtained water samples, we contacted hydrologist to identify each water well in the area. We did everything we knew to do save this precious resource from being disposed in a manner that would effectively mitigate any future use of this water for Marine or agricultural use. Mikal please understand we were very serious about trying to save this resource. It is costing us over 150BPD by not having a disposal well. However after repeated road blocks we decided we could no longer wait. We select a well and completed it to the Entrada, a know disposal zone in New Mexico. Upon testing the water it too contained aspects of fresh water. While not suitable for use, it did not fit the model set forth by the State and required us to request an aquifer exemption. We hired Permits West to handle this for us. The issue with our wells has never changed, we very much want to produce them, however they all produce freshwater and we have no where to send it. I can show you all our work product and efforts made to resolve this issue. We have made great progress on the leases we obtained in New Mexico and in all cases we have significantly improved the quality of the lease surfaces as well as the subsurface. We have worked closely with the EPA and other regulatory agencies to improve, what were very neglected lease holds. Had we been successful with our plan to deal with the fresh water in a conscionable manner we would not be having this dialog. I truly hope that trying to do the right thing is not a recipe for retribution. The water and T.A wells are interlaced in this water disposal issue. It is in both our economic and social interest to do the right thing and resolve this long term issue in a prudent and responsible manner. I hope we can conference soon.

Sincerely,
Mike Finley



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway
Farmington, New Mexico 87401

(37)

IN REPLY REFER TO:

NMMN-081208 et al. (LC)
3162.3-2 (21110)

June 16, 2009

Mr. Mike Allen
Nacogdoches Oil & Gas Inc.
PO Box 6322418
Nacogdoches, TX 75963

Dear. Mr. Allen:

Reference is made to the following leases located in McKinley County, New Mexico:

NMMN-081208; NMMN-0536034; NMMN-8269; NMMN-12335 and NMMN-17543.

Also referenced is our letter dated September 27, 2007, in which required Nacogdoches to complete the following items:

- 1) Central South Hospah tank battery facility:
 - a) Clean up and repair injection station. Done.
 - b) Clean up and repair oil storage facilities. Done.
 - c) Berm around all fluid storage facilities. Must be able to contain one and a half times the volume of the tanks inside. In the progress.
 - d) Disassemble and remove any useless or unnecessary tanks, equipment etc. In the progress.
- 2) Gathering and Injection infrastructure:
 - a) Mechanical Integrity Test (MIT) all flow lines and repair prior to any injection or production. Done.
 - b) MIT all manifolds and repair prior to any injection or production. Done.
- 3) Remove any oil stained soil, junk and trash on the leases. In the progress.
- 4) Wells:
 - a) MIT well bores prior to commencing production/injection. Note: wells that fail an MIT must be either plugged or repaired following approval from this office. Done.
 - b) Return wells to production/injection. In the progress.
 - c) Submit procedures to recomplete and commingle wells. In the progress of testing wells.
 - d) Submit procedures and plug unnecessary wells. Will submit upon completion of testing wells.
- 5) Secure power lines and remove unnecessary ones. In the progress.
- 6) Repair roads and drag locations to remove weeds. In the progress.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Stephen Mason
Petroleum Engineer, Petroleum Management Team

Enclosure

List of leases and associated wells in the South Hospah Field:

Section 12, T. 17 N., R. 9 W.

Upper Hospah Leases:

NMNM-081208

Well No. **1**(formally 1X), 2, 5, **15**, **16**, 17, 26, 27, 28, 30*, 31*, 48, 51, 52, 58* & 59*.

NMNM-0536034

Well No. 21 & 22.

NMNM-8269

Well No. 37X

Lower Hospah Leases:

NMNM-12335

Well No. 3, 4, 6, 7, 8, 9, 10, **11**, 12, 13, **14**, 24, 25, 29, 30*, 31*, 32, 33, 35, 36, 38, 39, 46, 47, 49, 50, 53, 54, 57, 58* & 59*, 60, **61**, **62**, 63 & 64.

NMNM-17543

Wells: none

*Dual upper and lower Hospah sand wells. Each zone is a different lease.

Note: Lower Hospah lease also includes the Dakota as well as deeper formations.

Wells in **bold** have been reactivated.

(37a)

RE: NOG

Mike Finley

Sent: Wednesday, June 24, 2009 2:33 PM**To:** Mike Finley; mikal.altomare@state.nm.us**Cc:** Mike Dehnisch; Mike Allen; Taylor Mathews

Ms. Mikal Altomare ,

I do not understand what is going on between Nacogdoches Oil and Gas and OCD. I know our attorney has given you permission to talk to me. I would greatly appreciate the opportunity to discuss what is obviously a confusing issue to everyone. Why would you want us to plug every well? Moreover why would you ask us to plug BLM wells? I am at a loss to why there is little or no consideration being given for all the work we have done? Also we made it clear when we first meet that we had a water issue. Please refer to the letter below I sent you on June 9th.

Let me know by email or phone if you can make the time to discuss the issues with me.

Thank you,

Mike Finley

From: Mike Finley**Sent:** Tuesday, June 09, 2009 6:35 PM**To:** 'mikal.altomare@state.nm.us'**Cc:** Mike Dehnisch; Mike Allen; Taylor Mathews**Subject:** NOG

Mikal,

I think it would be very beneficial for us to talk. First as I stated in my voice mail to you, we have an issue with the well count on nonproducing wells. We have made significant progress getting the wells back on line or getting them ready. The issue is water. We simply cannot turn the wells on until there is a resolution to the water disposal issue. As you are aware we produce fresh water and after testing very good water for marine life and agriculture. When we discussed the water issue while at the OCD when we were first meeting, we started then trying to resolve this issue. We followed the instructions given us. We obtained water samples, we contacted hydrologist to identify each water well in the area. We did everything we knew to do save this precious resource from being disposed in a manner that would effectively mitigate any future use of this water for Marine or agricultural use. Mikal please understand we were very serious about trying to save this resource. It is costing us over 150BPD by not having a disposal well. However after repeated road blocks we decided we could no longer wait. We select a well and completed it to the Entrada, a know disposal zone in New Mexico. Upon testing the water it too contained aspects of fresh water. While not suitable for use, it did not fit the model set forth by the State and required us to request an aquifer exemption. We hired Permits West to handle this for us. The issue with our wells has never changed, we very much want to produce them, however they all produce freshwater and we have no where to send it. I can show you all our work product and efforts made to resolve this issue. We have made great progress on the leases we obtained in New Mexico and in all cases we have significantly improved the quality of the lease surfaces as well as the subsurface. We have worked closely with the EPA and other regulatory agencies to improve, what were very neglected lease holds. Had we been successful with our plan to deal with the fresh water in a conscionable manner we would not be having this dialog. I truly hope that trying to do the right thing is not a recipe for retribution. The water and T.A wells are interlaced in this water disposal issue. It is in both our economic and social interest to do the right thing and resolve this long term issue in a prudent and responsible manner. I hope we can conference soon.

(38)

Date/Time: 6-25-09

Date:	Lease:	Well #:	Oil:	Pulls:	Deep:
6-25-09	SFRR	41	BAFFIN WENT 70' AND HUNK UP		
6-25-09	SFRR	50	SAT SACK READY TO GO	ON LINE	
6-25-09	SFRR	40	8 gal	3	340'
6-25-09	SFRR	47	10 gal	3	500'
6-25-09	SFRR	13	8 gal	3	350'
6-25-09	SFRR	18	7 gal	3	375'
6-26-09	SFRR	14	9 gal	3	400'
6-26-09	SFRR	48	10 gal	3	400'
6-26-09	SFRR	9	12 gal	3	400'
6-26-09	SFRR	29	13 gal	3	450'
6-26-09	SFRR B	33	20 gal	3	400'
6-27-09	SFRR B	35	18 gal	3	400'
6-27-09	SFRR B	36	15 gal	3	375'
6-27-09	SFRR B	34	19 gal	3	450'
6-27-09	SFRR B	37	21 gal	3	400'
6-27-09	SFRR B	32	PLUGGED		
6-27-09	SH	13	15 gal	3	400'
6-27-09	SH	2	9 gal	3	375'
6-27-09	SH	21	7 gal	3	400'
6-27-09	SH	29	10 gal	3	350'
6-27-09	SH	5	7 gal	3	375'
6-27-09	SH	8	12 gal	3	400'
6-27-09	SH	27	8 gal	3	350'
6-27-09	SH	6	14 gal	3	400'

Employee Signature: [Signature]Approval: [Signature]

Mike Dehnisch

39

From: Hospah
Sent: Tuesday, June 30, 2009 6:05 PM
To: Mike Dehnisch
Subject: FW: SFRR sundries
Attachments: SFRR sundries - 6-29-09.PDF

From: Hospah
Sent: Tuesday, June 30, 2009 8:28 AM
To: 'monica.kuehling@state.nm.us'
Subject: SFRR sundries