**BEFORE THE ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE)
APPLICATION OF SIETE OIL)
AND GAS CORPORATION FOR) Case No. 10968
SALT WATER DISPOSAL,)
EDDY COUNTY, NEW MEXICO)

**FIRST AMENDED
APPLICATION**

APR - 8 1994

For its application, applicant states:

1. Applicant is the operator of three oil and gas wells in the vicinity of the Willow Lake Delaware Pool, Eddy County, New Mexico, and is currently pursuing plans to further develop its oil and gas properties in the area.

2. Applicant has experienced an increase in water production from its oil and gas operations and has negotiated the purchase and intends to become the operator of the State MA No. 1 well located 1980 FNL and 660 FEL of Section 3, T25S, R28E, NMPM, Eddy County, New Mexico.

3. Applicant intends to convert the MA State No. 1 well, which is currently a shut-in Bone Springs completion and slated for plugging, to a salt water disposal well. Applicant intends to perforate and inject salt water at an interval between 3714-3964 feet below the surface of the ground in the Delaware formation. Should additional disposal capacity be deemed necessary by applicant,

applicant will perforate additional zones from 2658-3200 feet below the surface.

4. Approval of this application will enhance the economic life of applicant's current producing oil and gas well and will also similarly enhance the economic life of its future wells in the area given current levels of water production.

5. Approval of this application will be in the best interests of conservation of oil and gas and prevention of waste; further, approval of this application will not impair correlative rights.

WHEREFORE, Applicant requests that its application be set for hearing and that it be approved and for such other and proper relief as the Division deems appropriate.

Respectfully submitted:

PADILLA LAW FIRM, P.A.

Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87504-2523
(505) 988-7577

Attorneys for Applicant

LEASE AND SURFACE OWNERS - OPERATORS

Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88220

Bureau of Land Management
1717 W. 2nd
Roswell, New Mexico 88201

Bureau of Land Management
P. O. Box 1449
Santa Fe, New Mexico 87504

O.C.D.
P. O. Box 2088
Santa Fe, New Mexico 87504

O.C.D.
P. O. Drawer DD
Artesia, New Mexico 88210

Collins & Ware, Inc.
303 W. Wall, Suite 2200
Midland, Texas 79701-5115

Union Oil Company of California
Box 3100
Midland, Texas 79702

Apache Corporation
2000 Post Oak Blvd., No. 100
Houston, Texas 77056

Kerr McGee Corporation
4602 N. C. Rd. West
Odessa, Texas 79752

Hallwood Energy Corporation
3325 W. Wadley, Suite 200
Midland, Texas 79701

Amoco Production Co.
Box 3092
Houston, Texas 77253

BEFORE THE ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE)
APPLICATION OF SIETE OIL)
AND GAS CORPORATION FOR) Case No. 10968
SALT WATER DISPOSAL,)
EDDY COUNTY, NEW MEXICO)

SECOND AMENDED
APPLICATION

For its application, applicant states:

1. Applicant is the operator of three oil and gas wells in the vicinity of the Willow Lake Delaware Pool, Eddy County, New Mexico, and is currently pursuing plans to further develop its oil and gas properties in the area.

2. Applicant has experienced an increase in water production from its oil and gas operations and has negotiated the purchase and intends to become the operator of the State MA No. 1 well located 1980 FNL and 660 FEL of Section 3, T25S, R28E, NMPM, Eddy County, New Mexico.

3. Applicant intends to convert the MA State No. 1 well, which is currently a shut-in Bone Springs completion and slated for plugging, to a salt water disposal well. Applicant intends to perforate and inject salt water at an interval between 7300 - 7740 feet below the surface of the ground in the Bone Springs formation.

4. Approval of this application will enhance the economic life of applicant's current producing oil and gas well and will also similarly enhance the economic life of its future wells in the area given current levels of water production.

5. Approval of this application will be in the best interests of conservation of oil and gas and prevention of waste; further, approval of this application will not impair correlative rights.

WHEREFORE, Applicant requests that its application be set for hearing and that it be approved and for such other and proper relief as the Division deems appropriate.

Respectfully submitted:

PADILLA LAW FIRM, P.A.

By: Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87504-2523
(505) 988-7577

Attorney for Applicant

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

OIL CONSERVATION DIVISION
RECEIVED
94 APR 13 AM 8 49

FORM C-108
Revised 7-1-81

Case 10968

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose: ☐ Secondary Recovery ☐ Pressure Maintenance ☒ Disposal ☐ Storage
Application qualifies for administrative approval? ☐ yes ☒ no

II. Operator: SIETE OIL AND GAS CORPORATION

Address: P.O. BOX 2523 ROSWELL, NM 88202

Contact party: ROBERT LEE Phone: 505-622-2202

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

IV. Is this an expansion of an existing project? ☐ yes ☒ no
If yes, give the Division order number authorizing the project _____.

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

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

VII. Attach data on the proposed operation, including:

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

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

IX. Describe the proposed stimulation program, if any.

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

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

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

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

XIV. Certification

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

Name: ROBERT LEE Title PRODUCTION MANAGER

Signature: _____ Date: APRIL 20, 1994

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

STATE MA COM #1 - CONVERT TO INJECTION

NMOCD Form C-108 Section III

III. Data on injection well(s)

A. Injection well information (see attached schematic)

Tabular Data

1. Lease: State MA Com

   Well No: #1

   Location: 1980' FNL & 660' FEL, Sec 3 T25S R28E, Eddy County, NM

2. Casing:

Size of Hole	Size of Csg	Weight per Ft.	Setting Depth	Sacks of cmt	Est TOC
27"	20"	94"	422	1650	Surf-Circ
17 1/2"	13 3/8"	54.5"	2570	3700	Surf-Circ
12 1/4"	9 5/8"	53.5"	9879	3000	2890
8 1/2"	7 5/8"	38.05"	9345-12260	745	9345-Liner
6 1/2"	4 1/2"	15.1"	11743-13622	325	11743-Liner

3. Injection tubing: + or - 82 jts 2 7/8", 6.4 lb/ft, J-55 internally plastic coated tubing set at 2600'.

4. Packer: Baker Model AD-1 injection packer, set @ 2600'.

B. Other well information

1. Injection formation: Delaware

   Field: Willow Lake

2. Initially we will perforate 3714-3964'. We feel this will handle the water production from our anticipated drilling.

   If at a later date more capacity is needed, we will perforate the zones from 2658-3200'.

3. This well was originally drilled as a Morrow gas producer. It has since been plugged back and is a shut in Bone Spring well

4. Other perforated intervals:

	PERFS	
Morrow	13166-175′	Isolated w/CIBP @ 13000′ w/35 sx cement on top.
Atoka	12046-70′	Cement plugs set @ 12046-70′ 9489-96′ 8920-9060′
Bone Spring	7287-7306′ 7310-17′ 7405-18′	Propose to set CIBP @ 7200′ w/35 feet cement on top.

We will set a cement plug from 6450-6550′ as per Mr. Ray Smith with the Artesia NMOCD office

There is no cement across the formation from 2570′, shoe of 13 3/8", and 2890′, TOC behind 9 5/8". We will squeeze 200 sx cement from 2890′ up into the 13 3/8" casing.

5. Within the area of this well there are no upper zones productive of oil or gas, the Atoka is productive at a depth of about 12,000′.

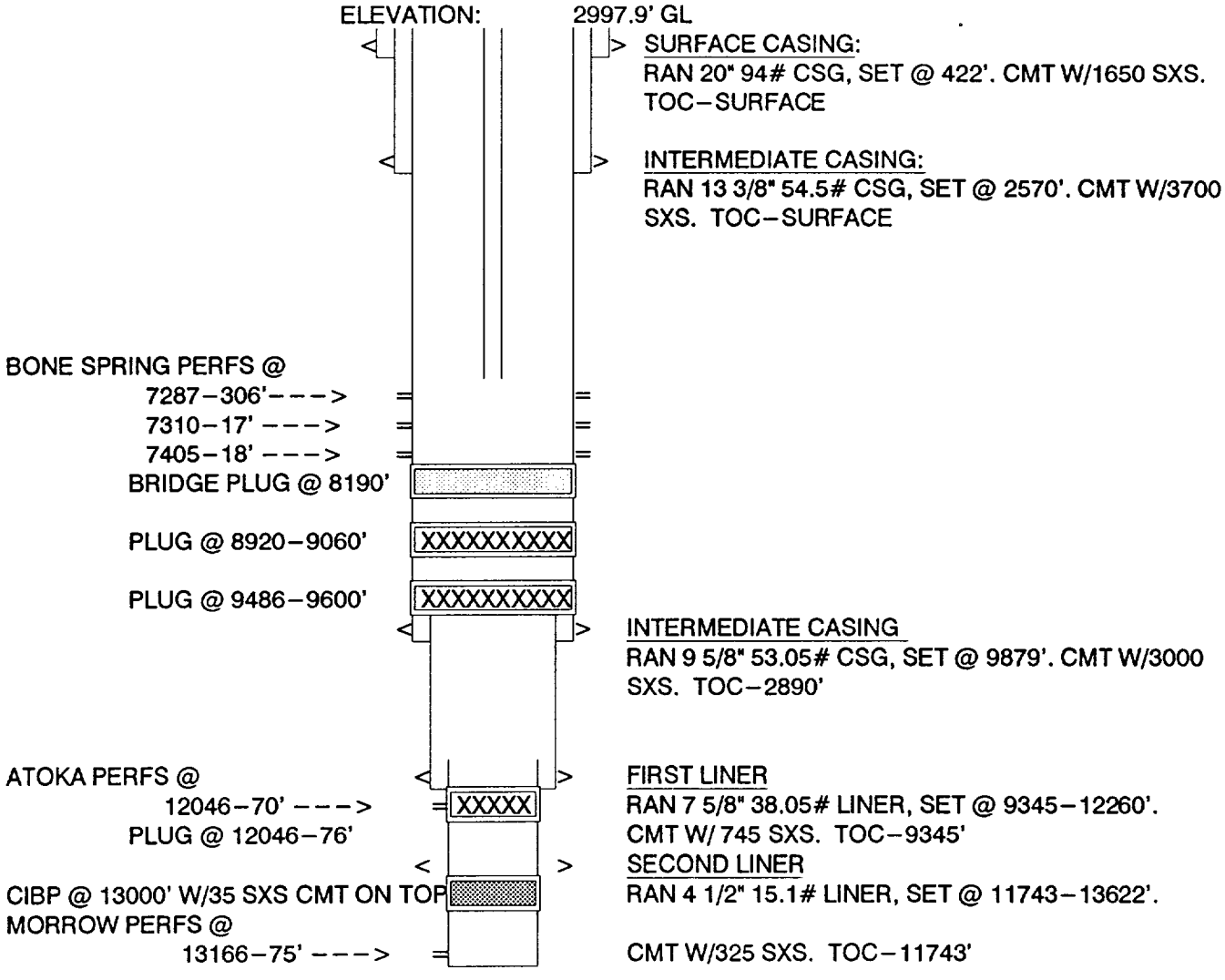
SIETE OIL & GAS CORPORATION

WELL: STATE MA COM #1
FIELD: SALT DRAW
INTERVAL: BONE SPRING
Comp:
IP:
Spudded: 3/27/81

CURRENT

LOCATION:
1980 FNL & 660 FEL
SEC 3 T25S R28E
EDDY COUNTY, NM

API #: 30-015-23709



DRAWN BY: BJG
DATE: MARCH 31, 1994

TD: 13622'

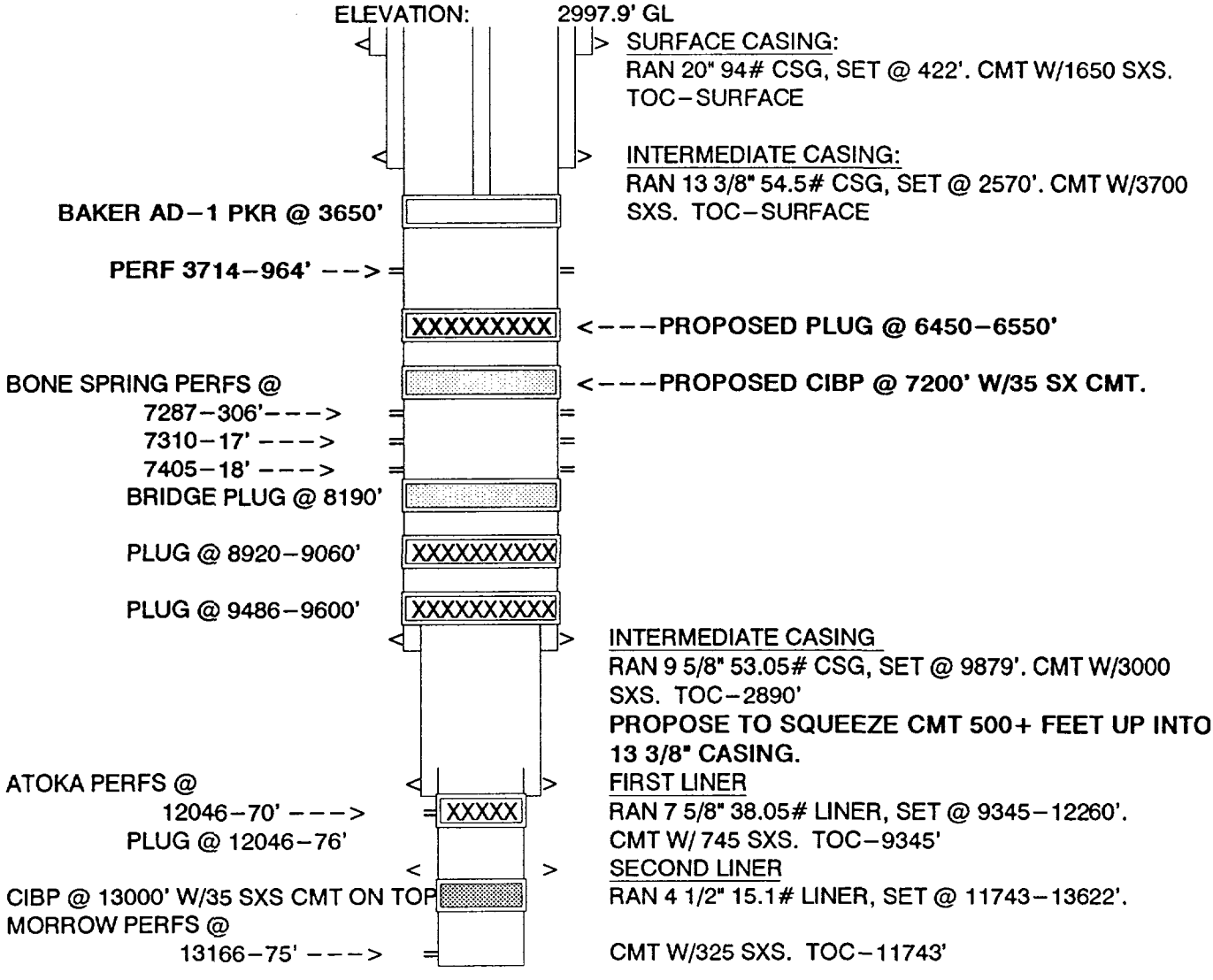
SIETE OIL & GAS CORPORATION

WELL: STATE MA COM #1
FIELD: SALT DRAW
INTERVAL: BONE SPRING
Comp:
IP:
Spudded: 3/27/81

LOCATION:
1980 FNL & 660 FEL
SEC 3 T25S R28E
EDDY COUNTY, NM

API #: 30-015-23709

PROPOSED



DRAWN BY: BJG
DATE: MARCH 31, 1994

TD: 13622'

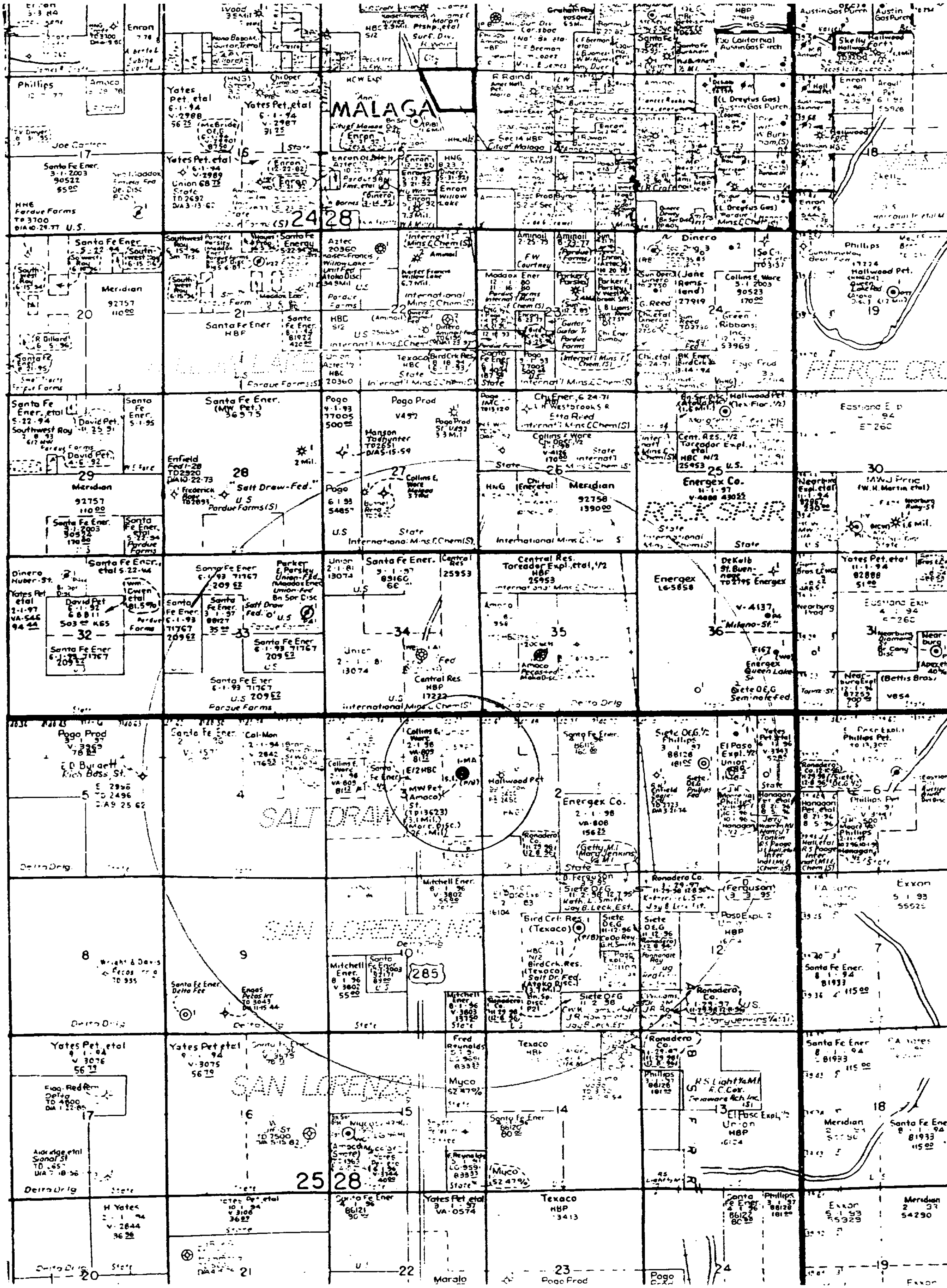
STMAPROP

VI. Wells Within Area of Review

STATUS	WELL NAME	OPERATOR	LOCATION	TYPE	SPUD DATE	COMP. DATE	TOTAL DEPTH	PBTD	COMPLETION INTERVAL	FORMATION
ACTIVE	SALT DRAW #2	HALLWOOD	SEC 2E 25S 28E 1980 FNL & 660 FWL	GAS	1/27/85	11/13/85	13500	12450	12057–79'	ATOKA

CASING PROGRAM:

13 3/8" @ 560' W/550 SX.
9 5/8" @ 2560' W/1550 SX.
7" @ 10815' W/1450 SX.
4 1/2" @ 10449–13400' W/350 SX.



MALAGA
City of Malaga
Phillips
Amoco
Yates Pet. etal
Joe Carson
17
16
Santa Fe Ener.
3-1-2003
90522
55 00
HNG
Pardue Farms
U.S.
Enron
HBC
24
28
Aztec
Kaiser-Francis
Willow Lake
Atoka Disc.
Pardue Farms
International Mins. & Chem.(S)
Aminoil
Dinero
Collins & Ware
Meridian
92757
110 00
20
21
22
23
24
19
Phillips
Hollwood Pet.
Green Ribbons, Inc.
53969
PIERCE CRO
Santa Fe Ener.
36975
Pogo
77005
Pogo Prod
V457
Enfield
29
28
27
26
25
30
"Salt Drew-Fed."
State
Energex Co.
ROCK SPUR
Eastland Expl.
MWJ Proc
Central Res.
Toreador Expl. etal 1/2
25953
Energex
"Mileno-St."
32
33
34
35
36
31
Amoco
Union
13074
Fed
17222
Yates Pet. etal
Delta Drlg
Pogo Prod
Cal-Mon
5
4
3
2
1
6
SALT DRAW
Energex Co.
Hollwood Pet.
Collins & Ware
El Paso Expl.
Siete O&G
Phillips
Ronadero Co.
Exxon
55525
SAN LORENZO
8
9
10
11
12
7
Mitchell Ener.
Bird Crk. Res. (Texaco)
285
Santa Fe Ener.
81933
Yates Pet. etal
SAN LORENZO
Myco
52.47%
Texaco
17
16
15
14
13
18
25
28
Meridian
Santa Fe Ener.
H Yates
Texaco
Exxon
55929
54290
20
21
22
23
24
19
Pogo Prod
Exxon

SIETE OIL AND GAS CORPORATION

NMOCD Form C-108 Sections VII - XIII

VII. Injection Data

1. Injection Rates
   a. Proposed average daily water injection is 700 BWPD/Well.
   b. Maximum rate of daily water injection is 1000 BWPD/Well.

2. The injection station for the gathering and processing injection water will be a closed system.

3. Injection Pressures
   a. Proposed average daily injection pressure is 500 PSI.
   b. Maximum daily injection pressure is 740 PSI*.
   * Note: Maximum injection pressure abides by .2 PSI/Ft maximum injection pressure imposed by the NMOCD. These pressures are for the initial zone of injection at 3714-3964'. If we need to move up the hole to approximately 2600' we will reduce our maximum pressure to 520 psi.

4. Proposed Injection fluid will be produced Delaware water from the Siete operated Willow Lake Delaware Field 2 miles to the east. If at a later date we find we have substantial excess capacity we may open this for commercial disposal.

5. Water injection will be into a zone not productive of oil and gas. The Willow Lake Field 2 miles to the east produces out of a Delaware Zone over 1000' deeper.

VIII. Geologic Description

Formation Name: Delaware Basin

Depth: Between 2604' and 6335' from surface.

Formation Thickness: 3731'

Lithologic Description: Primarily fine to very fine grained sandstones, subrounded to subangular, unconsolidated to friable, with porosities up to 28%. Sandstones are separated by dolomitic siltstones and shales.

Fresh Water Aquifers: Rustler Formation

Sec. 3 34' Water Level
Sec. 4 68' Water Level

IX. The Delaware zones to be completed will be perforated, acidized and fracture stimulated if needed.

X. Well logs for the wells to be converted have been previously submitted. The well is currently shut-in and uneconomic.

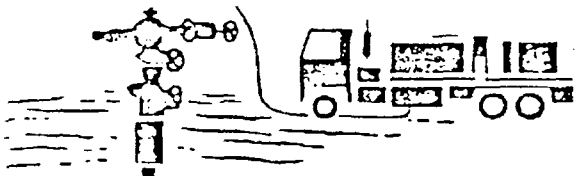
XI. Based on data from the State Engineer's office, there are 3 fresh water well within 2 1/2 miles of the proposed disposal well the location, depth, analysis and date of analysis are shown below.

Well #1	Sec 33 T24S R28E
Depth	N/A
Analysis	9350 ppm chlorides on 5/18/62
Well #2	Sec 3 T25S R28E
Depth	N/A
Analysis	44 ppm chlorides on 8/15/85 42 ppm chlorides on 9/7/87 110 ppm chlorides on 4/2/92
Well #3	Sec 4 T25S R28E
Depth	68'
Analysis	121 ppm chlorides on 7/9/87 370 ppm chlorides on 4/2/92 35 ppm chlorides on 3/29/94 * *Analysis attached

XII. I, Robert Lee, a Production/Reservoir Engineer for Siete Oil and Gas Corporation and in behalf of, have compiled and examined all available geologic and engineering data and have not found any evidence of hydrologic connections between the proposed injection zone and any source of underground drinking water.

XIII. Proof of Notice - requirements

1. See attached mailing list and registered mail certificates.



DOWELL SCHLUMBERGER INCORPORATED

LAB NUMBER _____

COMPANY SITE

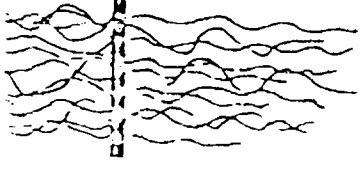
DATE 8-29-94

WELL NAME Seminole Windmill

WATER ANALYSIS

	MG/L
SODIUM, Na (calc)	520
CALCIUM, Ca	481.2
MAGNESIUM, Mg	97.2
BARIUM, Ba	—
CHLORIDES, Cl	35.45
SULFATES, SO4	2500
CARBONATES, CO3	0
BICARBONATES, HCO3	100
Ph	7.0
SPECIFIC GRAVITY	1.00
RESTIVITY, Rw	—
IRON, Fe	0.0
SULFIDES, as H2S	0
CARBON DIOXIDE, CO2	—
NITRATES, NO3	0.0
HYDROXIDES	0.0
TOTAL DISSOLVED SOLIDS	3,734

Post-it™ brand fax transmittal memo 7671 # of pages ▸ 1
To Robert Lee From DLS
Co. Co.
Dept. Phone #
Fax # Fax #



MAILING LIST

BLM
P. O. Box 1778
Carlsbad, NM 88220

BLM
P. O. Box 1397
Roswell, NM 88202-1397

BLM
P. O. Box 1449
Santa Fe, NM 87501

O.C.D.
P. O. Box 2088
Santa Fe, NM 87501

O.C.D.
P. O. Drawer DD
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Midland, Texas 79701-5115

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Apache Corporation
2000 Post Oak Blvd., No. 100
Houston, TX 77056

Kerr McGee Corporation
4602 N. Co. Rd. West
Odessa, TX 79752

Hallwood Energy Corporation
3325 W. Wadley, Ste 200
Midland, TX 79701

Amoco Production Co.
Box 3092
Houston, TX 77253

SIETE OIL & GAS CORPORATION

Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202, USA
Telephone (505) 622-2202
FAX (505) 622-2297

May 10, 1994

Case 10968

To Whom It May Concern:

Please find enclosed a revised C108 for the State MA #1. The original C108 was sent to you showing the injection interval to be the Delaware, however this zone has been changed to the Bone Spring.

Your prompt attention in this matter is greatly appreciated. If you have any questions, please do not hesitate to call.

Sincerely,

Robert Lee

Robert Lee
Production Manager
SIETE OIL & GAS CORPORATION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

FORM C-108
Revised 7-1-81

Case 10968

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose: ☐ Secondary Recovery ☐ Pressure Maintenance ☒ Disposal ☐ Storage
Application qualifies for administrative approval? ☐ yes ☒ no

II. Operator: SIETE OIL AND GAS CORPORATION

Address: P.O. BOX 2523 ROSWELL, NM 88202

Contact party: ROBERT LEE Phone: 505-622-2202

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

IV. Is this an expansion of an existing project? ☐ yes ☒ no
If yes, give the Division order number authorizing the project _____.

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

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

VII. Attach data on the proposed operation, including:

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

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

IX. Describe the proposed stimulation program, if any.

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

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

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

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

XIV. Certification

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

Name: ROBERT LEE Title PRODUCTION MANAGER

Signature: Robert Lee Date: May 10, 1994

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

STATE MA COM #1 - CONVERT TO INJECTION

NMOCD Form C-108 Section III

III. Data on injection well(s)

A. Injection well information (see attached schematic)

Tabular Data

1. Lease: State MA Com

   Well No: #1

   Location: 1980' FNL & 660' FEL, Sec 3 T25S R28E, Eddy County, NM

2. Casing:

Size of Hole	Size of Csg	Weight per Ft.	Setting Depth	Sacks of cmt	Est TOC
27"	20"	94"	422	1650	Surf-Circ
17 1/2"	13 3/8"	54.5"	2570	3700	Surf-Circ
12 1/4"	9 5/8"	53.5"	9879	3000	2890-CBL
8 1/2"	7 5/8"	38.05"	9345-12260	745	9345-Liner
6 1/2"	4 1/2"	15.1"	11743-13622	325	11743-Liner

3. Injection tubing: + or - 225 jts 2 7/8", 6.4 lb/ft, J-55 internally plastic coated tubing set at 7200'.

4. Packer: Baker Model AD-1 injection packer, set @ 7200'.

B. Other well information

1. Injection formation: Bone Spring

   Field: Willow Lake

2. Perforations will be from 7300' to 7740'.

3. This well was originally drilled as a Morrow gas producer. It has since been plugged back and is a shut in Bone Spring well

4. Other perforated intervals:

	PERFS	
Morrow	13166-175'	Isolated w/CIBP @ 13000' w/35 sx cement on top.
Atoka	12046-70'	Cement plugs set @ 12046-70' 9489-96' 8920-9060'
Bone Spring	7287-7306' 7310-17' 7405-18'	

5. Within the area of this well there are no upper zones productive of oil or gas, the Atoka is productive at a depth of about 12,000'.

SIETE OIL AND GAS CORPORATION

NMOCD Form C-108 Sections VII - XIII

VII. Injection Data

1. Injection Rates
   a. Proposed average daily water injection is 700 BWPD/Well.
   b. Maximum rate of daily water injection is 1000 BWPD/Well.

2. The injection station for the gathering and processing injection water will be a closed system.

3. Injection Pressures
   a. Proposed average daily injection pressure is 700 PSI.
   b. Maximum daily injection pressure is 1400 PSI*.
   * Note: Maximum injection pressure abides by .2 PSI/Ft maximum injection pressure imposed by the NMOCD.

4. Proposed Injection fluid will be produced Delaware water from the Siete operated Willow Lake Delaware Field 2 miles to the east. If at a later date we find we have substantial excess capacity we may open this for commercial disposal.

5. Water injection will be into a zone not productive of oil and gas.

VIII. Geologic Description

Formation Name: Bone Spring

Depth: Between 7285'- 7740' from surface.

Formation Thickness: 455'

Lithologic Description: Primarily fine to very fine grained sandstone, subangular, consolidated limey in part. Prosities range from 10% to 15%. Some very fine grained limestone stringers may be present.

Fresh Water Aquifers: Rustler Formation

Sec. 3 34' Water Level
Sec. 4 68' Water Level

IX. The Bone Spring zones to be completed will be perforated, acidized and fracture stimulated with 50,000 gal x-linked gel and 100,000# 16/30 sand.

X. Well logs for the wells to be converted have been previously submitted. The well is currently shut-in and uneconomic.

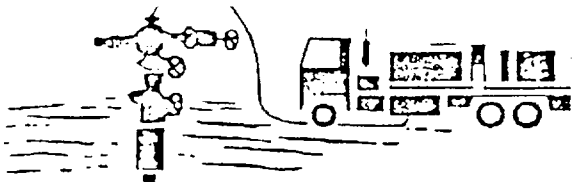
XI. Based on data from the State Engineer's office, there are 3 fresh water well within 2 1/2 miles of the proposed disposal well the location, depth, analysis and date of analysis are shown below.

Well #1	Sec 33 T24S R28E
Depth	N/A
Analysis	9350 ppm chlorides on 5/18/62
Well #2	Sec 3 T25S R28E
Depth	N/A
Analysis	44 ppm chlorides on 8/15/85 42 ppm chlorides on 9/7/87 110 ppm chlorides on 4/2/92
Well #3	Sec 4 T25S R28E
Depth	68'
Analysis	121 ppm chlorides on 7/9/87 370 ppm chlorides on 4/2/92 35 ppm chlorides on 3/29/94 * *Analysis attached

XII. I, Robert Lee, a Production/Reservoir Engineer for Siete Oil and Gas Corporation and in behalf of, have compiled and examined all available geologic and engineering data and have not found any evidence of hydrologic connections between the proposed injection zone and any source of underground drinking water.

XIII. Proof of Notice - requirements

1. See attached mailing list and registered mail certificates.



DOWELL SCHLUMBERGER INCORPORATED

LAB NUMBER _____

COMPANY Site

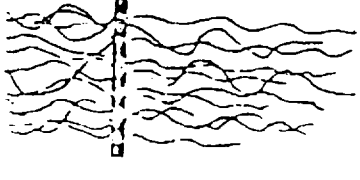
DATE 8-29-94

WELL NAME Seminole Windmill

WATER ANALYSIS

	MG/L
SODIUM, Na (calc)	520
CALCIUM, Ca	481.2
MAGNESIUM, Mg	97.2
BARIUM, Ba	—
CHLORIDES, Cl	35,45
SULFATES, SO4	2500
CARBONATES, CO3	0
BICARBONATES, HCO3	100
Ph	7.0
SPECIFIC GRAVITY	1.00
RESTIVITY, Rw	—
IRON, Fe	0.0
SULFIDES, as H2S	0
CARBON DIOXIDE, CO2	—
NITRATES, NO3	0.0
HYDROXIDES	0.0
TOTAL DISSOLVED SOLIDS	3,734

Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 1
To Robert Lee | From DLS
Co. | Co.
Dept. | Phone #
Fax # | Fax #



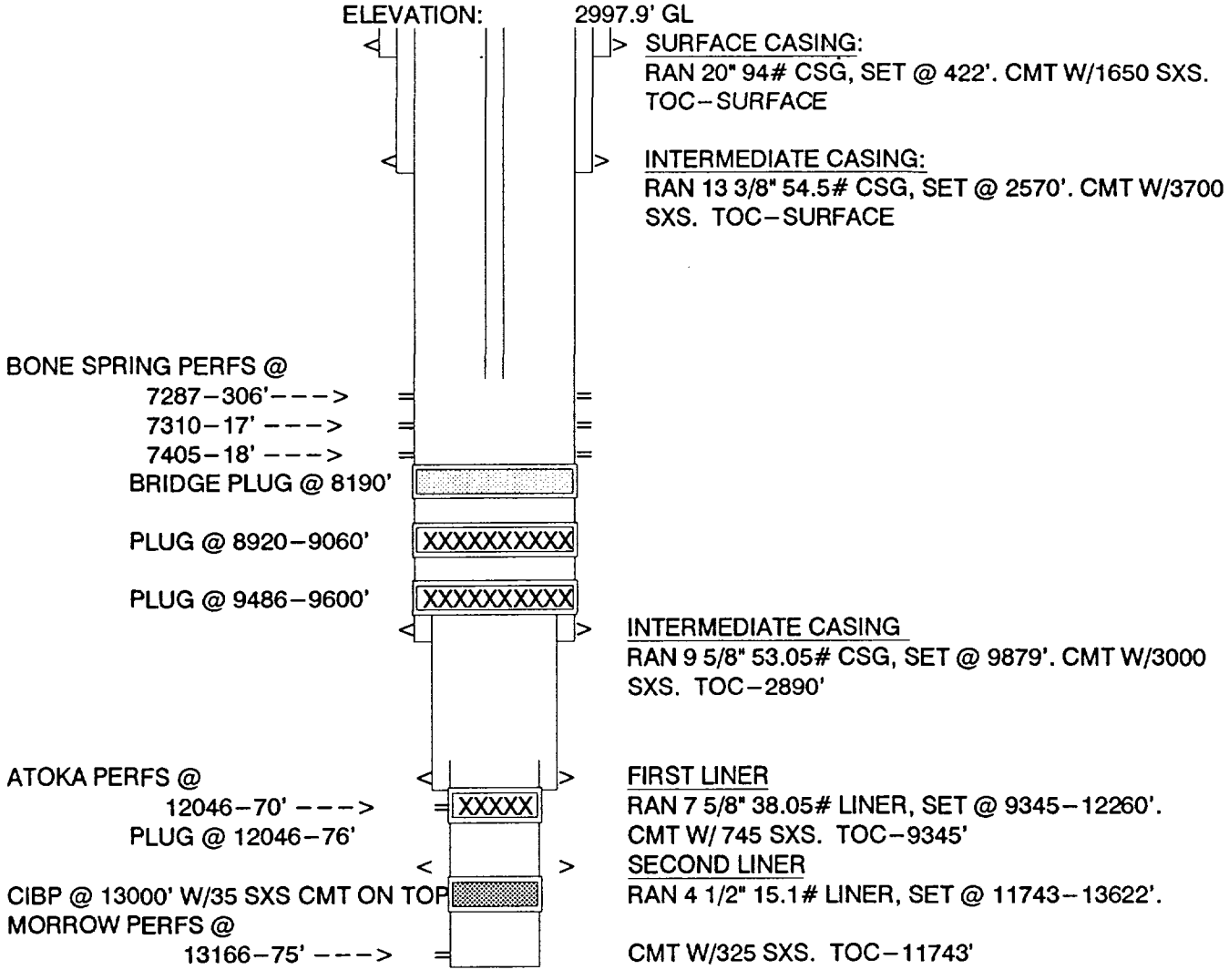
SIETE OIL & GAS CORPORATION

WELL: STATE MA COM #1
FIELD: SALT DRAW
INTERVAL: BONE SPRING
Comp:
IP:
Spudded: 3/27/81

CURRENT

LOCATION:
1980 FNL & 660 FEL
SEC 3 T25S R28E
EDDY COUNTY, NM

API #: 30-015-23709



DRAWN BY: BJG
DATE: MARCH 31, 1994

TD: 13622'

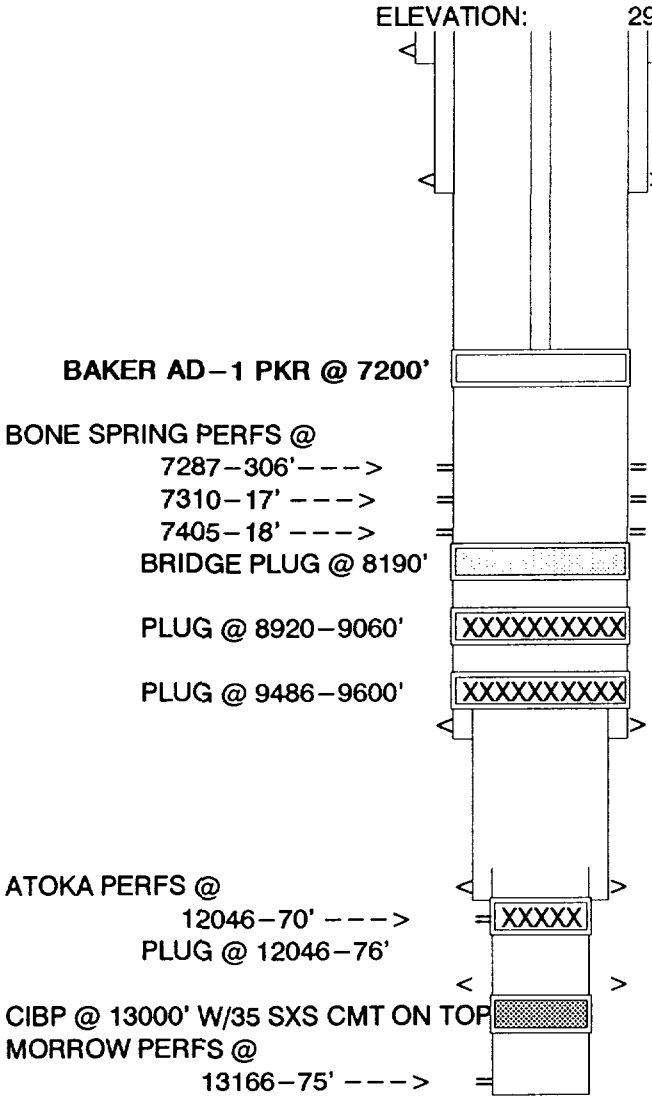
SIETE OIL & GAS CORPORATION

WELL: STATE MA COM #1
FIELD: SALT DRAW
INTERVAL: BONE SPRING
Comp:
IP:
Spudded: 3/27/81

LOCATION:
1980 FNL & 660 FEL
SEC 3 T25S R28E
EDDY COUNTY, NM

API #: 30-015-23709

PROPOSED



SURFACE CASING:
RAN 20" 94# CSG, SET @ 422'. CMT W/1650 SXS. TOC-SURFACE

INTERMEDIATE CASING:
RAN 13 3/8" 54.5# CSG, SET @ 2570'. CMT W/3700 SXS. TOC-SURFACE

PERF 7290' TO 7740'

INTERMEDIATE CASING
RAN 9 5/8" 53.05# CSG, SET @ 9879'. CMT W/3000 SXS. TOC-2890'

FIRST LINER
RAN 7 5/8" 38.05# LINER, SET @ 9345-12260'. CMT W/ 745 SXS. TOC-9345'

SECOND LINER
RAN 4 1/2" 15.1# LINER, SET @ 11743-13622'.

CMT W/325 SXS. TOC-11743'

DRAWN BY: BJG
DATE: MAY 10, 1994

TD: 13622'

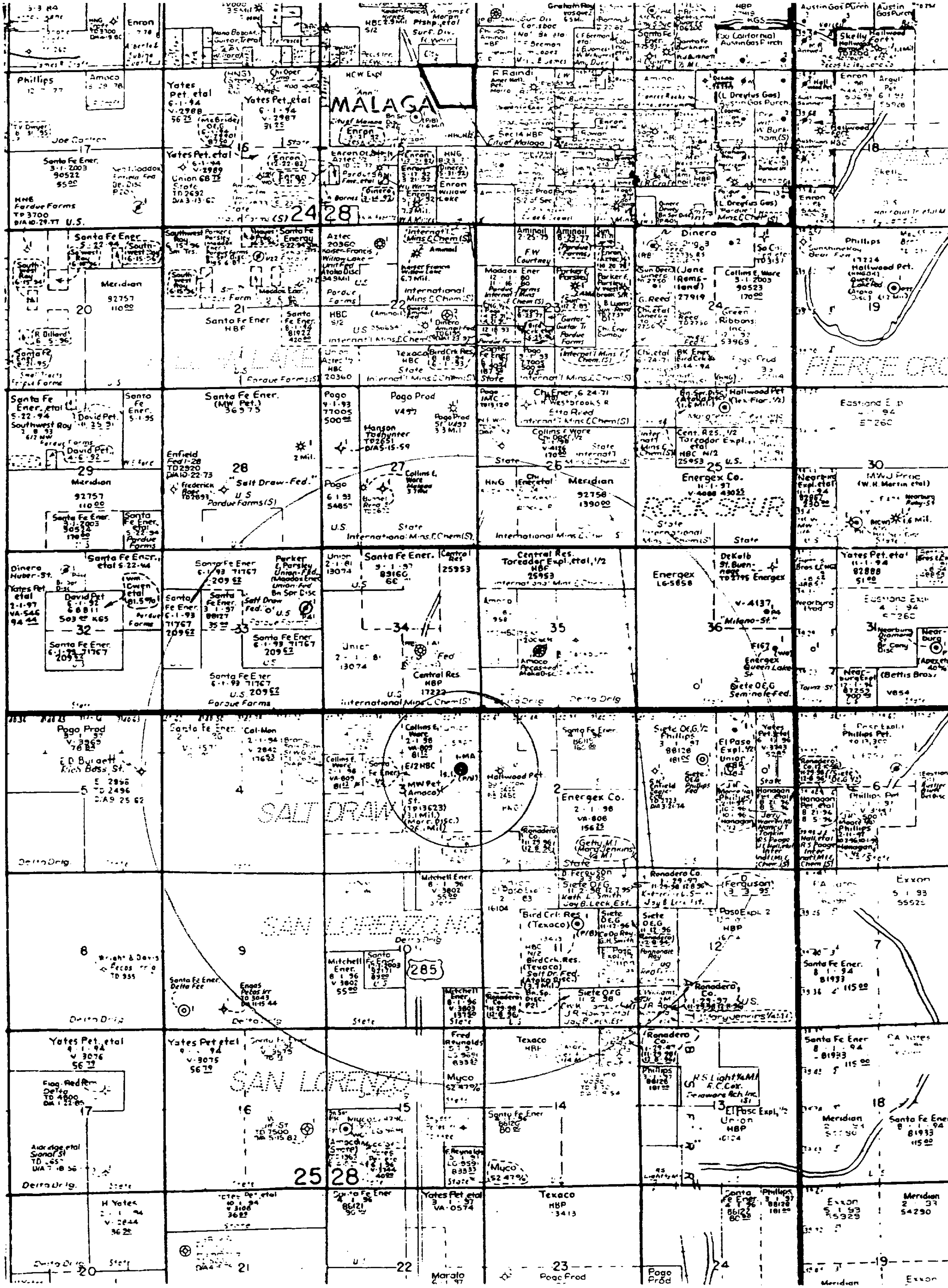
STMAPROP

VI. Wells Within Area of Review

STATUS	WELL NAME	OPERATOR	LOCATION	TYPE	SPUD DATE	COMP. DATE	TOTAL DEPTH	PBTD	COMPLETION INTERVAL	FORMATION
ACTIVE	SALT DRAW #2	HALLWOOD	SEC 2E 25S 28E 1980 FNL & 660 FWL	GAS	1/27/85	11/13/85	13500	12450	12057–79'	ATOKA

CASING PROGRAM:

13 3/8" @ 560' W/550 SX.
9 5/8" @ 2560' W/1550 SX.
7" @ 10815' W/1450 SX.
4 1/2" @ 10449–13400' W/350 SX.



MALAGA
City of Malaga
Phillips
Amoco
Enron
Yates Pet. etal
Santa Fe Ener.
Pardue Farms
Union
Aztec
Pogo Prod
Meridian
Dinero
Collins & Ware
Hallwood Pet.
Energex Co.
Eastland Expl.
Amoco
Central Res.
Toreador Expl. etal, 1/2
International Mins & Chem (S)
Salt Draw-Fed.
Milano-St.
Siete O&G
Phillips Pet.
El Paso Expl.
Ronadero Co.
Mitchell Ener.
Bird Crk. Res. (Texaco)
Texaco
Exxon
Myco
Fred Reynolds
H Yates
Delta Drlg.
SALT DRAW
SAN LORENZO
ROCK SPUR
PIERCE CRO
285
U.S.
State

MAILING LIST

BLM
P. O. Box 1778
Carlsbad, NM 88220

BLM
P. O. Box 1397
Roswell, NM 88202-1397

BLM
P. O. Box 1449
Santa Fe, NM 87501

O.C.D.
P. O. Box 2088
Santa Fe, NM 87501

O.C.D.
P. O. Drawer DD
Artesia, NM 88210

Collins & Ware, Inc.
303 W. Wall, Ste 2200
Midland, Texas 79701-5115

Union Oil Company of California
Box 3100
Midland, TX 79702

Apache Corporation
2000 Post Oak Blvd., No. 100
Houston, TX 77056

Kerr McGee Corporation
4602 N. Co. Rd. West
Odessa, TX 79752

Hallwood Energy Corporation
3325 W. Wadley, Ste 200
Midland, TX 79701

Amoco Production Co.
Box 3092
Houston, TX 77253

Santa Fe Energy
550 W. Illinois Ave.
Suite 1330
Midland, TX 79701