# BW - <u>30</u>

## **BONDS**

### New Mexico Energy, Minerals and Natural Resources Department

#### Bill Richardson

Governor

Jon Goldstein Cabinet Secretary

Jim Noel Deputy Cabinet Secretary March 16, 2010

Mark Fesmire
Division Director
Oil Conservation Division



Mesquite SWD, Inc. P.O. Box 1479 Carlsbad, NM 88221

Re:

\$50,000 One-Well Plugging Bond Mesquite SWD, Inc., Principal RLI Insurance Company, Surety

API 30-025-35915 Hobbs State No. 10

(BW-30)

2565' FNL and 2330' FWL

Section 29, Township 18 South, Range 38 East

Lea County, New Mexico Bond No. RLB0013069

Dear Sir:

The New Mexico Oil conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

DKB/dp

cc:

Oil Conservation Division - Hobbs, NM

RLI Insurance Company 8 Greenway Plaza, Suite 400 Houston, TX 77046

### RECEIVED

### STATE OF NEW MEXICO ONE WELL PLUGGING BOND

### 2010 MAR 8 PM F4 CP3VES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT, SANDOVAL AND SAN JUAN COUNTIES ONLY

BOND NO	RLB0013069
WELL DEPTH	4,750
AMOUNT OF BOND	\$50,000.00
COUNTY_	Lea

Note:

Bond Amount is \$5,000 plus \$1 per foot of projected depth of proposed well or measured depth of existing well.

\*Under certain conditions, the appropriate district office of the Division may authorize a well to be drilled as much as 500 feet deeper than the depth provided in the applicable financial assurance. (See Rule 8.9.D.3)

File with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

KNOW ALL MEN BY THESE PRESENTS:				
That Mesquite SWD, Inc.  Services) (a general partnership) (a corporation of New Mexico, and authorized and RLI Insurance Company Illinois and authorized to do bus State of New Mexico, for the use and benefit of Resources Department (or successor agency) (athe sum of \$50,000.00, for the their successors and assigns, jointly and several services.	on), (limited liable to do business a corporation iness in the State of the Oil Consection (the DIVISION), a payment of wh	lity company) (lim in the State of New organized and exist of New Mexico, a reation Division of pursuant to NMSA ich the PRINCIPAI	ited partnership) of Mexico), as PRII ting under the laws SURETY, are fit the Energy, Miner 1978, Section 70	organized in the State NCIPAL, s of the State of rmly bound unto the rals and Natural 1-2-14, as amended, in
The conditions of this obligation are s	uch that:			
WHEREAS, the PRINCIPAL has con 4,750 feet, to prospect for and/or an injection or other service well related to suc or operate such well, the identification and loc	r produce oil or g ch exploration or cation of said we	gas, carbon dioxide production, or doe ll being:	gas, helium gas or s own or operate,	r brine minerals, or as or may acquire, own
Hobbs State No. 010	API N	o. 30- <u>025-3591</u>	5, located 2, 5	65 feet from the
North (Name of Well) (North/South) line and	2,330	feet from the	West	(East/West) line
of Section 29 Township 18S	(North)	(South), Range	38E	(East) (West),
NMPM, Lea Co	unty, New Mexi	co.		
NOW, THEREFORE, if the PRINCIP them, shall cause said well be properly plugge beneficial purpose, in accordance with the rulc [19.15.8.9 NMAC] and 25.10 [19.15.25.10 NM THEN AND IN THAT EVENT, this compliance with any and all of said obligation	d and abandoned and orders of the MAC], as such rubbligation shall be	I when dry or when he DIVISION, includes now exist or make the null and void; other	no longer product uding but not limi ay hereafter be am nerwise and in defi	tive or useful for other ted to Rules 8.9 ended;
Mesquite SWD, Inc.		_RLI I1	nsurance Comm	oanv
PRINCIPAL			SURETY	

If PRINCIPAL is a corporation, affix Corporate seal here

Carlsbad,

P.O. Box 1479,

NM 88220

Corporate surety affix Corporate seal here

8 Greenway Plaza, Suite 400

Paul Gottheim, Attorney-in-Fact

Houston.

### ACKNOWLEDGMENT FORM FOR INDIVIDUAL (If dba, must read – Example: John Doe dba Well Services)

TATE OF		
COUNTY OF		
his instrument was acknowledged before me on this _	day o	f20
(Name of Individual)		
(Name of Individual)	_	
EAL		Notary Public
y Commission Expires		
ACUNOWIED CMENT FORM FOR BARTNEDS!	UD CODBODATION OF LIM	MITTED LIABILITY COMPANY
ACKNOWLEDGMENT FORM FOR PARTNERSE	ir, corroration, or lin	WITED DADIERY COMPANY
SS.		
DUNTY OF)		
is instrument was acknowledged before me on	day of20	by (Name of Person Signing Instrument
(Capacity, e.g., partner, president, manager, member)	(Name of partnership, corp	oration or limited liability company)
		Notary Public
		Notary Public
CAL		
ACKNOWLEDGMENT FOR ACKNOWLEDGMENT FOR SS.  DUNTY OF Harris S	ORM FOR CORPORATE S	SURETY
	orah 1 of pol	20.10
is instrum <b>ent May</b> ocknowledged before me on this:		
Paul Cottheile , as Attor	ney-in-Fact for(Name of	nsurance Company fCorporate Surety)
NAN O		Many Cr
AL O PROPERTY.		Notary Public Nancy Cruz
STATE		
My Commispidh Department		
WWWWWWW.		
rporate Surety attach Power of Attorney		
•	APPROVED BY:	
		ON DIVISION OF NEW MEXICO
		16 Ball
	By Dunes	10 10 10 mm

#### BOND RIDER TO ASSUME LIABILITY

#### RIDER NO. 1

Attaching to and forming part of One Well Plugging Bond, Bond No. RLB0013069, executed February 25, 2010, on behalf of Mesquite SWD, Inc. as Principal, in favor of State of New Mexico as Obligee, in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00).

It is understood and agreed that effective February 25, 2010, this bond extends to and covers all liability associated with the following bond:

Bond No.	Surety	Principal	Date Executed
RLB0011112	RLI Insurance Company	Liquid Resources Services, LLC	December 28, 2007

All other conditions and terms to remain as originally written or previously amended by rider. Signed, sealed and dated this 25<sup>th</sup> day of February, 2010.

Mesquite SWD, Inc.

Principal

Printed Name & Title

RLI Insurance Company

8 Greenway Plaza, Suite 400

Houston, TX 77046

Surety

Bv:

Paul Gottheim, Attorney-in-Fact



RLI Surety A division of RLI Insurance Company

#### RLB0013069

#### POWER OF ATTORNEY

RLI Insurance Company

#### Know All Men by These Presents:

to do bucinace in all status and the District of Cali:	imbia doos haraby make constitute and	appoint: PAUL GOTTHEIM
to do business in all states and the District of Colu		
in the City of <u>HOUSTON</u> , State of <u>TEXAS</u>		
execute, acknowledge and deliver for and on its bef	half as Surety and as its act and deed, at	Tof the following classes of documents to-wit
\$50,0	00.00	
Indemnity, Surety and Undertakings that may be or equity; policies indemnifying employers agains surety and fidelity bonds. Indemnity in all cases we execute consents and waivers to modify or change and settle any and all claims or demands made or	st loss or damage caused by the miscond where indemnity may be lawfully given; e or extend any bond or document execu	uct of their employees; official, bail and and with full power and authority to
The RLI INSURANCE COMPANY further certifies that Directors of RLI Insurance Company, and now in form.		of a Resolution adopted by the Board of
"All bonds, policies, undertakings, Powers of Atto name of the Company by the President, Secretary as the Board of Directors may authorize. The Pre- appoint Attorneys-in-Fact or Agents who shall ha The corporate seal is not necessary for the validit the corporation. The signature of any such office	e, any Assistant Secretary, Treasurer, or sident, any Vice President, Secretary, an ve authority to issue bonds, policies, or ty of any bonds, policies, undertakings, l	any Vice President, or by such other officers y Assistant Secretary, or the Treasurer may undertakings in the name of the Company.  Powers-of-Attorney, or other obligations of
(Blue	e shaded areas above indicate authenticity)	
IN WITNESS WHEREOF, the RLI Insurance Compar corporate seal affixed this  ATTEST:	HANCE COMPANY	RLI INSURANCE COMPANY
Son M. Stephenson	OR AT	Mys rome.
	:SEAL:	PRESIDENT
( ) CORPORATE SECRETARY		
State of Illinois )	The second second	
	DEAL:	•

Cherie & Montgomery
Notary Public





### NEW MEXICO ENERGY, MENERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

January 31, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Gary Schubert, President H.R.C., Inc. P.O. Box 5102 Hobbs, NM 88241

Re:

\$5,000 Single-Well Cash Bond

H.R.C., Inc., Principal

First National Bank – Hobbs, Depository – Acct No. 2802198-30

Hobbs State No. 5 – 2280' FNL and 1980' FWL Section 29, Township 18 South, Range 38 East,

Lea County, NM

Dear Mr. Schubert:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

DAVID K. BROOKS

**Assistant General Counsel** 

DKB/dp

cc:

Oil Conservation Division – Hobbs, NM

First National Bank – Hobbs

Javid K. Barthy

600 West Bender Hobbs, NM 88240 CMD :

**ONGARD** 

01/31/02 14:05:

OG6CWBD

CAPTURE SINGLE WELL BOND

OGODLP -TO

OGRID Identifier

: 131652 API Well No : 30 25 23662

Operator Name, Address : HRC INC

PO BOX 5102 HOBBS, NM 88241

Bond Idn

: 249053 Bond Status : A Prop Idn : 23612

Prop Name

: HOBBS STATE

Well No : 005

U/L Sec Township Range

North/South

East/West Lot I

Surface Locn : F

29

38E

FTG 2280 F N

FTG 1980 F W

API County 25

Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn :

13 Amt : 5000

Company OGRID Identifier: 210639

Company Name, Address

18S

: FIRST NATIONAL BANK OF HOBBS

600 WEST BENDER

HOBBS.NM 88240

Effective Date : 01-01-1900

Cancellation Date: 12-31-9999

Issuer Bond No : BRINE

M0015: Table update is successful.

PF01 HELP

PF02

PF03 EXIT

PF04 GoTo

PF05

PF06 CONFIRM

PF07

PF08

PF09 COMMENT PF10 NXTBOND PF11

PF12

Date: 1/31/2002 Time: 02:06:47 PM



#### ASSIGNMENT OF CASH COLLATERAL DEPOSIT

	(OPERATOR) of F.O. Box 5102 (address)	
	th the First National Bank (name of state or national bank or savings a	
	be a federally-insured bank or savings institution in the State of New Mexico) o	
	nder, Hobbs, NM (address) (FINANCIAL INSTITUTION), the sum	of $\subseteq$
\$5,000.00	dollars in Certificate of Deposit or Savings Account No2802198-30	<
(FUND).	1 '4 ND 404 1000 0 4 00 0 14 ODDD 400D 1 1 1 1	••
	omply with NMSA 1978, Section 70-2-14, OPERATOR hereby assigns and con	iveys all
	id interest in the FUND to the FINANCIAL INSTITUTION in trust for the Oil	
	n Division of the Energy, Minerals and Natural Resources Department or succes	ssor agency
	of New Mexico (DIVISION).	
OPER	RATOR and the FINANCIAL INSTITUTION agree that as to the FUND:	
the per in plu	The DIVISION acquires by this assignment the entire beneficial interest in the I he right to order the FINANCIAL INSTITUTION in writing to distribute the persons determined by the DIVISION to be entitled thereto, including the DIVISION amounts determined by the DIVISION, or to the OPERATOR upon sale olugging, in compliance with the rules and orders of the DIVISION, of the well by this assignment.	e FUND to SION itself, e or proper
	OPERATOR retains no legal or beneficial interest in the FUND and has only interest, if any, thereon, and to return of the FUND upon written order of the DI	
ple ju: IN	The FINANCIAL INSTITUTION agrees that the FUND may not be assigned, pledged or distributed except upon written order of the DIVISION or a court of urisdiction made in a proceeding to which the DIVISION is a party. The FINSTITUTION waives all statutory or common law liens or rights of set-off FUND.	f competent INANCIAL
any attorney i	R agrees that the FINANCIAL INSTITUTION may deduct from interest due of fees incurred by the FINANCIAL INSTITUTION if claim or demand via wrocess arising from OPERATOR'S business is made upon the FINANCIAL INST	it, summons
Signe	nature of OPERATOR Signature of Authorized Officer	<del></del>
Person	sonally or by Authorized Officer of FINANCIAL INSTITUTION	
<u>Gary</u> Title	y Schubert, President Zane S. Bergman, President e Title	
<b>5</b>		
	te of New Mexico enty of <u>Lea</u> ) ss.	
	On this 3rd day of December, 20 01, before me personal and Zane S. Bergman, to me person (persons) described in and who executed the foregoing inst nowledged that they executed the same as their free act and deed.	ly appeared known to be rument and
	IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day certificate first above written.  Notary Public	y and year in
	Commission Expires: 10-7-04	

JAN 1 5 2002

Environmental Bureau
Oil Conservation Division

#### **ONE-WELL CASH BOND**

KNOW ALL MEN BY THESE P individual) (a partnership) (a corporation orga	unized in the St	ate of New Mex	ico with its pr	(an incipal
office at P.O. Box 5102 in the	e City of Hol	obs	, Si	tate of
New Mexico and authorize	d to do busines	s in the State o	f New Mexico)	
and firmly bound to the Oil Conservation Div				
Department of the State of New Mexico (or	its successor	agency), as DI	VISION in the s	sum of
\$_5,000.00		•		
The conditions of this obligation are such that:				
The PRINCIPAL desires to drill a wel				
which does not exceed 5000				
dioxide gas, helium gas or brine minerals on	• • •		Mexico, the pa	rticular
identification and footage location of said well	_			
(well name and footage) Hobbs State #5			/1980 FWL	
Section 29 Township 185 Range 38E, N	IMPM, <u>Lea</u>	Coun	ty, New Mexico.	
PRINCIPAL pledges this sum as a guarantee the plug the well described above if dry, or when the DIVISION in such way as to confine the and to prevent same from escaping to other stabandon said well upon order of the DIVISIODIVISION, and such amount as is necessary is sum of this bond is less than the actual cost PRINCIPAL, its successors, assigns, heirs or NMSA 1978, Section 70-2-38 of the Oil and any amounts expended over and above the principal to them shall plug the above-described well worders of the DIVISION, in such a manner as they naturally occur, and to prevent them from surface location of said well, then therefore, the shall be paid to the PRINCIPAL or its successfull force and effect.  H.R.C. Inc.	abandoned, in oil, gas and wat rata. If the PRION, the total sumay be used to incurred by the administrators Gas Act, and the cipal sum of the or its successor when dry or abarate to confine the mescaping into is obligation shall	accordance with er in the strata in the stra	the rules and on the which they are not so properly p shall be forfeited aid well. If the p plugging said we under the provisay take action to dance with the ruter in the strata in d further to clear oid and the princi	rders of found, lug and d to the rincipal vell, the sions of recover s or any ales and n which n up the pal sum
				_
PRINCIPAL P. C. Part 5102	** * *	•• ••	00011	
P.O. Box 5102	Hobbs,	N.M.	88241	_
Address	State		Zip	
p. (BOLOV, XIIIIM)	D			
By Wester National	Ву			_
Signature				
Cory Cohubant Duarting			X.	
Gary Schubert, President				
Title				

If PRINCIPAL is a corporation, affix corporate seal here.



\$ 7,500

\$10,000

\$12,500

Less than 5,000 feet

5,000 feet to 10,000 feet

More than 10,000 feet



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

April 23, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Gary Schubert, President H.R.C., Inc. P.O. Box 5102 Hobbs, NM 88241

Re:

\$5,000.00 Single-Well Cash Bond

H.R.C., Inc, Principal

First National Bank-Hobbs, Depository-Acct No. 280219831

Hobbs State No. 10-2565 FNL and 2330 FWL Section 29, Township 18 South, Range 38 East

Lea County, NM

Dear Mr. Schubert:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

DAVID K. BROOKS

Assistant General Council

David R. Brosh

DKB/wp

Cc:

Oil Conservation Division-Hobbs, NM

First National Bank-Hobbs

600 West Bender Hobbs, NM 88240 APR 2.3 2002

Environmental Bureau
Oil Conservation Division

Form O & G SCB Adopted 6-1-86 Revised 12-00

### ONE-WELL CASH BOND

KNOW ALL MEN BY THESE PRESENTS THAT H. R. C. INC. (an individual) (a partnership) (a corporation organized in the State of New Mexico) with its principal office at P.O. Box 5102 in the City of HOBBS, State of New Mexico) is held and firmly bound to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico (or its successor agency), as DIVISION in the sum of \$_5000.00
The conditions of this obligation are such that:
The PRINCIPAL desires to drill a well or purchase or operate an existing well, the depth of which does not exceed 5000 feet, to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals on property in the State of New Mexico, the particular identification and footage location of said well being as follows:  (well name and footage) Hobbs 5-47E # 10 2565 FNL/FWL in Section 29 Township Range 38E, NMPM, LEA County, New Mexico.
The PRINCIPAL has deposited on behalf of the DIVISION \$_\(\frac{5000.00}{100}\), in the manner indicated on the Assignment, attached to this bond, being the principal sum intended to be secured. PRINCIPAL pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the well described above if dry, or when abandoned, in accordance with the rules and orders of the DIVISION in such way as to confine the oil, gas and water in the strata in which they are found, and to prevent same from escaping to other strata. If the PRINCIPAL does not so properly plug and abandon said well upon order of the DIVISION, the total sum of the bond shall be forfeited to the DIVISION, and such amount as is necessary may be used to properly plug said well. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in plugging said well, the PRINCIPAL, its successors, assigns, heirs or administrators shall be liable under the provisions of NMSA 1978, Section 70-2-38 of the Oil and Gas Act, and the DIVISION may take action to recover any amounts expended over and above the principal sum of the bond.
NOW THEREFORE, if the PRICIPAL or its successors, assigns, heirs, or administrators or any of them shall plug the above-described well when dry or abandoned, in accordance with the rules and orders of the DIVISION, in such a manner as to confine the oil, gas, and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said well, then therefore, this obligation shall be null and void and the principal sum shall be paid to the PRINCIPAL or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.
H.R.C. INC.  PRINCIPAL P.O.Box 5102 Hobbs N.M.  Address City State Zip  By Signature  By Signature
GARY M. SCHUBERT, PRES. Title

If PRINCIPAL is a corporation, affix corporate seal here.



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

April 23, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Gary Schubert, President

H.R.C., Inc. P.O. Box 5102 Hobbs, NM 88241

Re:

\$5,000.00 Single-Well Cash Bond

H.R.C., Inc, Principal

First National Bank-Hobbs, Depository-Acct No. 280219831

Hobbs State No. 10-2565 FNL and 2330 FWL Section 29, Township 18 South, Range 38 East

Lea County, NM

Dear Mr. Schubert:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

DAVID K. BROOKS

Assistant General Council

David K. Broke

DKB/wp

Cc:

Oil Conservation Division-Hobbs, NM

First National Bank-Hobbs

600 West Bender Hobbs, NM 88240 April 23, 2002

To:

David Brooks

From: Wayne Price

Re:

Brine Well Bonds

Dear David:

HRC Inc has applied for a new brine well in Hobbs. I am in the process of reviewing their application. Please find attached a cash collateral Bond and a copy of their application. Would you please evaluate the bond for approval?

They recently sent in a bond for the State Well #5 that they were planning on re-entering and complete as new brine well. They have changed their minds and are going to drill a new well State #10. I am keeping the state #5 bond because they are going to have to properly plug it.

Thanks!

Loobs of to me.



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

January 31, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Gary Schubert, President H.R.C., Inc. P.O. Box 5102 Hobbs, NM 88241

Re:

\$5,000 Single-Well Cash Bond

H.R.C., Inc., Principal

First National Bank – Hobbs, Depository – Acct No. 2802198-30

Hobbs State No. 5 – 2280' FNL and 1980' FWL Section 29, Township 18 South, Range 38 East,

Lea County, NM

Dear Mr. Schubert:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

DKB/dp

cc:

Oil Conservation Division – Hobbs, NM

First National Bank – Hobbs

Tavid K. Brother

600 West Bender Hobbs, NM 88240

#### January 28, 2002

To: Chris Williams

From: Wayne Price

Re:

HRC Inc. Brine Well C-104 & Bond

API # 30-025-23662

Dear Chris:

Please find enclosed the original C-104 "Change of Owner-ship" and copy of the approved bond. Would you please process this C-104 and when complete copy me.

Thanks!

Ce: Dorothy Phillips

January 15, 2002

To:

**David Brooks** 

From: Wayne Price

Re:

Brine Well Bond

#### Dear David:

HRC Inc has applied for a new brine well in Hobbs. I am in the process of reviewing their application. Please find attached a cash collateral Bond and a copy of their application. Would you please evaluate the bond for approval.

Thanks!

Tooks ok. I don't like these forms, brit have not yet finalized new forms; so we are Till using Thesp.

H.R.C., Inc. PO Box 5102 Hobbs, NM 88241 (505)393-6662

September 12, 2006

Oil Conservation Department Dorothy Phillips

Dorothy,

Please release our Plugging bonds for Hobbs State #5 2280 FNL/1980 FWL in Section 29 Township 18S Range 38E, Lea County, NM. First National Bank Hobbs, and also Hobbs State#10. These wells have been sold to Liquid Resources.

If any other information is needed please call the number above.

Danie wells Rrive wells no Bards with me'

•	Facsimile	Transr	nittal
---	-----------	--------	--------

_	TA-	1) ~ ~ ~	•
-	10	Horothy	

- · From: Lona
- Fax Number: 505-476-3462
- Pages: 2
- Date: 9/12/06
- If any problems with this transmittal please contact Lorna Seely-Dudenhoeffer at (505) 393-6662
- Notes:



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

#### **BILL RICHARDSON**

Governor

Joanna Prukop

Cabinet Secretary

August 23, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. David A. Pyeatt Liquid Resource Services, LLC 1819 N. Turner, Suite B Hobbs, NM 88240

RE:

\$7,000 Single-Well Cash Bond

Liquid Resource Services, LLC, Principal - OGRID 243571

First National Bank of Hobbs, Depository - Acct. No. 000000260525228

Hobbs State No. 10–2565' FNL and 2330' FWL Section 29, Township 18 South, Range 38 East,

Lea County, New Mexico

Bond No. OCD815

Dear Mr. Pyeatt:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

Tand K Broke

DKB/dp

cc:

Oil Conservation Division - Hobbs, NM

First National Bank in Hobbs 1220 W. Joe Harvey Blvd. Hobbs, NM 88240 oct 815

Form O & G SCB Revised 12-15-05

#### STATE OF NEW MEXICO Energy, Minerals and Natural Resources Department Oil Conservation Division

BOND NO. (Issued by OCD)

WELL DEPTH 2000!

AMOUNT OF BOND \$7,000.00

Note: Bond Amount is \$5,000 plus \$1.00 per foot of projected depth for a proposed well or the measured depth of an existing well for Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval and San Juan counties ONLY. For ALL OTHER counties, the amount is \$10,000 plus \$1.00 per foot.

#### SINGLE-WELL CASH PLUGGING BOND

Liquid Resource Services, LLo	<b>&gt;</b>	· .	("	OPERATOR"), a(n)	)
(Name of Operator) New Mexico Limited Liability Company organized in the State of					
(Individual (If dba, must read - Example: John Doe d	ba ABC Services),		artnership, Limite	ed Liability Company,	
Etc.) New Mexico , and authorized to	do business in the	State of New	Mexico, whose	e mailing address is	
1819 N. Turner, Suite B. Hobb Division of the Energy, Minerals and Natural Resou	orces Department	or successor a	gency) of the S	State of New Mexico	0
("the DIVISION"), in the sum of seven thou	usand Dollar	s (\$ 7000.C	Opon the follo	owing conditions:	
OPERATOR desires to drill a well, or t	to acquire or one	erate an evictin	ur well or doe	e own or operate a	ın
existing well the depth of which does not exceed					
carbon dioxide gas, helium gas or brine minerals o	r an injection of	r other service			
the particular identification and footage location of	_				
Hobbs State #10 (well	l name), API No.	<sub>30-0</sub> 2535	5915, located	2565 <sub>fee</sub>	t
from the North (North/South) line and	2330 feet	from theW6	est	_(East/West) line i	n
Section 29_, Township 18S_, Range 38E	, NMPM, _	L_ea	(	County, New Mexico	э.
OPERATOR has deposited on behalf (\$\frac{7000.0}{00}\) with First National Bayon, and subject to the terms of, the Assignment a assurance that it or its successors or personal replugged and abandoned if dry, or when no longer pall applicable rules and orders of the DIVISION, in and 202 [19.15.4.202 NMAC], as the same now explug and abandon said well, upon order of the DIVISION, as provided in NMSA 1978 Section 70 the actual cost incurred by the DIVISION in pluggiand any other applicable rules or orders, OPERAT under the provisions of NMSA 1978, Sections 70-2 the DIVISION may initiate action as provided in said of OPERATOR or its successors, heirs, provell to be properly plugged and abandoned in accessors.	nk ("FINAI ttached to this be presentatives will broductive or useful cluding but not list or may be here VISION after not 0-2-14.B, as amering and abandonis OR, its successor 14 or 70-2-38, as id statutes to recordersonal representatives."	NCIAL INSTI' ond. OPERA I cause the ab ful for other ber imited to Divisi eafter amended ice and hearing aded. If the pri- ng said well in rs, heirs or pers amended, (as wer the same.	TUTION") in a TOR pledges pove-described neficial purpos ion Rules 101   I. If OPERATO g, this bond maincipal sum of accordance with sonal represent applicable) for	the account indicate this sum as financi well to be properle, in accordance wit [19.15.3.101 NMACOR does not properlay be forfeited to the this bond is less that the Rules 101 and 20 atives, shall be liab such deficiency, and the above-describe	ed al ly th C] ly ne in 12 le id
above described, this obligation shall be null and void, and the principal sum of the deposit securing this bond shall be					
released to OPERATOR or to its successors, heirs, or personal representatives, upon written request.					
DAVID A TYPATT	_	Return to:		servation Division	
PARTICIPAL				uth Saint Francis e, NM 87505	
Ву			Santa I'	6, 14174 U/JUJ	
Signature	-				

Member/Manager

Title

(If dba, must read - Example: John Doe dba ABC Services	
State of New Mexico County of	
This instrument was acknowledged before	e me on this,
20, by	Operator)
(Individual (	Operator)
SEAL	Notary Public
My Commission Expires:	
ACKNOWLEDGMENT FOR CORPORATION COMPANY:	N, PARTNERSHIP OR LIMITED LIABILITY
State of New Mexico County of <u>Lea</u> .	
This instrument was acknowledged before	e me on this 10 day of Que ,2006,
<sub>by</sub> David A. Pyeatt	me on this /O day of Que ,2006,  Member/Manager  (Title)
(Name of Person Signing Documen	t) (Title)
of Liquid Resource Services, LLC	, a New Mexico Limited Liability company
(Name of Operator) on behalf of said company	Notary Public
SEAL	OFFICIAL SEAL
My Commission Expires:	Cindy Y. Owens  NOTARY PUBLIC STATE OF NEW MEXICO My Commission Expires:
	APPROVED BY:
	Oil Conservation Division of New Mexico  By Mark By 123/04  Date

### STATE OF NEW MEXICO Energy, Minerals and Natural Resources Department Oil Conservation Division

#### ASSIGNMENT OF CASH COLLATERAL DEPOSIT

Liquid Resource Services, LLC ("OPERATOR	(°) of 1819 N. Turner, Suite B, Hobbs, N.M. 882,40
First National Deal in Habba	(address) has deposited with
First National Bank in Hobbs	(name of federally insured state or national bank 220 W. Joe Harvey Blvd, Hobbs, N.M. 88240 ,
	INANCIAL INSTITUTION), the sum of Seven Thousand
dollars (\$7,000.00) in Certificate of Deposition Savin	
OPERATOR hereby assigns all right, title and interest in	as amended, and NMOCD Rule 101 [19.15.3.101 NMAC] the FUND, except as herein otherwise provided, to the Oil ral Resources Department (or successor agency) of the State of
OPERATOR AND FINANCIAL INSTITUTION agree to	hat as to the FUND:
FINANCIAL INSTITUTION in writing to distribute thereto, including the DIVISION itself, in amounts de	the entire beneficial interest in the FUND with the right to order the the FUND to persons determined by the DIVISION to be entitled termined by the DIVISION, without further consent by the knowledges that the DIVISION is FINANCIAL INSTITUTION'S
return of the FUND upon written order of the DIVISI	terest in the FUND except the right to interest, if any, thereon, and to ON following final disposition, or plugging and abandonment in I, of all wells in the State of New Mexico for which this Assignment
upon written order of the DIVISION or of a court ord FINANCIAL INSTITUTION hereby waives all statu	FUND may not be assigned, transferred, pledged or distributed except er entered in a proceeding to which the DIVISION is a party. For or common law liens or rights of set-off or recoupment against the OPERATOR to FINANCIAL INSTITUTION now existing or
OPERATOR, any costs or attorney fees incurred by F summons or other process made upon FINANCIAL I	TUTION may deduct, solely from interest due INANCIAL INSTITUTION by reason of any claim or demand via writ, NSTITUTION arising from OPERATOR'S business. FINANCIAL be deducted from the principal of the FUND prior to final release
This agreement shall be governed by the laws of the State	e of New Mexico.
Liquid Resource Services, LLC	First National Bank in Hobbs
Operator	Financial Institution
By:	By:
(Signature of Individual Operator)	(Signature of Anthorized Officer of Financial Institution)
Manager/Member	President
Title	Title

NOTE: If the officer executing this instrument on behalf of the Financial Institution is not the President, a Vice President or a branch manager, attach a copy of certified resolution of the Board of Directors evidencing such officer's authority.

INDIVIDUAL ACKNOWLEDGMENT: (If individual is dba, must read	d – Example: John Doo	e dba ABC Services)	
State of New Mexico County of			
This instrument was acknowledged before me on this	day of		20,
by			
( Individual Operator)			
SEAL		(Notary Public)	
My Commission Expires:			
		Y	
ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATIO	N OR LIMITED	LIABILITY COMPA	ANY:
State of New Mexico County of			
by (Name of Person(s) Signin	day of	rug	20 <b>06</b> ,
as ranger/wewber of Light	id asounce	e Services	۷۷ ,
(Capacity, e.g., Partner, President, etc.)  a <u>A M Jeweted leakelete Company</u> .  (Partnership, Corporation or Limited Liability Company)	(Name of C	My G OWN  (Notary Public)	
SEAL			
My Commission Expires:		OFFICIAL SEAL Cindy Y. Owens	}
FINANCIAL INSTITUTION ACKNOWLEDGMENT:	My Commissio	STATE OF NEW MEXIC n Expires: 11-20-0	
State of New Mexico County of			
This Instrument was acknowledged before me on this by Zone S. Beroman (Name of Officer),	day of luge	est	20 <u></u>
as <u>Mesident</u> of <u>First N</u>	Otional E (Name of Finance	Soulc in Hob ial Institution)	<u>bs</u> .
SEAL	7	(Notary Public)	
My Commission Expires:			

#### Chavez, Carl J, EMNRD

From:

Williams, Chris, EMNRD

Sent:

Wednesday, October 18, 2006 7:40 AM

To:

Chavez, Carl J, EMNRD

Subject: RE: State Hobbs #5 Brine Well Plug & Abandonment Confirmation for Bond Release Request from HRC Inc.

The bond can be released on this well. Chris

Chris Williams District 1 Supervisor

From: Chavez, Carl J, EMNRD Sent: Tue 10/17/2006 2:53 PM To: Williams, Chris, EMNRD

Cc: Wink, Gary, EMNRD; Price, Wayne, EMNRD

Subject: State Hobbs #5 Brine Well Plug & Abandonment Confirmation for Bond Release Request from HRC Inc.

Chris:

The OCD-EB has received a request for a bond release for the State Hobbs #5 Brine Well (API# 30-025-23662). According to RBDMS records, the well appears to have been properly plugged and abandoned.

By receipt of this e-mail message, the OCD-EB is requesting confirmation that the well has been properly plugged and abandoned and/or there are no outstanding issues associated with the brine well in order to release HRC Inc. from its bond. Thank you.

Carl J. Chavez, CHMM

New Mexico Energy, Minerals & Natural Resources Dept.

Oil Conservation Division, Environmental Bureau

1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

#### **BILL RICHARDSON**

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E. Director

Oil Conservation Division

October 18, 2006

Mr. Gary Schubert, President H.R.C., Inc. P.O. Box 5102 Hobbs, NM 88241

Re:

\$5,000 Single-Well Cash Bond

H.R.C., Inc., Principal

First National Bank – Hobbs, Depository – Account No. 2802198-30

Hobbs State No. 5

2280' FNL and 1980' FWL

Section 29, Township 18 South, Range 38 East,

Lea County, New Mexico

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-referenced single-well cash bond and releases and reassigns to H.R.C., Inc., its right, title and interest in and to the referenced deposit account.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

DKB/cc

cc:

Oil Conservation Division - Hobbs, NM

First National Bank 600 West Bender Hobbs, NM 88240



#### ASSIGNMENT OF CASH COLLATERAL DEPOSIT

H.R.C. Inc. (OPERATOR) of P.O. Box 51	02 (address) has
deposited with the First National Bank (name of state or r	national bank or savings association,
which must be a federally-insured bank or savings institution in the	State of New Mexico) of
Y V II V V II V V II V V II V V V V V V	NSTITUTION), the sum of
\$5,000.00 dollars in Certificate of Deposit or Savings Acco	ount No. 2802198-30
(FUND).	
To comply with NMSA 1978, Section 70-2-14, OPERATO	
right, title and interest in the FUND to the FINANCIAL INSTITUT	
Conservation Division of the Energy, Minerals and Natural Resour	ces Department or successor agency
of the State of New Mexico (DIVISION).	
OPERATOR and the FINANCIAL INSTITUTION agree the	nat as to the FUND:
	C'11' A DININ 'A
a. The DIVISION acquires by this assignment the entire b	
the right to order the FINANCIAL INSTITUTION in	
persons determined by the DIVISION to be entitled the	
in amounts determined by the DIVISION, or to the	
plugging, in compliance with the rules and orders of th	e Division, of the well(s) covered
by this assignment.	
b. OPERATOR retains no legal or beneficial interest in	the FLIND and has only the right to
interest, if any, thereon, and to return of the FUND upon	
interest, if any, thereon, and to retain of the roll upon	written order of the B1 v 18101v.
c. The FINANCIAL INSTITUTION agrees that the FUN	ID may not be assigned, transferred.
pledged or distributed except upon written order of the	· · · · · · · · · · · · · · · · · · ·
jurisdiction made in a proceeding to which the DIVIS	•
INSTITUTION waives all statutory or common law l	
FUND.	
OPERATOR agrees that the FINANCIAL INSTITUTION may de	educt from interest due OPERATOR
any attorney fees incurred by the FINANCIAL INSTITUTION if	claim or demand via writ, summons
or other process arising from OPERATOR'S business is made upon	a-the FINANCIAL INSTITUTION.
To 116 Whilms f	4
Cles W. Studied	12-1
	of Authorized Officer
Personally or by Authorized Officer of FINANC	CIAL INSTITUTION
	V
Gary Schubert, President Zane S.	Bergman, President
Title Title	
State of New Mexico	
County of <u>Lea</u> ) ss.	
County of <u>Lea</u> ) ss.	
On this <u>3rd</u> day of December, 20 01	, before me personally appeared
Gary Schubert and Zane S. Be the person (persons) described in and who execute	ed the foregoing instrument and
acknowledged that they executed the same as their free act	and deed.
	.7
IN WITNESS WHEREOF, I have hereunto set my	hand and seal on the day and year in
this certificate first above written.	
	VIII COLO
	Notary Public
My Commission Expires:	
10-7-04	

Form O & G SCB Adopted 6-1-86 Revised 12-00

Environmental Bureau
Oil Conservation Division

#### ONE-WELL CASH BOND

KNOW ALL MEN BY THESE individual) (a partnership) (a corporation or office at P.O. Box 5102 in to New Mexico and authorizand firmly bound to the Oil Conservation Department of the State of New Mexico (\$ 5,000.00	ganized in the State the City of Hobbs zed to do business i Division of the Energ	n the State of gy, Minerals a	co with its pri , Sta New Mexico) is nd Natural Reso	ncipal ate of s held ources
The conditions of this obligation are such that	::			
The PRINCIPAL desires to drill a w which does not exceed 5000 dioxide gas, helium gas or brine minerals of identification and footage location of said we (well name and footage) Hobbs State of Section 29 Township 188 Range 38E,	feet, to prospect on property in the State of the State o	for and production for and production for any formal for all formal formal formal formal formal for all formal forma	ace oil or gas, of Mexico, the par	arbon ticular
The PRINCIPAL has deposited on be indicated on the Assignment, attached to the PRINCIPAL pledges this sum as a guarantee plug the well described above if dry, or when the DIVISION in such way as to confine the and to prevent same from escaping to other abandon said well upon order of the DIVISION, and such amount as is necessary sum of this bond is less than the actual con PRINCIPAL, its successors, assigns, heirs NMSA 1978, Section 70-2-38 of the Oil and any amounts expended over and above the present the present of the present the p	is bond, being the per that it, its executors en abandoned, in accessive oil, gas and water strata. If the PRINGSION, the total sum of may be used to prost incurred by the I or administrators shall Gas Act, and the I	rincipal sum is, assigns, heirs cordance with in the strata in CIPAL does not of the bond sipperly plug said DIVISION in pall be liable up DIVISION may	or administrator the rules and ord which they are of so properly plants hall be forfeited d well. If the problugging said we ander the provisi	cured. s shall ders of found, ug and to the incipal ell, the ons of
NOW THEREFORE, if the PRICIPA of them shall plug the above-described well orders of the DIVISION, in such a manner they naturally occur, and to prevent them from surface location of said well, then therefore, shall be paid to the PRINCIPAL or its successful force and effect.	when dry or abando as to confine the oil, om escaping into of this obligation shall	ned, in accord gas, and wate her strata, and be null and voi	ance with the ruler in the strata in further to clean d and the princip	es and which up the al sum
H.R.C. Inc.				
PRINCIPAL	** 11	Y 14	000/1	
Address City/	Hobbs, State	N.M.	88241 Zip	
By All Signature	n		•	-
Gary Schubert, President Title				

If PRINCIPAL is a corporation, affix corporate seal here.

RECEIVED	
JAN 15 2002	Form O & G SCB
Environmental Bureau  Environmental Bureau  Oil Conservation ACKNOWLEDGMENT FORM FOR	R INDIVIDUALS OR PARTNERSHIPS
STATE OF)	
SS	•
COUNTY OF)	
appeared	, to me known to be the person (persons) nt and acknowledged that he (they) executed the same as
IN WITNESS WHEREOF, I have hereunto se first above written.	t my hand and seal on the day and year in this certificate
<del></del>	Notary Public
My Commission Expires	
ACKNOWLEDGMENT F	ORM FOR CORPORATION
STATE OF New Mexico	
COUNTY OF Lea SS	<b>5.</b>
<u>Gary Schubert</u> , to me p that he is <u>President</u> of H.R the foregoing instrument was signed and sealed on	
IN WITNESS WHEREOF, I have hereunto se tirst above written.	et my hand and seal on the day and year in this certificate  Notary Public
My Commission Expires	
· · · · · · · · · · · · · · · · · · ·	APPROVED BY:
	Oil Conservation Division of New Mexico
	By David K. Bulling
	By David K. 124/122 Oversteen Parent Con Date 1/28/02
Chaves, Eddy, Lea, McKinley, Rio Arriba Mexico:	a, Roosevelt, Sandoval, and San Juan Counties, New
Projected Depth of Proposed Well or Actual Depth of Existing Well	Amount of Bond
Less than 5,000 feet 5,000 feet to 10,000 feet More than 10,000 feet	\$ 5,000 \$ 7,500 \$10,000

**Amount of Bond** 

\$ 7,500 \$10,000 \$12,500

All Other Counties in the State:

Less than 5,000 feet 5,000 feet to 10,000 feet More than 10,000 feet

Projected Depth of Proposed Well or Actual Depth of Existing Well

#### Chavez, Carl J, EMNRD

From:

Chavez, Carl J, EMNRD

Sent:

Tuesday, October 17, 2006 2:54 PM

To:

Williams, Chris, EMNRD

Cc:

Wink, Gary, EMNRD; Price, Wayne, EMNRD

Subject: State Hobbs #5 Brine Well Plug & Abandonment Confirmation for Bond Release Request from HRC Inc.

#### Chris:

The OCD-EB has received a request for a bond release for the State Hobbs #5 Brine Well (API# 30-025-23662). According to RBDMS records, the well appears to have been properly plugged and abandoned.

By receipt of this e-mail message, the OCD-EB is requesting confirmation that the well has been properly plugged and abandoned and/or there are no outstanding issues associated with the brine well in order to release HRC Inc. from its bond. Thank you.

Carl J. Chavez, CHMM New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division, Environmental Bureau 1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")

Submit 3 Copies To Appropriate Distric		New Mexico	Form C-103
District	•••	and Natural Resources	Revised March 25, 1999 WELL API NO.
1625 N. French Dr., Hobbs, NM 88240 District II			30-025-23662
811 South First, Artesia, NM 88210		ATION DIVISION	5. Indicate Type of Lease
<u>District III</u> 000 Rio Brazos Rd., Aztec, NM 87410	Λ	St. Francis Dr.	STATE FEE
District IY	Santa Fe	e, NM 87505	6. State Oil & Gas Lease No.
220 S. St. Francis Dr., Santa Fe, NM 7505			992279
SUNDRY N	OTICES AND REPORTS ON		7. Lease Name or Unit Agreement Name:
DO NOT USE THIS FORM FOR PRO DIFFERENT RESERVOIR. USE "AP			
PROPOSALS.)	I DICATION FOR I ENGLIS (1 Old)	10-101/1 OK 50011	Hobbs State
I. Type of Well:		wo11	110000 00000
Oil Well Gas Well  Name of Operator	Other P & A	METT	8. Well No.
H.R.C. Inc.			8. Well No. 5
. Address of Operator			9. Pool name or Wildcat
	s, NM 88241		
. Well Location			
Unit Letter F	: 2280 feet from the	north line and	1980 feet from the west line
Section 29		S. Range 38 E.	
	10. Elevation (Show w	hether DR, RKB, RT, GR, e	etc.)
11 Checl	k Appropriate Box to Ind	licate Nature of Notice	Report or Other Data
	INTENTION TO:		BSEQUENT REPORT OF:
ERFORM REMEDIAL WORK			· —
		COMMENCE DI	
EMPORARILY ABANDON	☐ CHANGE PLANS	E COMMENCE DI	RILLING OPNS. PLUG AND ABANDONMENT
JLL OR ALTER CASING	☐ MULTIPLE	☐ CASING TEST	
	COMPLETION	CEMENT JOB	_
THER:		OTHER:	
	nleted operations (Clearly st.		give pertinent dates, including estimated date
			ach wellbore diagram of proposed completion
or recompilation.	-		3 1 1 1
To drill out and	re-plug:		·
1) Rig up, dril	l out surface plu	ug.	
2) Run in hole	With tubing to be	ase of salt + 26	600' spot 25 sx plug.
3) Cut and pull 4) Spot 100 pl	.7" casing + 1600 ug 50 ft. in and	J' top of sait.	and tag
5) Spot 100' pl 6) 10 sx surfac	ug 50 ft. in and	out of surface	shoe at 364'. Tag
6) 10 sx surfac	e plug.		Buoc 20 304
V 77.7			49.9%
* HOTE WITT P	e loaded with sal	It gel.	A Comment of the Comm
. OOD WIII De	notified prior	to beginning wor	K. A.
			le l
hereby certify that the information	tion above is true and complet	te to the best of my knowle	dge and belief.
	0	•	
IGNATURE	W Seny	TITLE Agent	DATE5/2/02
P.ddie	Sear T		700 0076
ype or print name Eddie	Deay		Telephone No. 392-2236
This space for State use)	<b>^</b> n	IGINAL SIGNED BY	
PPPROVED BY			DATE
onditions of approval, if any:	OC	FIELD REPRESENTATIVE	NATAFF MANAGER DATE
			MAY 0 6 2002

#### WELL SCHEMATIC: P-O-TEX HOBBS STATE #5

WELL PLUGGED: 5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Spotted 10' cmt plug at surf.

Present Condition

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

PBTD: 5959'

TD: 5986'

Shot and pulled csg at 3744'. Pumped 255 sx cmt plug From 3744' to 3644'.

Set 4 1/2" CIBP at 5757' and Capped with 35' cmt. Est. TOC is 5722'.



WELL PLUGGED: 5/11/73

Size: 9 5/8" Depth: 364' Hole size: 12.25" Cmt: 200 sxs TOC: Circ. - Calc. With 50% effic.

Spotted 10' cmt plug at surf.

After

Plug at top salt + 1600 and cag stab

Plus at loss ob salt = 2400

Size: 7" Depth: 3826' Hole size: 8.75" Cmt: 200 sxs TOC: 2250'

Size: 41/2" Depth: 5986' Hole size: 6.25" Cmt: 120 sxs TOC: 3800'- Calc. With 50% effic.

PBTD: 5959'

TD: 5986'

Shot and pulled csg at 3744'. Pumped 255 sx cmt plug From 3744' to 3644'.

Set 4 1/2" CIBP at 5757' and Capped with 35' cmt. Est.

TOC is 5722'.

District [ PO Box 1980, Hobbs, NM 88241-1980 Dustrict [ PO Drawer DD, Artonia, NM \$8211-0719 District III

1000 Rio Brazos Rd., Azac, NM 87410

Dustrict IV

### State of New Mexico Marrals & Natural Resources Department

### OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-101 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office,
State Lesso & Copies
Fee Lesse - S Copies

MENDED REPORT

					me and Address.	7		, PLUGB		100	RID Number	
u	'. D	7 Tn.		Operator :12							1652	
	. R. (	· ·									UT Number	
	obbs,		88241		•						5-23662	
	ety Cede				· P	reporty Name					' Well No.	
<del>292</del>	236	121	Hobbs	State	· · · · · · · · · · · · · · · · · · ·						5	
					<sup>7</sup> Surface	Location						
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F	29	18s	38E		2280	North		1980	W∈	est Lea		
		¹ Pr	oposed	Bottom	Hole Locat	ion If Diffe	erent	From Sur	face			
JL or lot so.	Section	Township	Range	Lot Ida	Feet from the	North/South 1	lae 1	Feet from the	East/W	est Lac	County	
		' Propos	ed Pool 1			1		¹* Propes	ed Peel 2		<u> </u>	
BS	W - S	alado		· <del> </del>							·	
" Work T	ype Cede	<del></del>	<sup>2</sup> Well Type	Cade	<sup>11</sup> Cabin	/Retary	\$-	<sup>4</sup> Lone Type Co	da d	14 Green	ed Level Elevation	
	Ë				Works	ver			3655			
** Ma	itiple		* Proposed	'Proposed Depth "Fee			medies "Cestracter			** Sped Date		
			21	Propose	d Casing a	nd Cement	Prog	ram	1			
Hole St	=	Casi	ng Sian		u weight/foot	Setting De	X		Cement		Estimated TOC	
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8 3/4		7	·		23#	382			40			
6 1/4		4 1	/2		1.6 #	598	b	1	20			
~												
					PEN or PLUG BA							
27 Rig 3) Dril 4) Run 5) Pull 6) Run 7) Pull 8) Test 9) Run 0) Insta	ve dry up comp l out s in hole 7" to in hole up to csg to in hole	hole maletion urface and cusalt to and specification and specifica	arker unit plug ut 7" a pp pot 50 nd circ /8" tbg	t salt sk. cm. 100 s	bottom (25 . plug behi sk. cmt plu	00') nd 7" csg g behind	7" cs		<u> </u>			
1) Remo 27 Rig 3) Dril 4) Run 5) Pull 6) Run 7) Pull 8) Test 9) Run 0) Insta	ve dry up comp l out s in hole 7" to in hole up to csg to in hole ll well gh tbg.	hole maletion urface and cosalt to and splend and splen	arker unit plug ut 7" a pp pot 50 nd circ /8" tbg nd circ	sk. cm. 100 s to 240	bottom (25 , plug behi kk. cmt plu n water dow	00') nd 7" csg g behind on csg. to	7" cs			DIVIS	ION	
Remo Rig Rig Rig Rig Run	ve dry up comp l out s in hole 7" to in hole up to csg to in hole ll well gh tbg.	hole maletion urface and cosalt to and splend and splen	arker unit plug ut 7" a pp pot 50 nd circ /8" tbg nd circ	sk. cm. 100 s to 240	bottom (25 plug behisk. cmt plu 00' water dow	00') nd 7" csg g behind on csg. to	7" cs	duce brine		DIVIS	ION	
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1) Remo 27 Rig 3) Dril 4) Run 5) Pull 6) Run 7) Pull 8) Test 9) Run 0) Insta throu	ve dry up comp l out s in hole 7" to in hole up to csg to in hole ll well gh tbg.	hole maletion urface and cosalt to and splend and splen	arker unit plug at 7" a pp pot 50 and circ	sk. cm. 100 s to 240 fresh	bottom (25 plug behisk. cmt plu 00' water dow	00')  nd 7" csg g behind  n csg. to  OII  pproved by:	7" cs	NSERVA			ION	

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No.

District 1 1625 N. French Dr., Hobbs, NM 88240

District IV

State of New Mexico Minerals & Natural Resources Department Energy

POIM C-102 Revised August 15, 2000

#### District\_II \$11 South First, Artesia, NM 88210 OIL CONSERVATION DIVISION District []] 2040 South Pacheco 1000 Rio Brazos Rd., Aztec, NM 87410 Santa Fe, NM 87505

Submit to Appropriate District Office

2040 South Pacheco, Santa Fe, NM 87505 WELL LOCATION AND ACREAGE DEDICATION PLAT

State Lease - 4 Copies Fee Lease - 3 Copies ☐ AMENDED REPORT

30-025-	LPI Numbe -2366:			96	<b>'№</b> 173	i Code	e	В	SW Salado		' Pool Na	ame		į
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				11 Bo	ttom	Hol	e Locat	ion If	Different Fro	om Su	rface	·		
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16		<del>***</del>	NON	N-STAN	NDAR:	D UI	NIT HAS	BEEN	APPROVED B	T	17 OPE	RATOR		IFICATION tained herein is true
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											ny supervision best of my beli		: same is tru	e and correct to the
		· · · · · · · · · · · · · · · · · · ·	<u> </u>						<u> </u>		Date of Survey Signature and S	Seal of Profession	onal Surveyor	r.
	ſ									1	Dertificate Numl	ber		

District I 1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Minerals & Natural Resources Department Energ

rom C-102 Revised August 15, 2000

District II \$11 South First, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

District IV

F 29 18S 38E 2280 North 1980 West Least Bottom Hole Location If Different From Surface  UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line  "Dedicated Acres District or Infill Consolidation Code Order No.  AC NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION	South Pacheco,	, Santa Fe			TOCA	TION		CD	EAGE DEDIC	TATION DI	<u>л</u> т	AME	NDED REPORT
Property Code 992279 2 Hobbs State 'Property Name 'Well Numbe 5			<u> </u>	WELL	³ Pc	ol Code	ANDA					····	
'Operator Name  'Operator Name	* Property Co	de .\7		he St		<u></u>	¹ Pro						
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  16  17 OPERATOR CERTIFICATION OF The reby certify that the information contained herein and complete to the best of my knowledge and belief.  Signature  Owner  Title  Date	or lot no.	Section	Township	R	ange I	ot Idn	Feet from	n the	North/South line	Feet from the	East	/West line	County
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  17 OPERATOR CERTIFICATI I hereby certify that the information contained herein and complete to the best of my knowledge and belief.  Signature  Cary M. Schubert  Title  Date		13 Joint o	r Infill	14 Consolid	ation Code	" Ord	er No.	1					
I hereby certify that the well location shown on this p plotted from field notes of actual surveys made by me my supervision, and that the same is true and correct best of my belief.  Date of Survey Signature and Seal of Professional Surveyor:	19	780'-	2:	280'						Title  18 SURVI I hereby certify plotted from fle my supervision best of my belie	EYOR ( that the well and that the	CERTIF location show same is true	ICATION on on this plat was nade by me or under and correct to the

Certificate Number

SC. OF COPIES RECEIVES		Form C-103
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SANTA FE	NEW MEXICO OIL CONSERVATION COMMISSION	C-102 and C-103 Effective 1-1-65
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LAND OFFICE		State ( Fee
		5. State Cil & Gas Lease No.
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		A-1469- Z
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11.	L "APPELICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)	7, Unit Agreement Name
016 64	C CTHER-	7. Ont Agreement Name
2. Name of Operator		6. Farm or Lease Name
ESh	Corporation	Hobbs State
3, Address & Operator		9. Well No.
P. (	D. Box 774, Midland, Texas 79701	10. Field and Pool, or Wildcat
	2262 Nowth 1000	
UNIT LETTER		WILLIAM THEORY
· Wort	LINE SECTION 29 TOWNSHIP 18 S RANGE 38E NMPP	
184 <u>— 18 Carl</u>	EINE, SECTION 29 TOWNSHIP TO D RANGE JOB NMPH	
	15. Elevation (Show whether DF, RT, GR, etc.)	12. County
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16.	Check Appropriate Box To Indicate Nature of Notice, Report or O	ther Data
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17. Describe Proposed or work) SEE RULE 110:		
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	10' Cement Plug at surface w/ proper sign.	
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18. I hereby deriffy that the	o information above is true and complete to the best of my knowledge and belief.	
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SIGNED COUNTY !		DATE CUITAGEY 401 10
cordon e	Marcum, II	
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CONDITIONS OF APPROVAL, IF ANY:

Mr. A. L. Porter, Jr.

New Mexico Oil Conservation Commission

Post Office Box 2088

Santa Fe, New Mexico 87501

Re: Case Number 4875

Dear Mr. Porter:

In reference to Case Number 4875 that was set for hearing on December 19th and was delayed upon our request of December 15, 1972, ESH Corporation respectfully requests that the application and case be dismissed. Since we were not able to work out a satisfactory agreement with Amerada Hess Corporation, we have presently abandoned our plans to convert the well to a saltwater disposal well and the well will be plugged and abandoned.

Thank you for your assistance.

Sincerely,

Gordon G. Marcum, II

GGM:dw

cc: Mr. Joe D. Ramey
Supervisor, District 1
Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico 88240

Mr. G. F. Dewhurst Amerada Hess Corporation Drawer 817 Seminole, Texas 79360

SANTA FE FILE U.S.G.S.  LAND OFFICE U.S.G.S.  APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK  "Type of Worl  APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK  "Type of Worl  APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK  "Type of Worl  "Type of Worl  APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK  "Type of Worl  "Type of Worl  "Type of Worl  APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK  "Type of Worl	To drill 12 85/8" hole t 7" with 6 3/ zene approxi	PROPOSED PROGRAM: IF NTER PROGRAM, IF ANY.	with 200 sxs. afd set 4 1/2 ", co 6050 acidize and mplete to the best of my kn	ement back to dement back to dest.	Casing.	Date 12	E AND PROPOSED NEW PRO
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Revised 1-1-65 /,  SA. Indicate Type of Lease						.5, State Oil	& Gas Lease No.
ANTA FE Revised 1-1-65	AND OFFICE						
Form C-101	S.G.S. AND OFFICE						
DISTRIBUTION NEW MEXICO OIL CONSERVATION COMMISSION Form C-101	LE S.G.S. IND OFFICE				-	Revised 1-1-6	55 / 1

### AFFIDAVIT ON CEMENTING

STATE OF YEXAS! New Me		
COUNTY OF Lea	≬ SS	211012
I,Marv	in D. Manley	, being of lawful age,
do state that I am emp	oloyed by Halliburto	on Company in the capacity
of Cementer	, and tha	at on the 2 nd day of
January	, 19 <u>71</u> , Hallik	ourton Company performed
a cementing service for	or the purpose of co	ementing the (production,
Production - ( 4 1/2"	strir	(production, ng of casing in Well Number
protection, surface	<del>?</del>	ase, located in
		(customer) customer, his agent or
representative, states	; that the above str	ring of casing was size
<b>4 1/2 inch</b> 0. I	)., set in 6 3/4	inch drilled hole, and that
casing depth set was _	5,986 feet.	
Cement and a	dmixes used were: _	120 sacks Trinity Lite Wate neat
cement and 60 cu ft of 50,	/50 Class " C " cement	- Poz " A " with 2% gel allowed,
360 pounds of Gilsonite ar	nd 600 pounds of salt.	
Based upon t	the above information	on, according to my cement
tables, I have calcula	ated that the above	volume of cement will fill
up an annular height of 6 3/4 " hole.	of 3,800 feet be	etween $\frac{4 \frac{1}{2}}{\text{(size)}}$ casing and
	AFFIAN	Halliburton Company Employee  Harvin . Hanley
STATE OF THEXAS New Mexi	ico ≬ ∮ SS	Harvin A. Huntey
COUNTY OF Lea		
upon oath states: The facts as recited above	et to the best of hi e are true and corre my hand and seal th	nority, on this day personally own to me to be the person at; who, after being duly sworn is knowledge and belief the ect.  The day of
	Notar Le	ry Public, in and for

New Mexico

### AFFIDAVIT ON CEMENTING

STATE OF TEXAS New Mexico	SS
COUNTY OF Lea	
I, D. E. Bradfie	, being of lawful age,
do state that I am employed b	y Halliburton Company in the capacity
of <u>Cementer</u>	, and that on the24 th day of
December , 19 70	, Halliburton Company performed
a cementing service for the p	ourpose of cementing the (production,
Production	(production, string of casing in Well Number
protection, surface)	Lease, located in
New Mexical Information provide	(customer) ed me by the customer, his agent or
	the above string of casing was size
-	in 8 3/4 inch drilled hole, and that
casing depth set was 3,826	
	used were: 160 sacks Trinity Lite Wate
of salt per sack.	ss " H " cement with 2% cacl and 6 pounds
tables, I have calculated tha	feet between 7 inch casing and (size)
note.	AFFIANT: Halliburton Company Employe
STATE OF /////// New Mexico	O. L. Bradfield
COUNTY OF Les	SS I
appeared D. E. Bradfield whose name is subscribed to tupon oath states: That to the facts as recited above are tr	and seal this23 day of
	Notary Public, in and for
	County, Tresort New Nexico
My commission expires:	THEM ENCYTON

SS

COUNTY OF Lea

I, Marvin Doyle Manley	, being of lawful age,
do state that I am employed by Hallik	
of <u>Cementer</u> , and	d that on the 20 th day of
•	alliburton Company performed
a cementing service for the purpose of	
Surrace	(production, string of casing in Well Number
protection, surface)	Lease, located in
Lea County. Taxas/ for	N E - O - Tex Corporation
New Mexico Information provided me by	N F - 0 - Tex Corporation  (customer) the customer, his agent or
representative, states that the above	e string of casing was size
9 5/8 inch 0. D., set in	inch drilled hole, and that
casing depth set was fee	et.
Cement and admixes used we:	re: 200 sacks of Class " H "
cement with 2% calcium chloride	
up an annular height of feehole.	
	Halliburton Company Employe
STATE OF ANNA New Mexico	Marvin Doyle Manley
COUNTY OF Les	
BEFORE ME, the undersigned appeared warvin Doyle Wanley whose name is subscribed to this state upon oath states: That to the best facts as recited above are true and	of his knowledge and belief the
Given under my hand and sem	al this day of
, ±7•	Sand Tarred
	Notary Public, in and for County, TEXEST
V	New Mexico

WELL NAM	IE AND N	UMBER	Hobbs St	ate #5		•		
LOCATION	2280'	FNL & 198	0' FWL, Se	ec. 29, T	<u>-18-S,</u>	R-38-E,	Lea Cty.	, N.M.
OPERATOI	Ne-0	O-Tex Corr	ocration	· · · · · · · · · · · · · · · · · · ·		The state of the s		
DRILLING	CONTRAC	CTOR Ro	d Ric Corp	oration		Andrew State of the State of th		
drilling cor	itractor w	nereby cert tho drilled t btained the	the above-d	escribed				
Degrees @	Depth	Degrees	@ Depth	Degre	ees 🧓	Depth	Degrees	@ Depth
1 1/2	40	2	4712	************				
1 1/4	80	3 3/4	5194					
1/2	365	3	5562			of the constitution of the constitution of	Annual prophysical and the lightest state of	
3/4	860	3 1/2	5750					
1	1350	3 3/4	5931			The second street, and the second		
_1	1847			<u></u>				
1 1/4	2320			<del> </del>				
3/4	2739		-	**************************************		and handlestrate at the state of the state o		
1	3230						<del></del>	
1 1/4	3452			-				
_1	3826				<del></del>		<del></del>	
1	3989			<del>,</del>				
1 1/4	4302		· · · · · · · · · · · · · · · · · · ·			Ar Ayuya talamira isi isi isoo walkara Abellingan		
		Drilling (	Contractor	Rod	Ric C	orporatio	<u>n</u>	
			Ву	Gin	<u>UNG</u> e ger Bu		rlenc	<u> </u>

My Commission expires: June 1, 1971

Notary Public
Midland County Texas



# THE REPRODUCTION OF

THE

**FOLLOWING** 

**DOCUMENT (S)** 

**CANNOT BE IMPROVED** 

**DUE TO** 

THE CONDITION OF

THE ORIGINAL

DISTRIBUTION			Supersedes Old C-102 and C-103
SANTA PE	NEW MEXICO DIL CONS	SERVATION COMMISSION	Effective 1-1-65
FILE			
U.S.G.S.			5a. Indicate Type of Lease
LAND OFFICE			State X Fee 5, State Oil & Gas Lease No.
OPERATOR			A - 1489 - Z
(CO NOT USE THIS FORM USE "A	SUNDRY NOTICES AND REPORTS ON FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG I PPLICATION FOR PERMIT —" (FORM C-101) FOR SU	WELLS BACK TO A DIFFERENT RESERVOIR. CH PROPOSALS.)	
1. OIL GAS WELL WELL	OTHER-		7. Unit Agreement Name
2. Name of Operator	VINCA		8. Farm or Lease Name
MARGUM DRI	LLING COMPANY		HOBES STATE
3. Address of Operator			9. Well No.
P. O. BOX	5094 MIDLAND, TEXAS 79	70 <b>1</b>	1 2
			10. Field and Pool, or Wildcat
UNIT ETTER F	2280 FEET FROM THE North	LINE AND 19801 FEET FROM	и
	e, section 29 Township 18 Se		
THELIN	SECTION TOWNSHIP	HANGENMPM	
	15. Elevation (Show whether	DF, RT, GR, etc.)	12. County
	3655 GL		LEA
16.	heck Appropriate Box To Indicate 1	Nature of Notice, Report or Ot	her Data
	OF INTENTION TO:		T REPORT OF:
PERFORM REMEDIAL WORK	PLUG AND ABANDON	REMEDIAL WORK	ALTERING CASING
TEMPORARILY ABANDON		COMMENCE DRILLING OPNS.	PLUG AND ABANDONMENT
PULL OR ALTER CASING	CHANGE PLANS	CASING TEST AND CEMENT JOB	,
	اللبا	OTHER	
OTHER			
	eleted Operations (Clearly state all pertinent des	tails, and give pertinent dates, includin	g estimated date of starting any proposed
work) SEE RULE 1103.			
11.60# N-80 casi of 3050 grom gr	mell No. 5 was drilled to a mg was run and cemented on bound level. (surface) Ol, 1971 Marcum Drilling Com	otsom with the cement or	oming up to a depth
from Ne-O-Tex Co		party book over one open	TO LOTE OF CHIEF LOAD
110m 110-0-10x 00			
	· .		
			<u></u>
18. I hereby certify that the inf	ormation above is true and complete to the best	of my knowledge and belief.	
	•	n	r 00 m
SIGNED	TITLE	Sec. & Treas.	DATE 5-07-71
ARREST SY	( Faire		DATE MAY 1 3 1971

Form C-103

NO. OF COPIES RECEIVED

CONDITIONS OF APPROVAL HE NY

NO. OF COPIES RECEIVED		Form C-103
DISTRIBUTION		Supersedes Old C-102 and C-103
SANTAFE	NEW MEXICO OIL CONSERVATION COMMISSION	Effective 1-1-65
FILE		
U.S.G.S.		Sa. Indicate Type of Lease
LAND OFFICE		State 2. Fee
OPERATOR		5. State Oil & Gas Lease No.
		A-14.9 - 8
(DO NOT USE THIS FOR	SUNDRY NOTICES AND REPORTS ON WELLS  RM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.  "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)	
OTL A GAS WELL WELL		7. Unit Agreement Name
2. Name of Operator		8. Farm or Lease Name
Ne-O-Tex Cor	rnorau Lop	nouble - State
3. Address of Operator		9. Well No.
UTO Wilkinso	on School Fuilding	j
4. Location of Well		10. Field and Pool, or Wildcat
UNIT LETTER F	FEET FROM THE NOTED LINE AND 19 THE FEET FROM	Incesi natec
THE West L	INE, SECTION 19 TOWNSHIP 18 10 . RANGE 30 NMP	
mmmmm	15. Elevation (Show whether DF, RT, GR, etc.)	12, County
	3055 UL	Lea
16.	Check Appropriate Box To Indicate Nature of Notice, Report or O	ther Data
NOTIC	CE OF INTENTION TO: SUBSEQUE	NT REPORT OF:
PERFORM REMEDIAL WORK	PLUG AND ABANDON REMEDIAL WORK	ALTERING CASING
TEMPORARILY ABANDON	COMMENCE DRILLING OPNS. A	PLUG AND ABANDONMENT
PULL OR ALTER CASING	CHANGE PLANS CASING TEST AND CEMENT JOB [X]	FEET AND ABANDONIMENT
TOCE ON ACTEN CASING	OTHER	L.J
OTHER		
	mpleted Operations (Clearly state all pertinent details, and give pertinent dates, includi	rg estimated date of starting any proposed
work) SEE RULE 1103.	. 12-20-70, set 354' of 9-5 5°, 5° or , are	and ac with 200 sacks
along a car and	lcium entoriae, WOC 24 hrs., testua ceg. [30]	milled to 3826!.
non 7" 02% og	g., ermentee with 140 sacks trinity liberal.	bu and 60 sacks class
Tan page of	.D. Ac a.m. 12-24-70, NOU 24 hrs., loster is	m. Ath 25004 ton
of cement 225	O. Oh Oliena.	
18. I hereby certify that the i	information above is true and complete to the best of my knowledge and belief.	
kota (	he had he and and	nes Manah 15 10'71
SIGNED	Geologist Geologist	
APPROVED BY	THE SUPERVISOR DISTRICT	MAY 13 1971
CONDITIONS OF APPROVA		

NO. OF COPIES RECEIVED

NO. OF COPIES RECEIVED		Form C-103
DISTRIBUTION		Supersedes Old C-102 and C-103
SANTA FE	NEW MEXICO OIL CONSERVATION COMMISSION	Effective 1-1-65
FILE		
U.S.G.S.		5a. Indicate Type of Lease
LAND OFFICE		State Fee Fee
OPERATOR		5, State Oil & Gas Lease No.
		A-1469-Z
(DO NOT USE THIS FORM FO	NDRY NOTICES AND REPORTS ON WELLS  IN PROPOSALS TO DRILL OR TO BEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.  LICATION FOR PERMIT - " (FORM C-101) FOR SUCH PROPOSALS.)	
OIL GAS WELL WELL	OTHER-	7. Unit Agreement Name
2. Name of Operator		8. Farm or Lease Name
Marcui	Brilling Company	Hobbs State
·		
1. Location of Well	Box 5094, Midland, Texas 79701	10. Field and Pool, or Wildcat
•	3146 North 1996	
UNIT LETTER	2280 FEET FROM THE NOTTO LINE AND 1980 FEET FR	M Hobbs (Blinebry)
total on A	200 200 200	
THE WEST LINE,	SECTION 29 TOWNSHIP 18S RANGE 38E NMP	w: (
mmmmm	15. Elevation (Show whether DF, RT, GR, etc.)	12. County
16.	3655 GL	Lea (\\\\\\
	eck Appropriate Box To Indicate Nature of Notice, Report of C	
NOTICE	OF INTENTION TO: SUBSEQUE	NT REPORT OF:
PERFORM REMEDIAL WORK	PLUG AND ABANDON REMEDIAL WORK	ALTERING CASING
TEMPGRAFILY ABANDON	COMMENCE DRILLING OPNS.	PLUG AND ABANDONMENT
PULL OR ALTER CASING	CHANGE PLANS X CASING TEST AND CEMENT JQB	
	OTHER	
OTHER		
17. Describe Proposed or Complete	ted Operations (Clearly state all pertinent details, and give pertinent dates, including	ng estimated date of starting any proposed
work) SEE RULE 1103.		and the second s
Presei	atly contacting owners for approval to pla	ig and abandon
	to the management and the second to the second	21,000,000
or possibilit	ty of converting the well to a salt water	alsposal.
	nat/fon above is true and complete to the best of my knowledge and belief.	
18. I hereby certify that the inform	nat/on/above is true and complete to the best of my knowledge and belief.	
	Stall Comments	
SIGNED A ONON	Attorney Title Attorney	October 23,1972
CORDON G. MARI	CUM, II	
	Cria Storman	11/17/2013 <b>0</b> 72
APPROVED BY	Crig. Signed by	DATE 41 20 1972
CONDITIONS OF APPROVAL, IF	ANY: The I C	
TOTAL TOTAL TO	ANY: Dist. I, Supv.	

### **INSTRUCTIONS**

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six goptes are required. See Rule 1105.

### INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

	Southeas	tern	New Mexico		Northwesten	ı Ne	w Mexico
Т.	Anhy 1500	T.	Canyon	T.	Ojo Alamo	т.	Penn. "B"
T.	Salt1600	т.	Strawn	T.	Kirtland-Fruitland	т.	Penn. "C"
		T.	Atoka	Т.	Pictured Cliffs	т.	Penn. "D"
T.	Yates 2635	т.	Miss	Т.	Cliff House	т.	Leadville
T.	7 Rivers	<b>T</b> .	Devonian	T.	Menefee	<b>T</b> .	Madison
T.	Queen	T.	Silurian	т.	Point Lookout	т.	Elbert
T.	Grayburg	Т.	Montoya	T.	Mancos	. T.	McCracken
T.	San Andres 3825	. T.	Simpson	T.	Gallup	т.	Ignacio Qtzte
T.	Glorieta <u>5360</u>	т.	McKee	Bas	se Greenhorn	т.	Granite
T.	Paddock	т.	Ellenburger	Т.	Dakota	т.	
T.	Blinebry <u>5500</u>	. т.	Gr. Wash	Т.	Morrison	т.	
Ţ.	Tubb	т.	Granite	т.	Todilto	т.	
T.	Drinkard	. Т.	Delaware Sand	Т.	Entrada	т.	
Т.	Abo	. T.	Bone Springs	Т.	Wingate	т.	
T.	Wolfcamp	т.		Т.	Chinle	т.	<u> </u>
Т.	Penn.	т.		T.	Permian	т.	
Т	Cisco (Bough C)	т.		Т.	Penn. "A"	т.	

### FORMATION RECORD (Attach additional sheets if necessary)

From	То	Thickness in Feet	Formation	From	То	Thickness in Feet	Formation
Zero 1500 2635 3715 3825 5360 5800	1500 2635 3715 3825 5360 5800 5986	1500 1135 1080 110 1535 440 186	Permian Red Beds Salt & Anahydrite Sand, Shale & Anahydr Dolomite Dolomite Sand & Dolomite Dolomite	ta			
		-	, I				-
						01	L CONSSILLARIAN M.

NO. OF COPIES RECEIVED			_				_	Form C-	
DISTRIBUTION								Revised	
SANTA FE			NEW M	EXICO OIL CON	SERVATION	N COMMISSION	,	State	Type of Lease
FILE		\WELL	COMPLE:	TION OR REC	OMPLETIO	N REPORT	VND rock		& Gas Lease No.
U.S.G.S.		_					ļ.		489 -Z
OPERATOR							7	illin	mmmini
		J							
In. TYPE OF WELL	<del></del>		<del></del>		· <u></u>			7. Unit Agre	ement Name
		OIL	GAS [ WELL	DRY	OTHER	Temp. aban	ndoned		
b. TYPE OF COMPLET								8. Farm or L	
WELL OVER  2. Namesof Operator		EEPEN	PLUG BACK	RESVR.	OTHER			HUBB 9. Well No.	S STATE
MARCI	UM DRIL	LING CO	MPANY						5
3. Address of Operator P(	D. BOX	5094	MIDI	LAND, TEXAS	79701			10. Field on Hobbs	d Pool, or Wildcat (Blinebry)
4. Location of Well								77777	aniinniini
_					_				
UNIT LETTER	LOCATED	2280	T FEET FR	OM THE Nort	h LINE AND	1980	FEET FROM		
11 A	20	. ,	0 0	20 12				12, County	
THE West LINE OF 5.				38-E NMPA			DVD DT CD	LEA	Elev. Cashinghead
12-20-70		.D. Redched 2-71	17, Date (	Lompi. (Ready to	Prod.)   18. 1			, etc.) 19.	
20. Total Depth	21	, Flug Back	T.D.	22. If Multip	le Compl., Ho		als Retary	Tools	3655 <sup>†</sup> , Cable Tools
59861		5959		Many		Drille	d By AI	_	NONE
24. Producing Interval(s)									5. Was Directional Survey
Perforated of 5852', 5822'			_	e following 9' to 5813'			, 5870°,	58621	Made
26. Type Electric and Ot GAMMA RAY?								27. W	rs Well Cored YES
28.			CASI	NG RECORD (Re	ort all strings	s set in well)			
CASING SIZE	WEIGHT	LB./FT.	DEPTH		LE SIZE		NTING RECO	RD	AMOUNT PULLED
9 5/8	3	16#	36,	4 1	2 1/4	200 sk.	Class "	I" W/25c	id
7	2	3#	382	5	8 3/4	140 ak.	trinity	plus 60	sk. Class *H*
4 1/2	111	.60#	598	6	6 1/4				te neat with
29.	1	LINED	RECORD			60 cu.			HCH POZ. HAN
SIZE	TOP			SACKS CEMENT	SCREEN	SIZE	·	BING RECO	<del></del>
	101		3110m	JACKS CEMENT	SCREEN	312E	DEP	IH SEI	PACKER SET
31. Perforation Record (1	Interval, si	e and number	er)		32.	ACID, SHOT, F	RACTURE, C	EMENT SQL	JEEZE, ETC.
58791, 58701	, 58621	, 58521	, 58221	, & 5813°.	DEPTH	INTERVAL	AMOU	T AND KIN	D MATERIAL USED
	•				58131	to 58791			15% acid, flush
							with 30	bbl s.	lease crude.
				•		· · · · · · · · · · · · · · · · · · ·	<del>+</del>		
33.			<del> </del>	PROI	DUCTION	<del></del>	<u> </u>		
Date First Production 1-10-71		Froduction A	Method (Flow	ing, gas lift, pum	ping — Size an	d type pump)			s (Prod. or Shut-in)
Date of Test	Hours Tes	1	noke Size	Prod'n. For Test Period	Oil — Bbl.	Gas — MC	F Water	- Bbl.	Gas - Oil Ratio
Flow Tubing Press.	Casing Pr	essure Co	alculated 24- our Rate	Oil - Bbl.	Gas 1	MCF W	ater — Bbl.	Oil	Gravity = API (Corr.)
34, Disposition of Gas (S		-	ed, etc.)	1			Test	Witnessed B	у
No	ne ————		<del></del>						
35, List of Attachments									
36, I hereby certify that	the informa	tion shown	on both eider	s of this form is to	ue and comple	te to the best o	f my knowleds	e and belief	
, nate of contract that		unown C	port atues	, , ,	_,	3000	,		
1 60	F- \	Mari	. )	TITLE	Sec. &	treas.		DATE	5-13-71

## XICO OIL CONSERVATION COMMISSION REQUEST FOR ALLOWABLE AND

SHERT SH

C-104 Supersedes Old C-104 and C-110 Effective 1-1-65

42.7	AUTHORIZATION TO TRA	INSPORT OIL AND NATUR	AL GAS	
THE KALL COLL TO CAS				
OMES C				
			- Decision of publication of the second	
A COLUMN E S	H CORPORATION		agram assault to the second	
Residua galajezh pioper o	O. BOX 77h Midland, Te	Other (Please explain	/	
Service and	Change in Transporter of:			
7W	Casinghead Gas Conder	17 <del>22</del> 1		i
form a significant	N			اليبيب عصبية فالفنفسية
	Maroum Drilling Compan	<b>y</b> , P.O. <b>io</b> x 5094, Mic	lland, Texas 7970	
DESCRIPTION OF WELL AN	Well No. Pool Name, Including F	ormation Kind e	Lease	Lease No.
Hobbs State	5 Hobbs ( Hine	bry) State, i	Tederal of five State	4-11:69 Z
. 1 to 1	80 Feet From The North Lin	e and <b>1980</b> ( set	From The West	
<u> 29</u>	Township 18-8 Range	E-E , NMPM.	Iaa	County
DESIGNATION OF TRANSPORTER OF	RTER OF OIL AND NATURAL GA	is		,
Neber Payed on Co.	- blan	Address (Give address to which  P.O. Pox 3119  Address (Give address to which		
District Control Techsporter of	rsinghead Gas or Dry Gas	Adazess (Give address to which	aparated copy of this form is	s to be sent/
WA	Unit Sec. Twp. Rge.	; is gos actually connected?	ee.	
fither or division is commingled	with that from any other lease or pool,	give commingling order number	11 · · · · · · · · · · · · · · · · · ·	
COMPLETION DATA	Ol; Well Gas Well	Jaw Well Workover Deep	es stag Back Fome F	es'y. Dill. Res'y.
Des gross Type of Comple	<u></u>	,		
Ome blocks	Date Compl. Ready to Prod.	Total Depth	9. <b>3.</b> 7 D	
Service of State RT, Ort. etc.	Name of Producing Formation	Yop Oli/Gas Pay	Tubing Depth	
Pertoral 10	(r) p	J	Depth Casing Shoe	
	TUBING, CASING, AND	CEMENTING RECORD		
*OLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CI	EMENT
			and the control of the same of	
The Property of the Section 1997 and 1997 at the Section 1997 and 1997 at the Section				
TEST DATA AND REQUEST DIL WELL		fter recovery of total volume of log pth or be for full 24 hours)	ed oil and must be equal to o	r exceed top allow-
Pute Filst New CD Run To Tanks	Date of Test	Producing Method (Flow, pump,	gas life, etc.)	
Length of Yest	Tubing Pressure	Casing Pressure	Chake Size	
Action Fall Little Cest	Ou-Bale.	Water - Bbls.	Gus - MOF	
	; 		<u>:</u>	
GAS WELL				
Actual Prod. Test-MCF/D	Length of Test	Bbis. Condensate/MMCF	Chavity of Condensa	t•
Teating limber (pitot, back pr.)	Tubing Pressure (Shut-in)	Cosing Pressure (Shut-in)	Choke Size	
CERTIFICATE OF COMPLIA	NCE	OIL CONSE	RVATION COMMISSI	ON
haraku jarrifu that tha rulaa an	d regulations of the Oil Conservation	APPROVED	17 1377	. , 19
Commission have been complied	i with and that the information given the best of my knowledge and belief.	By Dation I	Magg	
<del></del>	-	TITLE	AS INSPECTOR	
10 17		This form is to be file	d in compliance with Ru	
1. 1/2 To 1		i wall this form must be acc	allowable for a newly dri companied by a tabulation	of the deviation
E. S. Hitchcock	gnume/	tests taken on the well in	accordance with MULE 1	11.

President

All sections of this form must be filled out completely for allow-

# THE EXICO OIL CONSERVATION COLLABOR OF WILL EXICONAL AND ACREACE DESIGNATION OF

All distances taux to from the rater box duries of the testing Well He. .... - i-i complex Section Actual Festing Location of Well; foot from the malassame seed see line and Fridien, Panettin Dedicated Acresas: 1. Outline the acreage dedicated to the subject well by colored pencil or hardour media on the plat below. 2. If more than one leave is dedicated to the well, outline each and identify the observable thereof (both as to working interest and royally). 3. If more than one learn of different ownership is dedicated to the well, have the interests of all owners been consulideted by communitization, unitization, force-pooling, etc? [ Yes [ No If answer is "yes," type of consolidation. If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.). No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, climinating such interests. has been approved by the Commis-CERTIFICATION I hereby certify that the information contained herein is true and complete to the Last of my knowledge and belief. - 123 TO PIPE LINE Company S! TO PIPE LAM FROM bank Loo. Gecunipa by andoned weil noe 6 1200 TO SMIT WATER DIOLOGIAN ANTHO I haraby certify that the well lecurion shown on this plat was platted from field notes of cetual surveys made by me or under my supervision, and that the saw. in true and correct to the bast of my knowledge and belief. Date Charayed Nov. 2 1570 Tester a Crob school Engineer ridici Lond Surveyor 

1300 1395 1980 2010 2640 2000 1500 1000

COUNTY	LEA	FIELD	Hobbs	S7 A	ATENM	30-023	5-23062
OPR	NE-O-TEX C	ORP.				M.A	م
	5 Hobbs -	State					
	Sec 29 . T-	18-S, R-1	38-E			CO-01	90
	2280' FNL.	1980' FV	VL of Sec				
	Spd 12-20-	70		CLASS		E	3653
	Cmp 3-15-7	1	FORMATION	MUTAG	FOR	MATTON	DATUM
9 5/80 70 at 4 1/20	. TUBING ' at 364' w/ 3826' w/200 ' at 5986' w	sx /180 sx					
			TD 5986';	PBD 5959'	•		<u></u>
TRANSPORT	ADTIV ARANT	ONE		F. 146.000 - 171.15 - 151.15			

12-30-70

1-11-71

Distribution limited and publication prohibited by social the province Reproduction rights reserved by Williams & Let S buting Service line. TYPE ILI

> F.R. 1-5-71; Opr's Elev. 3655' CE FD 6100' RT (Blinebry) Contractor - Rod-Ric Dr1g. 5662' TD 5986; PBD 5959; Swbg Gored 5565-5615', rec 50', no descript on Cored 5750-5800', rec 50', no description Cored 5800-51', rec 51', no description Cored 5851-5901', rec 50', no description Cored 5901-51', rec 50', no descriptio. Cored 5951-86', rec 35', no description Perf @ 5813', 5822', 5852', 5862', 5873'. 5879' w/1 SFI Acid (5813-79) 1500 gals

T.SA	Hotel NM Sec 20 integration
NE-O-TEX	CORP 5 Hobbs 5
	rage 42
1-18-71	TD 5986'; PBD 5959'; SI
1-27-71	Swbd 97% wtr (5813-79')
	TD 5986'; PED 5959'; Prep TO Pmp
2-2-71	TD 5986'; PBD 5959'; TO Pmp
2-8-71	Ppd 5.5 BO + 105 BW in 24 hrs (5813-79") TD 5986'; PBD 5959': TO Pmp
2-15-71	Ppd 12.5 BO + 156 BW in 24 hrs (5813-79') TD 5986'; PBD 5959'; TO Pmp
2-23-71	Ppd 167 BW in 24 hrs TD 5986'; PBD 5959'; ST
3-8-71	Ppd 166 BW in 24 hrs (5813-79') TD 5986': PBD 5959': ST
3-15-71	TD 5986'; PBD 5959'; TEMI RARILY AFANDOWEL
	May Complete as Mater States States
	May Complete as Water Disposal Well at a
	later date.

3-18-71

COMPLETION REPORTED

Submit 2 Copies To Appropriate District Office	State of New Mexico Energy, Minerals and Natural Re	Sources	Form C-103 May 27, 2004
District I 1625 N. French Dr., Hobbs, NM 88240	Landigy, minimizers and material in	WELL API NO. 30-025-23662	
District II 1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERVATION DIV	5. Indicate Type	
District III 1900 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Francis D Santa Fe, NM 87505	7. STATE 6. State Oil & Ga	
District IV 1220 S. St. Francis Dr., Santa Fe, NM	Sainta Pe, 14141 87505	992279	is Lease IVO.
	CES AND REPORTS ON WELLS	•	Unit Agreement Name
DIFFERENT RESERVOIR. USE "APPLIC	ALS TO DRILL OR TO DEEPEN OR PLUG BAI ATION FOR PERMIT" (FORM C-101) FOR SUC		
PROPOSALS.)  1. Type of Well: Oil Well	Gas Well 🗵 Other P & A	8. Well Number	}
2. Name of Operator HRC, Inc.		9. OGRID Numb 131652	er
3. Address of Operator	,	10. Pool name or	Wildcat
P.O. Box 5102 Hobbs, NM 882	41		
4. Well Location Unit Letter F: 2	280 feet from theNorth line and!	980 feet from the West line	
Section 29	Township 18S Range	38E NMPM	County Lea
	11. Elevation (Show whether DR, RKB)	RT, GR, etc.)	
Fit or Below-grade Tank Application  or			
Pit type Depth to Groundwa Pit Liner Thickness: mil	terDistance from nearest fresh water w Below-Grade Tank: Volume	bbls; Construction Material	ace water
	ppropriate Box to Indicate Nature		Data
	· ·	•	
NOTICE OF IN		SUBSEQUENT RE	PURTOF: ALTERING CASING []
TEMPORARILY ABANDON	CHANGE PLANS CO	MMENCE DRILLING OPNS.	PANDA 🔯
PULL OR ALTER CASING []	MULTIPLE COMPL CAS	SING/CEMENT JOB	
OTHER:		IER:	
	eted operations. (Clearly state all pertinals). SEE RULE 1103. For Multiple Co.		
or recompletion.	•	/.G	17 18 19 2
1. See attached list of comple	ted plugging operations.	12/15/20	27
NE TO COLOR		/c·	A 7" - 1
/ * *	`	- $/S$	
63			am of proposed completion  17 18 19 20 2723
A NAME 2005	Approved as to plugging	[	LULIVED
MAI 2000 hell vec	Approved as to plugging Liability under bond is re	of the Well Bore.	1.51
\o Hobbs		of the Well Bore. tained until apleted.	Hobbs OCD
1 ( )	Liability under bond is re	of the Well Bore. tained until apleted.	LULIVED Hobbs
Hobbs OCD	Liability under bond is re surface restoration is con	of the Well Bore. tained until apleted.	Hobbs OCD
Hobbs OCD  I hereby certify that the information:	Liability under bond is re surface restoration is con above is true and complete to the best of	of the Well Bore. tained until apleted.  my knowledge and belief. I surth	Hobbs OCD
I hereby certify that the information a	Liability under bond is resurface restoration is considered above is true and complete to the best of closed according to NMOCD guidelines [], a general closed	of the Well Bore. tained until apleted.  my knowledge and belief. I surth meral permit  or an (attached) altern	Hobbs OCD  er certify that any pit or belowative OCD-approved plan .
I hereby certify that the information agrade tank has been/will be constructed or SEGNATURE	Liability under bond is resurface restoration is considered above is true and complete to the best of closed according to NMOCD guidelines [], a gentlement [],	of the Well Bore. tained until apleted.  my knowledge and belief. I surth meral permit [] or an (attached) altern	Hobbs OCD  er certify that any pit or below- native OCD-approved plan
I hereby certify that the information : grade tank has been will be constructed or SIGNATURIE The Strike Type or print name	Liability under bond is resurface restoration is considered above is true and complete to the best of closed according to NMOCD guidelines [], a gentlement [],	of the Well Bore. tained until apleted.  my knowledge and belief. I surth meral permit [] or an (attached) altern	Hobbs OCD  er certify that any pit or below- native OCD-approved plan
I hereby certify that the information a grade tank has been will be constructed or SIGNATURE Alway Schule State Use Only	Liability under bond is resurface restoration is considered above is true and complete to the best of closed according to NMOCD guidelines [], a gentlement [],	of the Well Bore. tained until apleted.  my knowledge and belief. I surth meral permit [] or an (attached) altern	Hobbs OCD  er certify that any pit or below- native OCD-approved plan
I hereby certify that the information : grade tank has been will be constructed or SIGNATURIE The Strike Type or print name	Liability under bond is resurface restoration is considered above is true and complete to the best of closed according to NMOCD guidelines [], a gentlement [],	of the Well Bore. tained until apleted.  my knowledge and belief. I surth meral permit  or an (attached) altern	Hobbs OCD  er certify that any pit or below- native OCD-approved plan

السوء ض

### H.R.C., Inc. P O Box 5102 Hobbs, NM 88241 (505)393-6662

### 12/30/04

Rig up on location approximately 1:00 P.M... Disassemble old dry hole marker. Install B.O.P... Hook up reverse unit and swivel. Shut down for night.

### 12/31/04

Drill out surface plug; hole loaded with brine gel. Run tubing in hole and tag old plug at 3500'. Pull up to 2600' to spot cement plug. Unable to get cement truck; shut down for weekend. Set up cement job for 8:00 A.M. Monday 1/3/05.

### 1/3/05 7:00 A.M.

Rig up Schlumberger and Signal Wireline.

Fill reverse pit with 25#/BBL brine gel and circulate hole until loaded to surface.

Pump 200' cement plug at 2600'.

Pull out work string.

Run in hole with wireline and tag top of cement plug at 2405'.

Perforate casing at 1600'.

Run in hole with tubing and set cement plug at 1633' for plug inside and outside of casing (estimated T.O.C. at 1325').

Pull tubing out of hole and run wireline to tag top of cement plug at 1298'.

Perforate casing at 415'.

Run tubing in hole to approximately 1250' and circulate brine gel.

Pull tubing to 415' and pump cement and circulate cement to surface on backside of 7' casing.

Pull tubing out of hole.

Wash out tubing to reverse pit.

Release Signal Wireline and Schlumberger and shut down for night to wait on cement.

### 1/4/05

Run in hole and tag top of cement at 45'.
Break out B.O.P. and install dry hole marker.
Install bull plugs on casing openings and clean location.
Release reverse unit and well service rig.





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Wermor

Joa Ma Prukop

Cab in Secretary

October 17, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. Gary Schubert, President H.R.C., Inc. P.O. Box 5102 Hobbs, NM 88241

Re:

\$5,000 Single-Well Cash Bond

H.R.C., Inc., Principal

First National Bank - Hobbs, Depository - Acct. No. 2802198-31

Hobbs State No. 10 – 2565' FNL and 2330' FWL Section 29, Township 18 South, Range 38 East,

Lea County, NM

Dear Mr. Shubert:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-captioned single-well cash bond and releases and reassigns to H.R.C., Inc. its right, title and interest in and to the referenced deposit account.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

DKB/cc

cc:

Oil Conservation Division - Hobbs, NM

First National Bank 600 West Bender Hobbs, NM 88240

RECEIVED Environmental Bureau
Oil Conservation Division

ASSIGNMENT OF CASH COLLATERAL DEPOSIT
H. R. C. INC. (OPERATOR) of P.O. Box 510Z (address) has deposited with the FIRST NATIONAL BANK (name of state or national bank or savings association, which must be a federally-insured bank or savings institution in the State of New Mexico) of COC W. BENIXE HOBBS, N.M. (address) (FINANCIAL INSTITUTION), the sum of dollars in Certificate of Deposit or Savings Account No. 280219831 (FUND).  To comply with NMSA 1978, Section 70-2-14, OPERATOR hereby assigns and conveys all right, title and interest in the FUND to the FINANCIAL INSTITUTION in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department or successor agency of the State of New Mexico (DIVISION).  OPERATOR and the FINANCIAL INSTITUTION agree that as to the FUND:
a. The DIVISION acquires by this assignment the entire beneficial interest in the FUND, with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, or to the OPERATOR upon sale or proper plugging, in compliance with the rules and orders of the DIVISION, of the well(s) covered by this assignment.
b. OPERATOR retains no legal or beneficial interest in the FUND and has only the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION.
c. The FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or a court of competent jurisdiction made in a proceeding to which the DIVISION is a party. The FINANCIAL INSTITUTION waives all statutory or common law liens or rights of set-off against the FUND.
OPERATOR agrees that the FINANCIAL INSTITUTION may deduct from interest due OPERATOR any attorney fees incurred by the FINANCIAL INSTITUTION if claim or demand via writ, summons or other process arising from OPERATOR'S business is made upon the FINANCIAL INSTITUTION.  Signature of OPERATOR  Personally or by Authorized Officer of FINANCIAL INSTITUTION  GARY Schubert, Personal President  Title
State of New Mexico County of ACC SC S
On this day of And 202, before me personally appeared and the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in

this certificate first above written.

My Commission Expires:

App 2 3 2002

Conservation Division

Oil Conservation

Form O & G SCB Adopted 6-1-86 Revised 12-00

### ONE-WELL CASH BOND

KNOW ALL MEN BY THESE PRESENTS THAT H.F.C. INC. (an individual) (a partnership) (a corporation organized in the State of New Mexico with its principal office at P.O. Box 5102 in the City of Hobbs , State of New Mexico and authorized to do business in the State of New Mexico) is held and firmly bound to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico (or its successor agency), as DIVISION in the sum of \$5000.00
The conditions of this obligation are such that:
The PRINCIPAL desires to drill a well or purchase or operate an existing well, the depth of which does not exceed <u>5000</u> feet, to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals on property in the State of New Mexico, the particular identification and footage location of said well being as follows:  (well name and footage) Horris State #10 2565 FNL/FUL in Section 29 Township Range 38 E, NMPM, <u>CEA</u> County, New Mexico.
The PRINCIPAL has deposited on behalf of the DIVISION \$ 5000,000, in the manner indicated on the Assignment, attached to this bond, being the principal sum intended to be secured. PRINCIPAL pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the well described above if dry, or when abandoned, in accordance with the rules and orders of the DIVISION in such way as to confine the oil, gas and water in the strata in which they are found, and to prevent same from escaping to other strata. If the PRINCIPAL does not so properly plug and abandon said well upon order of the DIVISION, the total sum of the bond shall be forfeited to the DIVISION, and such amount as is necessary may be used to properly plug said well. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in plugging said well, the PRINCIPAL, its successors, assigns, heirs or administrators shall be liable under the provisions of NMSA 1978, Section 70-2-38 of the Oil and Gas Act, and the DIVISION may take action to recover any amounts expended over and above the principal sum of the bond.
NOW THEREFORE, if the PRICIPAL or its successors, assigns, heirs, or administrators or any of them shall plug the above-described well when dry or abandoned, in accordance with the rules and orders of the DIVISION, in such a manner as to confine the oil, gas, and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said well, then therefore, this obligation shall be null and void and the principal sum shall be paid to the PRINCIPAL or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.
H.R.C. INC.  PRINCIPAL  P.O. Box 5102 HOBBS N.M. 68241  Address City State Zip  By Signature  By Signature
GARY M. SCHUBERT, PRES, Title

If PRINCIPAL is a corporation, affix corporate seal here.

## APR 2 3 2002

Form O & G SCB

# Environmental Bureau Form O & Oil Conservation Division: ACKNOWLEDGMENT FORM FOR INDIVIDUALS OR PARTNERSHIPS

STATE OF		_)	
COUNTY OF_		ss.	
		of	. 20 . hefôre me personally
appeared			
described in and his (their) free ac	who executed the foregoing and deed.	instrument and	acknowledged that he (they) executed the same as
IN WITT first above writte		reunto set my h	and and seal on the day and year in this certificate
			Notary Public
My Com	mission Expires		
	g ACKNOWLEDG	MENT FORM	FOR CORPORATION
STATE OF	ACKNOWLEDG WYTHIACO	`	
STATE OF	CC// PANCE		
COUNTY OF	Ala	)	
On th	is 22 day of Apr	to me person	2002, before me personally appeared ally known who, being by me duly sworn, did say and that
that he is Do	CHUPER I	_, to me person of #1, #2	any known who, being by me dury sworn, did say
the foregoing in	istrument was signed and s	ealed on behalf	f of said corporation by authority of its board of
			et and deed of said corporation.
IN WIT	NESS WHEREOF, I have h	ereunto set my	hand and seal on the day and year in this certificate
first above writte	en.	/ /	lon. ( ) A
		( <del>(</del>	Notary Public
10-4-0	· my		<i>y</i> =
	mission Expires		
Wy Com	mmssion Expires		
		AP	PROVED BY:
		Oil	Conservation Division of New Mexico
			David K. Property Cant Dent Course
		Ву_	Clat Went Cours
		Da	te 4/25/02
Chaves Mexico:	, Eddy, Lea, McKinley, R	io Arriba, Roc	osevelt, Sandoval, and San Juan Counties, New
Wickled.			
	Projected Depth of Propos or Actual Depth of Existin		Amount of Bond
	Less than 5,000 feet		\$ 5,000
	5,000 feet to 10,000 feet		\$ 7,500
	More than 10,000 feet		\$10,000
	All Other Counties in the	State:	
•	Projected Depth of Propos		
	or Actual Depth of Existin	g Well	Amount of Bond
	Less than 5,000 feet		\$ 7,500
	5,000 feet to 10,000 feet		\$10,000
	More than 10,000 feet		\$12,500

# LIQUID RESOURCE SERVICES, LLC P.O. Box 5790 Hobbs, New Mexico 88241

September 28, 2006

Oil Conservation Commission Mr. Carl Chavez 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE: Liquid Resource Services, LLC

Hobbs State #10, Brine Well

Discharge Plan

Dear Carl,

Pursuant to your request, please find enclosed herewith the executed OCD Certification which had also been faxed to you on September 27<sup>th</sup>.

I appreciate your assistance in this matter.

David A. Pyeatt

Member

### OCD CERTIFICATION

Liquid Resource Services, LLC. (LRS) hereby accepts the terms and conditions of the attached H.R.C. Inc. discharge plan permit (BW-030) and agrees to comply with the terms and conditions. LRS acknowledges that the Oil Conservation Division (OCD) may change the terms and conditions for good cause shown as necessary to protect fresh water, human health, and the environment. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted.

LIQUID RESOURCE SERVICES, LLC.

1819 N. Turner, Suite B Hobbs, New Mexico 88240

Title Member Date 9-27-06

# LIQUID RESOURCE SERVICES, LLC P.O. Box 5790 Hobbs, New Mexico 88241

September 28, 2006

Oil Conservation Commission Mr. Carl Chavez 1220 South St. Francis Drive Santa Fe, New Mexico 87505 New Ogrid# 243571

RE:

Liquid Resource Services, LLC Hobbs State #10, Brine Well

Discharge Plan

Dear Carl,

Pursuant to your request, please find enclosed herewith the executed OCD Certification which had also been faxed to you on September 27<sup>th</sup>.

I appreciate your assistance in this matter.

David A. Pyeatt

Member

### **OCD CERTIFICATION**

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Accepted.

LIQUID RESOURCE SERVICES, LLC.

1819 N. Turner, Suite B Hobbs, New Mexico 88240

Signature,

Title Member

\_\_\_ Date 9-27-06

### Chavez, Carl J, EMNRD

From:

Chavez, Carl J, EMNRD

Sent:

Thursday, September 28, 2006 2:32 PM

To:

'GaryMSchubert@aol.com'

Subject: FW: HRC Inc. Brine Well Bond Releases State Hobbs #5 & State Hobbs #10 (BW-10)

### Gary or Lorna:

s

Per my telephone conversation with Lorna today at (505) 393-6662, Mr. David Brooks (OCD Legal Council) was requested today to release the bonds. He is planning to send a letter releasing the bond. Please contact Mr. Brooks at (505) 476-3450 if you have questions. Thank you.

Carl J. Chavez, CHMM

New Mexico Energy, Minerals & Natural Resources Dept.

Oil Conservation Division, Environmental Bureau

1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD

Sent: Thursday, September 28, 2006 2:21 PM

To: Brooks, David K., EMNRD

Cc: Phillips, Dorothy, EMNRD; Price, Wayne, EMNRD

Subject: HRC Inc. Brine Well Bond Releases State Hobbs #5 & State Hobbs #10 (BW-10)

### David:

Please release HRC Inc. from their bonds for the above wells. Thank you.

Carl J. Chavez, CHMM

New Mexico Energy, Minerals & Natural Resources Dept.

Oil Conservation Division, Environmental Bureau

1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")

### Chavez, Carl J, EMNRD

From: Phillips, Dorothy, EMNRD

Sent: Wednesday, September 27, 2006 10:22 AM

To: Chavez, Carl J, EMNRD

Subject: RE: Hobbs State #3 Salt Water Disposal Well Bond

I now hold the two bonds and entered into ONGARD for both the No. 3 and No. 10 under Liquid Resources. Since I have the bonds in place to cover the two wells, i can approve the change of operator. I can release the bonds under HRC as soon as Donna Mull approves the change of operator online. I was going to hold the release of the No. 10 until you told me to because you said you needed to send a letter to Liquid Resources regarding approval of the discharge plan. Since you hold the bond for the No. 10 for HRC, you can release the bond whenever you want to. I will release the No. 3 when Donna verifies I can. You can ask Mr. Pyeatt to call me and I will explain. Thanks

From: Chavez, Carl J, EMNRD

Sent: Wednesday, September 27, 2006 9:46 AM

**To:** Phillips, Dorothy, EMNRD **Cc:** Price, Wayne, EMNRD

Subject: FW: Hobbs State #3 Salt Water Disposal Well Bond

The Hobbs State #3 Salt Water Disposal Well (Class II Well) is a District & OCD Engineering Bureau issue and not a Environmental Bureau (EB) issue, since the EB does not regulate Class II Wells. You need to check with Richard or Will and the District. The Hobbs State Well #10 is a Brine Well (Class III), and the EB regulates Class I, III & V Wells; consequently, the EB's only involvement with bonds, etc. is with the Hobbs State #10.

I presume I should direct Mr. Pyeatt back to you, but please let me know how you want to proceed? Thnx.

Carl J. Chavez, CHMM New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division, Environmental Bureau 1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")

From: Phillips, Dorothy, EMNRD

**Sent:** Wednesday, September 27, 2006 9:34 AM

**To:** Chavez, Carl J, EMNRD **Cc:** Price, Wayne, EMNRD

Subject: RE: Hobbs State #3 Salt Water Disposal Well Bond

Carl, If you say I can approve the change of operator today online then next step is that Donna Mull has to approve and change over the wells and approve online before I can release the No. 3 Bond. So let me know asap as I can let Donna Mull to work on it and hopefully, she can do it today.

From: Chavez, Carl J, EMNRD

Sent: Wednesday, September 27, 2006 9:12 AM

**To:** Price, Wayne, EMNRD **Cc:** Phillips, Dorothy, EMNRD

**Subject:** Hobbs State #3 Salt Water Disposal Well Bond

Wayne:

9/27/2006

Mr. David Pyeatt of Liquid Resource Services LLC would like the OCD to release the bond on the Hobbs State #3 bond today and then the Hobbs State #10 when they sign the certificate, since they want to rig up and perform service work on the #3 very soon?

He is awaiting receipt of the Hobbs State #10 Brine Well Certificate for signature and will send it back to OCD. Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-2401

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")

1819 N. Turner, Suite B Hobbs, N.M. 88240 Phone (505) 393-7706 Fax (505) 393-7725







115 E. Washington Lovington, N.M. 88260 Phone (605) 396-5846 Fax (505) 396-2490

## ELLIOTT & WALDRON TITLE & ABSTRACT CO., INC.

EO:	Carl Chavey		
ATTN:		FAX NO 505-9	476-3462
FROM:	() Betty Moore	() Daneila Alexander	
11001/11	() Lames Owensby	() Donna Ragland	
	David Pyeatt	() Virdie Scott	0/22/0
	() Joretta Jaramillo	() Amanda Serna	9/27/0
	() Amanda Parras	() Debbie Reimers	Deruth Phill
	( )	(7 = 11 = 11 = 11 = 11	Doroth Phille & I agreed
	Security Title Escrow of Lea	County, LLC	Issed on Signed
	( ) Cindy Owens	( ) Paul Clark	Och can brown
	•	,	transfer of board
RE:			
			<del></del>
•			
	m		
MESSAG	F.:		

### Attention:

This facsimile may contain privileged and confidential information intended only for the use of the individual(s) named above. If you are not the intended recipient, please destroy this facsimile and any attachments and notify the sender immediately. Any use, distribution or copying of this communication is prohibited.

### OCD CERTIFICATION

Liquid Resource Services, LLC. (LRS) hereby accepts the terms and conditions of the attached H.R.C. Inc. discharge plan permit (BW-030) and agrees to comply with the terms and conditions. LRS acknowledges that the Oil Conservation Division (OCD) may change the terms and conditions for good cause shown as necessary to protect fresh water, human health, and the environment. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted.

LIQUID RESOURCE SERVICES, LLC.

1819 N. Turner, Suite B Hobbs, New Mexico 88240

Diamatura Diamatura

Title Manber

Date 9-27-06

### Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD

Sent: Wednesday, September 27, 2006 10:40 AM

To: 'David@ewtitle.com'

Cc: Phillips, Dorothy, EMNRD

Subject: Hobbs State #3 Salt Water Disposal Well

### Mr. Pyeatt:

If you can fax me a signed version of the Certificate for the Hobbs State #10 Well (brine well) that I sent to Rita yesterday, the OCD may be able to transfer the bond for both Wells today. It is an all or nothing deal, since both wells are included in the transaction. Please fax me the signed certificate ASAP, so the OCD can begin transferring the bonds and to allow Liquid Resource Services LLC. to begin operations at the Hobbs State #3.

Please contact Dorothy Phillips at (505) 476-3461 or me if I may be off further assistance. Thank you.

Carl J. Chavez, CHMM New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division, Environmental Bureau 1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491 Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/

(Pollution Prevention Guidance is under "Publications")

### From Operator HRC INC OGRID 131652 To Operator LIQUID RESOURCE SERVICES, LLC OGRID 243571

Wells Selected for Transfer, Permit 37085 Permit Status: REVIEW

$\alpha \alpha \mathbf{n}$	TN: 4 * -4	TT 11.
	District	Honns

Property Well	Leas Type	e ULSTR	OCD Unit	API	Weil Type	Pool Pool Name ID	Last . Prod/Inj	Additional Bonding
23612 HOBBS STATE #003	s	B-29-18S-38E	В	30-025-23621	S	96121 SWD;SAN ANDRES	07/06	0
HOBBS STATE #010	S	F-29-18S-38E	F	30-025-35915	M	96173 BSW;SALADO		0
Total Additional bond								0