

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

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

**Application Acronyms:**

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

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

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

Check One Only for [B] or [C]

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

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

- [D] Other: Specify \_\_\_\_\_**

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

- [A]  Working, Royalty or Overriding Royalty Interest Owners**
- [B]  Offset Operators, Leaseholders or Surface Owner**
- [C]  Application is One Which Requires Published Legal Notice**
- [D]  Notification and/or Concurrent Approval by BLM or SLO**  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,**
- [F]  Waivers are Attached**

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

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

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

Print or Type Name _____	Signature _____	Title _____	Date _____
e-mail Address _____			

**THRESHOLD DEVELOPMENT COMPANY**

FORT WORTH CLUB TOWER  
PENTHOUSE II, SUITE D  
777 TAYLOR STREET  
FORT WORTH, TEXAS 76102

TELEPHONE  
(817) 870-1483  
FACSIMILE  
(817) 870-1504

RECEIVED

August 27, 2004

SEP 07 2004

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
Attn: Tim Gum  
1301 W. Grand Avenue  
Artesia, NM 88210

OIL CONSERVATION  
DIVISION

RECEIVED

AUG 30 2004

OOB-ARTESIA

Dear Mr. Gum:

Please find enclosed the Application for Authorization to Inject along with required exhibits for the TDC State Section 8 #1

If you have any questions, please call Gary Tidmore at your earliest convenience.

Respectfully,  
**Threshold Development Company**

*Linda Brown*

Linda Brown  
Regulatory Assistant

*Gary Tidmore @ Threshold Development  
COO*

Enclosures

**APPLICATION FOR AUTHORIZATION TO INJECT**

I. PURPOSE:  Secondary Recovery  Pressure Maintenance  Disposal  Storage  
Application qualifies for administrative approval?  Yes  No

II. OPERATOR: Threshold Development Company

ADDRESS: 777 Taylor Street, Suite II-D, Fort Worth, Texas 76102

CONTACT PARTY: Morris Keith

PHONE: 817-870-1483

RECEIVED

AUG 30 2004

OOB-ARTESIA

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

IV. Is this an expansion of an existing project?  Yes  No  
If yes, give the Division order number authorizing the project: \_\_\_\_\_

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

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

VII. Attach data on the proposed operation, including:

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

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

IX. Describe the proposed stimulation program, if any.

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

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

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

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

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

NAME: Gary Trimove TITLE: VP

SIGNATURE: [Signature] DATE: 08-26-04

E-MAIL ADDRESS: \_\_\_\_\_

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

### III. WELL DATA

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

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

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

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

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

### XIV. PROOF OF NOTICE

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

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

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

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

---

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

APPLICATION FOR AUTHORITY TO INJECT

Threshold Development Company – TDC State Section 8 #1  
Unit Letter L, Section 8, T19S, R29E  
1650' FSL & 330' FWL. 30-015-32898  
Eddy County, New Mexico

- (I) Threshold plans to convert the above mentioned well into an injection well in the Queen Formation.
- (II) Operator: Threshold Development Company  
777 Taylor Street, Suite II-D  
Fort Worth, Texas 76102  
  
Attention: Morris Keith (817) 870-1483
- (III) Well Data: See Exhibit "A" ✓
- (IV) This is not an expansion of an existing project. ✓
- (V) See Exhibit "B" ✓
- (VI) See Exhibit "C" ✓
- (VII) 1) Proposed average daily injection volume: 400 BWPD/well  
Proposed maximum daily injection volume: 2000 BWPD/well  
  
2) System will be a closed system.  
  
3) Proposed average injection pressure: 200 PSI  
Proposed maximum injection pressure: 400 PSI  
  
4) Injection water would be produced from the TDC State Section 8 #2 well located on the same lease, in the Grayburg and Queen Formations. One or more future wells will be drilled in Section 8. Injection fluid analysis (Exhibit "D"). ✓  
  
5) Formation water analysis (Exhibit "E"). *still need Penrose water*
- (VIII) 1) The proposed injection interval is the portion of the Queen and Penrose consisting of porous sand and dolomite.  
  
2) Very limited fresh water zones overlie the proposed injection zone at estimated 150' from surface.
- (IX) The proposed injection interval may be acidized with 15% HCl acid.
- (X) Well logs and test data are on file at the OCD and copies of pertinent log section are included with the application.
- (XI) Fresh water Analysis from fresh water wells (Not Applicable)
- (XII) Geological and engineering data have been examined and no evidence of open faults or any other hydrological connection between the injection zone and any fresh water aquifer has been found.
- (XIII) A) Certified letter have been sent to offset operators (Exhibit "F"). Surface is owned by the State of New Mexico.  
  
B) Affidavit of publication (Exhibit "G").

*(EXHIBIT # D, E are SAME)*

OPERATOR: Threshold Development Company

WELL NAME & NUMBER: TDC State Section 8 #1

WELL LOCATION: 1650' FSL & 330' FWL

L UNIT LETTER SECTION 8 TOWNSHIP 19 RANGE 29E

FOOTAGE LOCATION

WELLBORE SCHEMATIC

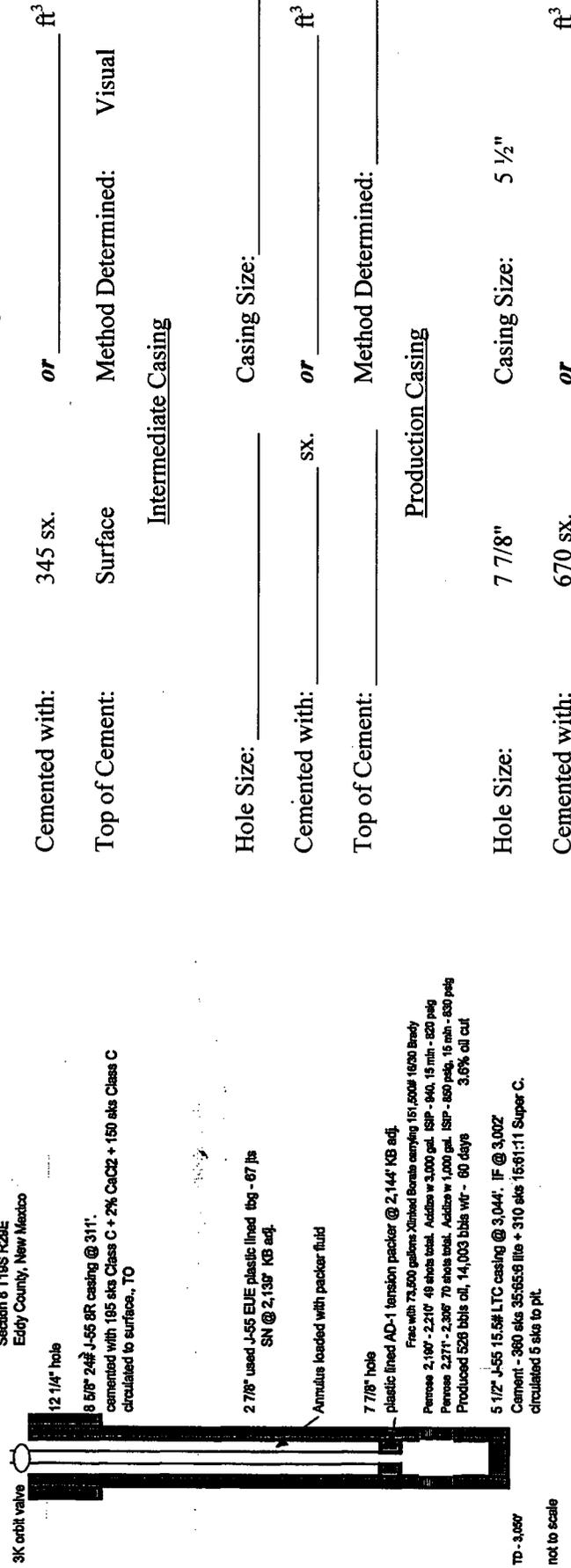
Threshold Development Company

TDC State #1

1,650' FSL, 330' FWL

Section 8 T19S R28E

Eddy County, New Mexico



WELL CONSTRUCTION DATA  
Surface Casing

Hole Size: 12 1/4" Casing Size: 8 5/8"

Cemented with: 345 sx. or ft<sup>3</sup>

Top of Cement: Surface Method Determined: Visual

Intermediate Casing

Hole Size: Casing Size:

Cemented with: sx. or ft<sup>3</sup>

Top of Cement: Method Determined:

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2"

Cemented with: 670 sx. or ft<sup>3</sup>

Top of Cement: surface Method Determined: Visual

Total Depth: 3,044

Injection Interval

2,190' to 2,306'

feet

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Exhibit "A"

Tubing Size: 2 7/8" Lining Material: Composite (plastic)

Type of Packer: AD-1 (tension)

Packer Setting Depth: 2144'

Other Type of Tubing/Casing Seal (if applicable): \_\_\_\_\_

Additional Data

- 1. Is this a new well drilled for injection? \_\_\_\_\_ Yes X No \_\_\_\_\_  
 If no, for what purpose was the well originally drilled? Production

2. Name of the Injection Formation: Penrose

3. Name of Field or Pool (if applicable): \_\_\_\_\_

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. No

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Exhibit "D"

# HALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY  
 WATER ANALYSIS REPORT  
 HOBBS, NEW MEXICO

COMPANY TDC Inc.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

REPORT W04-166  
 DATE August 26, 2004  
 DISTRICT Hobbs

SUBMITTED BY \_\_\_\_\_

WELL St. 8 #2 DEPTH \_\_\_\_\_ FORMATION \_\_\_\_\_  
 COUNTY \_\_\_\_\_ FIELD \_\_\_\_\_ SOURCE \_\_\_\_\_

SAMPLE	_____	_____	_____	_____
Sample Temp.	<u>84</u> °F	_____ °F	_____ °F	_____ °F
RESISTIVITY	<u>0.063</u>	_____	_____	_____
SPECIFIC GR.	<u>1.100</u>	_____	_____	_____
pH	<u>6.57</u>	_____	_____	_____
CALCIUM	<u>6,500</u> mpl	_____ mpl	_____ mpl	_____ mpl
MAGNESIUM	<u>4,500</u> mpl	_____ mpl	_____ mpl	_____ mpl
CHLORIDE	<u>84,767</u> mpl	_____ mpl	_____ mpl	_____ mpl
SULFATES	<u>high</u> mpl	_____ mpl	_____ mpl	_____ mpl
BICARBONATES	<u>519</u> mpl	_____ mpl	_____ mpl	_____ mpl
SOLUBLE IRON	<u>0</u> mpl	_____ mpl	_____ mpl	_____ mpl
KCL	<u>Negative</u>	_____	_____	_____
Sodium	_____ mpl	<u>0</u> mpl	<u>0</u> mpl	<u>0</u> mpl
TDS	_____ mpl	<u>0</u> mpl	<u>0</u> mpl	<u>0</u> mpl
OIL GRAVITY	<u>@</u> °F	<u>@</u> °F	<u>@</u> °F	<u>@</u> °F

REMARKS Fax: 817-870-1504  
Attn: Morris Keith  
 \_\_\_\_\_  
 \_\_\_\_\_

MPL = Milligrams per liter  
 Resistivity measured in: Ohm/m2/m

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Co.

ANALYST: MA

*Water to be injected?*

# HALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY  
 WATER ANALYSIS REPORT  
 HOBBS, NEW MEXICO

Exhibit "E"

*SAME OF DATA*

COMPANY TDC Inc.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

REPORT W04-166  
 DATE August 26, 2004  
 DISTRICT Hobbs

SUBMITTED BY \_\_\_\_\_

WELL St. 8 #2 DEPTH \_\_\_\_\_ FORMATION \_\_\_\_\_  
 COUNTY \_\_\_\_\_ FIELD \_\_\_\_\_ SOURCE \_\_\_\_\_

SAMPLE	_____	_____	_____	_____
Sample Temp.	<u>84</u> °F	_____ °F	_____ °F	_____ °F
RESISTIVITY	<u>0.063</u>	_____	_____	_____
SPECIFIC GR.	<u>1.100</u>	_____	_____	_____
pH	<u>6.57</u>	_____	_____	_____
CALCIUM	<u>6,500</u> mpl	_____ mpl	_____ mpl	_____ mpl
MAGNESIUM	<u>4,500</u> mpl	_____ mpl	_____ mpl	_____ mpl
CHLORIDE	<u>84,767</u> mpl	_____ mpl	_____ mpl	_____ mpl
SULFATES	<u>high</u> mpl	_____ mpl	_____ mpl	_____ mpl
BICARBONATES	<u>519</u> mpl	_____ mpl	_____ mpl	_____ mpl
SOLUBLE IRON	<u>0</u> mpl	_____ mpl	_____ mpl	_____ mpl
KCL	<u>Negative</u>	_____	_____	_____
Sodium	_____ mpl	<u>0</u> mpl	<u>0</u> mpl	<u>0</u> mpl
TDS	_____ mpl	<u>0</u> mpl	<u>0</u> mpl	<u>0</u> mpl
OIL GRAVITY	<u>@</u> °F	<u>@</u> °F	<u>@</u> °F	<u>@</u> °F

REMARKS Fax: 817-870-1504  
Attn: Morris Keith  
 \_\_\_\_\_  
 \_\_\_\_\_

MPL = Milligrams per liter  
 Resistivity measured in: Ohm/m2/m

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management: it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Co.

ANALYST: MA

**THRESHOLD DEVELOPMENT COMPANY**

Fort Worth Club Tower, Penthouse II, Suite D

777 Taylor Street

**Fort Worth, Texas 76102**

Gary Tidmore, Vice President-Land

Telephone: (817) 870-1483

Facsimile: (817) 870-1504

E-Mail: g\_tidmore@thresholddevelopment.com

August 26, 2004

**VIA CERTIFIED MAIL** 7002 20300003 6842 3901

**OXY USA WTP LIMITED PARTNERSHIP**

P.O. Box 50250

Midland, Texas 79710

Re: Application For Authorization to Inject  
TDC State Section 8 #1  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of an application filed with the New Mexico Oil Conservation Division, requesting authority to convert the referenced well to an injection well. Should you have any questions concerning this application, please contact the undersigned.

Respectfully yours,

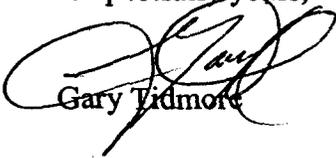
  
Gary Tidmore

Exhibit "F"

7002 2030 0003 6842 3901

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ 1.75
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.80</b>

Postmark  
Here

Sent To OXY USA  
 Street, Apt. No.,  
 or PO Box No. P.O. Box 50250  
 City, State, ZIP+4 Midland TX

**THRESHOLD DEVELOPMENT COMPANY**

Fort Worth Club Tower, Penthouse II, Suite D  
777 Taylor Street  
Fort Worth, Texas 76102

Gary Tidmore, Vice President-Land  
Telephone: (817) 870-1483  
Facsimile: (817) 870-1504  
E-Mail: g\_tidmore@thresholddevelopment.com

August 26, 2004

VIA CERTIFIED MAIL 7002 2030 0003 6842 3536  
Melrose Operating Company  
5813 Northwest Grand Blvd., Suite "B"  
Oklahoma City, OK 73118

Re: Application For Authorization to Inject  
TDC State Section 8 #1  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of an application filed with the New Mexico Oil Conservation Division, requesting authority to convert the referenced well to an injection well. Should you have any questions concerning this application, please contact the undersigned.

Respectfully yours,

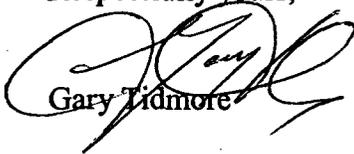
  
Gary Tidmore

Exhibit "F"

7002 2030 0003 6842 3536  
9535 2489 E000 0E02 2002

<b>U.S. Postal Service™</b>		<b>CERTIFIED MAIL™ RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>			
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>			
<b>OFFICIAL USE</b>			
Postage	\$	1.75	Postmark Here
Certified Fee		2.30	
Return Receipt Fee (Endorsement Required)		1.75	
Restricted Delivery Fee (Endorsement Required)			
<b>Total Postage &amp; Fees</b>	<b>\$</b>	<b>5.80</b>	
Sent To <u>Melrose Op Co</u>			
Street, Apt. No.; or PO Box No. <u>5813 Northwest Grand</u>			
City, State, ZIP+4 <u>Oklahoma City OK</u>			
PS Form 3800, June 2002		See Reverse for Instructions	

**THRESHOLD DEVELOPMENT COMPANY**

Fort Worth Club Tower, Penthouse II, Suite D  
777 Taylor Street  
Fort Worth, Texas 76102

Gary Tidmore, Vice President-Land  
Telephone: (817) 870-1483  
Facsimile: (817) 870-1504  
E-Mail: g\_tidmore@thresholddevelopment.com

August 26, 2004

**VIA CERTIFIED MAIL** 7002 2030 0003 6842 3259  
State of New Mexico  
Commissioner of Public Lands  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504-1148

Re: Application For Authorization to Inject  
TDC State Section 8 #1  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of an application filed with the New Mexico Oil Conservation Division, requesting authority to convert the referenced well to an injection well. Should you have any questions concerning this application, please contact the undersigned.

Respectfully yours,

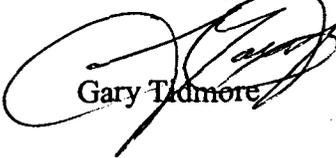
  
Gary Tidmore

Exhibit "F"

525E 2489 E000 0E02 2002

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)  
For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ 1.75
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.80

Postmark Here

Sent To: State of NM  
Street, Apt. No., or PO Box No.: 310 Old Santa Fe Trail  
City, State, ZIP+4: Santa Fe NM

AUG 26 2004

THRESHOLD DEVELOPMENT

**Affidavit of Publication**

State of New Mexico,  
County of Eddy, ss.

**Dawn Higgins**, being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

<u>August 21</u>	<u>2004</u>
_____	<u>2004</u>
_____	<u>2004</u>
_____	<u>2004</u>

That the cost of publication is \$ 43.51 and that payment thereof has been made and will be assessed as court costs.

*Dawn Higgins*

Subscribed and sworn to before me this

23 day of August, 2004

*Stephanie Adams*

My commission expires 12-13-05

Notary Public

Taylor Street, Suite II-D,  
Fort Worth, Texas 76102,  
Contact: Morris Keith  
(817)870-1483, is seeking  
administrative approval  
from the New Mexico Oil  
Conservation Division to  
complete the following  
well located in Section 8,  
T19S-R29E, Eddy Coun-  
ty, New Mexico, as an in-  
jection well: TDC State  
Section 8 #1. The pro-  
posed injection zone is  
the Queen Formation,  
with the following perfora-  
tions:

2190'-2210', 2223'-  
2250', 2271'-2306'

Threshold Development  
Company intends to inject  
a maximum of 2000 bar-  
rels of produced forma-  
tion water per day at a  
maximum injection pres-  
sure of 400 PSI.

Interested parties must  
file objections or re-  
quest for hearing with  
the Oil Conservation Di-  
vision 2040 S. Pacheco,  
Santa Fe, NM 87505  
within 15 days of this  
notice. Published in the  
Carlsbad Current  
-Argus, P.O. Box 1629,  
Carlsbad, NM 88221-  
1629, August 21, 2004.

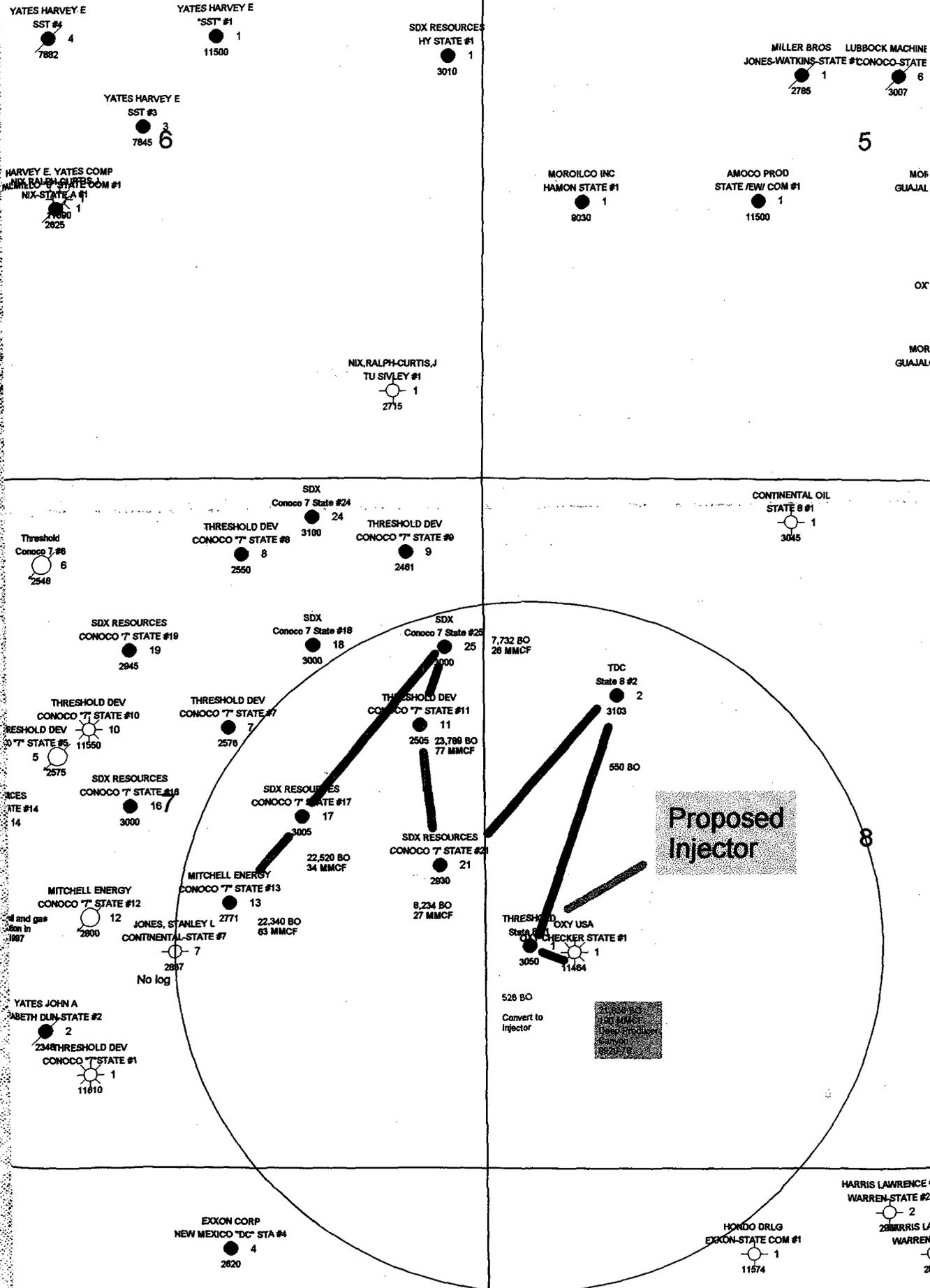
August 21, 2004

LEGAL NOTICE

NOTICE OF  
APPLICATION FOR  
FLUID INJECTION  
WELL PERMIT.

Threshold Development  
Company, located at 777

Exhibit "G"



YATES HARVEY E  
SST #4  
7882

YATES HARVEY E  
"SST" #1  
11500

SDX RESOURCES  
HY STATE #1  
3010

MILLER BROS  
JONES-WATKINS-STATE #1  
2785

LUBBOCK MACHINE  
CONOCO-STATE  
3007

YATES HARVEY E  
SST #3  
7845

HARVEY E. YATES COMP  
MILK LOG STATE COM #1  
NIX-STATE A #1  
7690  
2625

MOROILCO INC  
HAMON STATE #1  
9030

AMOCO PROD  
STATE /EW/ COM #1  
11500

MOR  
GUAJAL

5

NIX, RALPH-CURTIS, J  
TU SIVLEY #1  
2715

Threshold  
Conoco 7 #6  
2548

THRESHOLD DEV  
CONOCO 7 STATE #8  
2550

THRESHOLD DEV  
CONOCO 7 STATE #9  
2481

CONTINENTAL OIL  
STATE 8 #1  
3045

SDX RESOURCES  
CONOCO 7 STATE #19  
2945

SDX  
Conoco 7 State #18  
3000

SDX  
Conoco 7 State #25  
3000

7,732 BO  
26 MMCF

TDC  
State 8 #2  
3103

THRESHOLD DEV  
CONOCO 7 STATE #10  
11550

THRESHOLD DEV  
CONOCO 7 STATE #7  
2576

THRESHOLD DEV  
CONOCO 7 STATE #11  
2505

23,789 BO  
77 MMCF

550 BO

SDX RESOURCES  
CONOCO 7 STATE #16  
3000

SDX RESOURCES  
CONOCO 7 STATE #17  
3005

SDX RESOURCES  
CONOCO 7 STATE #21  
2630

**Proposed  
Injector**

MITCHELL ENERGY  
CONOCO 7 STATE #12  
2800

MITCHELL ENERGY  
CONOCO 7 STATE #13  
2771

8,234 BO  
27 MMCF

THRESHOLD DEV  
OXY USA  
CHECKER STATE #1  
3050

YATES JOHN A  
BETH DUN-STATE #2  
2348

THRESHOLD DEV  
CONOCO 7 STATE #1  
11810

No log

526 BO  
Convert to  
injector

21 MWCF  
Daily Production

EXXON CORP  
NEW MEXICO "DC" STA #4  
2620

HONDO DR LG  
EXXON-STATE COM #1  
11574

HARRIS LAWRENCE C  
WARREN-STATE #2  
2688

WARREN-S  
208

8

Wells within 1/2 mile radius of proposed injector (Threshold Development State # 1)													
API#	Original Operator	Current Operator	Lease	Well#	Legal	Spud Date	completion date	TD		Last Prod	Cumulative Oil	Cumulative Gas	current perf
30-015-03566	Jones, Stanley L.	N/A	Continental State	7	S.07, T.19 S., R.29 E	4/9/1982		2832			BO	MCF	
30-015-24157	THRESHOLD DEVELOPMENT CO.	MELROSE OPERATING COMPANY	CONOCO 7 STATE	11	S.07, T.19 S., R.29 E	5/24/1982	6/23/1982	2505		Apr-04	23,789	77,897	1986-1900, 2149.5-53.5, 2230-43, 64-72, 77-91, 2224-30, 2242-68, 2332-2358, 2412-38, 2556-81, 2602-42
30-015-25161	Mitchell Energy	MELROSE OPERATING COMPANY	CONOCO 7 STATE	13	S.07, T.19 S., R.29 E	1/6/1986	2/28/1986	2771		Apr-04	22,340	63,697	2224-30, 2242-68, 2332-2358, 2412-38, 2556-81, 2602-42
30-015-29199	SDX Resources	MELROSE OPERATING COMPANY	CONOCO 7 STATE	17	S.07, T.19 S., R.29 E	12/6/1996	1/18/1997	3005		Apr-04	22,520	34,270	2237, 41, 52, 68, 72, 86, 98, 2323, 67, 69, 2408, 22, 24, 56, 61, 78, 80, 2534, 46, 52, 90, 2606, 8, 2610, 2770-88
30-015-29439	SDX Resources	MELROSE OPERATING COMPANY	CONOCO 7 STATE	21	S.07, T.19 S., R.29 E	6/3/1997	7/8/1997	2978		Apr-04	8,234	27,066	2270, 72, 2312, 27, 28, 39, 44, 64, 74, 77, 89, 90, 98, 2446, 48, 60, 62, 70, 72, 2514, 18, 23, 34, 2600, 03, 06
30-015-29886	SDX Resources	MELROSE OPERATING COMPANY	CONOCO 7 STATE	25	S.07, T.19 S., R.29 E	12/3/1997	2/4/1998	2860		Apr-04	7,732	26,464	2199, 2216, 18, 27, 70, 76, 2322, 30, 48, 57, 80, 94, 2438, 54, 76, 82, 98, 2503, 07, 24, 32, 59, 63, 65, 73, 88, 90
30-015-29463	OXY USA WTP LIMITED PARTNERSHIP	OXY USA WTP LIMITED PARTNERSHIP	OXY CHECKER STATE.COM	1	S.08, T.19 S., R.29 E	4/5/1997	6/18/1997	11470		Mar-04	21,838	190,119	Canyon 9920-38, 9954-64, 9969-78
30-015-32698	THRESHOLD DEVELOPMENT CO.	THRESHOLD DEVELOPMENT CORP	TDC State 8	1	S.08, T.19 S., R.29 E	8/6/2003	9/6/2003	3050		Nov-04	526	0	Penrose member of Queen Formation; 2190-2210, 2223-2257, 2271-2306; Permit to make a water injection well.
30-015-33289	THRESHOLD DEVELOPMENT CO.	THRESHOLD DEVELOPMENT CORP	TDC State 8	2	S.08, T.19 S., R.29 E	3/15/2004	4/9/2004	3100		Aug-04	550	2,200	1222-1244, 2614-24

Wells within 1/2 mile radius of proposed injector (Threshold)		
API#	Original Operator	Formation
30-015-03666	Jones, Stanley L.	Queen, Grayburg
30-015-24157	THRESHOLD DEVELOPMENT CO.	Queen, Grayburg
30-015-25161	Mitchell Energy	Grayburg
30-015-29199	SDX Resources	Queen, Grayburg
30-015-29439	SDX Resources	Grayburg
30-015-29888	SDX Resources	Grayburg
30-015-29463	OXY USA WTP LIMITED PARTNERSHIP	Canyon
30-015-32888	THRESHOLD DEVELOPMENT CO.	Queen
30-015-33288	THRESHOLD DEVELOPMENT CO.	Seven Rivers, Grayburg

ran 300' of 10 3/4" casing; ran 2000' of 8 5/8" pulled both casing strings; cement plugs at TD (25 Sxs), 1600' (15 sxs), 350' (10 sxs) and top of hole (5 sxs).

ran 8 5/8" to 365 w/185 sxs; ran 4 1/2" casing to 2905 and circ cmt to sfs w/ 575 sxs; perf 2158-68 acidize w/1500 gals frac w/14,000 gals + 30,000# sand, squeezed perfs and perf 2148.5-53.5, acidize w/1500 gals tested 4 BO & 82 BW & 37 MCF; PBTD 2156; 10/6/1983, perf 1886-1907, acidize w/1000 gals 15% HCL w/additives, drill out cmt retainer at 2150'; 10/12/83, perf 2230-43, 64-72, 77-91, acidize w/1500 gals 15% HCL w/additives, frac w/33,600 gals gel w/65,000 # 16/30 & 24,000# 12/20 sand;

set 8 5/8" at 354' w/200 sxs; set 5 1/2" at 2765 w/675 sxs; 2/6/88 frac'd 1202-1307 w/1800 gals gelled 2% KCl w/ 35,000# 20/40 sand and 135,000 SCF N2; Squeezed perfs 1202-1307 on 2/20/88; 2/21/88 perf'd 2556-2642 acidized w/2500 gals 15% NeFe; frac'd w/45000 gals gelled 2% KCl & 15000 # 20/40 sand & 93000 # 12/20 sand; 2/23/88 perf'd 2332-2438 acidized w/2500 gals 15% NeFe; frac'd w/36000 gals gelled 2% KCl & 14000# 20/40 sand & 67000# 12/20 sand; 2/25/88 perf'd 2224-69, acidized w/2000 gals 15% NeFe; frac'd w 30000 gals gelled 2% KCl w/ 12000 20/40 sand & 57000# 12/20 sand; IPP 85 BOPD 20 MCFPD 490 BWPD

set 8 5/8" to 359 w/350 sxs; set 5 1/2" to 3002 w/800 sxs; perf'd 2770-78; acidize w/ 3000 gals 15% NeFe; frac'd w/ 12600 gal 20# XL Borate gel + 28000# 16/30 sand; IPP 8 BOPD 30 BWPD 20 MCFPD; 4/2/87 perf 2237, 41, 52, 68, 72, 86, 98, 2323, 67, 69, 2408, 22, 24, 56, 61, 78, 80, 2334, 46, 52, 90, 2606, 08, & 26 10; acidize w/3500 gals 15% NeFe & 75 ball sealers; frac'd w/32466 gals Spectra frac & 30000# 20/40 sand + 90000# 12/20 sand; IPP 84 BOPD 52 MCFPD 40 BWPD

set 8 5/8" to 365 w 350 sxs; set 5 1/2 to 2825 w/800 sxs; perf zones in column to the left, acidize w/3500 gal; frac'd w/37,500 gal Spectra gel + 69,660# 16/30 sand & 33,130# 12/20 Brady Sand; IPP 15 BOPD 39 MCFPD 45 BWPD

set 8 5/8" to 361 w 350 sxs; set 4 1/2" to 2859 w/850 sxs; perf zones in column to the left, acidize w/ 58 bbls NeFe; Frac'd w/35550 gal Spectra Frac 30+ 75000# 12/40 12/20 Brady sand; IPP 28 BOPD 113 MCFPD 17 BWPD

set 13 5/8" to 400' w/1185 sxs, set 8 5/8" to 3000' w/1200 sxs circ to pits; set 4 1/2" to 11,470 w/605 sxs TOC at 8400; perf 11230-43, set CIBP at 11,210; 10/18-10/26, acidize w/3000 gal 15% HCL w/25% Methanol & 1000SCF CO2/BBI; acidize w/2750 gal 15% HCL w/25% Methanol & 1000SCF CO2/BBI; set CIBP at 10550 with 35' of cement on top; perf 9920-38, 9954-64, 9969-78, 9920-78, 1P 24, BC, 164 MCF, 0 BW, acidize w/13000 gal gelled 20% HCl; producing

set 8 5/8" to 311' w/345 sxs cmt and circ; set 5 1/2" to 3050 w/360 sxs and circ; perf'd 2271-2306 and swabbed; perf'd 2190-2210 & 2223-50 and acid and ball sealers; re-acidize 2190-2250 w/3000 gals 15% acid and ball sealers; Perf 2271-2306; frac 2190-2306 w/73500 gals 25# Borate Viking crosslinked gel and 151500# 16/30 Brady Sand; IPP 10 BO+244 BW.

set 8 5/8" to 327' w/1480 sxs and circ; set 5 1/2 to 3100' w/725 sxs and circ 2 sxs to pits; perf 1222-44' acidize w/2000 gals 15% IC HCL with ball sealers; perf'd 2614-24; acidized w/2000 gals 15% IC HCL and ball sealers; frac'd 2614-24 w/18000 gals, 30# Borate crosslinked water w/40000# 16/30 Ottawa sand; IPP 26 BO, 252 BW, 31 MCFPD.