

ABOVE THIS LINE FOR DIVISION USE ONLY

1158-C

7/30/12  
Loss  
Notice

**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]

OGRID 189886  
 API 30-005-01210-00-00  
 No. Gulf Deep  
 Located C-34-14S-31E

- [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 Amend Order No. SWD-1158-B

- [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.

David Catanach  
 Print or Type Name

*David Catanach*  
 Signature

Agent-Crain's Hot Oil Service, Inc.  
 Title

6/20/12  
 Date

drcatanach@netscape.com  
 E-Mail Address

**APPLICATION FOR AUTHORIZATION TO INJECT**

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

II. OPERATOR:  Crain's Hot Oil Service, Inc.

ADDRESS:  P.O. Box 613 Lovington, New Mexico 88260

CONTACT PARTY:  Mr. David Catanach  PHONE:  (505) 690-9453

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  X  No\*  
If yes, give the Division order number authorizing the project:  \*Application to Amend Order No. SWD-1158-B

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).

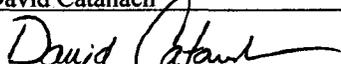
\*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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:  David Catanach  TITLE:  Agent for Crain's Hot Oil Service, Inc.

SIGNATURE:    DATE:  6/20/12

E-MAIL ADDRESS:  drcatanach@netscape.com

\* 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: \_\_\_\_\_

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

### 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.**

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**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.

June 20, 2012

Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG  
Division Director

**HAND DELIVERED**

Re: Application to Amend Order No. SWD-1158-B  
Crain's Hot Oil Service, Inc.  
Gulf Deep Well No. 1  
**API No. 30-005-01210**  
660' FNL & 1980' FWL (Unit C)  
Section 34, T-14 South, R-31 East, NMPM,  
Chaves County, New Mexico

Dear Ms. Bailey,

By Order No. SWD-1158-B dated 12/18/2011, the Division authorized Crain's Hot Oil Service, Inc. ("Crain") to re-enter and utilize its Gulf Deep Well No. 1 (API No. 30-005-01210) located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 34, Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico, as a produced water disposal well, injection to occur into the Devonian formation through the perforated interval from 12,920 feet to 13,230 feet. *[Handwritten signature]*

Crain has recently completed re-entry operations on the subject well. Upon re-entry of the Gulf Deep No. 1, Crain found the well to be deeper than originally thought, and as a result, the well was perforated in the interval from 13,221 feet to 13,246 feet, or approximately 16 feet deeper than Order No. SWD-1158-B authorized. In addition, log data shows that the top of the <sup>MSS</sup> Devonian formation, which was originally estimated to be at a depth of 12,900 feet is actually at a depth of 12,206 feet. As a result, Crain would like to perforate an additional <sup>MSS</sup> Devonian section from 12,206 feet to 12,234 feet. <sub>MSS</sub>

Consequently, Crain hereby requests an amendment to Division Order No. SWD-1158-B to authorize a change in the injection interval as follows:

**Currently Authorized Injection Interval: 12,920'-13,230'**

**Requested Injection Interval: 12,206'-13,246'**

*SAC-103  
Sent 6/20/12*

Attached please find a Compensated Neutron Gamma Ray/CCL Log section that was run on this well on May 24, 2012. This log shows the top of the Devonian formation at a depth of 12,206 feet, and also shows the proposed new injection zone from 12,206'-12,234 feet.

The requested amendment of Order No. SWD-1158-B has no affect on "Area of Review" or any other data provided in the C-108 application filed by Crain on 12/1/2011.

Attached to this application are the following documents:

Form C-108  
Amended Injection Well Data Sheet  
Revised Wellbore Schematic Diagram  
Devonian Top & Bottom Log Section  
Copy of Order No. SWD-1158-B

Notice of this requested amendment is being provided to all offset operators/leasehold owners (see attached map & notice list). Also, notice by publication will be run in the Roswell Daily Record.

All the required information is enclosed. If additional information is needed, please contact me at (505) 690-9453.

Sincerely,



David Catanach  
Agent for Crain's Hot Oil Service, Inc.  
P.O. Box 613  
Lovington, New Mexico 88260

Xc: OCD-Hobbs

**INJECTION WELL DATA SHEET**

OPERATOR: Crain's Hot Oil Service, Inc.

WELL NAME & NUMBER: Gulf Deep No. 1 (API No. 30-005-01210)

WELL LOCATION: 660' FNL & 1980' FWL C 34 14 South 31 East  
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

**WELLBORE SCHEMATIC**

*See Attached Wellbore Schematic*

**WELL CONSTRUCTION DATA**

Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8" @ 428'  
Cemented with: 550 Sx. or \_\_\_\_\_ ft<sup>3</sup>  
Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8" @ 3,817'  
Cemented with: 1950 Sx. or \_\_\_\_\_ ft<sup>3</sup>  
Top of Cement: Surface Method Determined: Circulated

Production Casing

Hole Size: 8 1/2" Casing Size: 5 1/2" @ 13,258'  
1<sup>st</sup>-800 Sx. DV Tool @ 8,560'  
Cemented with: 2<sup>nd</sup>-900 Sx. or \_\_\_\_\_ ft<sup>3</sup>  
Top of Cement: 4,350' Method Determined: CBL  
Total Depth: 13,258' PBTD: \_\_\_\_\_

Injection Interval

Devonian Formation: 12,206'-13,246' - Perforated

**INJECTION WELL DATA SHEET**

Tubing Size: 2 7/8" Lining Material: Internally Plastic Coated

Type of Packer: Arrowset IX IPC

Packer Setting Depth: 12,106' or within 100' of the uppermost injection perforations

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection:                      Yes       X       No

If no, for what purpose was the well originally drilled: Well was originally drilled in 1958 as a Morrow test. Well was plugged in 1959. Well was re-entered in 2008 to test the San Andres formation. Well was re-plugged in 2008. Well was again re-entered in 2009 and completed as a water disposal well in the San Andres formation.

2. Name of the Injection Formation: MIS ~~Devonian~~

3. Name of Field or Pool (if applicable): N/A

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.

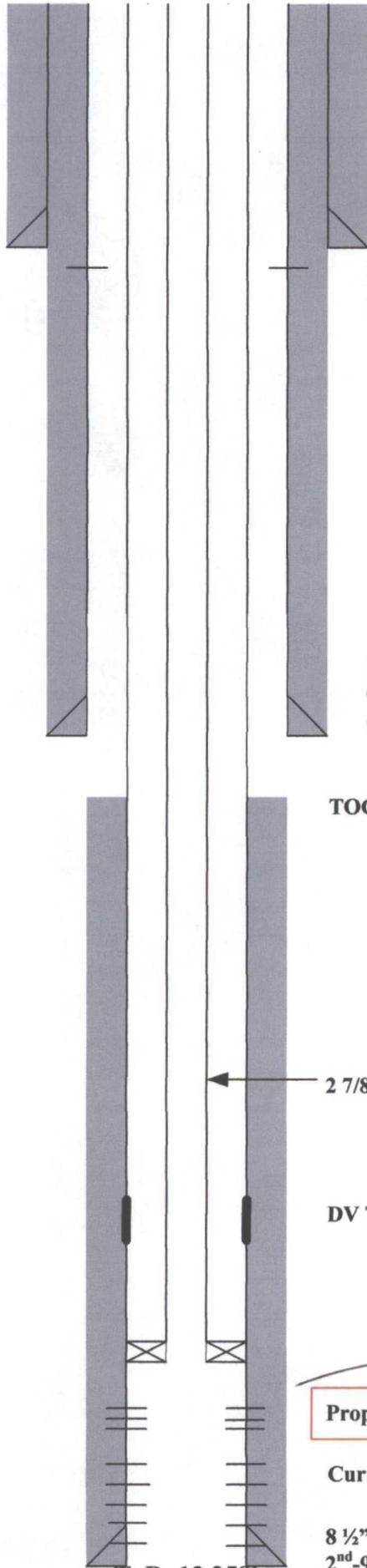
None

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

Caprock-Queen Pool (3,100')

# Proposed Completion

Crain's Hot Oil Service, Inc.  
Gulf Deep No. 1  
API No. 30-005-01210  
660' FNL & 1980' FWL (Unit C)  
Section 34, T-14 South, R-31 East, NMPM



17 1/2" Hole; Set 13 3/8" Csg @ 428'  
Cemented w/550 Sx.  
Cement circulated to Surface

Perf. 2 Holes @ 457' & squeeze  
perfs w/65 Sx.

12 1/4" Hole; Set 9 5/8" Csg @ 3,817'  
Cemented w/1950 Sx.  
Cement circulated to surface

TOC @ 4,350' by CBL

2 7/8" IPC set in an Arrowset IX IPC Packer @ 12,106'

DV Tool @ 8,560'

MSS FM TOP

Proposed New Devonian Perforations: 12,206'-12,234'

Current Devonian Perforations: 13,221'-13,246'

8 1/2" Hole; Set 5 1/2" 17# & 20# Csg. @ 13,258'. Stage cement: 1<sup>st</sup>-800 sx.  
2<sup>nd</sup>-900 Sx. DV Tool @ 8,560'. TOC @ 4,350' by CBL

T. D. 13,258'

Drilled: 11/1958  
Plugged: 4/1959  
Re-Entered: 3/2008  
Re-plugged: 7/2008  
Re-entered: 10/2009

# WELL LOGS

K z

API number:	30-005-01210		
OGRID:		Operator:	CRAINS HOT OIL SERVICE INC
		Property:	GULF DEEP # 1

surface	ULSTR: C	34	T 14S	R 31E
		660 FNL	1980 FWL	

BH Loc	ULSTR: C	34	T 14S	R 31E
		660 FNL	1980 FWL	

Ground Level:	4412	DF:	4429	KB:	4431
Datum:	KB			TD:	13258

Land: STATE

Completion Date: (1) 6/4/2012  
 Date Logs Received: 6/22/2012  
 Date C105 Received: 6/22/2012  
 Date Logs/C105 Due in: (2) 6/24/2012

Confidential:	NO		Date out:	
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Confidential period: 90 Days for State & Fee, 1 Year for federal  
 Date Due in: (1) is equal to Completion Date (1) + 20 days

Logs	Depth interval		
ML	3818	7619	Micro Logging
SGR	0	13240	Sonic Log (1959)
CNL/GR/CCL	12000	13250	Compensated Neutron Gama Ray CCL LOG
CBL/GR/CCL	4350	13220	Cement Bond Gama Ray CCL LOG

K z

## OCD TOPS

Rustler	1361	Strawn			
Tansill	2157	Atoka			
Yates	2330	Morrow			
7 rvs	2547				
		Austin			
		Chester	11843		
Queen	3082	Miss Lime	12233		
Penrose		Woodford	ABS		
Grayburg	3458	Devonian	<del>12820</del>		
San Andres	3780				
Glorieta	5302				
Yeso	5353				
Blinbry					
Tubb	6616				
Drinkard					
Abo	7392				
Wolfcamp					

Submit 1 Copy To Appropriate District Office  
 District I - (575) 393-6161  
 1625 N French Dr., Hobbs, NM 88240  
 District II - (575) 748-1283  
 811 S First St., Artesia, NM 88210  
 District III - (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV - (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised August 1, 2011

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)		WELL API NO. 30-005-01210 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <u>SWD</u>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Crain's Hot Oil Service, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 613 Lovington, New Mexico 88260		7. Lease Name or Unit Agreement Name Gulf Deep ✓
4. Well Location Unit Letter <u>C</u> : <u>660'</u> feet from the <u>North</u> line and <u>1980'</u> feet from the <u>West</u> line Section <u>34</u> Township <u>14 South</u> Range <u>31 East</u> NMPM Chaves County		8. Well Number <u>1</u> ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4,415'		9. OGRID Number 189886 ✓
		10. Pool name or Wildcat SWD-Devonian <u>96101</u> ✓

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input checked="" type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Complete for Use as Disposal Well <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

4/24/12- 6/4/12: MIRU service rig. Pulled injection tubing and packer. Squeeze hole in casing at 455' with 150 sx. Class C cement. Drilled cement plugs at 4,750', 8,700', and 9,700'. Rig down pulling unit. Rigged up drilling rig and drilled cement plug at 13,030'. Cleaned out old hole to 13,258'. Ran 5-1/2" 17# and 20# casing from 13,258' to surface. Rig up Schlumberger, pumped 800 sx. Class H cement. Opened DV tool at 8,560' and circulated 40 sx. cement to pit. Pumped 900 sx. Class H cement. Rigged down drilling rig.

MIRU pulling unit. Drilled out cement and DV tool at 8,670 to 8,671'. Drilled float shoe at 13,218'. Cleaned out to 13,258'. RU Gray wire line. Ran compensated neutron log. Ran cement bond log from 13,250' to top of cement at 4,350'. Perforated from 13,221' to 13,246' w/ 6 spf, total of 150 shots. RU Crain acidizing, pumped 3000 gal 15% acid. TIH/W 2-7/8" X 5-1/2" AS IX IPC packer, 434 jts 2-7/8" IPC tubing. Set packer at 13,152' (69' above top perf.) Notified OCD that MIT test would be run. OCD authorized MIT to be run, but did not witness test. Pressure tested casing to 540 psi. for 30 min. Tested good.

Put well to injection.

Non-well Pod # 2836996

Spud Date:

Rig Release Date:

SWD-1158-B

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE David Catanach TITLE Agent-Crain's Hot Oil Service, Inc. DATE 6/20/12

Type or print name David Catanach E-mail address: d.catanach@netscape.com PHONE: (505) 690-9453

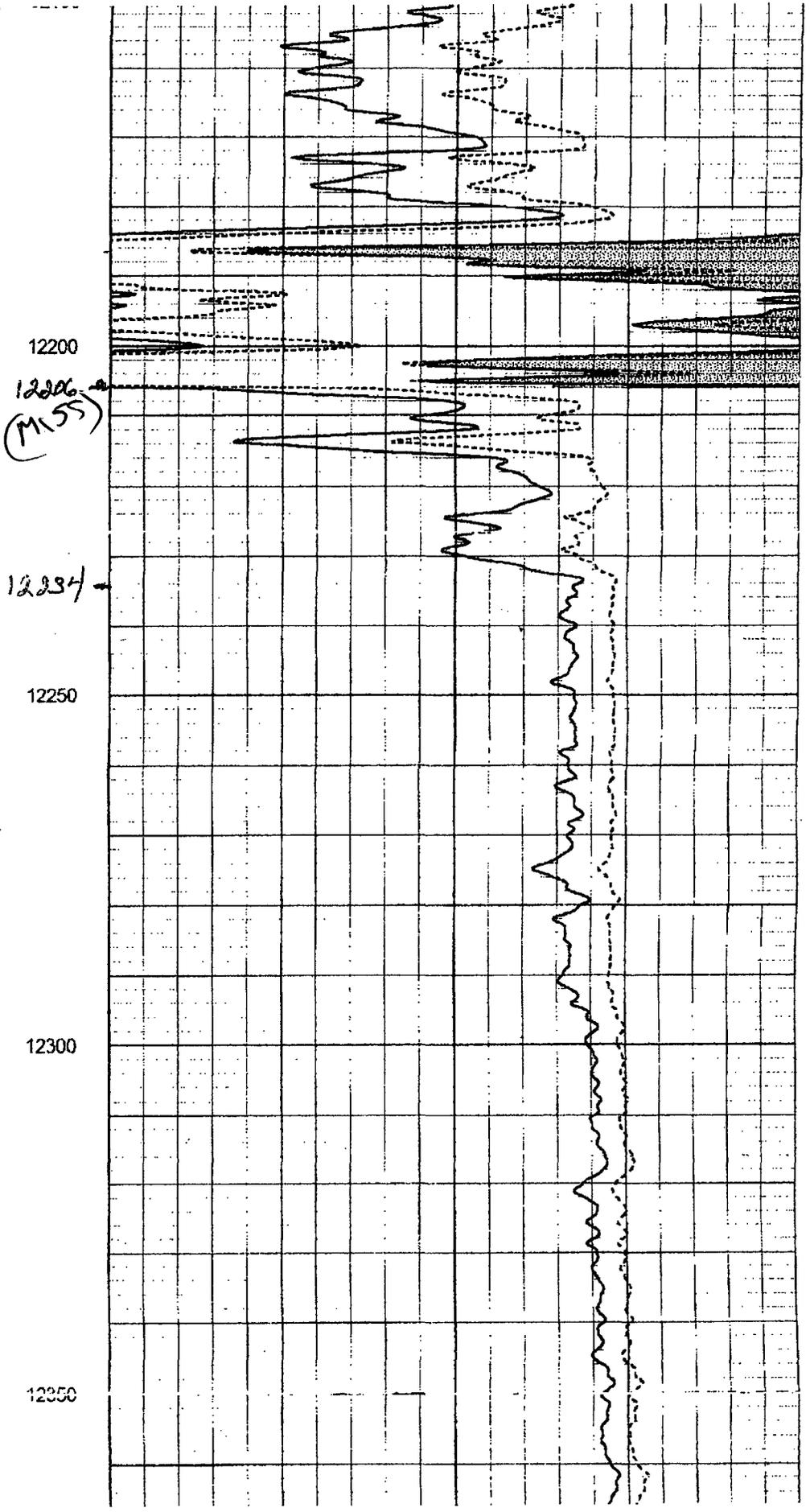
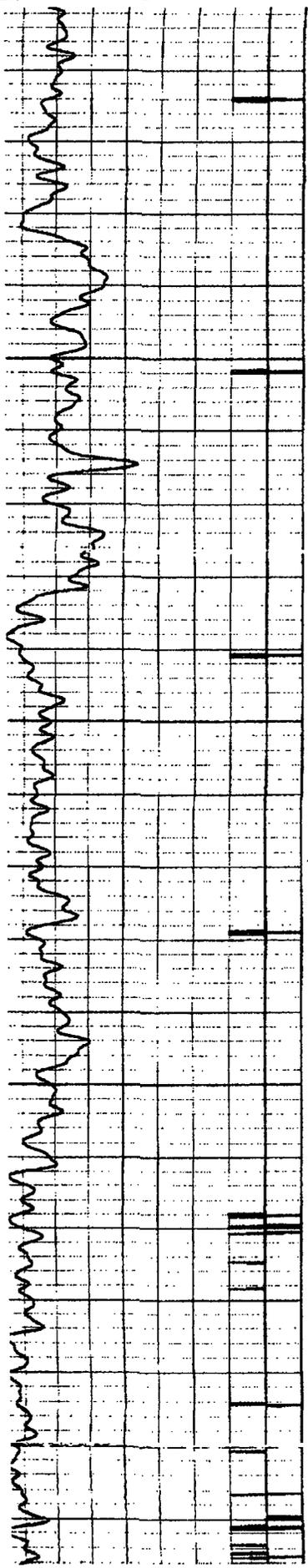
APPROVED BY: [Signature] TITLE SMITH DATE 6-26-2012

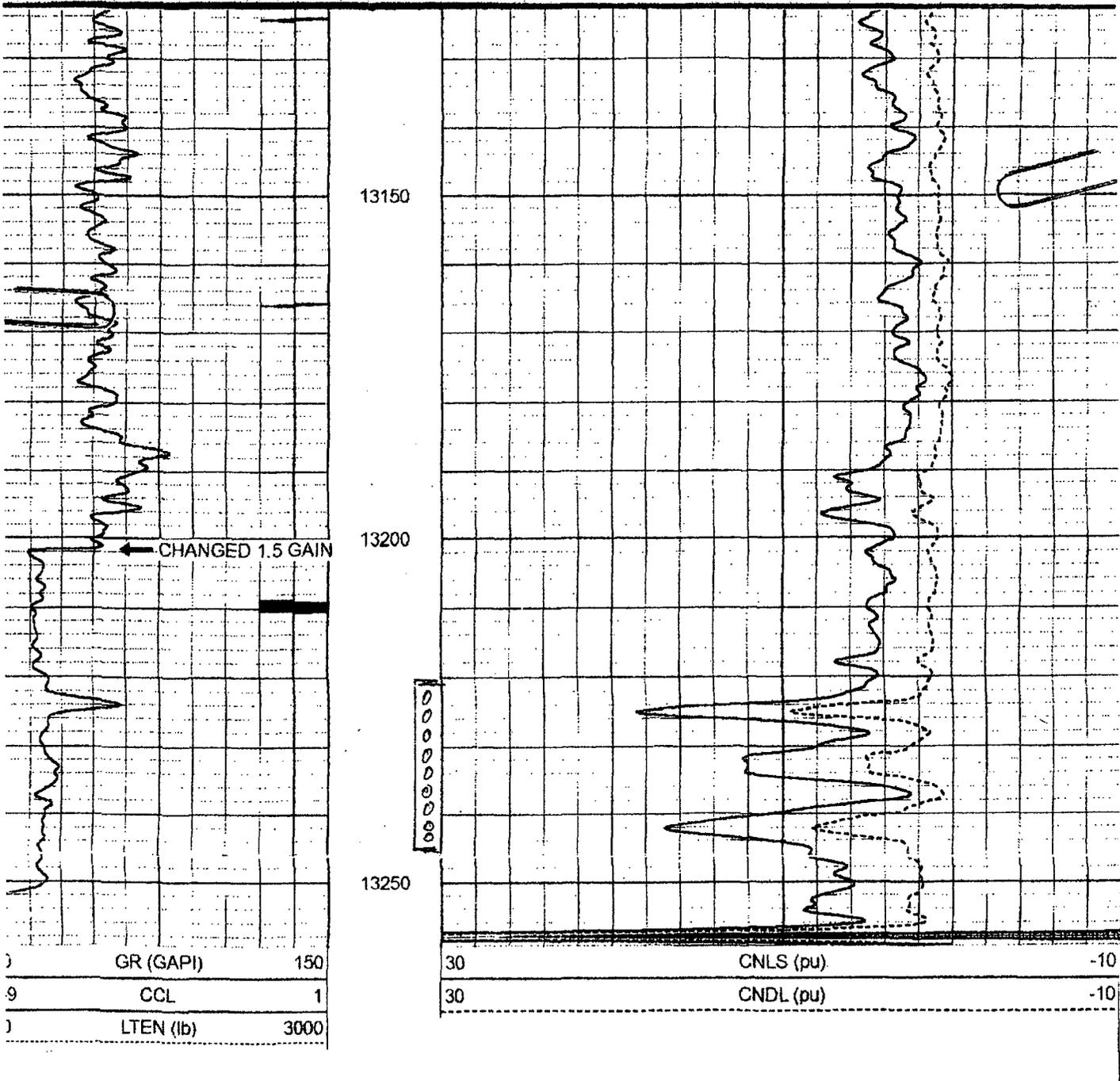
Conditions of Approval (if any):

PA SWD: San Andres

JUN 26 2012







### Log Variables

Database: C:\Warrior\Data\cranehosgulf152412.cnl.db  
 Dataset: field/well/run1/pass4

#### Top - Bottom

CMTTCOR	CSTKCOR	SZCOR	CASED?	NPORSEL	CMNTTHCK in	CASETHCK in	CASEOD in
On	On	On	Yes	Limestone	1.188	0.304	5.5
PERFS	TDEPTH ft	BOTTEMP degF	BOREID in				
0	0	100	7.875				

June 20, 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: Offset Leasehold Owners/Surface Owner

Re: Crain's Hot Oil Service, Inc.  
NMOCD Form C-108 (Application to Amend SWD-1158-B)  
Gulf Deep Well No. 1  
660' FNL & 1980' FWL (Unit C) Section 34, T-14 South, R-31 East, NMPM,  
Chaves County, New Mexico

Dear Sir:

Enclosed please find a copy of Oil Conservation Division Form C-108 (Application for Authorization to Inject) to amend Division Order No. SWD-1158-B dated December 18, 2011. Order No. SWD-1158-B authorized the use of the Gulf Deep Well No. 1 as a produced water disposal well, injection to occur into the Devonian ~~formation~~ formation through the perforated interval from 12,920 feet to 13,230 feet. Crain's Hot Oil Service, Inc., the current operator of the well, now seeks to expand the Devonian injection interval so as to comprise the perforated interval from 12,206 feet to 13,246 feet. You are being provided a copy of the application as an offset leasehold owner or surface owner of the land on which the existing disposal well is located.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (505) 690-9453.

Sincerely,



David Catanach  
Agent for Crain's Hot Oil Service, Inc.  
P.O. Box 613  
Lovington, New Mexico 88260

Enclosure

**Crain's Hot Oil Service, Inc.  
Application to Amend Order No. SWD-1158-B  
Gulf Deep Well No. 1  
Section 34, T-14 South, R-31 East, NMPM  
Chaves County, New Mexico**

**Notice List**

**Offset Leasehold Owners (See Attached Map)**

Chevron USA, Inc.  
15 Smith Road  
Midland, Texas 79705

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, Texas 79710

Kerr-McGee O/G Onshore, LP  
Land Department  
5735 Pineland Drive, Suite 300  
Dallas, Texas 75231

Kevin O. Butler & Associates, Inc.  
550 W. Texas, Suite 660  
Midland, Texas 79701

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum, Inc.  
Myco Industries, Inc.  
105 S. Fourth Street  
Artesia, New Mexico 88210

Cimarex Energy, Inc.  
600 N. Marienfeld, Suite 600  
Midland, Texas 79701

**Surface Owner**

Commissioner of Public Lands  
Attn: Oil & Gas Dept.  
P.O. Box 1148  
Santa Fe, New Mexico 87504

**Additional Notice**

Oil Conservation Division (Hobbs Office)  
1625 N. French Drive  
Hobbs, New Mexico 88240

31E

28

27

14S

33

34

Cimarex  
Energy

Chevron USA, Inc.  
State Lease # BO-8459

Federal Lease #  
LC-068370  
Yates Petroleum  
Yates Drilling  
Abo Petroleum  
Myco Industries

Kevin Butler  
State Lease #  
EO-3277

Gulf Deep No. 1  
Kerr McGee  
State Lease #  
EO-1467

Marshall & Winston  
State Lease # VB-1726

Chevron USA, Inc.  
State Lease # EO-7662

**Application to Amend SWD-1158-B  
Crain's Hot Oil Service, Inc.  
Gulf Deep Well No. 1  
1/2 Mile Notice Area  
Lessee Identification**

Form C-108 (Application to Amend Order No. SWD-1158-B)  
Crain's Hot Oil Service, Inc.  
Gulf Deep Well No. 1  
Section 34, T-14 South, R-31 East, NMPM,  
Chaves County, New Mexico

*Legal notice will be published in the:*

Roswell Daily Record  
2301 N. Main  
Roswell, New Mexico 88201

*A copy of the Affidavit of Publication will be provided to NMOC D upon receipt by Crain's Hot Oil Service, Inc.*

**Crain's Hot Oil Service, Inc., P.O. Box 613, Lovington, New Mexico 88260 has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking to amend Division Order No. SWD-1158-B dated 12/18/2011, which order authorized the use of the Gulf Deep Well No. 1 (API No. 30-005-01210) located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 34, Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico, as a produced water disposal well, injection to occur into the Devonian formation through the perforated interval from 12,920 feet to 13,230 feet. Applicant now seeks to expand the injection interval to comprise the Devonian formation from 12,206 feet to 13,246 feet.**

*MISS and*

**Produced water various sources in Southeast New Mexico will be injected into the well at average and maximum rates of 3,000 and 6,000 barrels of water per day, respectively. The average and maximum surface injection pressure for the well is anticipated to be 2,584 psi and 3,000 psi, respectively.**

**Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication.**

**Additional information can be obtained by contacting Mr. David Catanach, Agent for Crain's Hot Oil Service, Inc. at (505) 690-9453.**

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 Street, Apt. No. or PO Box No. **600 N. Marienfeld, Suite 600**  
 City, State, ZIP+4 **Midland, Texas 79701**

PS Form 3800, August 2005 See Reverse for Instructions

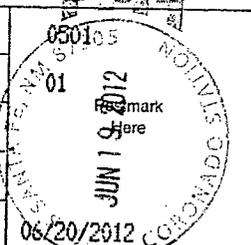
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 Street, Apt. No. or PO Box No. **530 W. Texas, Suite 660**  
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 Street, Apt. No. or PO Box No. **P.O. Box 50880**  
 City, State, ZIP+4 **Midland, Texas 79710**

PS Form 3800, August 2005 See Reverse for Instructions

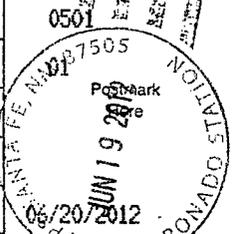
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Total Postage & Fees	\$	\$6.80



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 Attn: Oil & Gas Dept.  
 Street, Apt. No. or PO Box No. **P.O. Box 1148**  
 City, State, ZIP+4 **Santa Fe, New Mexico 87504**

PS Form 3800, August 2005 See Reverse for Instructions

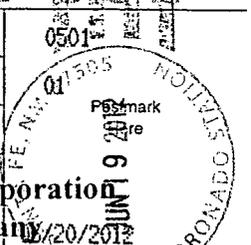
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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.80



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**Yates Drilling Company**  
**Abo Petroleum, Inc.**  
 Street, Apt. No. or PO Box No. **Myco Industries, Inc.**  
**105 S. Fourth Street**  
 City, State, ZIP+4 **Artesia, New Mexico 88210**

PS Form 3800, August 2005 See Reverse for Instructions

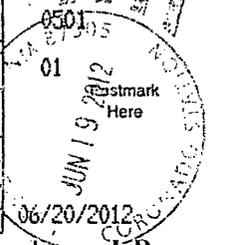
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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.80



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 Land Department  
 Street, Apt. No. or PO Box No. **5735 Pineland Drive, Suite 300**  
 City, State, ZIP+4 **Dallas, Texas 75231**

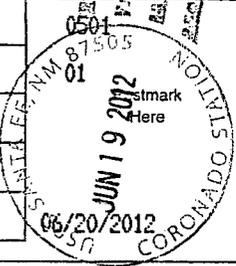
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Street, Apt. No. or PO Box No. **15 Smith Road**  
City, State, ZIP+4® **Midland, Texas 79705**

**Jones, William V., EMNRD**

---

**From:** David Catanach [drcatanach@netscape.com]  
**Sent:** Monday, July 02, 2012 8:45 AM  
**To:** Jones, William V., EMNRD  
**Subject:** Crain-Publication Notice  
**Attachments:** Publication Notice.pdf

Will,

Attached is the publication notice for the Crain's Hot Oil Service's application to amend SWD-1158-B for the Gulf Deep No. 1

The ad ran on June 22, 2012

If anything else is needed, let me know.

David

---

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AFFIDAVIT OF PUBLICATION  
STATE OF NEW MEXICO

I, Corinna Martinez  
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time with the issue dated

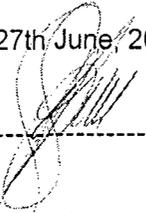
June 22, 2012

-----  
  
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Clerk

Sworn and subscribed to before me

this 27th June, 2012

  
-----  
Notary Public

My Commission expires  
June 13, 2014

(SEAL)

**Publish June 22, 2012**

Crain's Hot Oil Services, Inc., P.O. Box 613, Lovington, New Mexico 88260 has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking to amend Division Order No. SWD-1158-B dated 12/18/2011, which order authorized the use of the Gulf Deep Well No. 1 (API No. 30-005-01210) located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 34, Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico, as a produced water disposal well, injection to occur into the Devonian formation through the perforated interval from 12,920 feet to 13,230 feet. Applicant now seeks to expand the injection interval to comprise the Devonian formation from 12,206 feet to 13,246 feet.

Produced water various sources in Southeast New Mexico will be injected into the well at average and maximum rates of 3,000 and 6,000 barrels of water per day, respectively. The average and maximum surface injection pressure for the well is anticipated to be 2,584 psi and 3,000 psi, respectively.

Inspected parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication.

Additional information can be obtained by contacting Mr. David Catanach, Agent for Crain's Hot

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Tuesday, May 01, 2012 9:10 AM  
**To:** Gonzales, Elidio L, EMNRD  
**Cc:** Warnell, Terry G, EMNRD  
**Subject:** SWD-1158-B Gulf State well (Crain's Hot Oil Service)

Hello EL,  
The Crain people called this AM about not getting the 5-1/2 inch all the way to TD.  
They say they got to 13150 feet instead of 13230 feet.

Looks like this was to be a perforated disposal interval in the Devonian formation.

Looks fine to me if they want to perforate the top part of the interval and, because the casing did not go all the way to TD, inject open hole in the lower part of the interval – drill out the shoe.

The permitted interval would remain the same as in the SWD-1158-B:  
(approx) 12920 to 13230 feet.

If you agree, please let them know all is well and, in lieu of amending the permit, I will scan the email correspondence into the permit file.

If you want to go another route, and it involves a permit change, let me know.

I am deferring any correspondence with them to yourself.

Will

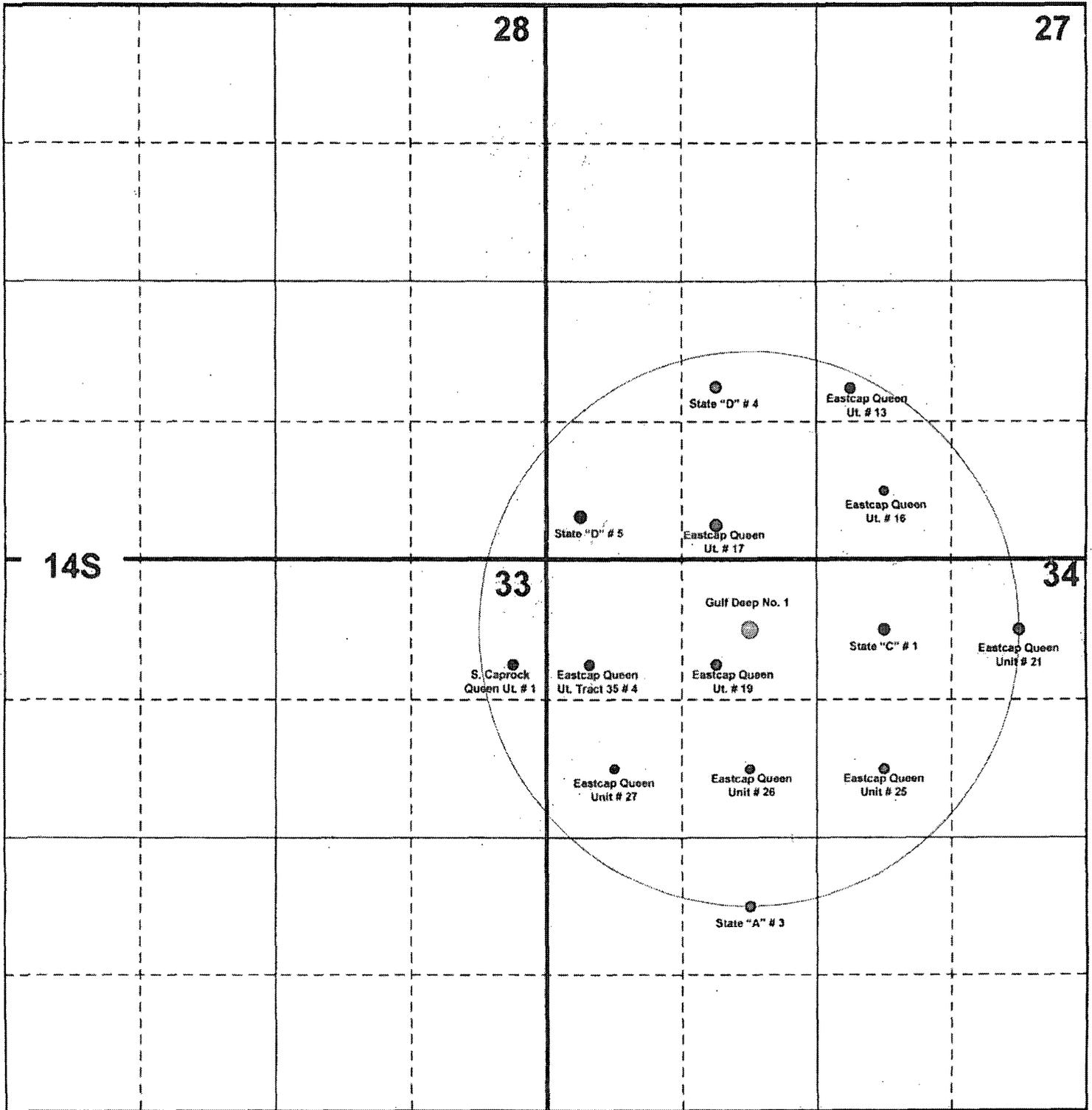
THIS WAS  
NOT THE WAY  
IT FINALLY WORKED  
OUT...

**CRAIN'S HOT OIL SERVICE COMPANY**  
**AREA OF REVIEW WELL DATA**  
**GULF DEEP WELL NO. 1**

API NUMBER	OPERATOR	LEASE NAME	WELL NO	WELL TYPE	STATUS	FTG. N/S	N/S	FTG. E/W	E/W	UNIT	SEC.	TSHP.	RNG.	DATE DRILLED	TOTAL DEPTH	COMPLETION	REMARKS
30-005-01187	Union Oil Company of California	S. Caprock Queen Ut. Tr. 7A	1	I	PA	990'	N	330'	E	A	33	14S	31E	Aug-55	3,120'	3,097'-3,102' Perf.	Caprock-Queen Pool. Well PA'd 8/1971
30-005-01194	Rapid Company, Inc.	Eastcap Queen Ut. Tract 35	4	P	PA	990'	N	330'	W	D	34	14S	31E	Mar-56	3,112'	3,092'-3,107' Perf.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01195	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	25	I	PA	1980'	N	1980'	E	G	34	14S	31E	May-56	3,108'	3,090'-3,108' O.H.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01198	Rapid Company, Inc.	State "C"	1	P	PA	660'	N	1980'	E	B	34	14S	31E	Jun-56	3,110'	3,084'-3,110' O.H.	Caprock-Queen Pool. Well PA'd 7/1975
30-005-01202	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	21	I	PA	660'	N	660'	E	A	34	14S	31E	Jul-56	3,115'	3,087'-3,115' O.H.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01205	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	27	I	PA	1980'	N	660'	W	E	34	14S	31E	Nov-55	3,113'	3,092'-3,113' O.H.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01206	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	26	I	PA	1980'	N	1980'	W	F	34	14S	31E	Feb-56	3,103'	3,082'-3,103' O.H.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01207	Lewis B. Burfeson, Inc.	State "A"	3	I	PA	1980'	S	1980'	E	K	34	14S	31E	Mar-56	3,101'	3,084'-3,101' O.H.	Caprock-Queen Pool. Well PA'd 9/1987
30-005-01209	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	19	I	PA	990'	N	1650'	W	C	34	14S	31E	May-56	3,089'	3,077'-3,089' O.H.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01145	Lewis B. Burfeson, Inc.	State "D"	5	I	PA	460'	S	330'	W	M	27	14S	31E	Aug-56	3,108'	3,085'-3,092' Perf.	Caprock-Queen Pool. Well PA'd 5/1986
30-005-01146	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	17	I	PA	330'	S	1650'	W	N	27	14S	31E	Aug-56	3,108'	3,080'-3,108' O.H.	Caprock-Queen Pool. Well PA'd 2/1975
30-005-01147	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	13	I	PA	1650'	S	2310'	E	J	27	14S	31E	Oct-56	3,110'	3,094'-3,110' O.H.	Caprock-Queen Pool. Well PA'd 1/1974
30-005-01148	Lewis B. Burfeson, Inc.	State "D"	4	I	PA	1650'	S	1650'	W	K	27	14S	31E	Dec-56	3,120'	3,106'-3,113' Perf.	Caprock-Queen Pool. Well PA'd 5/1986
30-005-01155	Miller & Miller Auctioneers, Inc.	Eastcap Queen Ut.	16	I	PA	660'	S	1980'	E	O	27	14S	31E	Jun-56	3,120'	3,096'-3,101' Perf.	Caprock-Queen Pool. Well PA'd 2/1975

Crain's Hot Oil Service, Inc.  
Form C-108: Gulf Deep No. 1  
AOR Well Identification

31E



Form C-108 Application  
Crain's Hot Oil Service, Inc.  
Gulf Deep Well No. 1  
1/2 Mile Area of Review Map

July 30, 2012

Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Mr. William Jones

Re: Application to Amend Order No. SWD-1158-B  
Crain's Hot Oil Service, Inc.  
Gulf Deep Well No. 1  
**API No. 30-005-01210**  
660' FNL & 1980' FWL (Unit C)  
Section 34, T-14 South, R-31 East, NMPM,  
Chaves County, New Mexico

Dear Mr. Jones,

Pursuant to your E-mail directive dated 7/26/2012, Crain's Hot Oil Service, Inc. has provided additional notice by certified mail to all offset leasehold owners and surface owner of the change in injection formations within the Gulf Deep Well No. 1. All parties have been notified that injection will occur into the Chester, Mississippian and Devonian formations through the perforated interval from 12,206'-12,234' and 13,221'-13,246'. We also request that the injection interval comprise the Chester, Mississippian, Woodford and Devonian formations throughout the interval from 12,206'-13,246 feet in the event additional intervals are perforated in the well in the future.

Attached is a copy of the notice letter, and a notice list.

If additional information is needed, please contact me at (505) 690-9453.

Sincerely,



David Catanach  
Agent for Crain's Hot Oil Service, Inc.  
P.O. Box 613  
Lovington, New Mexico 88260

July 30, 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: Offset Leasehold Owners/Surface Owner

Re: Crain's Hot Oil Service, Inc.  
NMOCD Form C-108 (Application to Amend SWD-1158-B)  
Gulf Deep Well No. 1 (API No. 30-005-01210)  
660' FNL & 1980' FWL (Unit C) Section 34, T-14 South, R-31 East, NMPM,  
Chaves County, New Mexico

Dear Sir:

By Order No. SWD-1158-B dated December 18, 2011 Crain's Hot Oil Service, Inc. ("Crain"), was authorized to complete its Gulf Deep Well No. 1 as a produced water disposal well, injection to occur into the Devonian formation from 12,920 feet to 13,230 feet.

On June 20, 2012 Crain filed an application to amend Order No. SWD-1158-B to authorize the addition of injection perforations in the Devonian formation from 12,206 feet to 12,234 feet, and from 13,230 feet to 13,246 feet. Crain previously provided you a copy of that application.

OCD recently informed Crain that according to its geologic interpretation, the proposed additional perforations from 12,206 feet to 12,234 feet are actually within the Chester and Mississippian formations, and not the Devonian formation. OCD also requested that Crain provide additional notice to offset leasehold and surface owners of the change in injection formations prior to approval of the application.

In summary, Crain requests approval to amend Order No. SWD-1158-B to authorize injection within the following intervals:

Chester/Mississippian Formations	12,206'-12,234'
Devonian Formation	13,221'-13,246'

In the event additional Chester/Mississippian/Woodford/Devonian intervals are perforated in the future, Crain requests that the injection interval within the Gulf Deep Well No. 1 comprise the entire interval from 12,206 feet to 13,246 feet.

Crain's Hot Oil Service, Inc.  
Application to Amend SWD-1158-B  
Gulf Deep Well No. 1  
July 30, 2012  
Page 2

---

Objections must be filed with the Oil Conservation Division, 1220 South St.  
Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (505) 690-9453.

Sincerely,

A handwritten signature in black ink that reads "David Catanach". The signature is written in a cursive style with a long horizontal flourish extending to the right.

David Catanach  
Agent for Crain's Hot Oil Service, Inc.  
P.O. Box 613  
Lovington, New Mexico 88260

**Crain's Hot Oil Service, Inc.**  
**Application to Amend Order No. SWD-1158-B**  
**Notice of Change of Formation**  
**Gulf Deep Well No. 1**  
**Section 34, T-14 South, R-31 East, NMPM**  
**Chaves County, New Mexico**

**Notice List**

**Offset Leasehold Owners (See Attached Map)**

Chevron USA, Inc.  
15 Smith Road  
Midland, Texas 79705

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, Texas 79710

Kerr-McGee O/G Onshore, LP  
Land Department  
5735 Pineland Drive, Suite 300  
Dallas, Texas 75231

Kevin O. Butler & Associates, Inc.  
550 W. Texas, Suite 660  
Midland, Texas 79701

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum, Inc.  
Myco Industries, Inc.  
105 S. Fourth Street  
Artesia, New Mexico 88210

Cimarex Energy, Inc.  
600 N. Marienfeld, Suite 600  
Midland, Texas 79701

**Surface Owner**

Commissioner of Public Lands  
Attn: Oil & Gas Dept.  
P.O. Box 1148  
Santa Fe, New Mexico 87504

**Additional Notice**

Oil Conservation Division (Hobbs Office)  
1625 N. French Drive  
Hobbs, New Mexico 88240

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Total Postage & Fees	\$ 55.75

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15 Smith Road  
Midland, Texas 79705

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Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 45.75

SANTA FE, NM 87592  
09 JUL 30 2012  
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Sent to: **Kerr-McGee O/G Onshore, LP**  
Land Department  
5735 Pineland Drive, Suite 300  
Dallas, Texas 75231

7012 0470 0001 5948 0011

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Total Postage & Fees	\$ 55.75

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Midland, Texas 79710

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For delivery information visit our website at www.usps.com

ARTESIA NM 88210

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Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 55.75

SANTA FE, NM 87592  
09 JUL 30 2012  
USPS

Sent to: **Yates Petroleum Corporation**  
Yates Drilling Company  
Abo Petroleum, Inc.  
Mycro Industries, Inc.  
105 S. Fourth Street  
Artesia, New Mexico 88210

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MIDLAND TX 79701

Postage	\$ 00.45
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 45.75

SANTA FE, NM 87592  
09 JUL 30 2012  
USPS

Sent to: **Kevin O. Butler & Associates, Inc.**  
550 W. Texas, Suite 660  
Midland, Texas 79701

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For delivery information visit our website at www.usps.com

SANTA FE NM 87504

Postage	\$ 00.45
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 45.75

SANTA FE, NM 87592  
09 JUL 30 2012  
USPS

Sent to: **Commissioner of Public Lands**  
Attn: Oil & Gas Dept.  
P.O. Box 1148  
Santa Fe, New Mexico 87504

7011 2970 0803 9311 4321

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

Post Office ZIP+4®: MEDLAND TX 79701

Postage	\$ 0.45	0507
Certified Fee	\$2.95	
Return Receipt Fee (Receipt Required)	\$2.35	
Restricted Delivery Fee (Encumbrance Required)	\$0.00	
Total Postage & Fees	\$ 5.75	07/30/2012

Sent to: **Cimarex Energy, Inc.**  
 600 N. Marienfeld, Suite 600  
 Midland, Texas 79701

SANTA FE, NM 87592  
 JUL 30 2012  
 USPS

**Injection Permit Checklist** (11/15/2010)

WFX \_\_\_\_\_ PMX \_\_\_\_\_ SWD 1158-~~1158~~ Permit Date 12/18/12 UIC Qtr (JAS)

# Wells 1 Well Name(s): GULF DEEP A 1

API Num: 30-005-01210 Spud Date: 1958 New/Old: 0 (UIC primacy March 7, 1982)

Footages 660FNL/1980FWL Unit C Sec 34 Tsp 14S Rge 31E County CHAVES

General Location: \_\_\_\_\_

Operator: CRAN'S HOT OIL SERVICE, INC Contact D. Cavanah

OGRID: 189886 RULE 5.9 Compliance (Wells) 1 (Finan Assur) OK IS 5.9 OK OK

Well File Reviewed  Current Status: DEVONIAN DISASSAL

Planned Work to Well: DRILL OUT TO TD, RUN PIPE, CEMENT, DISASSAL

Diagrams: Before Conversion  After Conversion  Elogs in Imaging File:

Well Details:	Sizes		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
	Hole	Pipe				
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Surface	17/2	13/8	425		550	CIRC
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Interm	12/4	9 5/8	3817'		1950	CIRC
New <input checked="" type="checkbox"/> Existing <input type="checkbox"/> LongSt	8 1/2	5 1/2	13250' 150' ID	7000	900/500	~3600'
New <input type="checkbox"/> Existing <input type="checkbox"/> Liner						
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> OpenHole		5 1/2	13150 - 13246 (OH)			

Depths/Formations: \_\_\_\_\_ (Cap Rock Green Area)

Depths/Formations:	Depths, Ft.	Formation	Tops?
Formation(s) Above	<del>12200</del> 12206	DEV	EST.
Injection TOP:	13246	MISS	2442
Injection BOTTOM:	13246	DEV	Max. PSI: <del>3000</del> Tubing Size: 3 1/2" / 2 1/8" Packer Depth: 12800
Formation(s) Below			

Capitan Reef? (Potash? Noticed? ) (WIPP? Noticed? ) Salado Top/Bot 1455-2100 Cliff House? \_\_\_\_\_

Fresh Water: Depths: 26' Formation OG 6000 Wells? yes Analysis?  Affirmative Statement

Disposal Fluid Analysis? Sources: COMMERCIAL

Disposal Interval: Analysis?  Production Potential/Testing: DS 1 = NO SHOW

Notice: Newspaper Date 6/22/12 Surface Owner S.L.O. (6/19/12) Mineral Owner(s) (JAS)

RULE 26.7(A) Affected Persons: Cimrex / JPC et al / KO Buryal / Kankers / Mochel / W... / C... 6/19/12

AOR: Maps? \_\_\_\_\_ Well List? \_\_\_\_\_ Producing in Interval? NO Wellbore Diagrams? \_\_\_\_\_

.....Active Wells 0 Repairs? \_\_\_\_\_ Which Wells? \_\_\_\_\_

.....P&A Wells 0 Repairs? \_\_\_\_\_ Which Wells? \_\_\_\_\_

Issues: \_\_\_\_\_ Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_