

Re-applied in OCTOBER 2005

pw 0530437171

DATE IN 3-7-05	SUSPENSE 4/14/05	ENGINEER JONES	LOGGED IN 3-7-05	TYPE SWD	PROJECT NO. 2507701
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



MAR 07 2005
 CONSERVATION DIVISION

3/28/05
 3/30/05
 NOTICE
 GIVEN

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 _____

(833 psi max psi)
 30-025-07701

- [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.

Eddie W. Seay _____ Agent _____ 3/1/05 _____
 Print or Type Name Signature Title Date

seay04@leaco.net _____
 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: Hungry Horse LLC

ADDRESS: Box 1058 Hobbs, NM 88241

CONTACT PARTY: Paige McNeill PHONE: 631-5211

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: _____

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: Eddie W. Seay TITLE: Agent

SIGNATURE: Eddie W. Seay DATE: 3/1/05

* 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

ATTACHMENT TO APPLICATION C-108
Hungry Horse LLC

Hobbs SWD #16
Unit P, Section 16, Tws. 19 S., Rng. ~~36~~ E.
Lea Co., NM

III. Well Data

- A.1) See injection well data sheet.
 - 2) See injection well data sheet.
 - 3) 4 1/2" plastic coated tubing.
 - 4) Baker Model "D" Packer.
-
- B.1) Injection formations - San Andres, Glorieta, Drinkard.
 - 2) Injected interval - 4168' - 6788' open hole formation.
 - 3) Original purpose of the well was SWD - order #SWD 5384-A.
 - 4) Well was injecting into San Andres, Glorieta, Drinkard.
 - 5) Next higher producing zone is the Queen at 3600'.
Next lower producing zone is the Abo at 7200'.

IV. No.

V. Attached.

VI. Attached - list of wells and data.

VII. Proposed Operation.

- 1) 3000 to 5000 bls. per day of produced water.
- 2) Open system for commercial use.
- 3) Average pressure is 800#, or whatever limit OCD allows.
- 4) Attached.
- 5) Waters from within the area San Andres, Glorieta, Tubb, Queen, Blinebry and others.
(See attached analysis.)

VIII. The proposed disposal formation is interbedded shale and limestone. The primary geologic name is the San Andres, Glorieta and Drinkard, which occurs from 4168' to 6788'. The fresh water formation in the area is the Ogallala which ranges in thickness from 30' to 90'. An analysis from two producing water wells is attached.

IX. Acid as needed.

X. Previously submitted.

XI. Attached.

XII. I, Eddie W. Seay, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zones and any underground source of drinking water pertaining to this well.

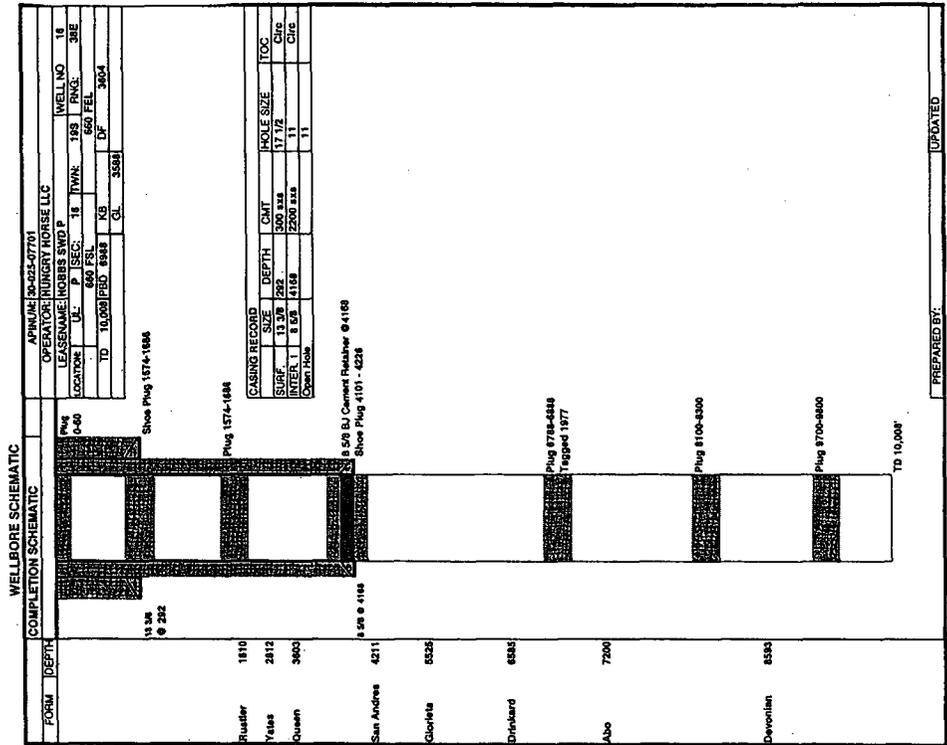
XIII. Attached.

OPERATOR Hungry Horse, LLC LEASE Fee Hobbs SWD

WELL NO. # 16 660/S 660/E Unit P SECTION 16 TOWNSHIP 19 RANGE 38 E

FOOTAGE LOCATION

Schematic



Well Construction Data

Surface Casing
 Size 13 3/8 • Cemented with 300 feet determined by circulation
 TOC surface
 Hole Size 17 1/2

Intermediate Casing
 Size • Cemented with _____ feet determined by _____
 TOC _____
 Hole Size _____

Long String
 Size 8 5/8 • Cemented with 2200 feet determined by circulation
 TOC surface
 Hole Size 11

Total Depth 9 3/4 of 4176 open hole to TD 10,008

Injection Interval
4168 feet to 6788 feet
 (perforated or open-hole indicate which)

PREPARED BY: _____ UPDATED: _____

INJECTION WELL DATA SHEET

Tubing Size: 4 1/2" Lining Material: IPC
 Type of Packer: Baker Model "D"
 Packer Setting Depth: 4076 or 4120
 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? Production
but was a SWD when P+A
2. Name of the Injection Formation: San Andres, Glorietta, Drinkard
3. Name of Field or Pool (if applicable): San Andres - Hobbs
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, was originally drilled to Devonian of 10,000 Plugs on schematic.
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:
The Queen overlies the injection at 3600'
The lower zone is the Abo at 7200'

EXISTING

HOBBS SWD WELL P-16

660' FSL & 660' FEL, Sec 16, T19S, R38E, Lea County, New Mexico

DF ELEV is 3604'

GL ELEV is 3588'

API No. 30-025-07701

Cement 4" Below Surface

SURFACE PLUG 60'

SWD Order No. SWD- 5384-A

17 1/2" hole

13 3/8" 48# H40 Csg @ 292' w/300 sx

Tag Cement @ 230'

SURFACE CSG SHOE PLUG FROM 230-342'

T/Anhydrite 1610'

ANHYDRITE PLUG FROM 1574-1686'

T/Yates 2812'

T/Queen 3603'

T/San Andres 4211'

Tag Cement @ 4101'

8 5/8" BJ Cement Retainer @ 4168'

8 5/8" 24, 32# Csg @ 4176' w/2200 sx

PROD. CSG SHOE PLUG 100' FROM 4101'- 4226'

T/Glorieta 5525'

T/Drinkard 6585'

-  Gel Mud 9.5# Brine w/25#/bbl gel
-  New Cement Plugs
-  Previous Cement Plugs

T/Abo 7200'

Tag bottom @ 6988'

(Plug found at 6780' in 1977)

T/Devonian 8593'

CMT Plug 8100-8300'

CMT Plug 9700-9800'

11" hole

P&A Results

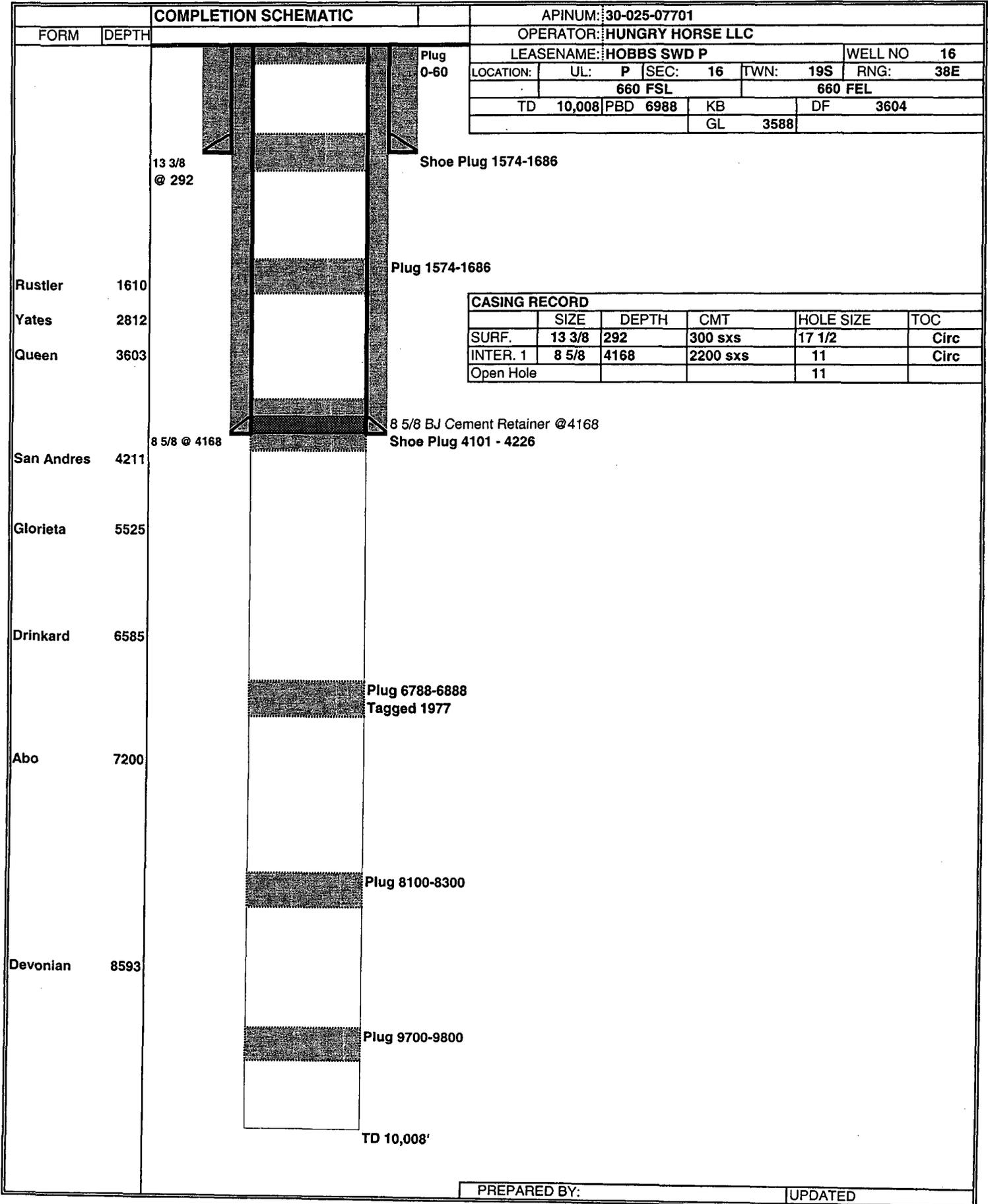
TD 10,008'

Drawn	BY
10/27/00	CDH
1/23/01	CDH

RICE OPERATING COMPANY
122 West Taylor
Hobbs, New Mexico 88240

Hobbs SWD P-16
660' FSL & 660' FEL
SEC 16, T19S, R38E
Lea County New Mexico

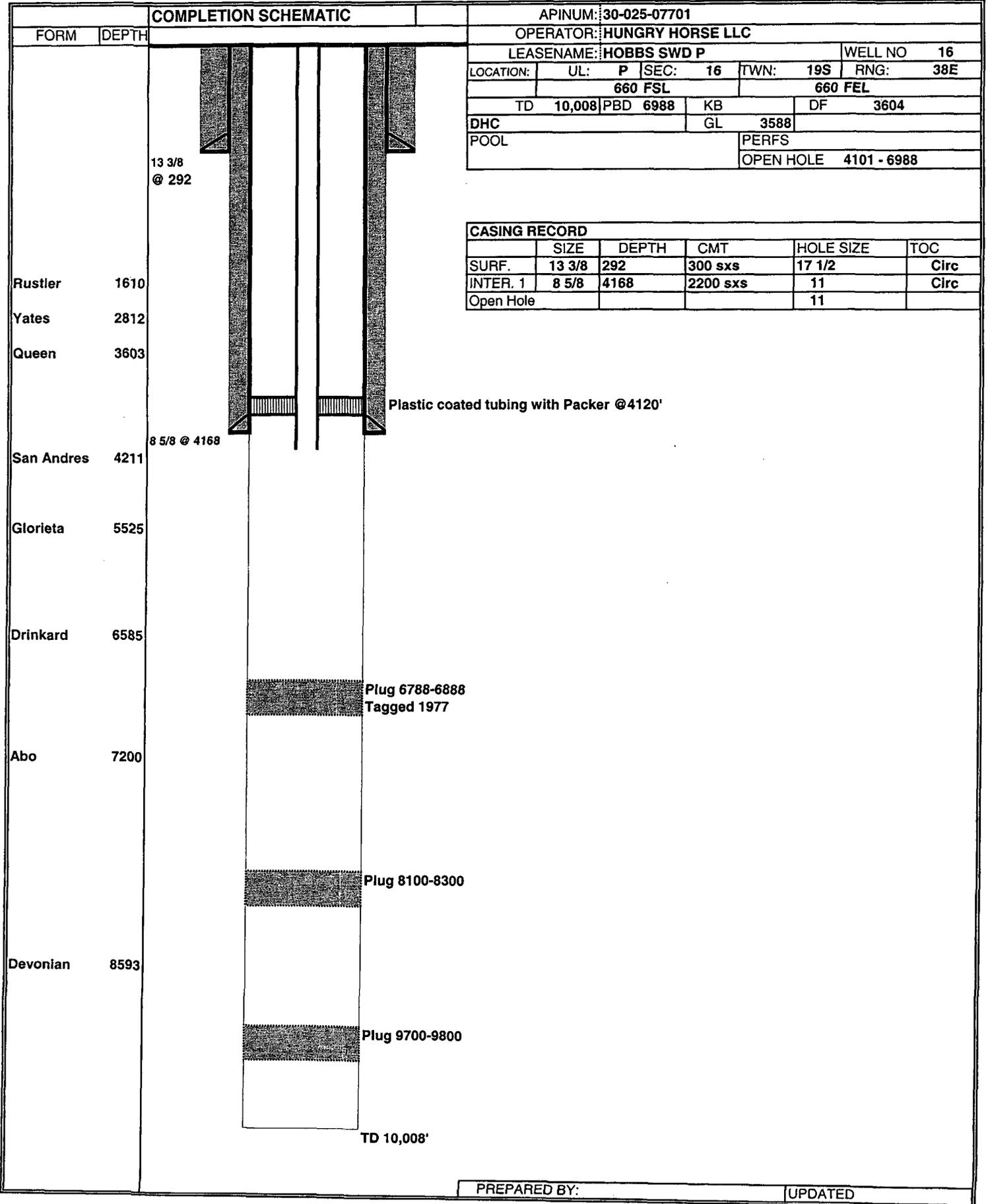
WELLBORE SCHEMATIC



PREPARED BY:

UPDATED

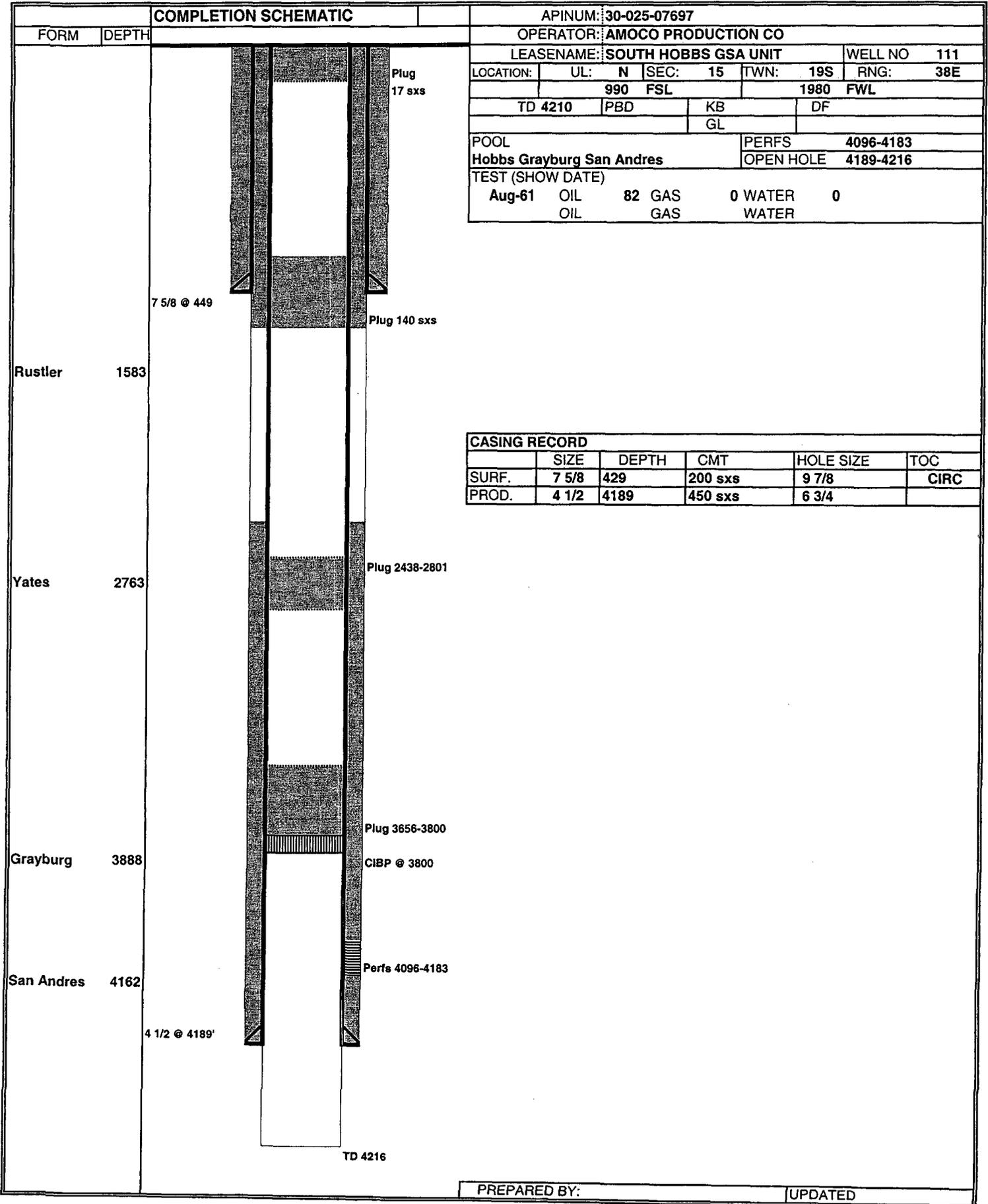
WELLBORE SCHEMATIC AND PROPOSED DISPOSAL INTERVAL



PREPARED BY:

UPDATED

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-07697				
FORM	DEPTH	OPERATOR: TEXACO INC				
		LEASENAME: NORDON CORP LIMITED		WELL NO 2		
		LOCATION:	UL: M	SEC: 15	TWN: 19S	RNG: 38E
			990 FSL		990 FWL	
			TD 4210	PBD	KB	DF
				GL		
			POOL D&A		PERFS OPEN HOLE	
		TEST (SHOW DATE)				
		OIL	GAS	WATER		
		OIL	GAS	WATER		
		Plug 12 sxs				
		7 5/8 @ 451				
		Plug 25 SXS 400-500				
		Plug 25 SXS 1165-1265				
		2 7/8 CUT & PULLED @ 1265				
		Plug 3950-4210				
		Perfs 4100-4182				
		TD 4210				
		2 7/8 @ 4209'				
Rustler	1592					
Yates	2756					
Queen	3540					
Grayburg	3892					
San Andres	4166					

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	7 5/8	451	200 sxs	9 7/8	CIRC
PROD.	2 7/8	4206	550 sxs	6 3/4	

PREPARED BY: _____ UPDATED _____

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-07704																											
FORM	DEPTH	OPERATOR: JOHN A YATES																											
		LEASENAME: FOREST MCCLAFFERTY		WELL NO 1																									
		LOCATION:	UL: B	SEC: 21	TWN: 19S	RNG: 38E																							
			660 FNL		1980 FEL																								
			TD 4680	PBD	KB	DF																							
				GL																									
			POOL Hobbs Grayburg San Andres		PERFS 3690-4482																								
			TEST (SHOW DATE)																										
			Mar-57	OIL 259	GAS 0	WATER 94																							
				OIL	GAS	WATER																							
			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>8 5/8</td> <td>273</td> <td>180 sxs</td> <td></td> <td>CIRC</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>4680</td> <td>360 sxs</td> <td></td> <td></td> </tr> </tbody> </table>				CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	8 5/8	273	180 sxs		CIRC	PROD.	5 1/2	4680	360 sxs	
CASING RECORD																													
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																								
SURF.	8 5/8	273	180 sxs		CIRC																								
PROD.	5 1/2	4680	360 sxs																										
	8 5/8 @ 273		Plug 10 sxs																										
			Plug 15 SXS																										
			Plug 25 SXS																										
			5 1/2 CUT & PULLED @ 2725																										
Queen	3685																												
San Andres	3870																												
			Perfs 3690-4482																										
	5 1/2 @ 4680'		Plug 25 sxs																										
			TD 4680																										

PREPARED BY:

UPDATED



ARDINAL LABORATORIES

PHONE (325) 873-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

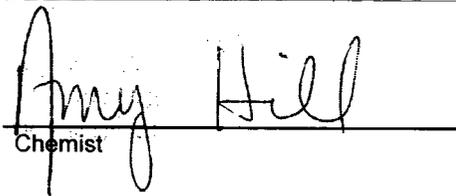
ANALYTICAL RESULTS FOR
EDDIE SEAY CONSULTING
ATTN: EDDIE SEAY
601 W. ILLINOIS
HOBBS, NM 88242
FAX TO: (505) 392-6949

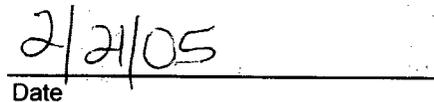
Receiving Date: 02/16/05
Reporting Date: 02/21/05
Project Owner: P. McNEILL
Project Name: HUNGARY HORSE SWD
Project Location: HOBBS, NM

Sampling Date: 02/15/05
Sample Type: GROUND WATER
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		02/18/05	02/18/05	02/18/05	02/18/05	02/18/05	02/18/05
H9556-1	HHW #1	105	131	11	5.25	1002	224
H9556-2	HHW #2	117	93	22	4.09	1106	216
Quality Control		NR	58	54	4.90	1322	NR
True Value QC		NR	50	50	5.00	1413	NR
% Recovery		NR	116	108	98.0	93.6	NR
Relative Percent Difference		NR	3.1	3.8	0.8	0.7	NR
METHODS:		SM3500-Ca-D		3500-Mg E	8049	120.1	310.1

LAB NUMBER	SAMPLE ID	Cl ⁻ (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)	
ANALYSIS DATE:		02/18/05	02/18/05	02/18/05	02/18/05	02/18/05	02/19/05	
H9556-1	HHW #1	240	45	0	273	6.37	936	
H9556-2	HHW #2	212	64	0	264	6.45	810	
Quality Control		930	50.33	NR	961	6.99	NR	
True Value QC		1000	50.00	NR	1000	7.00	NR	
% Recovery		93.0	101	NR	96.1	99.9	NR	
Relative Percent Difference		1.0	0.2	NR	1.6	0.3	1.4	
METHODS:		SM4500-Cl-B		375.4	310.1	310.1	150.1	160.1


Chemist


Date



ARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 (915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page ___ of ___

ANALYSIS REQUEST

PO #:

Company:

Attn:

Address:

City:

State:

Zip:

Phone #:

Fax #:

Project Name:

Project Location:

Project Owner:

Project Manager:

LAB I.D. Sample I.D.

(GRAB) OR (COMP.)	
# CONTAINERS	
GROUNDWATER	
WASTEWATER	
SOIL	
OIL	
SLUDGE	
OTHER:	
ACID:	
ICE / COOL	
OTHER:	

DATE TIME

Gen Chemistry

PLEASE NOTE: Liability and Damages, Contractor Liability and other's exclusive remedy for any claim arising under this contract or tort, shall be limited to the amount paid by the client for the analysis. All claims, including those for negligence and any other causes whatsoever shall be deemed waived, unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or associates arising out of or related to the performance of services hereunder by Cardinal. Signature of Whether Such Signer is Based upon Any of the Above Stated Respects or Otherwise.

Terms and Conditions: Payment will be accepted on all accounts more than 30 days past due at the rate of 2% per annum from the original date of invoice, and all costs of collection, including attorney's fees.

Sampler Relinquished:

Date: 2/14

Time: 9:15

Received By: (Lab Staff)

Phone Result Yes No

Additional Fax #:

Relinquished By:

Date:

Time:

Received By: (Lab Staff)

Phone Result Yes No

Additional Fax #:

Delivered By: (Circle One)

Date:

Time:

Received By: (Lab Staff)

Phone Result Yes No

Additional Fax #:

Sampler - UPS - Bus - Other:

Date:

Time:

Received By: (Lab Staff)

Phone Result Yes No

Additional Fax #:

Delivered By: (Circle One)

Date:

Time:

Received By: (Lab Staff)

Phone Result Yes No

Additional Fax #:

Sampler - UPS - Bus - Other:

Date:

Time:

Received By: (Lab Staff)

Phone Result Yes No

Additional Fax #:

† Cardinal cannot accept verbal changes. Please fax written changes to 915-673-7020.

Sea

POOL: Monument - Greyburg - SA

All values in Parts per Million - PPM.

COMPANY	LOCATION	FORMATION	CODE	Chloride Cl.	Sodium Na.	Magesium Mg.	Calcium Ca.	Sulfate So4	Sulfide H2S
-	30-19-37	G-6	PW	5,350	3,500	149	455	-	
-	36-19-36	G-6	PW	4,220	2,540	213	500	-	
-	33-19-34	G-6	PW	4,520	2,685	195	400	650	

Pool Chloride Average (All Pool Formations).	Form.	G-6 (SA)	4,697
Pool Formation Average - PPM Cl.	Form.		
Pool Formation Average - PPM Cl.	Form.		
Pool Formation Average - PPM Cl.	Form.		

CODE:

WF = Water Flood Water

PW = Produced Water (Primary)

R = Reef water.

WATER ANALYSIS BY
 NEW MEXICO OIL CONSERVATION COMMISSION
 HOBBS, NEW MEXICO

PRODUCED WATER ANALYSIS

<u>POOL</u>	<u>LOCATION</u>	<u>CHLORIDES</u>
Jalmat Yates Seven Rivers	✓ 11-23-35	23,572
Langlie Mattix Seven Rivers Queen	✓ 32-24-37	64,740 (Reef)
Langlie Mattix Seven Rivers Queen	✓ 34-23-37	41,890
Langlie Mattix Seven Rivers Queen	✓ 27-23-37	5,745 (Reef)
Eunice Grayburg San Andres	✓ 33-21-37	137,385
Arrowhead Grayburg	✓ 13-22-36	2,059
Blinebry	✓ 26-21-37	99,755
Terry Blinebry	✓ 23-21-37	109,340
Drinkard	✓ 33-21-37	2,556 ?
Penrose Skelly	✓ 29-21-37	6,248
Paddock Glorieta	✓ 22-22-37	64,255
Paddock Glorieta	✓ 28-21-37	62,222
McCormack Silurian	✓ 33-21-37	28,684
Brunson Ellenburger	✓ 28-21-37	105,000
Hare McKee	✓ 18-21-37	69,580
Justis Paddock	✓ 14-25-37	54,315
Justis Tubb Drinkard	✓ 24-25-37	63,900
Justis Montoya	✓ 25-25-37	69,935
Justis Fusselman	✓ 25-25-37	✓ 44,304
Justis Ellenburger	✓ 13-25-37	66,030
North Justis Blinebry	✓ 2-25-37	173,240

HUNGRY HORSE LLC
Box 1058
Hobbs, NM 88241

February 23, 2005

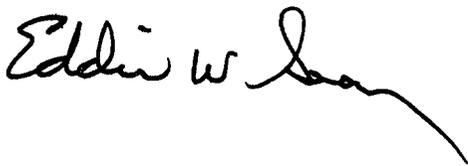
RE: Hobbs SWD#16
Unit P, Sect. 16, Tws. 19 S., Rng. 36 E.

Dear Sirs:

In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, you are being provided a copy of the C-108 Application for Authorization to Inject into the above captioned well.

Any questions about the permit can be directed to Eddie W. Seay, (505)392-2236. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days from the date received. The OCD address is P.O. Box 6429, 1220 S. Saint Francis Drive, Santa Fe, NM 87504, (505)476-3440.

Thank you,

A handwritten signature in black ink that reads "Eddie W. Seay". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

LIST OF NOTICES

Landowner
McNeill Ranches
Box 1058
Hobbs, NM 88241

NO OFFSET OPERATORS
ALL WELLS P & A

7004 0750 0003 4821 8566

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

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

OFFICIAL USE

Postage	\$ 1.29
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.34

UNIT INT. 06A0
 Postmark Here
 Clerk: KMKCR9
 03/02/05

Sent To **McNeill Ranches**
 Street, Apt. No. or PO Box **Box 1058**
 City, State, ZIP+4 **Hobbs, NM 88241**

LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Hungry Horse, LLC, Box 1058, Hobbs, NM 88241, is filing a C-108, Application for a Commercial Salt Water Disposal. The well being applied for is the Hobbs SWD #16, located in Unit P, Section 16, Township 19 S., Range 36 E., Lea Co., NM. The injection formation is San Andres, Glorieta and Drinkard located from 4168' to 6788' below surface. Expected maximum injection rate is 5000 bpd. and the expected maximum injection pressure is 800 lbs. Any questions about the application can be directed to Eddie W. Seay, (505)392-2236, or any objections or request for hearing must be directed to the Oil Conservation Division, (505)476-3440, Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

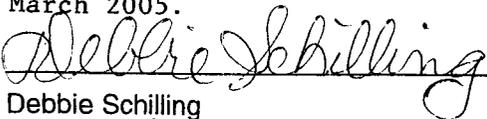
Legal Notice

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of February 24, 2005 and ending with the issue of February 24, 2005.

And that the cost of publishing said notice is the sum of \$ 18.30 which sum has been (Paid) as Court Costs.



Subscribed and sworn to before me this 3rd day of March 2005.



Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2006

applied for is the Hobbs SWD #16, located in Unit P, Section 16, Township 19 S., Range 36 E., Lea Co., NM. The injection formation is San Andres, Glorieta and Drinkard located from 4168' to 6788' below surface. Expected maximum injection rate is 5000 bpd. and the expected maximum injection pressure is 800 lbs. Any questions about the application can be directed to Eddie W. Seay, (505)392-2236, or any objections or request for hearing must be directed to the Oil Conservation Division, (505)476-3440, Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days. Published in the Lovington Daily Leader February 24, 2005.

LEGAL NOTICE Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Hungry Horse, LLC, Box 1058, Hobbs, NM 88241, is filing a C-108 Application for a Commercial Salt Water Disposal. The well being

RECEIVED

APR 11 2005

OIL CONSERVATION
DIVISION

April 5, 2005

NMOCD Engineering
ATTN: Will Jones
Box 6429
1220 S. Saint Francis Dr.
Santa Fe, NM 87504

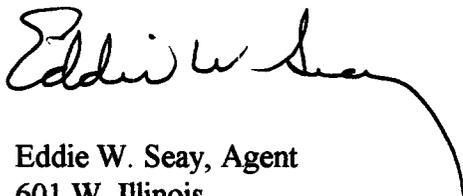
RE: Hungry Horse LLC
C-108

Mr. Jones:

I recently discovered that the Legal Notice for Hungry Horse had an error. I re-advertised the application and enclosed is the new affidavit.

If there is anything else you need, please call.

Thanks,



Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236
seay04@leaco.net

Jones, William V

From: Jones, William V
Sent: Thursday, March 17, 2005 3:49 PM
To: 'seay04@leaco.net'
Cc: Kautz, Paul; MacQuesten, Gail
Subject: Hungry Horse LLC's application to inject into the Hobbs SWD Well No. 16 (30-025-07701)

Eddie:

(The notice rules for SWD wells allow the examiner some discretion to decide who the "affected" parties are.)

It appears that you only noticed the surface owner because the wells within the 1/2 mile are all plugged, but there are likely lessees within 1/2 mile of minerals in these formations and the Division designated operator is likely the last operator of the plugged wells.

Please do some additional notice on this well.

- 1) Notice OXY by sending the complete application to them.
- 2) In Sections 16, 21, and 22 for areas within the 1/2 mile radius, notice all working interest owners (lessees) in the Queen/Grayburg, San Andres, Glorieta, and Drinkard.

Please let me know the direction and distance to the nearest current production and actual past production in the Queen/Grayburg, San Andres, Glorieta, and Drinkard. Was any of these intervals tested by Drill Stem Testing or by actual production testing in this area?

At which depth(s) are you expecting the well to take injected water?

The permit will likely contain a requirement to run one or more injection surveys to show at what depth the injected fluid is entering the open hole interval.

Paul: Do you have any problems or concerns with this application? (In case you did not get a copy, I am sending you one.)

Thanks,

William V. Jones

Engineering Bureau

Oil Conservation Division

Santa Fe

Jones, William V

From: Jones, William V
Sent: Tuesday, April 26, 2005 8:51 AM
To: 'seay04@leaco.net'
Cc: Ezeanyim, Richard; Phillips, Dorothy
Subject: RE: Bond and OGRD for Hungry Horse LLC

Eddie:
I am cancelling this SWD permit application because it has been over 30 days since it arrived here - rules from our management.

If you want to re-instate this application, please send a letter to that affect and I will retrieve these documents and process. Be sure and get the bonding and OGRD for HUNGRY HORSE LLC before re-applying. If you want to use a different operator name for this well, you must re-notice all parties whom you noticed before and also re-post the ad in the newspaper.

I called Paige McNeill today and left a message to this same effect.

Regards,
Will Jones

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

From: Jones, William V
Sent: Thursday, April 14, 2005 11:43 AM
To: Phillips, Dorothy
Cc: Williams, Chris; 'seay04@leaco.net'
Subject: Bond and OGRD for Hungry Horse LLC

Hello Dorothy:
Would you let me know if Hungry Horse has obtained a bond and OGRD?

I am set to release an SWD permit for them. but can't until the OGRD is in our database,

Thanks,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

RECEIVED

MAR 23 2005

OIL CONSERVATION
DIVISION

March 22, 2005

NMOCD Engineering
ATTN: Will Jones
Box 6429
1220 South Saint Francis Drive
Santa Fe, NM 87504

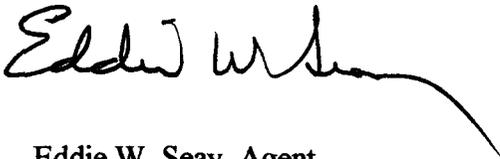
RE: McNeill SWD Application

Mr. Jones:

Find within additional information you requested concerning McNeill SWD Application. Notices have been sent and mailings are attached.

If you have any questions or need additional information, please call.

Sincerely,



Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236
seay04@leaco.net

McNEILL C-108

LIST OF NOTICES

Oxy USA
Box 4294
Houston, TX 77210-4294

Yates Petroleum Corp.
105 S. Fourth St.
Artesia, NM 88210

Marathon Oil Co.
Box 552
Midland, TX 79702

Nearburg Producing Co.
3300 N. "A" St., Bldg. 2, Ste. 120
Midland, TX 79705

Xeric Oil & Gas Corp.
1801 W. Texas Ave.
Midland, TX 79701

XTO Energy Inc.
810 Houston St., Ste. 2000
Fort Worth, TX 76102

Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705

New Mexico Land Office
Box 1148
310 Old Santa Fe Trail
Santa Fe, NM 87504-1148

Bureau of Land Management
620 E. Green St.
Carlsbad, NM 88220

C-108

The Grayburg top is at 3940' behind pipe. We do not plan on injecting into the GB or Queen.

The nearest Queen production is 2.75 miles Northeast, Byars Queen Gas.

The nearest GBSA production was approximately 1/2 mile East of Hobbs GBSA #111 P & A. Our proposed well is structurally 40' down dip. 1956 data indicated oil-water contact - 550' sub sea. The proposed SWD is on the flank of Hobbs structure. Top of open hole in proposed SWD - 564' sub sea and open hole interval below oil-water contact.

Glorieta; no production on Hobbs structure with little porosity development. The nearest Glorieta well is 4 miles SW in Eunice-Monument area.

Paddock; the nearest production is 3.75 miles NNW of Hobbs structure. The proposed SWD is 200' below oil-water contact in the Hobbs pool.

Blinebry; the nearest production is 2.75 miles North. The Hobbs upper Blinebry and lower blinebry oil-water contact is - 2100' sub sea. The proposed SWD is 220' below oil-water contact for these pools.

Drinkard-Abo; nearest production is .75 miles East in the Nadine Drinkard Abo pool. This is isolated in a stratographic trap (Roswell Geologic Society). The Hobbs Drinkard is 2.75 miles North of the proposed SWD. The plug at 6788'-6888' isolates this interval.

Attached is a copy of the Drill Stem Test conducted by Nearburg in this area.

It is my belief that most of the injected water will go into the San Andres zone from 4168' to 5500'.

NEARBURG & INGRAM

#1 Ohio-State - Lea County, New Mexico

DRILL STEM TEST RECORD

- No. 1 - 3589'-3674', open 45 minutes, had weak blow for 3 minutes & died. By-passed tool after 15 minutes re-opened, had weak blow for 3 minutes & died. Recovered 40' mud with no show. Pressures: hydrostatic (in) & (out) - 2186, 30 minute ISI - 85, I. flow - 70, F. flow - 85, 15 minute FSI - 85, BHT 80°F.
- No. 2 - 7405'-7515' (Abo), 5/8" bottom & 1" top choke, tool open 45 minutes, weak blow, gradually decreasing. Recovered 15' OCM + 1 qt green oil below tool. Pressures: 30 minute ISI 100, IF 50, FF 50, 30 minute FSI 180, hydrostatic 3640, BHT 156°.
- No. 3 - 8162'-8230' - packer failed. Reset packer @ 8125' - packer failed. 8115'-8230', weak blow, gradually decreasing. Tool open 45 minutes, recovered 250' mud. Pressures: 30 minute ISI 1520, IF 140, FF 220, 30 minute FSI 820, hydrostatic (in & out) 4100, BHT 170°.
- No. 4 - 8109'-8432', open 56 minutes, 5/8" top choke, 1" bottom choke. Recovered 5750' mud + 1550' black water (by analysis appeared to be formation water). Pressures: IF 2458, FF 3265, 30 minute SI 3265.
- No. 5 - 8569'-8584', open 1 hr & 45 min., strong blow immediately, tool plugged after 7 min., by-passed tool & reopened after 15 min. Opened with strong blow - continuing thruout remainder of test. Recovered 1980' mud & 5839' sulphur water. Pressures: hydrostatic 3460, IF 1350, FF 3460, 30 min. FSI 3460. 7/8" bottom choke, variable top choke (1/4 to 1/2").
- No. 6 - 9855'-9898', 3/4" bottom choke, 1/4" top choke. Open 45 min., recovered 720' mud & 8140' sulphur water. Pressures: IF 3971, FF 4018, 15 minute FSI 4018, hydrostatic 4018, temp. 142°.
- No. 7 - Straddle packer tests.
#1 - 4160-4215, open 45 min., very slight blow, I & FFP 23, 1 hr shut-in 1041.
#2 - 4170-4228, open 30 min., very slight blow, I & FFP 35. No shut-in pressure taken.
#3 - 4347-4402, open 1 hr, weak blow, IFP 389, FFP 581, 30 minute SI 1433. Recovered (all 3 tests) 570' mud, 633' water, no show of oil or gas.

2552 7004 0750 0003 4816 3576

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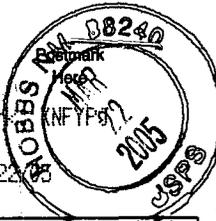
CARLSBAD, NM 88220

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

UNIT ID: 0640

Clerk:

03/22/05



Sent To: **Bureau of Land Management**

Street, Apt. No., or PO Box No.: **620 E. Green St.**
City, State, ZIP+4: **Carlsbad, NM 88220**

PS Form 3800, June 2002

See Reverse for Instructions

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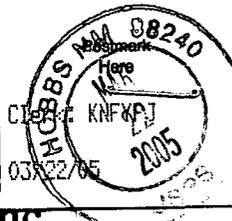
MIDLAND, TX 79705

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

UNIT ID: 0640

Clerk:

03/22/05



Sent To: **Chevron U.S.A. Inc.**

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

PS Form 3800, June 2002

See Reverse for Instructions

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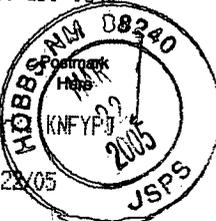
SANTA FE, NM 87504

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

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Clerk:

03/22/05



Sent To: **New Mexico State Land Office**

Street, Apt. No., or PO Box No.: **Box 1148, 310 Old Santa Fe Trail**
City, State, ZIP+4: **Santa Fe, NM 87504-1148**

PS Form 3800, June 2002

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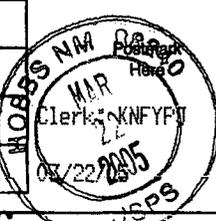
FORT WORTH, TX 76102

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

UNIT ID: 0640

Clerk:

03/22/05



Sent To: **XTO Energy Inc.**

Street, Apt. No., or PO Box No.: **2110 Houston St., Ste. 2000**
City, State, ZIP+4: **Ft. Worth, TX 76102**

PS Form 3800, June 2002

See Reverse for Instructions

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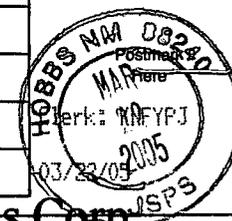
MIDLAND, TX 79705

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

UNIT ID: 0640

Clerk:

03/22/05



Sent To: **Xerie Oil & Gas Corp.**

Street, Apt. No., or PO Box No.: **1801 W. Texas Ave.**
City, State, ZIP+4: **Midland, TX 79701**

PS Form 3800, June 2002

See Reverse for Instructions

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Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

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 Clerk: KNFYPS
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Sent To **Nearburg Producing Co.**

Street, Apt. No., or PO Box No. **Box N, "A" St., Bldg. 2, Ste. 120**

City, State, ZIP+4 **Midland, TX 79705**

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Sent To **Marathon Oil Co.**

Street, Apt. No., or PO Box No. **Box 552**

City, State, ZIP+4 **Midland, TX 79702**

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ARTESIA, NM 88210

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Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

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Sent To **Yates Petroleum Corp**

Street, Apt. No., or PO Box No. **105 S, Fourth St.**

City, State, ZIP+4 **Artesia, NM 88210**

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HOUSTON, TX 77210

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Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

UNIT ID: 0640
 Postmark Here
 Clerk: KNFYPS
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 JSPS

Sent To **Oxy USA**

Street, Apt. No., or PO Box No. **Box 4294**

City, State, ZIP+4 **Houston, TX 77210-4294**

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