1/5/06 DATE IN	SUSPENSE	MWJ ENGINEER	1/12/05 LOGGED IN	SWD- TYPE	pMWJ 0601252073 APP NO.

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

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: Manzano, LLC

ADDRESS: P.O. Box 2107, Roswell, NM 88202-2107

CONTACT PARTY: Mike Hanagan PHONE: 505-623-1996

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.

RECEIVED
JAN 5 2006
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

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: Michael G. Hanagan TITLE: Manager

SIGNATURE: _____ DATE: 12/28/05

E-MAIL ADDRESS: mhanagan@dfn.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

APPLICATION FOR AUTHORIZATION TO INJECT

MANZANO, LLC
PETER ~~GARNDE~~ STATE #1
SECTION 1 – TOWNSHIP 10 SOUTH, RANGE 32 EAST
LEA COUNTY, NEW MEXICO

I. **PURPOSE:** Manzano, LLC proposes to utilize the wellbore for the purpose of disposing produced water into the San Andres formation. Manzano believes that this Application should qualify for administrative approval.

II. **OPERATOR:** Manzano, LLC
P.O. Box 2107
Roswell, NM 88202-2107
(505) 623-1996
Contact: Mike Hanagan

III. **WELL DATA:** See attached well data sheet & schematic

IV. This is not an expansion of an existing project.

V. See attached maps for location and area of review

VI. See attached schematics of wellbores within the area of review

VII. **OPERATION DATA**

(1) Average daily injection rate and volume is estimated to be between 500 and 1,000 barrels of produced water per day. Maximum injection rate and volume will not exceed 2,000 barrels of produced water per day.
(2) The system will be a closed system.
(3) Average injection pressure is anticipated to be 250-500 psia. Maximum injection pressure will not exceed 800 psia.
(4) See attached analysis of the fluid to be injected.
(5) Based on data from nearby San Andres wells (located outside of area of review but in the mapped area in Item V. above) we believe that fluids found within the injection zone will have the following chemical composition:

1. Specific Gravity: 1.1-1.2 @ 60 degrees
2. Sodium: 25,000-100,000+ ppm
3. Calcium: 2,000+ ppm
4. Magnesium: 200-400+ ppm
5. Chlorides: 50,000-150,000+ ppm

VIII. INJECTION ZONE DATA: The proposed disposal zone will be into the San Andres formation from depths of 4350' to 4470'. The lithology of the entire 120' thick interval is a dolomite. A search of the records of the State of New Mexico Engineers Office in Roswell, NM, as well as a visual survey at the site, shows that there are no known sources of drinking water within one mile of the proposed disposal well.

IX. The zone will be stimulated with 10,000 gallons of 28% Hydrochloric acid.

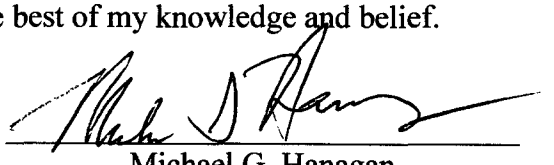
X. Well logs have been submitted to the NMOCD District 1 office in Hobbs, NM.

XI. There are no fresh water wells within one mile of the proposed disposal well.

XII. A geologic and engineering review of the available geologic and geophysical data finds that there is no evidence to indicate the presence of any open faults or other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. See attached Certified Mail Receipts of notice to the owner of the surface of the land as well as all leasehold operators within the area of review. Also, see the attached Affidavit Of Publication from the Hobbs News-Sun along with the Legal Notice & Notice of Publication of this Application. A copy of this Application has also been sent to each leasehold operator within the are of review

XIV. CERTIFICATION: I, Michael G. Hanagan as Manager of Manzano, LLC, on this 28th day of December, 2005, do hereby certify that the information submitted is true and correct to the best of my knowledge and belief.



Michael G. Hanagan
Manager of Manzano, LLC

Requirement No. III
WELL DATA & WELLBORE DIAGRAM

MANZANO, LLC
Peter Grande State #1

API #30-025-36993
330' FSL & 400' FWL
Sec. 1, T10S, R-32E
Lea County, NM

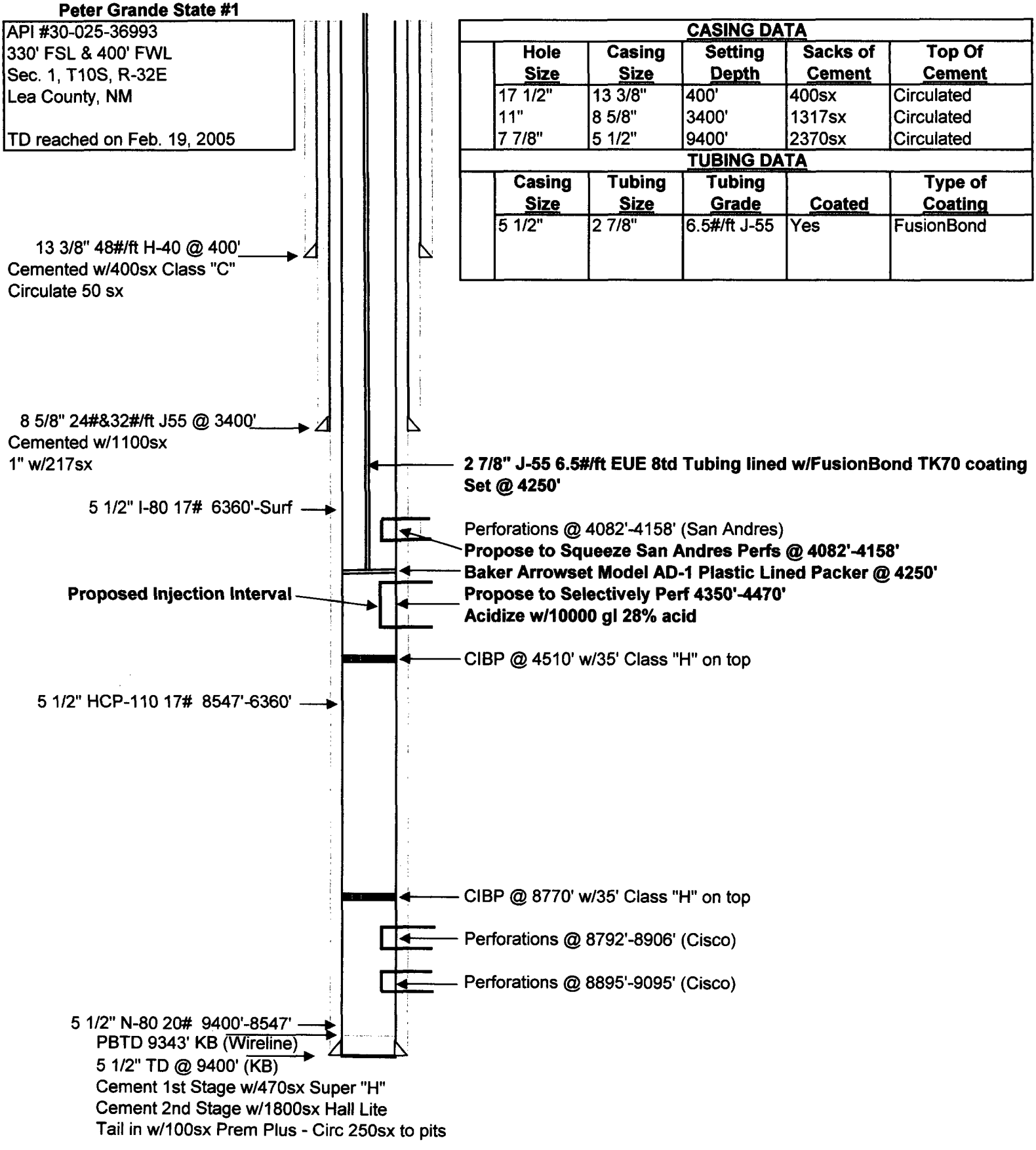
TD reached on Feb. 19, 2005

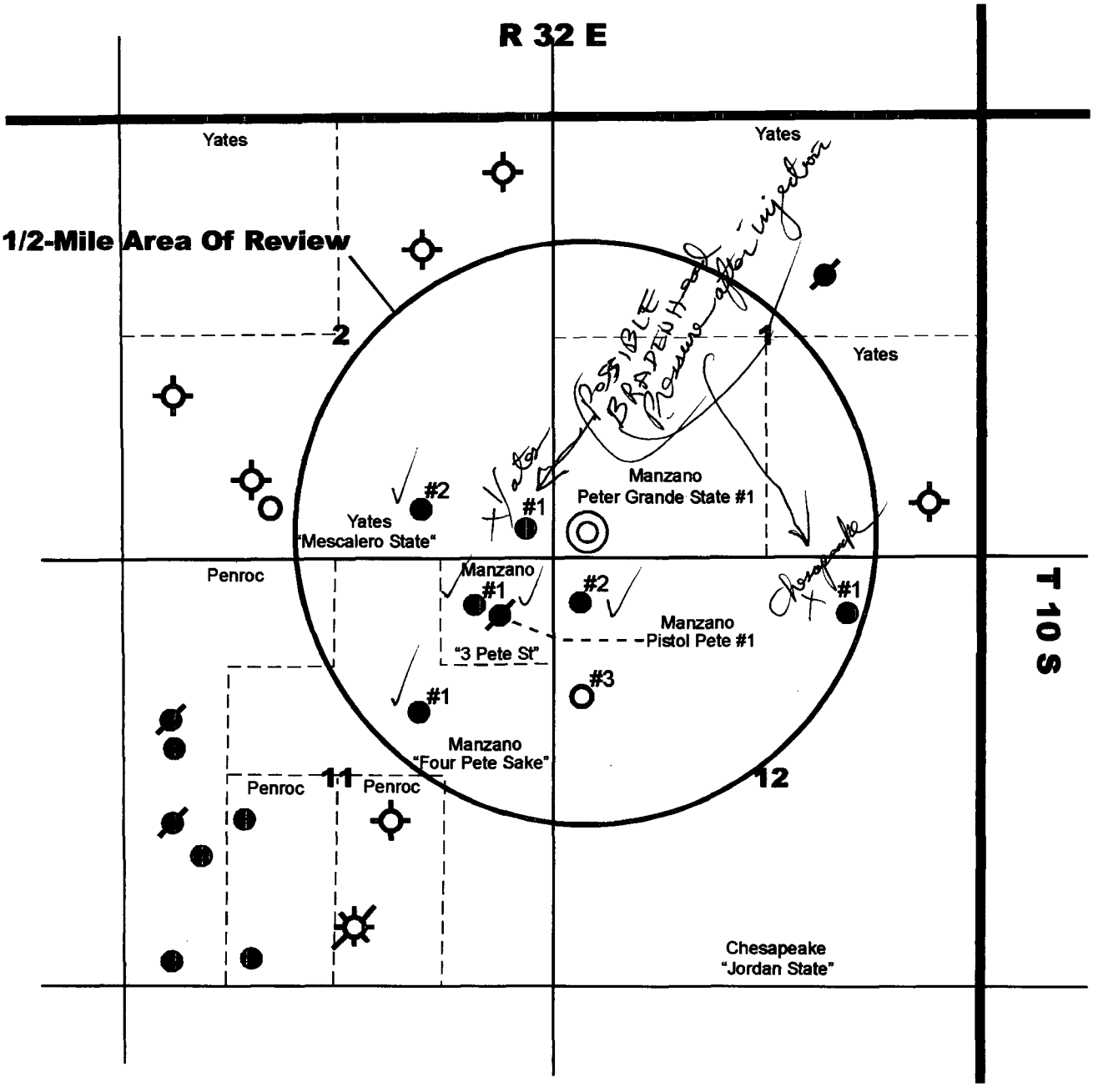
CASING DATA

Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	400'	400sx	Circulated
11"	8 5/8"	3400'	1317sx	Circulated
7 7/8"	5 1/2"	9400'	2370sx	Circulated

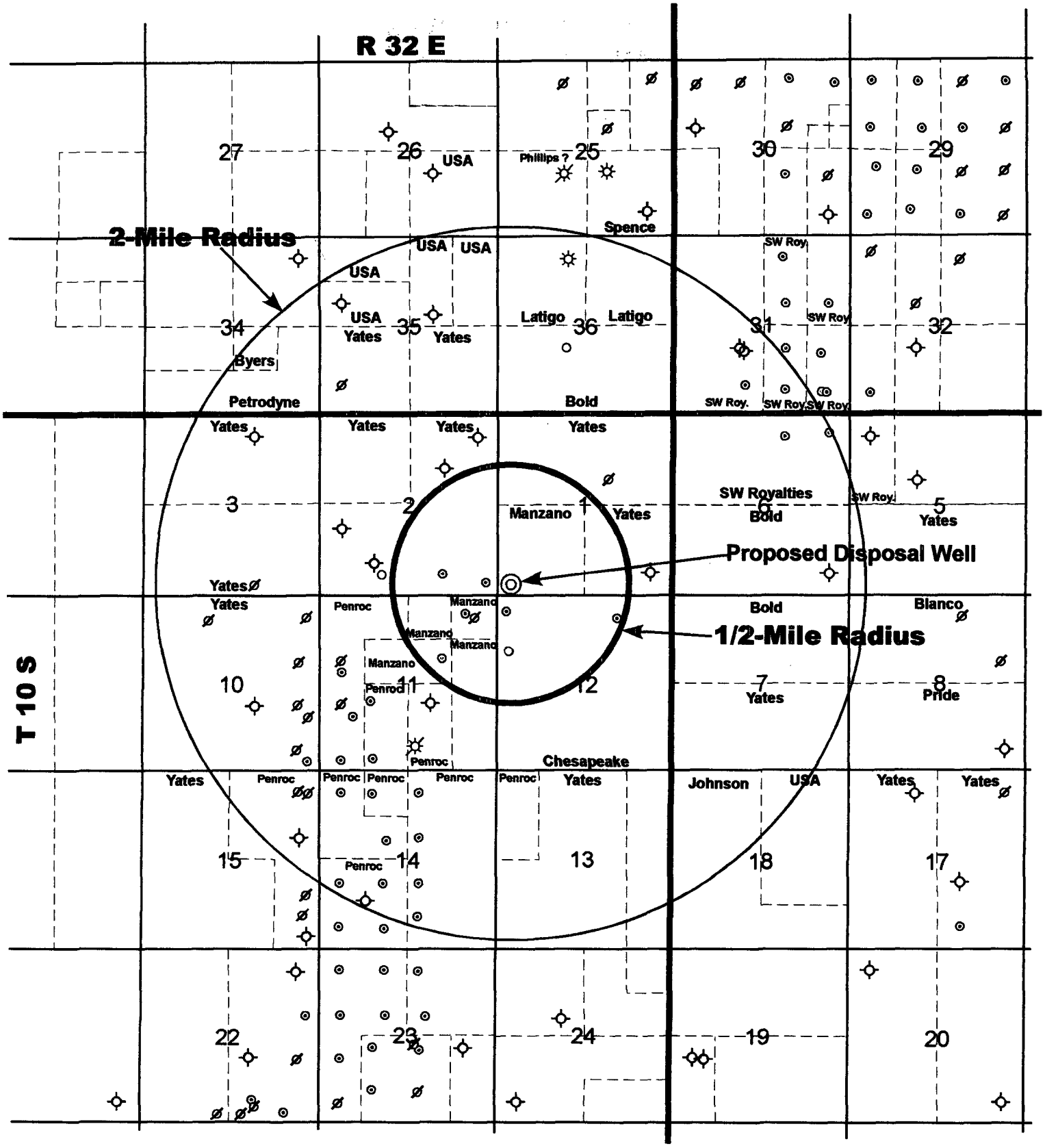
TUBING DATA

Casing Size	Tubing Size	Tubing Grade	Coated	Type of Coating
5 1/2"	2 7/8"	6.5#/ft J-55	Yes	FusionBond





Application For Authorization To Inject
Item V- Area of Review Map
Manzano, LLC
Peter Grande-State #1
330' FSL & 400' FWL
Section 1 - T10S - R32E
Lea County, New Mexico



Application For Authorization To Inject
Item V- Lease & Well Map
Manzano, LLC
Peter Grande-State #1
Section 1 - T10S - R32E
Lea County, New Mexico

Application Requirement No. VI

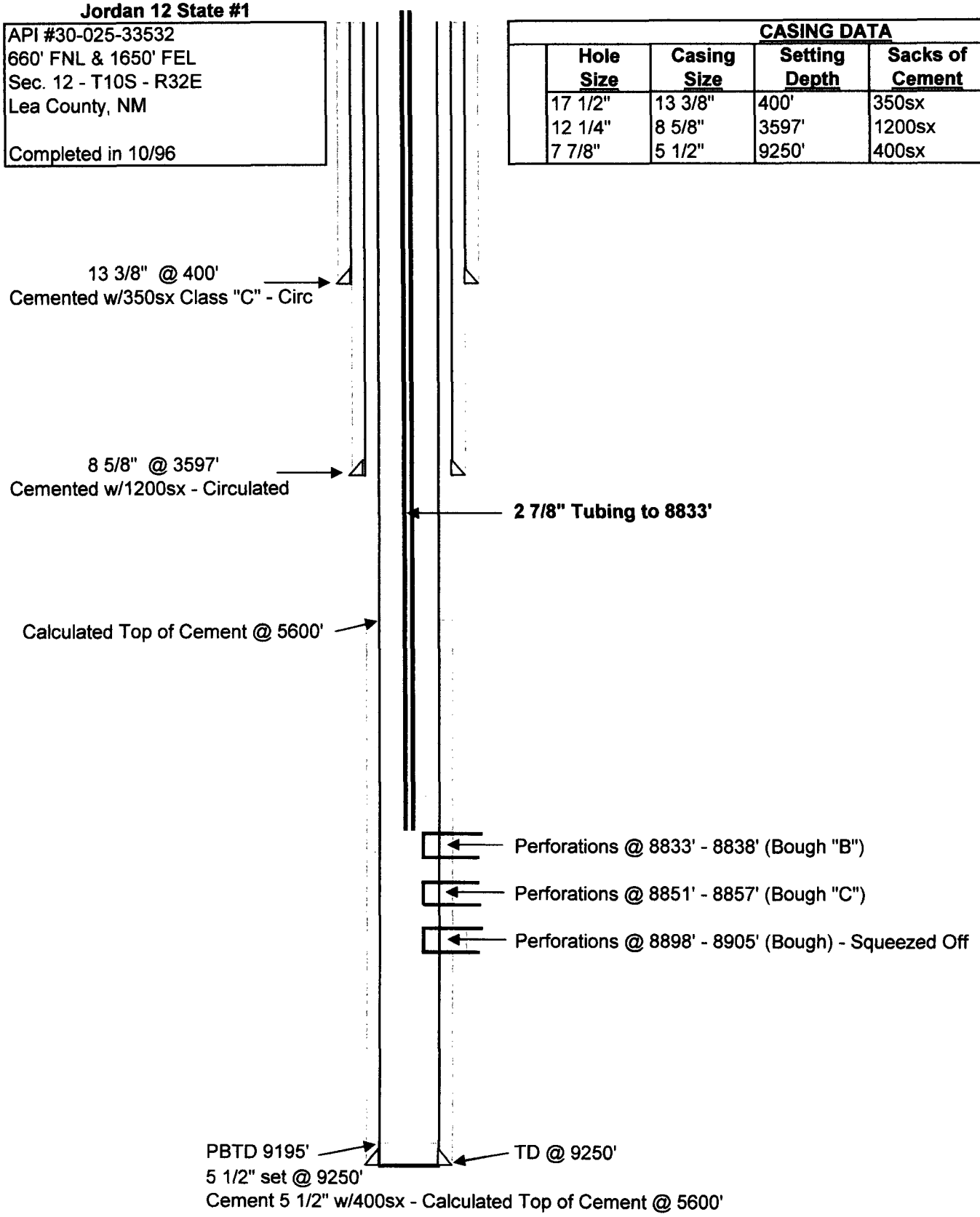
Well Data & Wellbore Diagram of Wells in Area of Review

Chesapeake Operating, Inc.
Jordan 12 State #1

API #30-025-33532
660' FNL & 1650' FEL
Sec. 12 - T10S - R32E
Lea County, NM

Completed in 10/96

CASING DATA				
Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	400'	350sx	Circulated
12 1/4"	8 5/8"	3597'	1200sx	Circulated
7 7/8"	5 1/2"	9250'	400sx	5600' - Calc



Application Requirement No. VI

Well Data & Wellbore Diagram of Wells in Area of Review

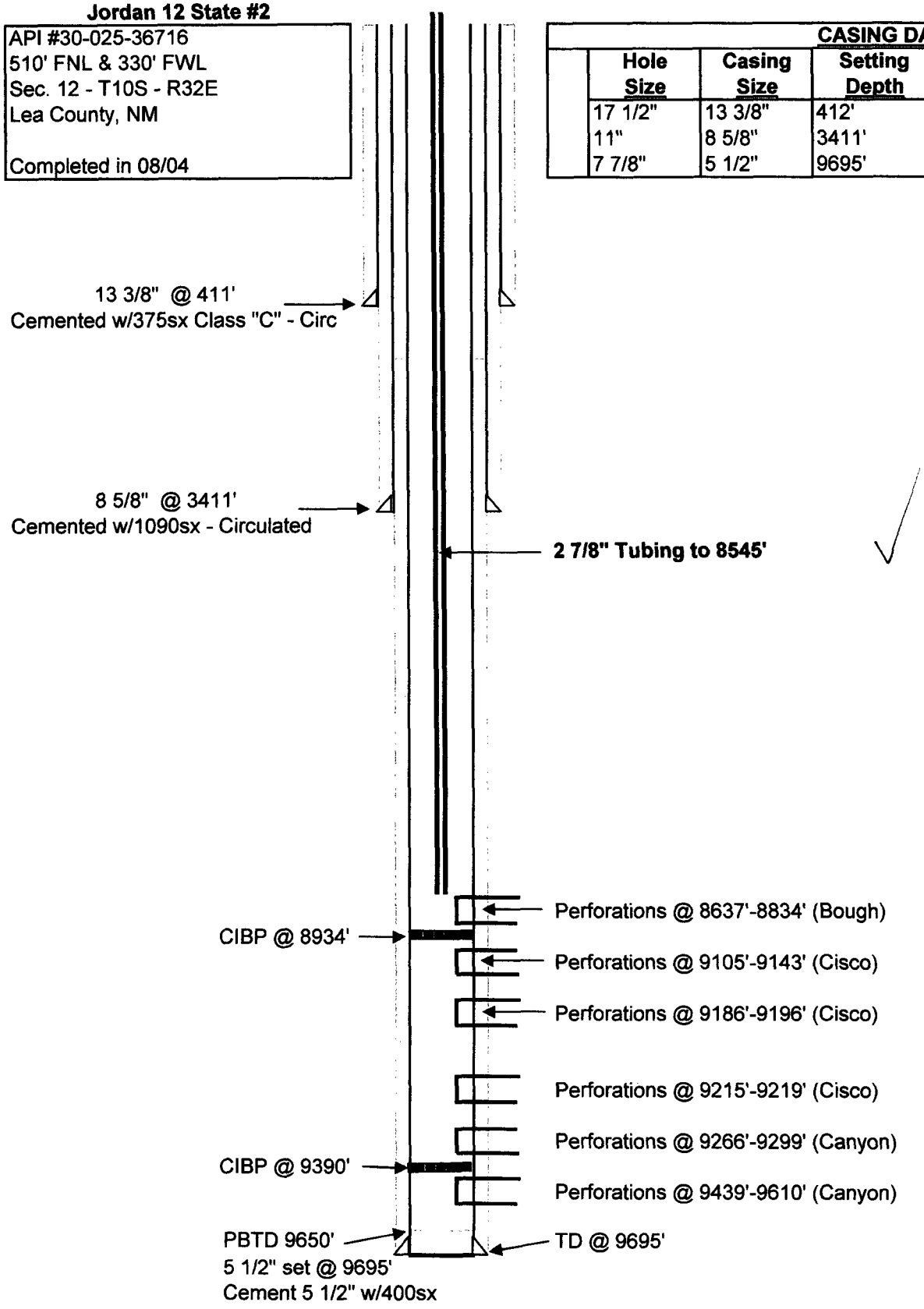
Chesapeake Operating, Inc.
Jordan 12 State #2

API #30-025-36716
510' FNL & 330' FWL
Sec. 12 - T10S - R32E
Lea County, NM

Completed in 08/04

CASING DATA

Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	412'	375sx	Circulated
11"	8 5/8"	3411'	1090sx	Circulated
7 7/8"	5 1/2"	9695'	1440sx	Unknown

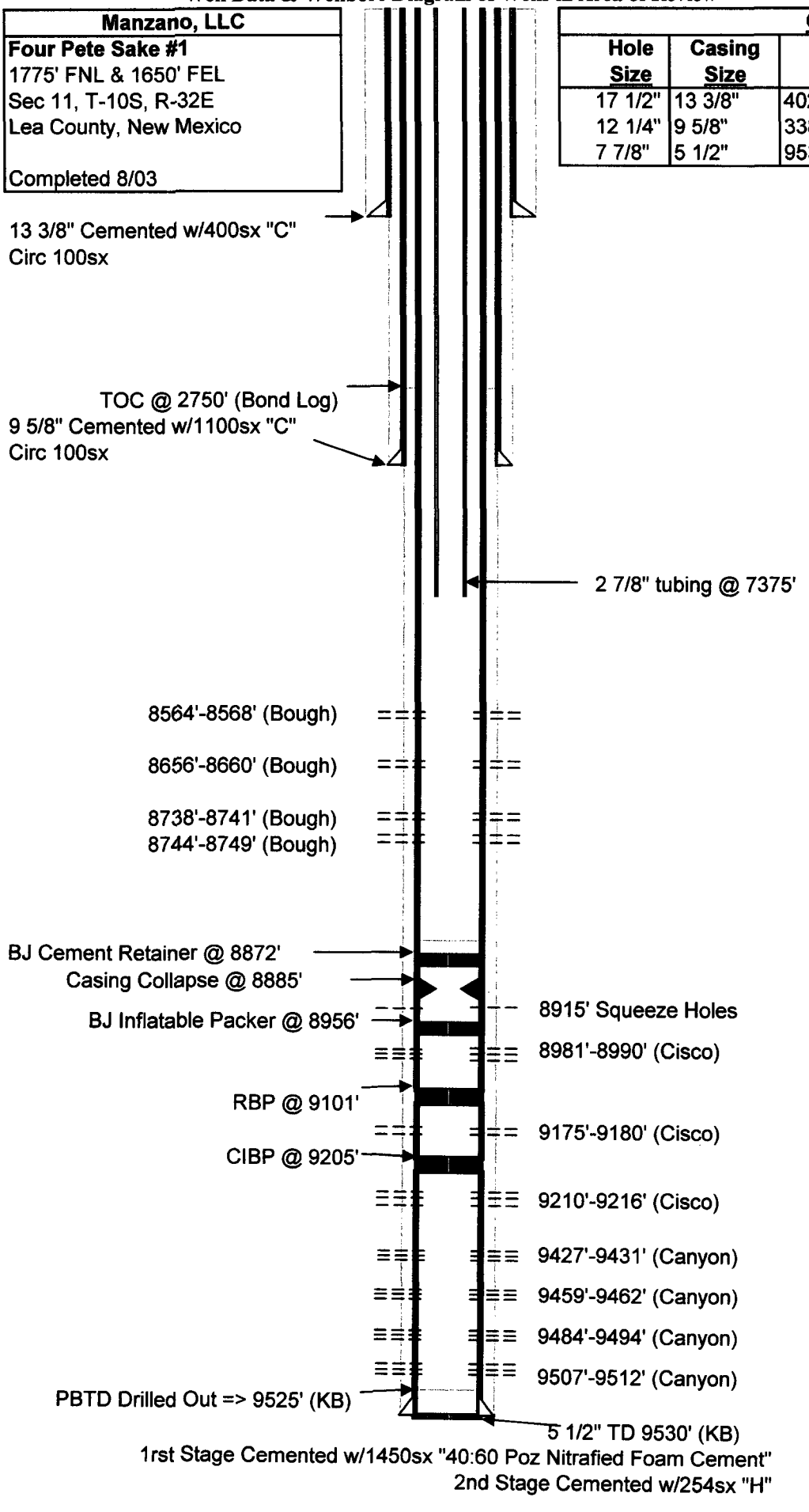


Application Requirement No. VI.

Well Data & Wellbore Diagram of Wells in Area of Review

Manzano, LLC
Four Pete Sake #1
1775' FNL & 1650' FEL
Sec 11, T-10S, R-32E
Lea County, New Mexico
Completed 8/03

CASING DATA				
Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	402'	400sx	Circulated
12 1/4"	9 5/8"	3388'	1100sx	Circulated
7 7/8"	5 1/2"	9530'	1700sx	2750'-CBL



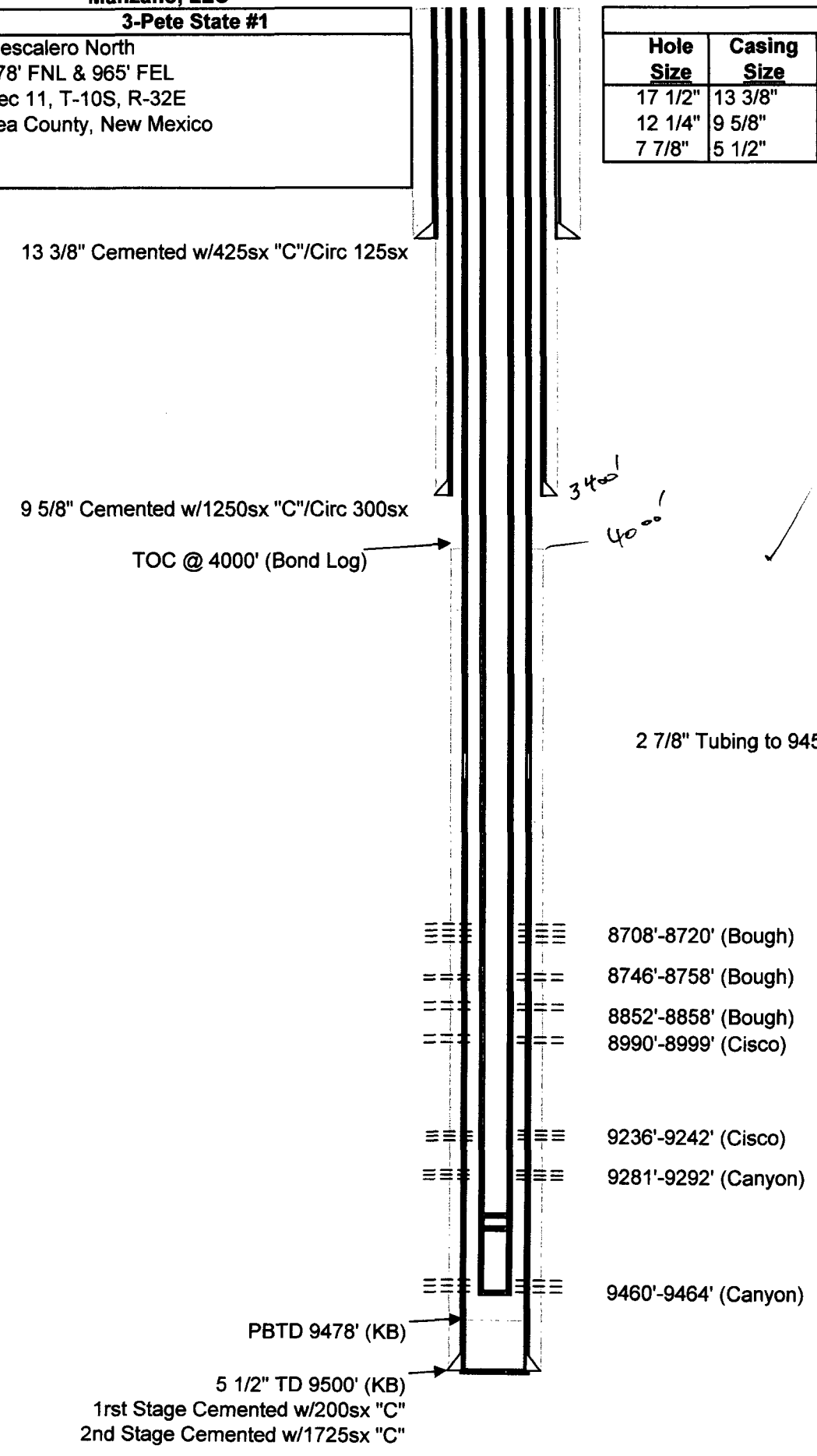
Application Requirement No. VI

Well Data & Wellbore Diagram of Wells In Area of Review

Manzano, LLC

3-Pete State #1
Mescalero North
578' FNL & 965' FEL
Sec 11, T-10S, R-32E
Lea County, New Mexico

CASING DATA				
Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	375'	425sx	Circulated
12 1/4"	9 5/8"	3400'	1250sx	Circulated
7 7/8"	5 1/2"	9500'	1925sx	4000'-CBL



Application Requirement No. VI

Well Data & Wellbore Diagram of Wells in Area of Review

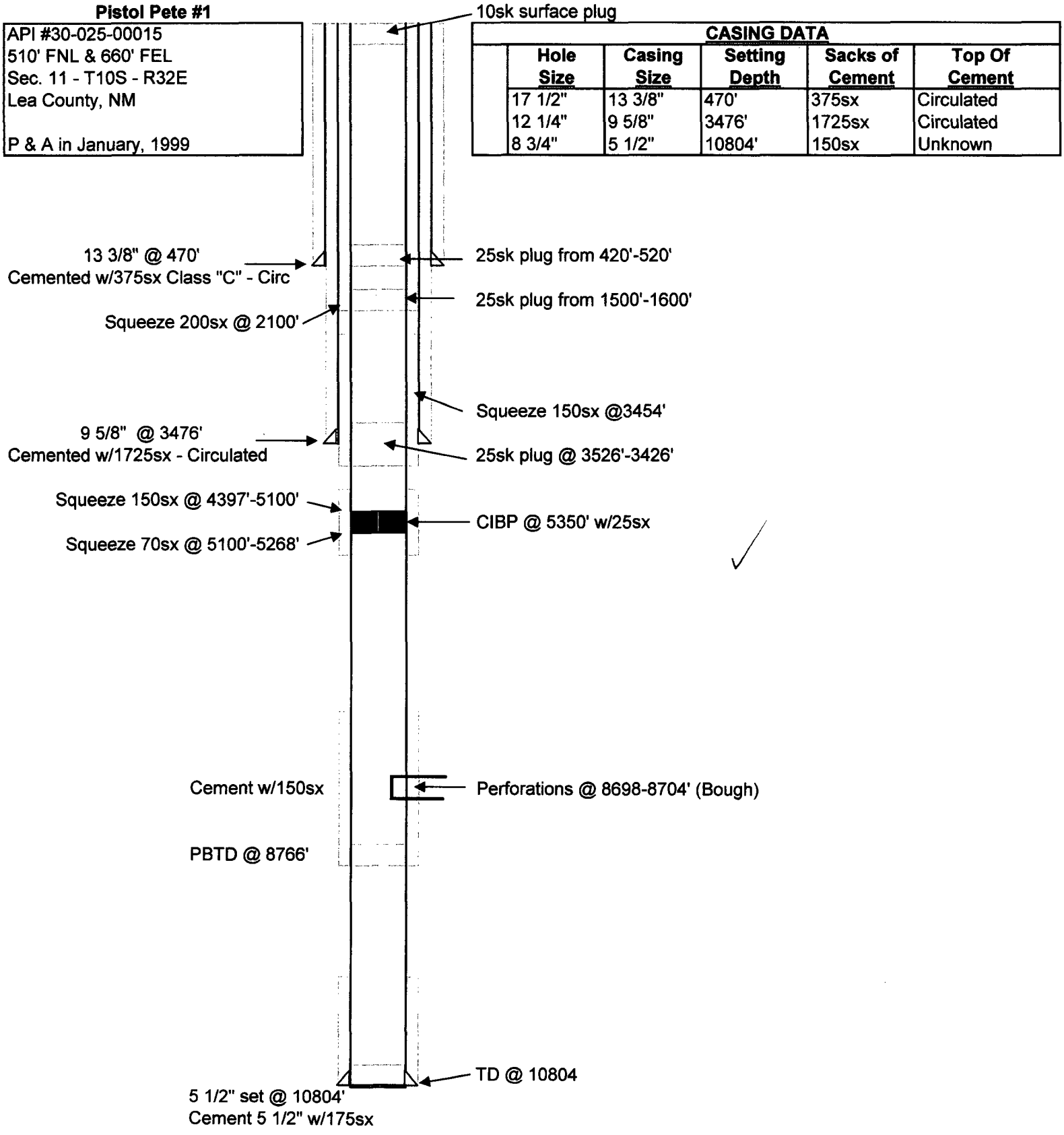
Manzano Oil Corp.
Pistol Pete #1

API #30-025-00015
510' FNL & 660' FEL
Sec. 11 - T10S - R32E
Lea County, NM

P & A in January, 1999

CASING DATA

Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	470'	375sx	Circulated
12 1/4"	9 5/8"	3476'	1725sx	Circulated
8 3/4"	5 1/2"	10804'	150sx	Unknown



Application Requirement No. VI

Well Data & Wellbore Diagram of Wells in Area of Review

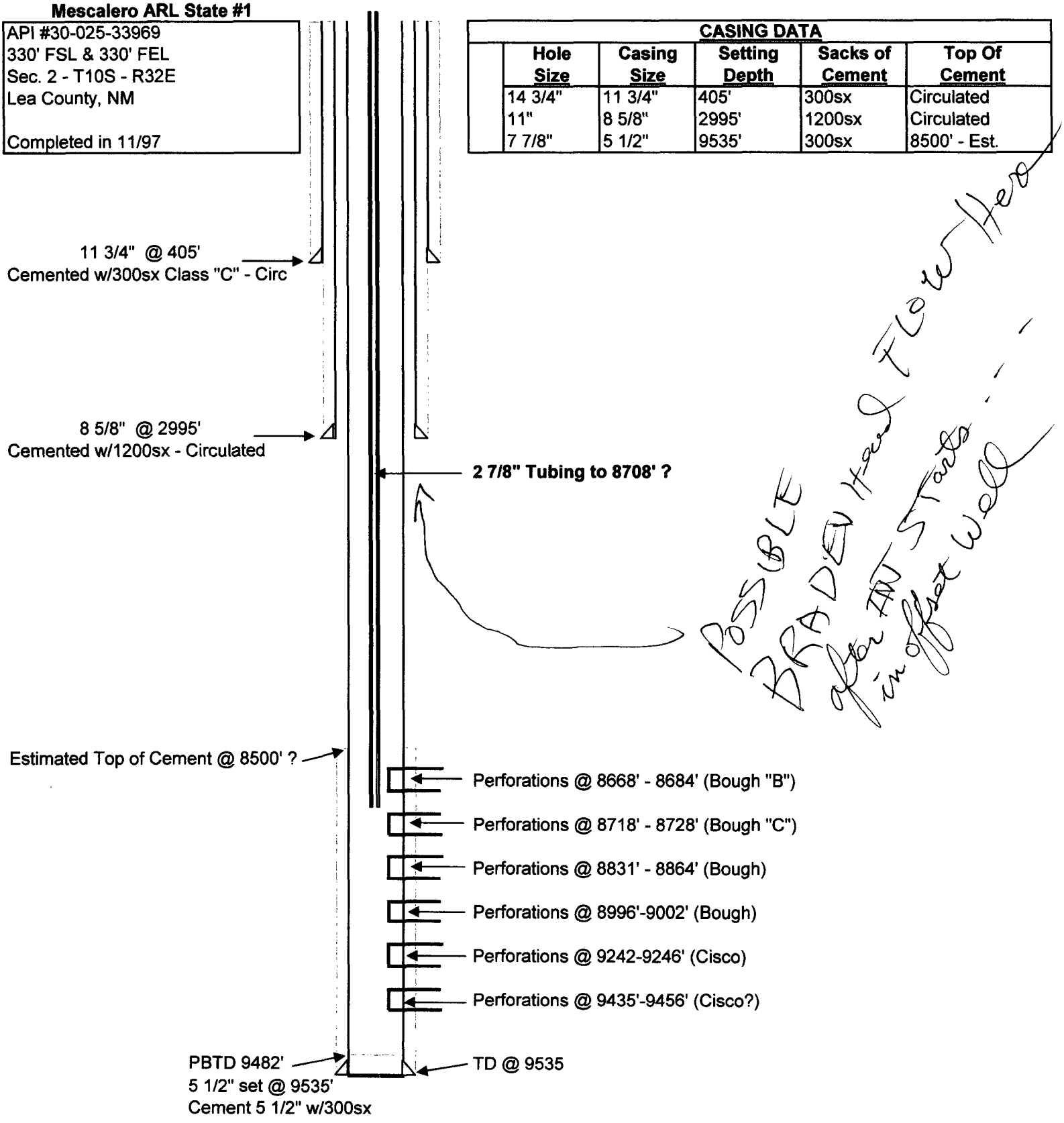
Yates Petroleum
Mescalero ARL State #1

API #30-025-33969
330' FSL & 330' FEL
Sec. 2 - T10S - R32E
Lea County, NM

Completed in 11/97

CASING DATA

Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
14 3/4"	11 3/4"	405'	300sx	Circulated
11"	8 5/8"	2995'	1200sx	Circulated
7 7/8"	5 1/2"	9535'	300sx	8500' - Est.



Application Requirement No. VI

Well Data & Wellbore Diagram of Wells in Area of Review

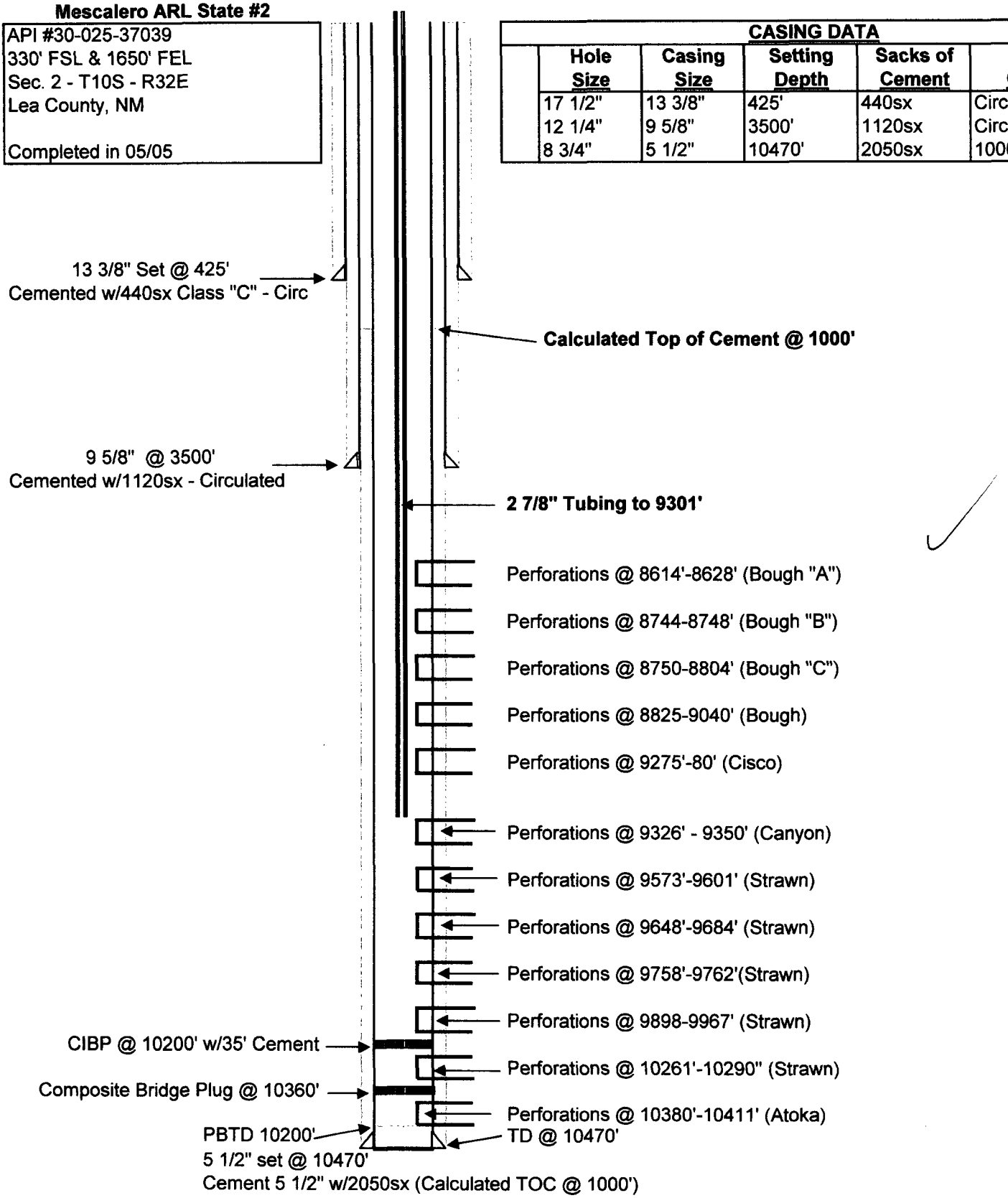
Yates Petroleum
Mescalero ARL State #2

API #30-025-37039
330' FSL & 1650' FEL
Sec. 2 - T10S - R32E
Lea County, NM

Completed in 05/05

CASING DATA

Hole Size	Casing Size	Setting Depth	Sacks of Cement	Top Of Cement
17 1/2"	13 3/8"	425'	440sx	Circulated
12 1/4"	9 5/8"	3500'	1120sx	Circulated
8 3/4"	5 1/2"	10470'	2050sx	1000'-Calc



BJ SERVICES

Water Analysis

Date: 15-Dec-05

2708 West County Road, Hobbs NM 88240
Phone (505) 392-5556 Fax (505) 392-7307

Analyzed For

Company	Well Name	County	State
Monzano	3 Pete	Lea	New Mexico

Sample Source **Sample #** 1

Formation unknown **Depth**

Specific Gravity	1.045	SG @ 60 °F	1.045
pH	7.20	Sulfides	Present
Temperature (°F)	62	Reducing Agents	Not Tested

Cations

Sodium (Calc)	in Mg/L	23,320	in PPM	22,308
Calcium	in Mg/L	2,200	in PPM	2,104
Magnesium	in Mg/L	264	in PPM	253
Soluable Iron (FE2)	in Mg/L	10.0	in PPM	10

Anions

Chlorides	in Mg/L	40,000	in PPM	38,263
Sulfates	in Mg/L	120	in PPM	115
Bicarbonates	in Mg/L	649	in PPM	621
Total Hardness (as CaCO3)	in Mg/L	6,600	in PPM	6,313
Total Dissolved Solids (Calc)	in Mg/L	66,563	In PPM	63,673
Equivalent NaCl Concentration	in Mg/L	63,300	in PPM	60,551

Scaling Tendencies

*Calcium Carbonate Index 1,427,888

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 264,000

Below 500,000 Remote / 500,000 - 10,000,00 Possible / Above 10,000,000 Probable

***This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.**

Remarks

RW=0.05 @6

Report # 2049

BJ SERVICES

Water Analysis

Date: 15-Dec-05

2708 West County Road, Hobbs NM 88240
Phone (505) 392-5556 Fax (505) 392-7307

Analyzed For

Company	Well Name	County	State
Monzano	4 Pete Sake	Lea	New Mexico

Sample Source **Sample #** 1

Formation unknown **Depth**

Specific Gravity	1.165	SG @ 60 °F	1.167
pH	6.74	Sulfides	Absent
Temperature (°F)	70	Reducing Agents	Not Tested

Cations

Sodium (Calc)	in Mg/L	100,953	in PPM	86,507
Calcium	in Mg/L	2,000	in PPM	1,714
Magnesium	in Mg/L	480	in PPM	411
Soluable Iron (FE2)	in Mg/L	0.0	in PPM	0

Anions

Chlorides	in Mg/L	158,000	in PPM	135,390
Sulfates	in Mg/L	2,200	in PPM	1,885
Bicarbonates	in Mg/L	459	in PPM	393
Total Hardness (as CaCO3)	in Mg/L	7,000	in PPM	5,998
Total Dissolved Solids (Calc)	in Mg/L	264,092	in PPM	226,300
Equivalent NaCl Concentration	in Mg/L	225,396	in PPM	193,141

Scaling Tendencies

*Calcium Carbonate Index 917,440

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 4,400,000

Below 500,000 Remote / 500,000 - 10,000,00 Possible / Above 10,000,000 Probable

***This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.**

Remarks

RW=0.05 @6

Report # 2048

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

December 7 2005

and ending with the issue dated

December 7 2005

Kathi Bearden

Publisher

Sworn and subscribed to before me this 7th day of

December 2005

Notary Public.

My Commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
December 7, 2005

NOTICE OF PUBLICATION

Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, Manzano, LLC, Post Office Box 2107, Roswell, NM 88202-2107 (Phone: 505-623-1996, Contact: Mike Hanagan) has submitted an Application For Authorization to Inject with the New Mexico Oil Conservation Division for the Peter Grande State #1 well which is located 330 FSL and 400' FWL in Section 1 of Township 10 South, Range 32 East, NMPM, Lea County, New Mexico. Manzano intends to dispose produced water into the San Andres Formation at depths from 4350'-4470'. Expected maximum injection rates will not exceed 2000 barrels of water per day and maximum injection pressure will not exceed 800 PSIA. Interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St Francis Drive, Santa Fe, NM 87505 within 15 days.
#22002

01101555000 67534897

MANZANO OIL CORPORATION
P.O. BOX 2107
ROSWELL, NM 88202-2107

Manzano, LLC
P.O. Box 2107
Roswell, New Mexico 88202-2107 **(505) 623-1996**

1/2/06

Chesapeake Energy Corporation
P.O. Box 18496
Oklahoma City, OK 73154-0496

RE: Application For Authorization To Inject
Manzano, LLC
Peter Grande-State #1
Section 1-T10S-R32E
Lea County, NM

Manzano, LLC has submitted an *Application For Authorization To Inject* with the New Mexico Oil Conservation Division which, upon approval by the NMOCD, would allow Manzano to converts the above referenced well to a produced water disposal well.

As provided for in Item XIII of the Application, Manzano is required to furnish, by certified or registered mail, a copy of this Application to each offset operator within one-half mile of the above referenced well. Please find attached hereto a copy of the Application as well as a copy of the legal advertisement which was published in the *Hobbs News-Sun* on December 7, 2005.

Should you have any questions, please call me a 505-623-1996.

Sincerely,

MANZANO, LLC

Mike Hanagan

Sent via certified mail 1/3/06
Certified mail receipt #7099-3220-0004-0016-8825

Manzano, LLC
P.O. Box 2107
Roswell, New Mexico 88202-2107 **(505) 623-1996**

1/2/06

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

RE: Application For Authorization To Inject
Manzano, LLC
Peter Grande-State #1
Section 1-T10S-R32E
Lea County, NM

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Should you have any questions, please call me a 505-623-1996.

Sincerely,

MANZANO, LLC

Mike Hanagan

Sent via certified mail 1/3/06
Certified mail receipt #7099-3220-0004-0016-8832

Manzano, LLC
P.O. Box 2107
Roswell, New Mexico 88202-2107 **(505) 623-1996**

1/2/06

Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

RE: Application For Authorization To Inject
Manzano, LLC
Peter Grande-State #1
Section 1-T10S-R32E
Lea County, NM

Manzano, LLC has submitted an *Application For Authorization To Inject* with the New Mexico Oil Conservation Division which, upon approval by the NMOCD, would allow Manzano to converts the above referenced well to a produced water disposal well.

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Should you have any questions, please call me a 505-623-1996.

Sincerely,

MANZANO, LLC

Mike Hanagan

Sent via certified mail 1/3/06
Certified mail receipt #7099-3220-0004-0016-8849

Manzano, LLC
P.O. Box 2107
Roswell, New Mexico 88202-2107 **(505) 623-1996**

1/2/06

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

RE: Application For Authorization To Inject
Manzano, LLC
Peter Grande-State #1
Section 1-T10S-R32E
Lea County, NM

Manzano, LLC has submitted an *Application For Authorization To Inject* with the New Mexico Oil Conservation Division which, upon approval by the NMOCD, would allow Manzano to converts the above referenced well to a produced water disposal well.

As provided for in Item XIII of the Application, Manzano is required to furnish, by certified or registered mail, a copy of this Application to each owner of the surface of the land on which the above referenced well is located. As the State of New Mexico is the owner of said land, please find attached hereto a copy of the Application as well as a copy of the legal advertisement which was published in the *Hobbs News-Sun* on December 7, 2005.

Should you have any questions, please call me a 505-623-1996.

Sincerely,

MANZANO, LLC

Mike Hanagan

Sent via certified mail 1/3/06
Certified mail receipt #7099-3220-0004-0016-8856

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
May 27, 2004

WELL API NO.
30-025-36993

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
VO-6174

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.)

7. Lease Name or Unit Agreement Name
Peter Grande State

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

8. Well Number
1

2. Name of Operator
Manzano, LLC

9. OGRID Number
231429

3. Address of Operator
P.O. Box 2107, Roswell NM 88202-2107

10. Pool name or Wildcat
Mescalero, North-Cisco

4. Well Location
Unit Letter: **M** : **330'** feet from the **South** line and **400'** feet from the **West** line
Section **1** Township **10s** Range **32e** NMPM County **Lea**

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
GL - 4223'

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____

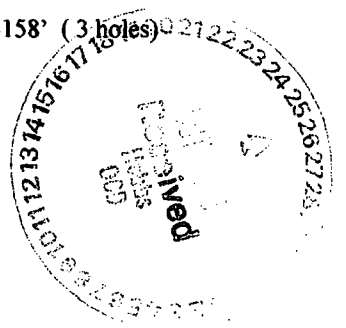
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			OTHER: Re-completion Operations	☒		

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

9-30-05 Set CIBP w/wireline @ 8770' capped with 35' class H cement.
Set CIBP w/wireline @ 4510' capped with 35 class H cement.
Perforated San Andres @ 4082'-86', 4095'-4102', 4108'-4112' (18 holes) and 4154',4155, & 4158' (3 holes)
Acidized perfs with 10,525 gal.20 % NEFE acid. Flowback and swab test.
10-1-05 through 10-4-05 Swab test interval at 150-250 BFPD w/5% oil cut
10-5-05 Pull out of hole and lay down production tubing.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE _____ TITLE Manager DATE 10/25/05

Type or print name: Mike Hanagan E-mail address: mhanagan@dfn.com Telephone No. 505-623-1996

For State Use Only

APPROVED BY: _____ TITLE PETROLEUM ENGINEER DATE DEC 16 2005

Conditions of Approval (if any):

2A Mescalero Upper Penn North

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

ILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

Jan. 5, 2006

RECEIVED
JAN 9 2006
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Oil Conservation Division
1220 S Francis Dr
Santa Fe, NM 87505

RE: Proposed;
MC_____
DHC_____
NSL_____
NSP_____
SWD X
WFX_____
PMX_____

Gentlemen:

I have examined the application for the:
Manzano LLC Peter Grande State #1-M, 1-1Ds-32e
Operator Lease & Well No. Unit-S-T-R API #30-025-36993

And my recommendations are as follows:

OKkz

Yours very truly,

Chris Williams
Supervisor, District I

Injection Permit Checklist

SWD Order Number 1021 Dates: Division Approved ________ District Approved ________

Well Name/Num: PETER GRANDE #1 Date Spudded: 2005
API Num: (30-) 025-36993 County: Lea
Footages 330 FSL 400 FWL Sec 1 Tsp 10S Rge 32E

Operator Name: Manzano LLC Contact MIKE HANAGAN
Operator Address: PO BOX 2107 Roswell NM 88202-2107

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	17 1/2 - 13 3/8	400	400	CIRC
Intermediate	11" - 8 5/8	3402	1100 + 217	500 TS Then 1" To CIRC CMT
Production	7 7/8 - 5 1/2	9398	470 / 1900	~~CIRC~~
Last DV Tool		8087		(Circ above DV)
Open Hole/Liner				
Plug Back Depth				

Diagrams Included (Y/N): Before Conversion ✓ After Conversion ✓
Checks (Y/N): ELogs in Imaging ✓ Well File Reviewed ✓

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash	-2150		
~~Capitan Reef~~			
In ~~Reef~~, Cliff ~~House~~, Etc:			
Formation Above		SA	~~Yes~~ Test
Top Inj Interval	4350	SA (Lower SA)	No
Bottom Inj Interval	4470	SA	No
Formation Below		SA	NO

870 PSI Max. WHIP
N Open Hole (Y/N)
N Deviated Hole (Y/N)

Water Analysis Included (Y/N): Fresh Water OK Injection Zone OK Disposal Waters ✓
Affirmative Statement Included (Y/N): ✓

Surface Owner S.L.O. Mineral Owner(s) SLO.
Checks (Y/N): Newspaper Notice ✓ Well Table ✓ Adequate Well Table ✓
Adequate Certified Notice: Surface Owner ✓ AOR Owners ✓ CID/Potash/Others ~~[illegible]~~ OK
AOR Num Active Wells 5 Repairs? ______ Producing in Injection Interval ~~[illegible]~~
AOR Number of P&A Wells 1 Diagrams Included? ______ Repairs Required? ______

Data to Generate New AOR Table ______ New Table Generated? (Y/N)

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

Conditions of Approval:
1. SQZ SA Perfs
2. Set CIBP w/ 35' in 200'
3. Initial Pressure
Initial Bradenhead Test on Yates well

RBDMS Updated (Y/N) ______
UIC Form Completed (Y/N) ✓
This Form completed ______