

DATE IN 1-27-10	SUSPENSE	ENGINEER Jones	LOGGED IN 1-27	TYPE SWD	APP NO. 100 2729637
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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



Roswell Operating
 (270575)

ADMINISTRATIVE APPLICATION CHECKLIST

LL & ER Feq #5

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

30-005-63751

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 _____

2010 JAN 26 P 1:08
 RECEIVED OGD

[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 M.Y. Merchant Title _____ Date 1/20/2010
 M.Y. Merchant Operator
 e-mail Address mymerch@penrocoil.com

Roswell Operating, L.L.C.
1515 Calle Sur
Hobbs, New Mexico 88240
575-492-1236
Email; mymerch@penrocoil.com

January 20, 2010

New Mexico Oil Conservation Division
Engineering Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: Richard Ezeamyim

Mr. Ezeamyim,

Please find enclosed 2 copies of New Mexico Oil Conservation Division form C108 seeking administrative approval for the conversion of the LL & EB Federal #005 from Abo gas well to a Pre Cambrian salt water disposal well. Also enclosed is a 3 well cross section geological review of the Pre Cambrian, Granite Wash, Wolfcamp and Abo formations. Should you need more information or have questions please do not hesitate to call or email.

Sincerely,



M.Y. (Merch) Merchant

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20 JAN 26 P 1:08

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: **Roswell Operating, L.L.C.** Ogrid # **270575**

ADDRESS: **1515 Calle Sur** Hobbs, New Mexico **88240**

CONTACT PARTY: **M.Y. Merchant** PHONE: **575-492-1236**

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

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

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

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

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

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

IX. Describe the proposed stimulation program, if any.

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

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

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

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

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

NAME: **M.Y. Merchant**

TITLE: **Operator**

SIGNATURE: 

DATE: **1/20/2016**

E-MAIL ADDRESS: **mymerch@penrocoil.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: _____

**C-108 (Application for Authorization to Inject)
Roswell Operating, L.L.C.
Ogrid # 270575
LL & EB Federal # 005
API # 30-005-63751**

I.

The purpose of this application is for administrative approval for the conversion of the LL&EB Federal # 005 from a West Pecos Abo Slope gas well to a Pre Cambrian lease salt water disposal well.

II.

**Operator: Roswell Operating, L.L.C.
Address: 1515 Calle Sur
Contact Party: M.Y. Merchant**

**Ogrid # 270575
Hobbs, New Mexico 88240
575-492-1236**

III.

Please see Exhibit "A" for complete well data.

IV.

This is not an expansion of an existing project.

V.

Please see Exhibit "B" for complete area of review data.

VI.

Please see Exhibit "C" for offset *Well Data*.

VII.

1.

**Anticipated average disposal rate of 200 BWPD
Maximum disposal rate of 500 BWPD**

2.

This well be a closed system.

3.

**The anticipated average injection pressure of 0 psig
The maximum injection pressure of 865 psig**

4.

Disposal fluid will be water produced from the Abo formation from wells in the area.

5.

**Please see Exhibit "D" for analysis of Abo produced water.
No analysis of Pre Cambrian water was available**

**C-108 (Application for Authorization to Inject)
Roswell Operating, L.L.C.
Ogrid # 270575
LL & EB Federal # 005
API # 30-005-63751**

VIII.

**Please see Exhibit "E" for geological details and analysis
Cross section of proposed SWD well and 2 offsets is labeled Exhibit "I"**

IX.

Pre Cambrian perforations maybe acidized with 5000 gallons 15% NEFE HCL

X.

Logs and completion data previously filed with NMOCD and BLM

XI.

There were "NO" fresh water wells found in the 1.0 mile area of review.

XII.

**Available geological data has been examined and shows no evidence of open faults
or any hydrological connection between the proposed disposal zone and
underground sources of drinking water.**

XIII.

**Roswell Operating, L.L.C. has the rights to all of the acreage located with in the 0.5
mile area of review. A copy of this application was hand delivered to the BLM Field
office located in Roswell, New Mexico.**

See Exhibit "F" for proof of publication of legal notice.

**Roswell Operating, L.L.C Ogrid # 270575
C108 (Application for Authorization to Inject)
LL & EB Federal # 5
API # 30-005-63751
840 FSL X 1980 FEL
Unit Letter "O", Section 1, T6S, R22E
Chaves County, New Mexico**

Well Data

Data obtained from records maintained by NMOCD

Spud 08/07/2005

**8 5/8" 24# K55 casing set in 12 1/4" hole at 963feet. Cemented with 413 sacks
Class "C" cement. Cement did not circulate. Ran 1" tubing and tag at 710feet.
Cement to surface through 1" tubing with 190 sacks Class "C" cement.**

7 7/8" hole drilled to a total depth of 4406ft

**5 1/2" 15.50# K55 casing set in 7 7/8"hole at 4396feet. Cemented with 450 sacks
Class "C" cement. Cement did not circulate. Top of cement calculated at 1996feet
Using 70% fill.**

Pre Cambrian Perforations

4326-4336 feet

4342-4352 feet

4358-4382 feet

Per records of McKay Oil Corporation CIBP set above Pre Cambrian Perforations

Abo Perforations

2889-2907 feet

Surface formation

San Andres

Yeso 970 feet

Tubb 2466 feet

**Please see Cross Sections for top of
Abo, Wolfcamp, Granite Wash and Pre Cambrian**

Exhibit A

Roswell Operating, L.L.C Ogrid # 270575
C108 (Application for Authorization to Inject)
LL & EB Federal # 5
API # 30-005-63751
840 FSL X 1980 FEL
Unit Letter "O", Section 1, T6S, R22E
Chaves County, New Mexico

Well Data

Production Summary of api:3000563751 pool:PECOS SLOPE;ABO, WEST (GAS)

producing year	Oil	Gas	Water	Co2
2005	0	1861	0	0
2006	0	10019	0	0
2007	0	5835	0	0
2008	0	2491	0	0
2009	0	1846	0	0
summary	0	22052		

Exhibit A

Roswell Operating, L.L.C.
LL EB Federal # 5
API # 30-005-63751
840 FSL x 1980 FEL
Section 1, T6S, R22E
Chaves County, NM

Prior to conversion to SWD

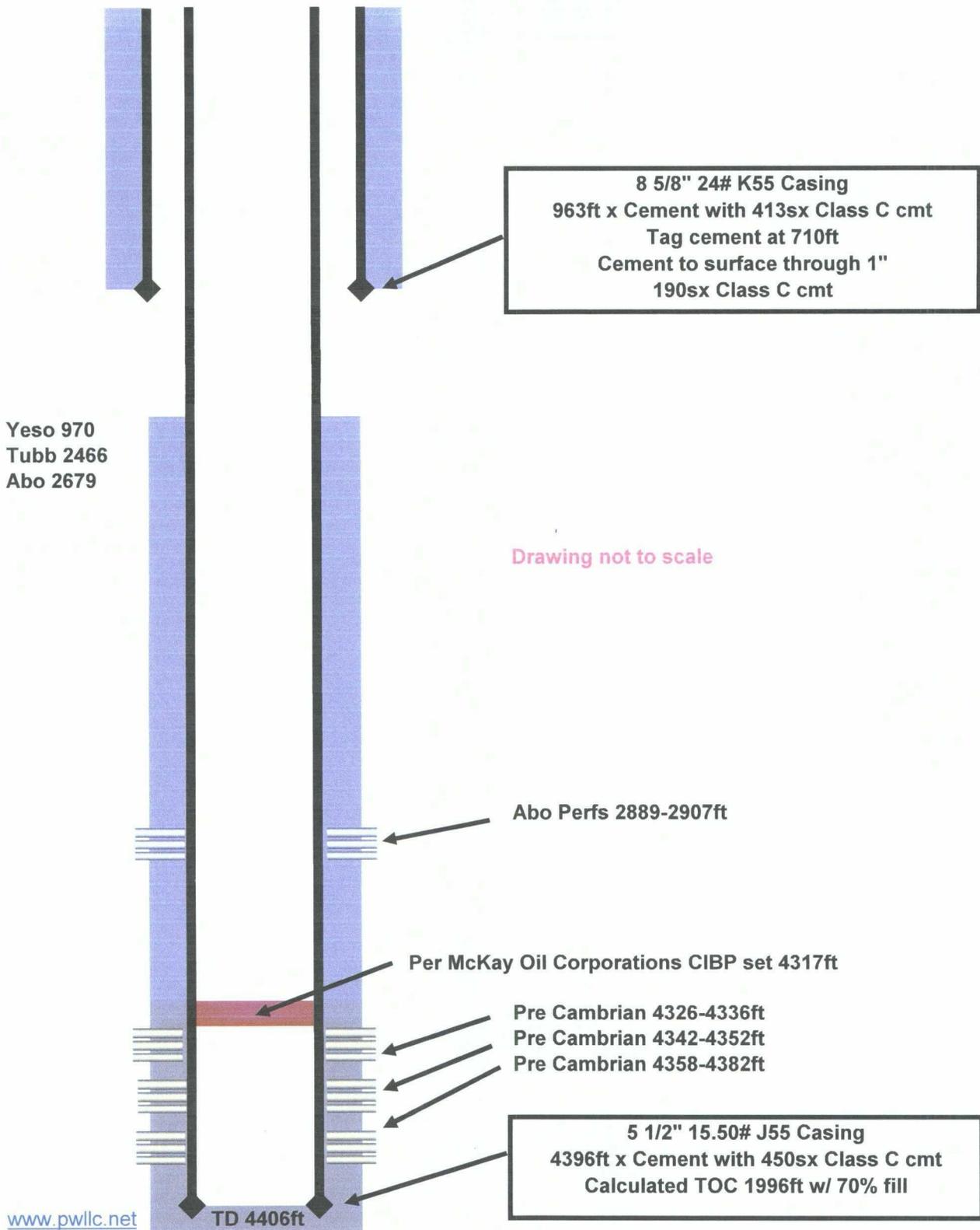


Exhibit A

Roswell Operating, L.L.C.
LL EB Federal # 5
API # 30-005-63751
840 FSL x 1980 FEL
Section 1, T6S, R22E
Chaves County, NM

After conversion to SWD

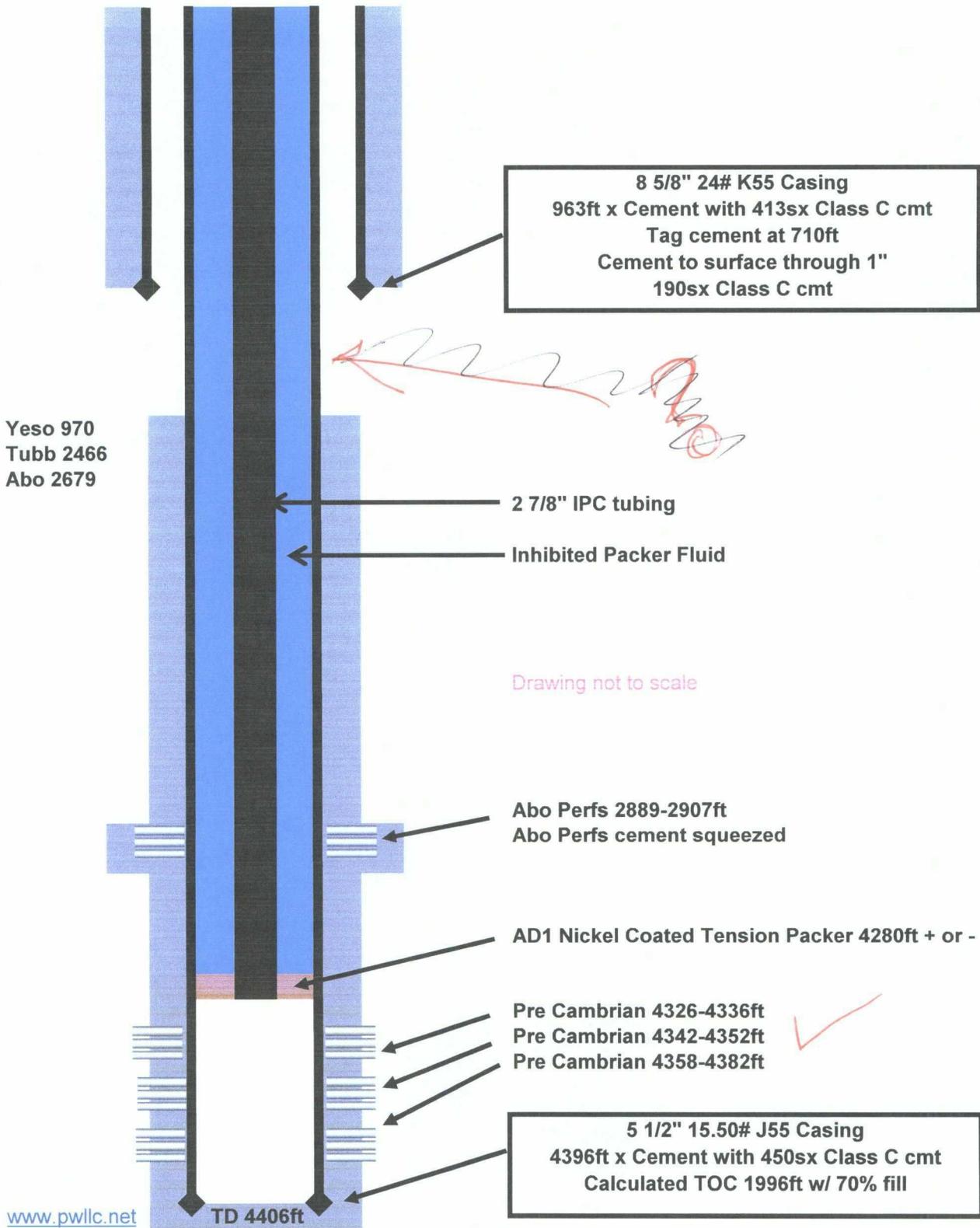


Exhibit A

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1025 N. FREDERICK DR., BOHEMIA, NM 87424

DISTRICT II
1301 S. GRAND AVENUE, ALBUQUERQUE, NM 87210

DISTRICT III
1000 RIO BRABO RD., ALBUQUERQUE, NM 87410

DISTRICT IV
1200 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LL & E FEDERAL B	Well Number 5
OGRID No.	Operator Name MCKAY OIL CORPORATION	Elevation 4244'

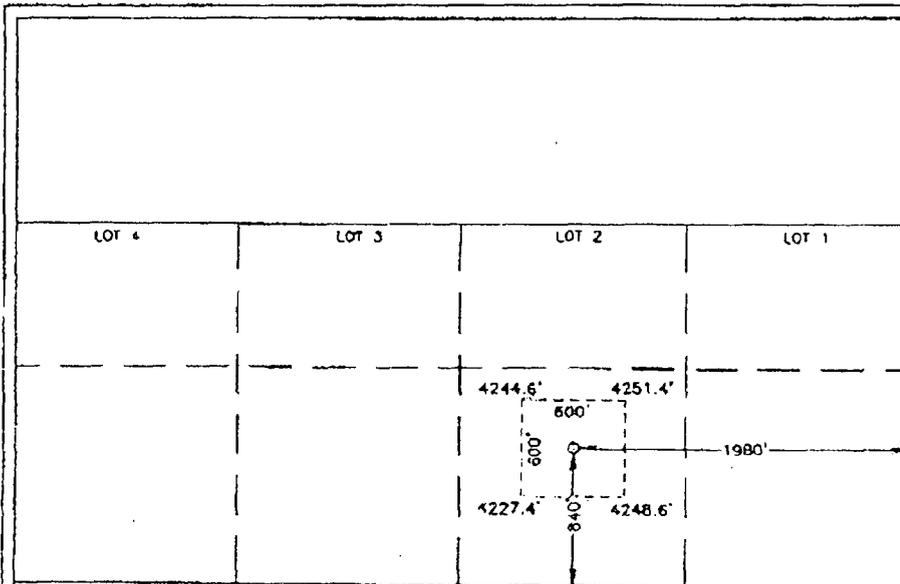
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	1	6-S	22-E		840	SOUTH	1980	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre: _____ Joint or Infill: _____ Consolidation Code: _____ Order No.: _____									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



GEODETIC COORDINATES
NAD 27 NME

Y=1026009.5 N
X=397466.6 E

LAT.=33°49'11.81" N
LONG.=104°40'15.34" W

OPERATOR CERTIFICATION

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

Signature: _____

Printed Name: _____

Title: _____

Date: _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

OCTOBER 25, 2004

Date Surveyed: _____ JR.

Signature: *Carl E. Eason*
Professional Surveyor

Carl E. Eason 10/25/04
06111448

Certificate No. CARL EASON 12041

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-32308

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

SUBMIT IN TRIPLICATE – Other instructions on reverse side

8. Well Name and No.
LL&E B FEDERAL #5

9. API Well No.
30-005-63751

10. Field and Pool, or Exploratory Area
WEST PECOS ABO SLOPE

11. County or Parish, State
CHAVES COUNTY, NM

1. Type of Well **RECEIVED**
 Oil Well Gas Well Other

SEP 20 2005
OOU-ARTEZIA

2. Name Of Operator
MCKAY OIL CORPORATION

3a. Address
P.O. BOX 2014 ROSWELL, NM 88202-

3b. Phone No. (include area code)
505-623-4735

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
840' FSL & 1980' FEL, UNIT O SEC 1, T6S, R22E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	1) Reached TD
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	2) Cemented 5-1/2" Casing

13. Described Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MCKAY OIL CORPORATION reached TD @ 4406' on 8/25/05 @ 10:30 a.m.

MCKAY OIL CORPORATION Cemented the 5 1/2" Casing with J-55, 15.5# at 4396' with (20) centralizers, (1) float shoe and insert. Pumped 450 sks Class "C" with fluid loss, on Saturday, August 27, 2005.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) CAROL SHANKS	Title PRODUCTION ANALYST
Signature <i>Carol Shanks</i>	Date 8/31/2005

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By	Title	Date SEP 20 2005
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	<i>ALL</i> ARMANDO A. LOPEZ PETROLEUM ENGINEER

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

5. Lease Serial No. **NM-32308**

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

8. Lease Name and Well No. **LL&E FEDERAL #5**

9. AFI Well No. **30-005-63751**

10. Field and Pool, or Exploratory **82740**

11. Sec., T., R., M., on Block and Survey or Area **SEC 1, T6S, R22E**

12. County or Parish **CHAVES** 13. State **NM**

17. Elevations (DF, RKB, RT, GL)* **4247'**

14. Date Spudded **08/07/2005** 15. Date T.D. Reached **08/25/2005** 16. Date Completed **11/14/2005**
 D & A Ready to Prod.

18. Total Depth: MD **MD** 19. Plug Back T.D.: MD **MD** 20. Depth Bridge Plug Set: MD **MD**
 TVD **4406'** TVD **4317'** TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
Cement, CNL (Mailed directly to Schlumberger)

22. Was well cored? No Yes (Submit analysis)
 Was DST run? No Yes (Submit report)
 Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12 1/4	8 5/8	24#		963'		603sks Cls C			
7 7/8	5 1/2	15.5#		4406'		450sks Cls C			

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 3/8	2853'	2853'						

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Pre-Cambrian	4358	4382	4358-4382		48	open
B) Pre-Cambrian	4342	4352	4342-4352		20	open
C) Pre-Cambrian	4326	4336	4326-4336		20	open
D) Abo	2889	2907	2889-2907		36	open

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
ZONE A 4358-4382	Acidize w/1000gal 10% HCL
ZONE B 4342-4352	Frnc w/50,000gal 70QC02
ZONE C 4326-4336	120,000lbs 16/30 mesh sand
ZONE D 2889-2907	

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Cor. API	Gas Gravity	Production Method
11/29/2005	11/29/2005	4	→	0	125	0	N/A		Flowing
Choke Size	Tbg. Press. Flwg. SI	Csg. Press. 466	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
20/64	SI 466	466	→	0	750	0	N/A		Producing

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Cor. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
	SI		→						

*(See instructions and spaces for additional data on page 2)

RECEIVED
JAN 11 2006
OCU-ARTESIA

ACCEPTED FOR RECORD
SGD, DAVID R. GLASS
JAN 10 2006
DAVID R. GLASS
PETROLEUM ENGINEER

The McKay Oil Corp. - 4326-4382

2/13/2006

For G. Hoff

432 - 686 - 611

STATE: NEW MEXICO
COUNTY: CHAVES
API: 30-005-83751
FIELD: PECOS SLOPE WEST
WELL CLASS: DG
MCKAY OIL CORP

1-88-22E
N2 SW SE
840 FSL 1980 FEL SEC
STATUS: GAS

5 LL&E B FEDERAL

SPUD: 08/07/2005 COMP: 11/29/2005 ELEV: 4247 GR
ID: 4406 (08/25/2005) FM/ID: ABO /SH/ PBTD: 4317 DTD: 4406
CONTR: NOT REPORTED (VERTICAL)
PROJ DEPTH/FM: 4300 ABO /SH/ (ST APPD PMT: 05/16/2005) LEASE TYPE: FEDERAL
TARGET ORJ: GAS

DTD: 4406; 4317 PB COMPDATE: 11/28/2005; # 01 IPF GAS: 125 MCFD 20/84 CK FTP 486
PROD ZONE: PERF (ABO /SH) 2889-2907; NO CORES REPORTED, NO DST REPORTED

LOCATION DATA: MERCATOR COORD ZONE 01; COORDS: X = 397466.6 Y = 1028009.5; L&L
Surf: 33.81993 -104.871;
CASING: 8 5/8 IN @ 983 W/803 SACK, 5 1/2 IN @ 4406 W/450 SACK; TUBING: 2 3/8 IN @ 2853;
PROD TEST(S): # 01 PERF (ABO /SH) 4326-4338 4342-4352 4358-4382 W/ 2 PF; BRIDGE PLUG

(OVER)

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01/04/2006
CARD# 0001-NM

MCKAY OIL CORP

API: 30-005-83751, 1-88-22E

5 LL&E B FEDERAL

(CONTINUED)

4317 FT 4326-4382;
PRODUCING INTERVALS DATA: # 01 PERF (ABO /SH) 2889-2907; GAS: 125 MCFD FTP 486;
20/84 CK
OPER ADD: BOX 2014, ROSWELL, NM 88202, (505)823-4735;

Logs to be reviewed by Roy after recv from Mr. Kelly. Perf level recommendations to be reviewed and set.

W/O Completion
(Tim Collier)

- 9-8-05 4406' Day 33
 Perf level recommendations pending review of lower log analysis.
 W/O Completion
 (Tim Collier)
- 9-12-05 4406' Day 37
 Lines completed 100%
 (Jim Robinson)
- 9-13-05 4406' Day 38
 Lines completed 100%. Separator and Meter connected to well.
 (Jim Robinson)
- 9-14-05 4406' Day 39
 Separator and Meter connection complete.
 (Jim Robinson)
- 9-15-05 4406' Day 40
 W/O Completion
 Moving separator to location and make connections.
 (Jim Robinson)
- 9-16-05 4406' Day 41
 W/O Completion
 Moving pulling unit out there today. Plan to perf in the morning.
 (Tim Collier)
- 9-17-05 4406' Day 42
 RU, run wire line. Run log.
 (Tim Collier)
- 9-18-05 4406' Day 43
 No activity.
 (Tim Collier)
- 9-19-05 4406' Day 44
 No activity.
 (Tim Collier)
- 9-20-05 4406' Day 45
 BOP ready to install.
 (Tim Collier)
- 9-21-05 4406' Day 46
 BOP installation complete.
 (Tim Collier)
- 9-22-05 4406' Day 47
 Drilling plug in cement.
 (Tim Collier)

9-25-05 4406' Day 50
 Perforated well. Correlated to SMS CBI log dated 9/17/05.
 Perforated Intervals @ 4325-4330 2spf, 4342-4352 2spf, 4358-4382 2spf. 68 total shots.
 Performed by Schlumberger.
 (Tim Collier)

9-26-05 4406' Day 51
 Run in w/tubing and packer. Shut in well.
 (Bobby Rollins)

9-27-05 4406' Day 52
 Set packer @ 4260'. Swab dry and made hourly run. Total fluid recovered 26 bbl. Shut in well.
 (Bobby Rollins)

9-28-05 4406' Day 53
 Run in w/tubing and packer. Set packer at 4385'. Spot acid, pull packer up to 4259'. Run acid. Total fluid to recover- 101bbls. Started swabbing, recovered 30 bbls. Tubing would not let go down, leave open to pit. Shut down.
 Hughes Services, Inc. Treated well as follows:
Well Data: Tubing -150jts of 2-3/8", **Packer set @ 4259'**. Casing- 5 1/2", Wt-15.5, Set frm Surface to 4406'. Treating pressure: min-1200, max-2200, avg-1900. Inj. Rate-3.0, rate on flush-3.0, avg inj rate-3.0, ISDP-1200. Final shut-in pressure-880 in 15 min. 5 min-1010 psi, 10 min-970 psi.
Treatment Data: Pad type-2% kcl, Treating Fluid Volume-2500gals 15% Hcl. 12-1/2gals-Iron Trol, 5gals-Anel, 5gals-Corrosion Inhibitor, 2-1/2gals-PAS 300, 50bbls-Fresh Water, 1500lbs-Kcl, 12-ea Ball Sealers, 1ea-Ball Injector.
 (Bobby Rollins)

9-29-05 4406' Day 54
 Open BOP, lay down singles to blockage. Pick up singles back in. Pull tubing in stands and run back in w/perf sub and packer. **Set packer at 4340'**. Had no flow tubing or casing.
 (Bobby Rollins)

9-30-05 4406' Day 55
 Attempting to swab well. Swab will not pass 600'.
 (Tim Collier)

10-1-05 4406' Day 56
 No activity.

10-2-05 4406' Day 57
 No activity.

10-3-05 4406' Day 58
 Lay down singles to find blockage. Run back in. Still not able to swab. Stand tubing in derrick. Shut in well.

10-4-05 4406' Day 59
 Replace 2-3/8" tubing with 2-7/8".

10-5-05 4406' Day 60
 Run 150jts of 2-7/8" tubing. Set packer @ 4286'. Shut in well.
 (Bobby Rollins)

10-6-05 4406' Day 61
 Swabbing unit.
 (Bobby Rollins)

Recovered 34 BBL
No pressure on LUT 110.

Run	Tag Fluid	Depth	% FLUID
1	Surface 1000	4 BBL	
2	500	2000	8 BBL
3	500	2000	8 BBL
4	800	2000	8 BBL
5	800	2000	8 BBL
6	1000	2000	8 BBL
7	1000	2500	10 BBL
8	1000	2500	10 BBL
9	1000	2500	10 BBL

10-8-05 4406' Day 63
No activity

10-9-05 4406' Day 64

10-10-05 4406' Day 65
Made 2 swab runs, fluid level @ surface. Mechanical problems w/pulling unit. Will continue swabbing when unit is available.

Run	Tag Fluid	Depth	% FLUID
1	Surface 2000	8 BBL	
2	500	2000	8 BBL
3	500	2000	8 BBL
4	500	2000	8 BBL
5	1000	2500	10 BBL
6	1000	2500	10 BBL
7	1200	3000	10 BBL
8	2000	3000	12 BBL
9	2500	3500	12 BBL
10	2500	3500	12 BBL

10-11-05 4406' Day 66
Pulling unit down, waiting on parts to complete repairs. Anticipate pulling unit to be in working condition by late afternoon this date. Total fluid recovered-35 BBL.

Run	Tag Fluid	Depth	FLUID
1	Surface	1000	4 BBL
2	500	1000	2 BBL
3	500	1000	2 BBL
4	1000	1500	4 BBL
5	1000	1500	4 BBL
6	1000	1500	4 BBL
7	1500	2000	6 BBL
8	1500	2000	6 BBL
9	1500	2000	6 BBL
10	1500	2000	6 BBL
11	1500	2000	6 BBL
12	1500	2000	2 BBL
13	1700	2200	2 BBL

(Bobby Rollins)

10-12-05

4406'

Day 67

Fluid level @ 100'. Circulated down to 1500'. No testing or casing pressure.

Make regular swab runs to reduce fluid level.

(Bobby Rollins)

Swab Summary: 28 runs dried up perms, 77 BBL recovery. 1 hr. test fluid to 3000'. 3' swab flame, dies at end of run. Final swab dry, shut in for night @ 5:45pm. Well bore: packer set @ 4353'. Testing perms: 4358'-4382'.

10-13-05

4406'

Day 68

Tubing Pressure: 80#. Casing Pressure: 0#. Fluid level to surface. Continue making hourly swab runs to dry up.

(Bobby Rollins)

10-14-05

4263'

Day 69

Tubing pressure-0#, Casing pressure-0#, Pull tubing on Inexco 10-13, Run 2-3/8" tubing and run in with packer @ approx. 4100'.

Swabbing Info for 10-14-05:

Run	Tag Fluid	Depth	Fluid Recovered
1	Surface	8' flare	4 BBL
2	500	1000	2 BBL
3	1500	2000	4 BBL
4	1500	2500	4 BBL
5	2500	3000	2 BBL
6	2500	3500	4 BBL
7	3500	4300	6 BBL
8	3500	4300	5 BBL
9	3000	4300	3 BBL
10	N/A	4300/10' flare	Dry

In the afternoon, set CIBP @ 4317'.

(Bobby Rollins)

10-15-05

4406'

Day 70

Pressure: 100# on tubing. Casing Pressure: 0#. Initial 9' flame. Swab dry, rig down swab unit, pull 2-7/8" tubing. Schlumberger on location to perf.

(Bobby Rollins)

10-17-05

4406'

Day 72

Run in with packer and 2-7/8" tubing. Spot acid @ 4394'. Pull up and set packer @ 4257'. Acidize: 1500gal 10% non-ionic, 3gal clay stabilizer, 3gal corrosion inhibitor. 2600# pressure, begin to take fluid 2400# rate 2.8-3.0, 2200# rate 2.8-3.0 = 3 ball action events. Surged back @ 1400#. 1st set of balls hit, finished 3BBL 2600#. Instant shut-in @1460#.

5 min-1250#

10 min - 1160#

15 min - 1120#

Completed acidization @ 4:15pm.

Total fluid from treatment: 99 BBL

Perf Levels: 4290' - 4315'

Rig up to swab. Swabbed well dry. Recovered 60 BBL. Had 3' flame. Shut in.

Swabbing Info for 10-17-05:

Run	Tag Fluid	Depth	Fluid Recovered
1	Surface	500	3 BBL
2	500	1000	2 BBL
3	750	1000	1 BBL
4	1000	1500	4 BBL
5	1000	2500	4 BBL
6	2500	2500	3 BBL
7	500	2500	3 BBL
8	2500	3000	3 BBL
9	1000	4000	6 BBL
10	1000	4000	6 BBL
11	3500	4000	3 BBL
12	3800	4000	2 BBL
13	N/A	4000	DRY

(Bobby Rollins)

10-18-05

4406'

Day 73

160# pressure, fluid level @ 1000' and 3' flame when opened. Flame died off after a few minutes.

Continue swabbing.

Sinker bar lost. Pull tubing and removed sinker bar. Shut in.

(Bobby Rollins)

10-19-05

4406'

Day 74

Continuing to pull tubing out of hole.

(Bobby Rollins)

10-20-05

4406'

Day 75

Morning Report:

Checked psi upon arrival at location, tubing pressure-100#, casing pressure-0#. Flared 4' for a few minutes. Fluid level was at surface. Swabbed well dry. Waited 1 hr, well remained dry. Total fluid recovered for day-33BBL. Total fluid recovery for job 115 BBL. Shut in well.

Treatment to be scheduled soon

Current operation this AM: 100# tubing, 0# on casing. 4' flame for a few minutes.

Fluid level @ 1000'. Started swabbing.

Afternoon Report:

PSI pressure 100#, Flared 5' open flame. Fluid level 1000'. Made 11 swab runs and dried up well. Waited 1 hr, well remained dry. Total fluid recovered for day 47BBL. Shut in well at 4:00pm

(Bobby Rollins)

Run	Tag Fluid	Depth	Fluid Recovered
1	Surface	0	3 BBL
2	250	500	2 BBL
3	500	1000	3 BBL
4	900	1000	1 BBL
5	1000	1500	3 BBL
6	500	1500	2 BBL
7	1400	1500	1 BBL
8	1000	2000	6 BBL
9	2000	2500	3 BBL
10	2500	3000	3 BBL
11	3000	3500	3 BBL
12	3700	4300	2 BBL
13	4000	4300	1 BBL
14	N/A	4300	DRY
15	N/A	4300	DRY

10-24-05

4406' Day 79

Tubing pressure @ 8am-100#. Casing pressure-0#. 10' flare, died down within a few minutes. Tagged fluid @ 500'. Made 11 runs by 11:30am and recovered 24 bbl. Continued swabbing and monitoring fluid hourly. Recovered 24 BBL total. Swabbed completely dry. 6' flare after swabbed dry.

Run	Tag Fluid	Depth	Fluid Recovered
1	500	1000	2 BBL
2	500	1500	2 BBL
3	250	1500	1 BBL
4	500	2000	2 BBL
5	250	2500	1 BBL
6	1500	3000	7 BBL
7	500	3500	3 BBL
8	1000	4300	6 BBL
9	0	4300	0 BBL
10	0	4300	DRY
11	0	4300	DRY

(Bobby Rollins)

10-25-05

4406' Day 80

Shut in.

(Bobby Rollins)

10-26-05

4406' Day 81

Run	Tag Fluid	Depth	Fluid Recovered
-----	-----------	-------	-----------------

Tubing pressure-40#, Casing-0#. First swab run hit fluid level @ 1000'. 5' flare died off within minutes. Continue hourly swabbing.

(Bobby Rollins)

Replacing sinker bar. 40% slurry @ 300 gpm. 10 min.
 Seat ripple depth-4300'. Recovered 10 total BBL.

Run	Tag Fluid	Depth	Fluid Recovered
1	100	1000	1 BBL
2	0	1000	
3	500	1500	3 BBL
4	500	1500	3 BBL
5	500	2000	3 BBL

(Roy Vargas) Unit #408

10-28-05 4406' Day 83
 Schlumberger **Perfed 4242' - 4249' @ 2spf.** Total 14-shots - .45, 90 deg phase.
 Set CIBP top of plug @ 4285'. Rig down, TIH with 4,245' of 2-7/8" tubing.
 Hughes on location and will begin **acidizing w/1000gal 10% HCL.**
 (Tim Collier) Unit #408

10-29-05 4406' Day 84
 0# pressure, 500' fluid level. Pull tubing to find bad joint, replace and run back in.
 Repair sand line. Start swabbing. Swabbed till dark. Recovered 50 BBL. Shut it.

Run	Tag Fluid	Depth	Fluid Recovered
1	500	1500	
2	1000	2000	
3	1000	2000	
4	1500	2000	
5	1500	2500	
6	2000	3000	
7	2000	3000	
8	2000	3500	
9	3000	3500	
10	3500	4162	
11	3500	4162	
12	3500	4162	
13	3500	4162	

(Bobby Rollins) Unit #131

50 BBL TOTAL FOR 13 runs

10-31-05

4406'

Day 86

40# pressure, 1000' fluid level. Rec. ... Swabbed dry, no flame.

Run	Tag Fluid	Depth	Fluid Recovered
1	1000	1500	4 BBL
2	1000	2000	5 BBL
3	1500	2500	5 BBL
4	1500	3000	5 BBL
5	1500	3000	5 BBL
6	500	3000	3 BBL
7	1000	3500	6 BBL
8	500	3500	3 BBL
9	500	3500	3 BBL
10	1000	4000	6 BBL
11	1500	4300 (S/N)	8 BBL
12	1000	4300	6 BBL
13	500	4300	3 BBL
14	200	4300	1 BBL
15	200	4300	1 BBL
16	N/A	N/A	0 BBL
17	N/A	N/A	0 BBL

(Bobby Rollins) Unit #131

11-1-05

4406'

Day 87

Set plugs and pressure test on 11/2/05. (Tim Collier)

11-02-05

4406'

Day 88

Perf zone: 2889' - 2907', 2spf - total of 36 shots. Set plug @ 4230'. Plug tested @ 2200'. Run 2 3/8" tubing. (Tim Collier) Unit #131

11-03-05

4406'

Day 89

Run 2 3/8" tubing, tagged plug. Lay 2 3/8" tubing down to set seat nipple @ 2853'. Set frac tank. Scheduled to frac on 11/4 (after Miller B Fed #3). (Tim Collier)

11-04-05

4406'

Day 90

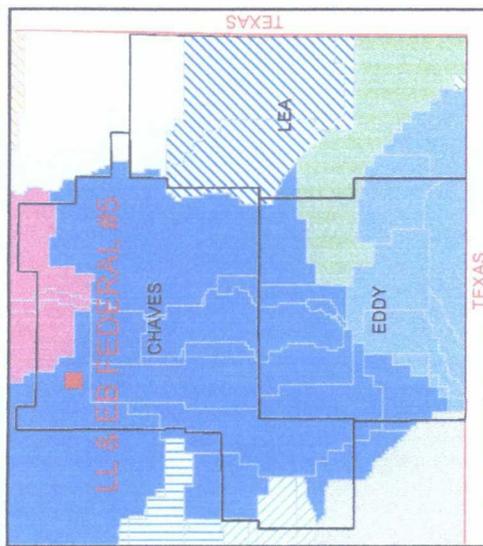
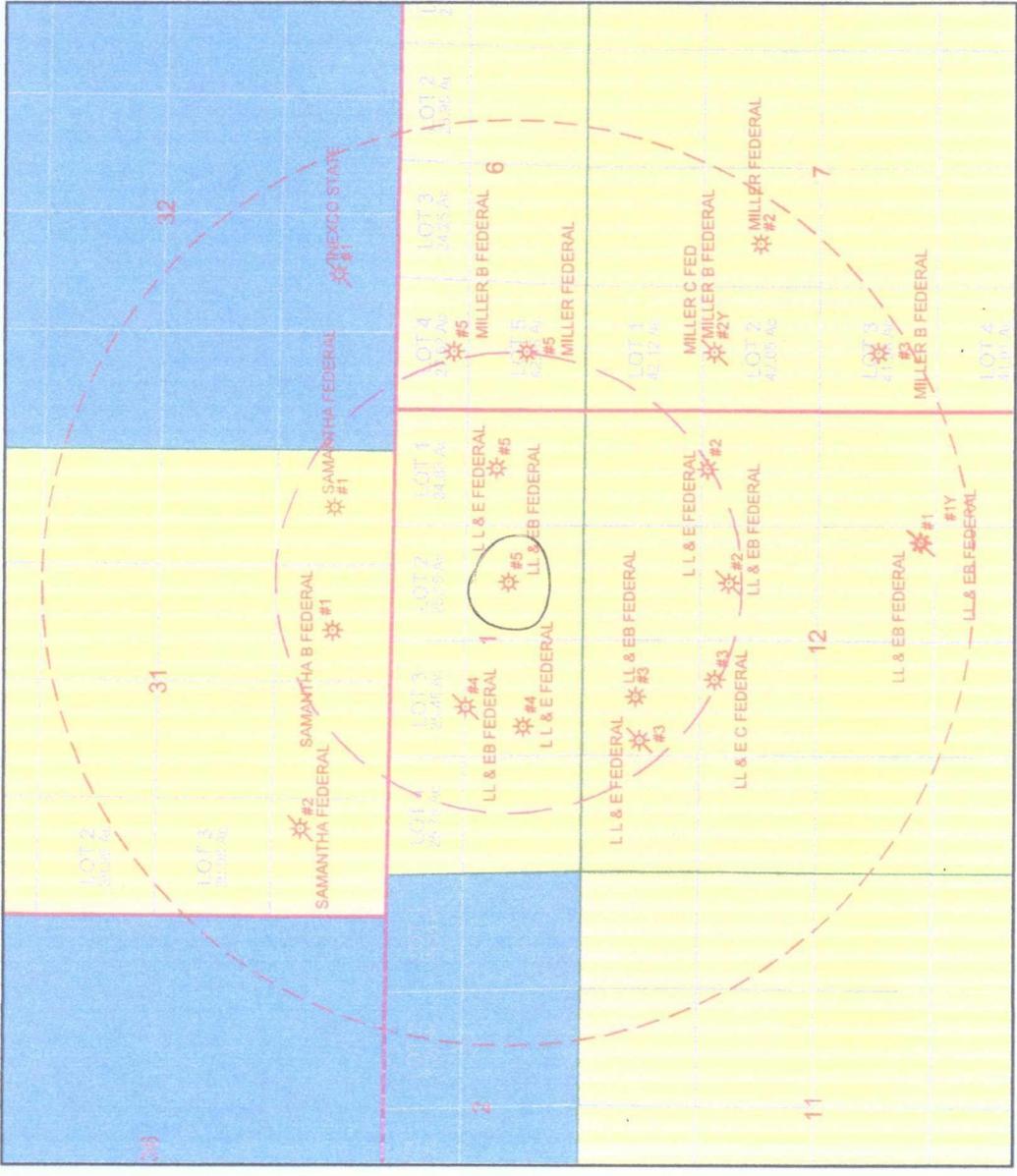
Frac'd well. Triple entry. Treated w/1000gal 10% HCL acid, break down @ 3200. ISIP-820. Ran 25.45 ballsealers w/two good breaks. Started frac: 123,000 - 1630 sand, 5,000 - resin coated sand. Avg treatment - 17 PBM. Avg test press-1496. ISIP-1450 5 min-1359, 10 min-1339, 15 min-1319. Approx. 498 BBL to recover. Frac gradient - .72, Finished gradient - .88. Remove wellhead and casing flange. Install frac head. Rig down pulling unit #131. Move off location. Take unit to yard for service. Got back to location, rig up, flow back line and open to pit at 5pm. 1250psi on an 18/64 choke. Monitored well till relief came. Shut down. (Tim Collier) Unit #131

11-05-05

4406'

Day 91

Well monitored. Left flowing to pit with c02 and water, no flame. (Bobby Rollins) Unit #131



DECLARED GROUND WATER BASINS

CAPTAN	LEA COUNTY	PENASCO
CARLSBAD	JAL	PORTALES
FORT SUMNER	HONDO	ROSWELL
	SALT BASIN	ARTESIAN

1 MILE RADIUS

1/2 MILE RADIUS

TOWNSHIP LINE

SECTION LINE

SCALE: 1" = 2000'

0 MI 1/4 1/2 1 MI

ROSWELL OPERATING, LLC
LL & EB FEDERAL #5

API: 3000563751

SEC: 1 TWP: 06S

UNIT: O RNG: 22E

840 FSL 1980 FEL

COUNTY: CHAVES

N 17 W - 30.6 MILES FROM ROSWELL, NM

LAT: 33°49.202' N. LON: 104°40.290' W.

NO WARRANTY IS EXPRESSED OR IMPLIED AS TO THE RELIABILITY AND/OR COMPLETENESS OF THIS MAP

DATE: 08/18/09

WWW.WELLPROMAPPING.COM

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SURFACE OWNERSHIP

- BLM
- BUREAU OF RECLAIM.
- PARK
- STATE
- NATIONAL PARK SERV.
- WILDLIFE REFUGE
- PRIVATE
- FOREST SERVICE
- TRIBAL LANDS
- ACTIVE OIL
- ACTIVE GAS
- ACTIVE INJECTION
- ACTIVE WATER
- ACTIVE SWD
- INACTIVE OIL
- INACTIVE GAS
- INACTIVE INJECTION
- INACTIVE WATER
- INACTIVE SWD
- WATER WELL

Exhibit B

Roswell Operating, L.L.C.
Wells located within
0.5 Mile AOR

RAD	API	OPER	LEASE	WELL #	TYPE	ST	TWN	RNG	SEC	UNT	TVD
1	1335	3000562378	Roswell Operating, LLC	#5	G	A	06S	22E	1	P	4265
2	1514	3000563819	Roswell Operating, LLC	#4	G	N	06S	22E	1	N	0*
3	1667	3000562377	Roswell Operating, LLC	#4	G	A	06S	22E	1	N	4226
4	1954	3000563793	Roswell Operating, LLC	#3	G	A	06S	22E	12	C	3156
5	2064	3000563764	Roswell Operating, LLC	#1	G	A	05S	22E	31	O	3576
6	2155	3000562893	Roswell Operating, LLC	#1	G	A	05S	22E	31	P	3122
7	2348	3000562462	Roswell Operating, LLC	#3	G	P	06S	22E	12	C	3154
8	2493	3000563794	Roswell Operating, LLC	#2	G	N	06S	22E	12	G	3050
9	2592	3000563788	Roswell Operating, LLC	#3	G	A	06S	22E	12	F	3093
10	2607	3000562409	Roswell Operating, LLC	#2	G	A	06S	22E	12	H	3402
11	2658	3000562417	Roswell Operating, LLC	#5	G	A	06S	23E	6	5	
12	2726	3000563729	Roswell Operating, LLC	#5	G	A	06S	23E	6	4	3200
13	3517	3000563781	Roswell Operating, LLC	#2Y	G	N	06S	23E	7	2	
14	3517	3000563981	Roswell Operating, LLC	#2	G	N	06S	23E	7	2	
15	3665	3000563818	Roswell Operating, LLC	#2	G	N	05S	22E	31	4	
16	4021	3000562366	Roswell Operating, LLC	#1	G	P	05S	22E	32	N	4276
17	4679	3000563792	Roswell Operating, LLC	#1	G	P	06S	22E	12	J	
18	4699	3000563826	Roswell Operating, LLC	#1Y	G	N	06S	22E	12	J	
19	4801	3000562400	Roswell Operating, LLC	#2	G	A	06S	23E	7	F	
20	4946	3000563728	Roswell Operating, LLC	#3	G	A	06S	23E	7	3	4356

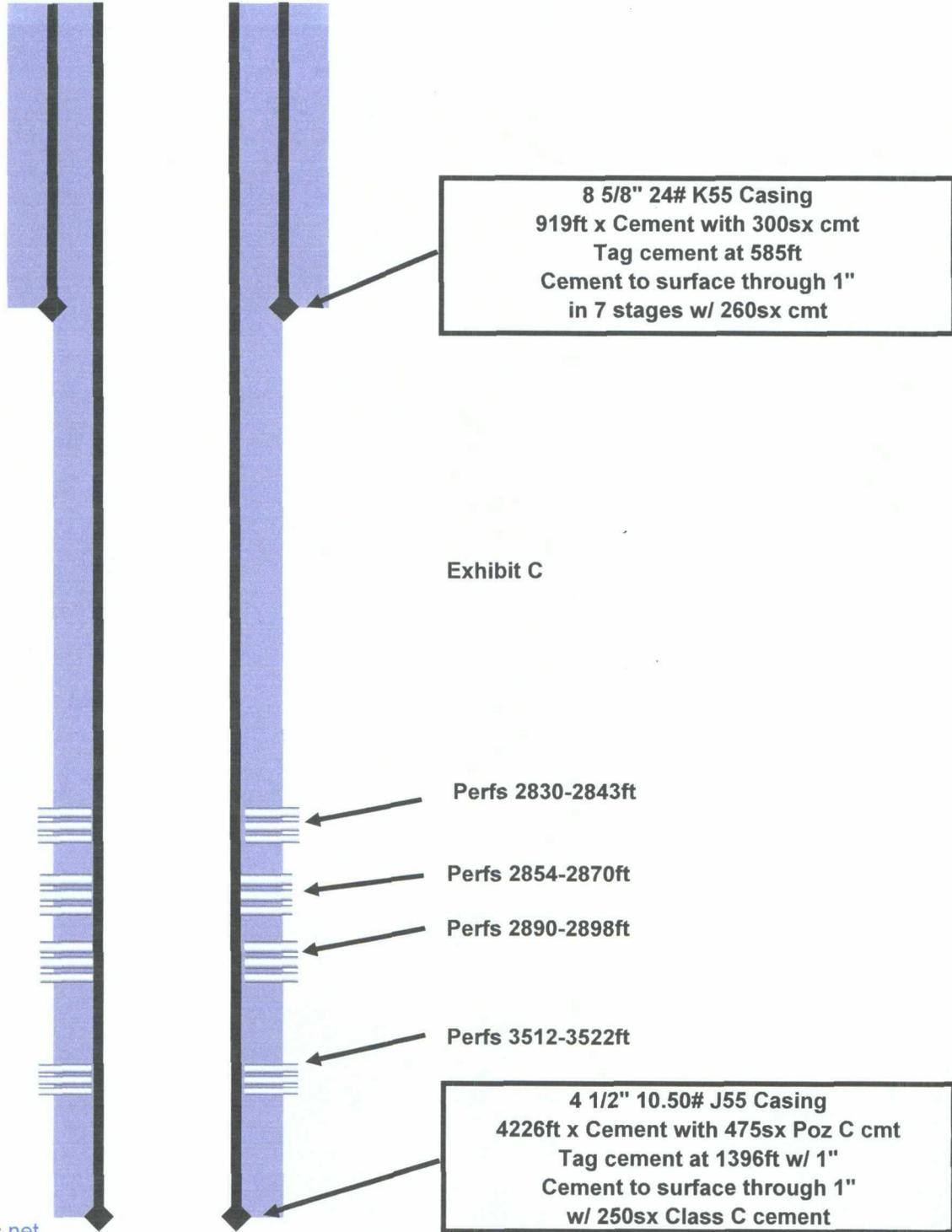
0* = Well never drilled

9 wells were identified with in the 0.5 mile area of review.
 #1 and #3 penetrate the disposal interval
 Pre Cambrian is not open in #1 and # 3

Exhibit C

all shallower than Pre-Cambrian

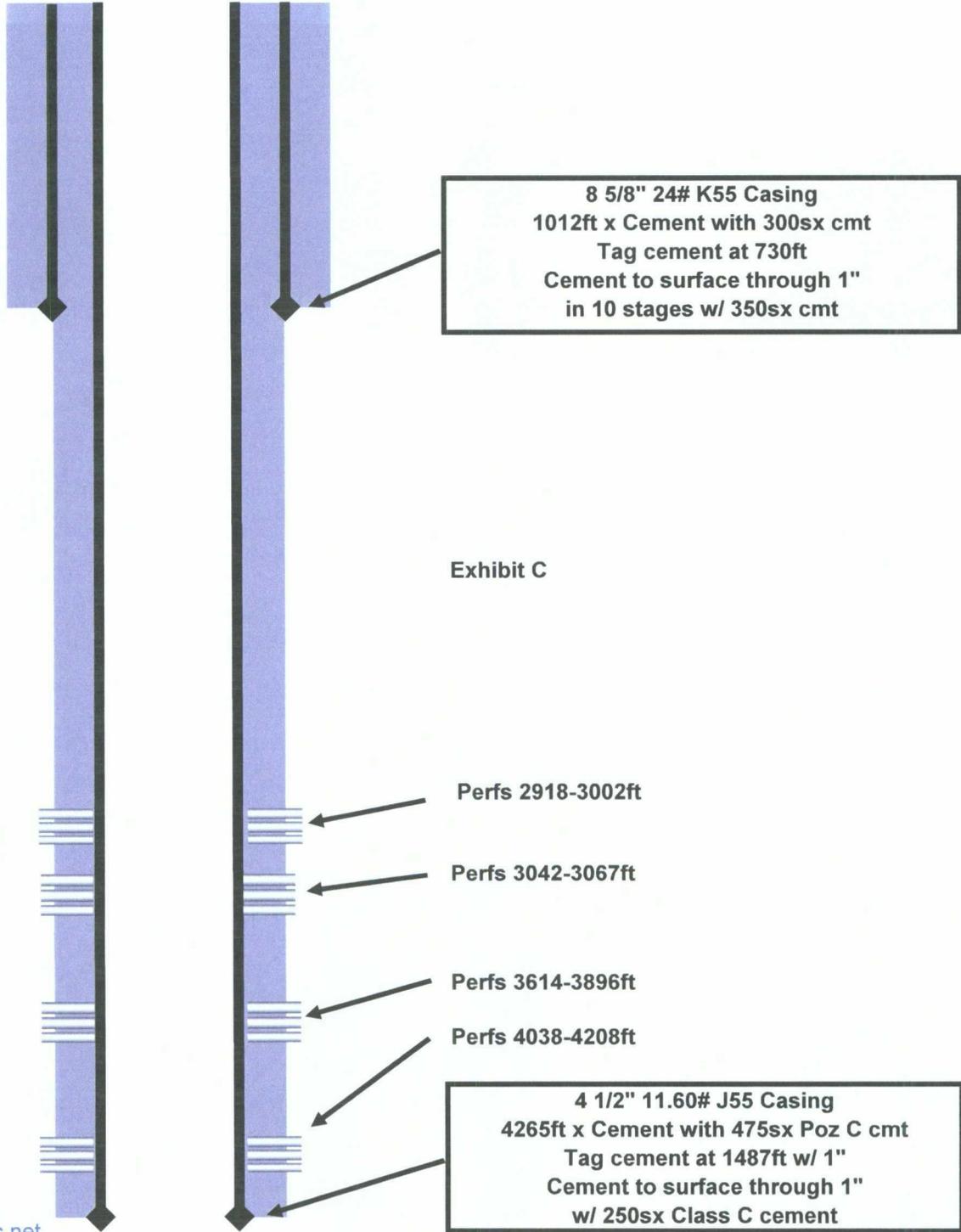
Roswell Operating, L.L.C.
LL + E Federal # 4
API # 30-005-62377
660 FSL x 1650 FWL
Section 1, T6S, R22E
Chaves County, NM



www.pwllc.net

Drawing not to Scale

Roswell Operating, L.L.C.
LL + E Federal # 5
API # 30-005-62378
990 FSL x 660 FEL
Section 1, T6S, R22E
Chaves County, NM



www.pwllc.net

Drawing not to Scale



Water Analysis

Date: 8/22/2005

BJ SERVICES

2401 Sivley, Artesia NM 88210

Phone (SOS) 746-3140 Fax (SOS) 746-2293

Analyzed For

Company	Well Name	County	State
McKay	Inexco Federal 6	Chaves	New Mexico

Sample Source Sample # 1

Formation	Depth
Specific Gravity 1.125	SG @ 60 °F 1.129 Not
pH 6.18 Temperature	Sulfides Reducing Tested Not
(°F) 80	Agents Tested

Nations

Sodium (Calc)	in Mg/L	38,746	in PPM	34,319
Calcium Magnesium	in Mg/L	27,600	in PPM	24,446
Solvable Iron (FE2)	in Mg/L	720 3.0	in PPM	638 3
	in Mg/L		in PPM	

Unions

Chlorides	in Mg/L	110,000	in PPM	97,431
Sulfates	in Mg/L	400 15	in PPM	354
Carbonates	in Mg/L		in PPM	13
Total Hardness (as CaCO3)	in Mg/L	72,000	in PPM	63,773
Total Dissolved Solids (Calc)	in Mg/L	177,484	in PPM	157,204
Equivalent NaCl	in Mg/L	156,431	in PPM	138,557

Scaling Tendencies

Calcium Carbonate Index 404,064
 Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

Calcium Sulfate (Gyp) Index 11,040,000
 Below 500,000 Remote / 500,000 - 10,000,000 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 505-625-1154 Tim Collier **Typical Abo Water**

EXHIBIT D

Report # 1868

Roswell Operating,L.L.C.
LL & EB Federal # 005
API # 30-005-63751
Unit Letter "O", Section 1,T6S,R22E NMPM
Chaves County, New Mexico

GEOLOGICAL REVIEW
for
Proposal for Fluid Disposal

Location

The subject well is located in the northwest part of the area of the Pecos Slope gas fields north and east of the city of Roswell in northwest Chaves County, New Mexico. The producing areas consist of mainly two separate fields: Pecos Slope and West Pecos Slope. About 10 miles separate the two. The West Pecos Slope Field is the area of interest for this proposal.

West Pecos Slope Field is twenty three miles long and from six to eight miles wide. The subject well is near the north end of the field centered around Section 1, T6S - R22E, a short section by survey adjustment.

A comprehensive report of the "Pecos Slope" Area is that by Leslie M. Bentz in the 1988 Roswell Geological Society Symposium of Oil and Gas Fields, entitled "Pecos Slope Abo", Chaves County, New Mexico. Please refer to that article for an extensive and more detailed narrative of the area.

Geological Setting

The "Pecos Slope" gas fields are situated at the northwest limits of the Northwest Shelf of the Delaware Basin of Southeast New Mexico. The rise of the Pedernal highlands (north and northwest) and subsidence of basin areas to the south provided vast quantities of clastics to shelf and basinal areas. Repeated uplift pulsations of the Pedernals were most active in early Permian Wolfcamp (Hueco) and Lower Leonard Abo resulting in abundant sand accumulations in the upper regions of the Northwest Shelf in these two geological times. Although sand distribution was widespread, an uneven distribution and variation of grain size with interbedded shales and siltstones provided the limiting factors for the "Pecos Slope" fields.

Structurally, the "Pecos Slope" area is on a broad, very gentle eastward dipping homocline, descending at a rate of 50 to 100 feet per mile. During Permian times, the homocline trend was in a southeast direction rather than the present day easterly direction. Structure as such plays a minor role in defining traps in the "Pecos Slope" fields.

The subject area of the proposal is Section 1, T6S - R22E, located in the north part of the West Pecos Slope Field. There are three wells on this reduced acreage section. They are the McKay Oil Corporation LL&E Federal # 4, #5B and #5. All of the tests were drilled to the pre-Cambrian at depths of 4270', 4406' and 4301', respectfully and are illustrated on Exhibit I, a West-East Cross-section of Section 1. The #4 and #5 wells were drilled in 1987 and made gas completions in the Upper Abo sands co-mingled with sands in the Upper Wolfcamp. The # 5B well was drilled in 2005 and was finaled for an Upper Abo sand completion. (See Exhibit I for testing and completion data.)

Exhibit I (West-East Cross-section)

Exhibit I is a depiction of the three wells in Section 1, T6S - R22E. It shows the formations encountered from just above the Permian Abo to the total depths in the pre-Cambrian. There are four intervals of importance, in ascending order: the pre-Cambrian, the Granite Wash section, the Wolfcamp with thicker and tighter sands and the Abo containing porous sands.

The pre-Cambrian was penetrated by all three wells. The #4 and #5 wells drilled a few feet of pre-Cambrian, but did not test the formation and set 4 1/2 " casing near total depth. The #5B entered the zone some 115', set 5 1/2" casing, perforated and tested water before plugging back to 4317' for completion uphole. The section penetrated was described as a granite consisting of unconsolidated clear quartz, blue to green feldspar and minor amounts of black mica (biotite). Electric logs indicate zonation with some zones almost 100% feldspar and some 100% quartz. The quartz zones appear most porous. These were the intervals perforated and tested. Variable drilling rates suggest the presence of fracturing.

The Granite Wash section is the primary sedimentary interval above the pre-Cambrian and varies from 50' to 160' in thickness. It could be Pennsylvanian in age but may also be the earliest Wolfcampian. It is distinctly different from the sands, siltstones and shales of the Wolfcamp and was determined from mud logs of those wells. Occasionally porosity develops in some intervals. These are discontinuous lenses, but may be very porous and permeable. Some wells in the "Pecos Slope" have tested gas from the Granite Wash. However, no tests were done in the three wells.

The Wolfcamp formation is Lower Permian in age and is 860' to 920' thick, thickening from west to east in the subject wells. It consists of fluvial sands and shales with some thin bedded limestones and occasional granite wash lenses. Sedimentation indicates fluctuating sea level changes and/or periods of Pedernal uplifting. As such stratigraphic units are correlative, but individual lenses are discontinuous, vary in porosity and permeability and of lower quality. One interval was perforated in the middle Wolfcamp and co-mingled with Abo perforations in the #4 well. No zones were perforated in the #5B. Selected perforations were made in the #5 well in the lower and middle Wolfcamp over long intervals and were co-mingled with Abo perforations.

The Abo formation is Permian, Lower Leonard in age and in Section 1 thickens from 410' to 430', west to east. The formation shows near terrestrial red shales with thin dolomite beds in the lower half of the unit then picking up well developed sandstone beds in the upper portion of the formation. More and thicker sands are in the #5 well and decrease in the #4 to the west. All wells show a productive sand of 15' to 25' near the top of the Abo. A shale unit of 55' overlies the main pay sand.

Proposal

It is proposed to reenter the McKay Oil Corporation LL&E #5B Federal well, located 840'FSL and 1980'FEL of Section 1, T6S - R22E, squeeze open perforations in the Permian Abo formation, clean out to total depth and re-complete in the pre-Cambrian formation below 4300' as a water disposal well. There is sufficient separation vertically, horizontally and stratigraphically so that any fluids injected in the pre-Cambrian will be contained in that zone and not affect shallower producing horizons. The #5B is an excellent candidate for this procedure with 5 1/2" casing, over 100' penetration into the pre-Cambrian that tested water and separation from producing horizons.


Glen C. Luff
Consulting Geologist
Midland, Texas

January 4, 2010



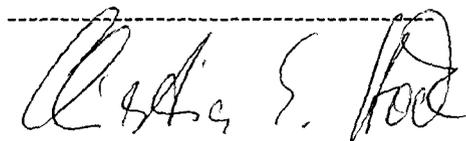
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STATE OF NEW MEXICO

I, Christina E. Stock
Legals Clerk

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one time with the issue dated

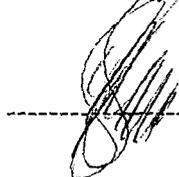
January 9, 2009



Clerk

Sworn and subscribed to before me

this 11th day of January, 2010



Notary Public

My Commission expires
June 13, 2010

(SEAL)

Publish January 9, 2010

Legal Notice

Roswell Operating, L.L.C., 1515 Calle Sur, Hobbs, New Mexico 88240 has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval of the conversion of the LL & EB Federal # 005, API #30-005- 63751, 840 FSL X 1980 FEL, Unit Letter "O", Section 1, Township 06 South, Range 22 East, Chaves County, New Mexico. This well is located 30.6 miles northwest of Roswell, New Mexico. Currently, the well is un-economic producer from the Abo gas zone. The well was originally drilled through the pre-Cambrian. Pre-Cambrian perforations are 4326-4382'. Disposal of produced water from the 130+ Abo wells in the area will be disposed in these perforations. Anticipated disposal rate is 200 barrels of water per day with a maximum rate 500 barrels of water per day. Anticipated disposal pressure is 100 psig with a maximum pressure of 865 psig.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 with in 15 days. Additional information can be obtained by contacting M.Y. (Merch) Merchant 575-492-1236.

Exhibit "F"

Jones, William V., EMNRD

From: aggie@penrocoil.com
Sent: Monday, March 15, 2010 8:21 PM
To: Jones, William V., EMNRD
Cc: mymerch@penrocoil.com; Ezeanyim, Richard, EMNRD; Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD; Wesley_Ingram@blm.gov; Reeves, Jacqueta, EMNRD
Subject: RE: [FWD: Disposal application from Roswell Operating, LLC: LL&EB Federal #5 30-005-63751 Pre-Cambrian]
Attachments: LL&E B 5.pdf



Please see the attachment. This is in response to Item (e) below from Roswell Operating consulting geologist.

Thanks.

Aggie Alexiev
Comptroller
PO Box 2769
Hobbs, NM 88241
ph. (575) 492-1236
fax (575) 492-1237

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

Subject: Disposal application from Roswell Operating, LLC: LL&EB Federal #5 30-005-63751 Pre-Cambrian
From: "Jones, William V., EMNRD" <William.V.Jones@state.nm.us>
Date: Thu, March 11, 2010 12:13 pm
To: <mymerch@penrocoil.com>
Cc: "Ezeanyim, Richard, EMNRD" <richard.ezeanyim@state.nm.us>, "Macquesten, Gail, EMNRD" <gail.macquesten@state.nm.us>, "Sanchez, Daniel J., EMNRD" <daniel.sanchez@state.nm.us>, "Dade, Randy, EMNRD" <Randy.Dade@state.nm.us>, <Wesley_Ingram@blm.gov>, "Reeves, Jacqueta, EMNRD" <Jacqueta.Reeves@state.nm.us>

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d. When was the CIBP placed above the Pre-Cambrian – please attempt to locate this info and update the Divisions records.

e. Send also a short geological discussion of what this PreCambrian stratigraphic trap is envisioned to look like – how extensive is it, and regional structural and stratigraphic maps if possible.

f. Roswell Operating, LLC seems to be in compliance with the Division's Rule 5.9.

g. This well is still listed as owned by McKay and that entity is NOT in compliance with Rule 5.9. Therefore we are prohibited by rule from granting a disposal permit as requested. Please discuss this with Daniel Sanchez and or Gail MacQuesten. Contact info is at:

<http://www.emnrd.state.nm.us/OCD/AboutUs.htm> If Gail or Daniel gives me something in writing saying we are permitted to grant this permit to Roswell Operating, LLC, we could then continue reviewing this.

Otherwise, this C-108 was very well presented (Thank You),

Please let me know as quickly as possible about these issues,

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

Supplement to Geological Review
McKay #5 LL&E"B"
January 4, 2010

The pre-Cambrian is the basement in the area of the disposal application. Only a small number of wells in the Pecos Slope producing area penetrated the p-C, therefore detailed information is very limited. However, three wells that did penetrate the p-C are shown on the cross-section exhibit in the application for disposal. Mud logs are available for all of the three wells.

LL&E#4 (west well) drilled to a TD of 4270' with a top of the p-C at 4202'. Mud log sample description indicates a red to dark gray granite composed of quartz, feldspar and black biotite. The neutron-density log's first response is 4228', therefore there is no reliable reading.

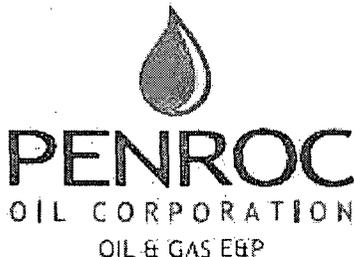
LL&E#5 (east well) drilled to a TD of 4301' with the p-C at 4259'. The logging unit gave a sample description of the p-C as a red brown granite of medium crystalline feldspar, black biotite, quartz with abundant free quartz. The neutron-density first reading is 4259'; there is no reading of the p-C.

LL&E#5B (center well) had a TD of 4406' with the p-C at 4285'. The well lost partial returns at the top of the p-C. Mud log samples indicate a light to dark gray granite of clear quartz, blue to green feldspar and minor amounts of black biotite. From 4350' to TD the log shows predominately clear angular to frosted rounded unconsolidated quartz. This is the principal interval of testing before the plug back at 4317'.

Generally, when the p-C is penetrated, there is almost no possibility of a hydrocarbon reservoir. The p-C is not stratigraphic or sedimentary in nature. Geologically, it originates from a magma and locally is uniform in composition. However, it may also vary with pockets of mineral concentration. From the data available, this may be the case of the three wells. There is a paucity of data to outline, map or define the parameters for the p-C in the subject area. There is sufficient data however to indicate porous and permeable intervals in the LL&E#5B. Well records report the zones in the p-C were tested for hydrocarbons. Fracturing is common in the p-C and is expected to contribute to reservoir permeability.

Jones, William V., EMNRD

From: mymerch@penrocoil.com
Sent: Monday, March 15, 2010 8:46 AM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD; Wesley_Ingram@blm.gov; Reeves, Jacqueta, EMNRD
Subject: RE: Disposal application from Roswell Operating, LLC: LL&EB Federal #5 30-005-63751 Pre-Cambrian



Bill:

In overnight mail tomorrow, you will be receiving the following:

- 1. Proof of mailing of C-108 and attachments to the BLM Roswell office.***
- 2. Proof of mailing of C-108 and attachments to McKay Oil Corp-Roswell, NM.***
- 3. Copies of daily reports from McKay Oil files on testing of the Pre-Cambrian. A copy by certified mail is being sent to OCD Artesia. Proof attached.***
- 4. Daily reports from McKay oil files showing when CIBP was set above the Pre-Cambrian.***
- 5. Mr. Glen Luff, independent geologist, will see what else he can do in regards to your item (e). This morning he did say that pre-Cambrian is not a stratigraphic trap and hardly any wells have penetrated the pre-Cambrian in the area of interest.***
- 6. As mentioned in my e-mail on Sunday that we still awaiting NMOCD approval on change of operator from McKay Oil to Roswell Operating, LLC. BLM has already approved the change.***

An early approval of the application to dispose will be greatly appreciated. Thanks again for your help.

M.Y. (MERCH) MERCHANT
PRESIDENT

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www.penrocoil.com

(575)492-1236 PH. (575)492-1237 FAX
P.O. BOX 2769, HOBBS, NEW MEXICO 88241-2769 USA
1515 CALLE SUR, HOBBS, NEW MEXICO 88240 USA
INT'L CONTACTS ON REQUEST

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From: "Jones, William V., EMNRD" <William.V.Jones@state.nm.us>

Date: Thu, March 11, 2010 12:13 pm
To: <mymerch@penrocoil.com>
Cc: "Ezeanyim, Richard, EMNRD" <richard.ezeanyim@state.nm.us>, "Macquesten, Gail, EMNRD" <gail.macquesten@state.nm.us>, "Sanchez, Daniel J., EMNRD" <daniel.sanchez@state.nm.us>, "Dade, Randy, EMNRD" <Randy.Dade@state.nm.us>, <Wesley_Ingram@blm.gov>, "Reeves, Jacqueta, EMNRD" <Jacqueta.Reeves@state.nm.us>

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Include also a short geological discussion of what this PreCambrian stratigraphic trap is envisioned to look like – how extensive is it, and regional structural and stratigraphic maps if possible.

McKay Operating, LLC seems to be in compliance with the Division's Rule 5.9.

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Inactive Well List

Total Well Count: 157 Inactive Well Count: 6 Since: 12/16/2008

Printed On: Thursday, March 11 2010

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-005-62551	BONNIE #001	O-30-05S-22E	O	14424	MCKAY OIL CORP	P	G	01/1994		T	1/6/2010
2	30-005-61403	FIVE MILE TANK FEDERAL #002	J-9 -06S-23E	J	14424	MCKAY OIL CORP	F	G	02/2001		T	11/24/2008
2	30-005-61616	HUSKY-MCKAY #001	O-18-08S-26E	O	14424	MCKAY OIL CORP	F	G	02/2006			
2	30-005-62625	WEST FORK UNIT #001	C-32-04S-22E	C	14424	MCKAY OIL CORP	S	G	11/2003		T	9/20/2008
2	30-005-62189	WEST MCKAY HARVEY FEDERAL A #001	B-26-08S-23E	B	14424	MCKAY OIL CORP	F	G	02/1997	ABO		
1	30-025-26180	WOOLWORTH RANCH UNIT #001	J-4 24S-35E	J	14424	MCKAY OIL CORP	F	G	03/2005			

WHERE Ogrid:14424, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Well now changed to Roswell operating

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, March 11, 2010 12:13 PM
To: 'mymerch@penrocoil.com'
Cc: Ezeanyim, Richard, EMNRD; Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD; 'Wesley_Ingram@blm.gov'; Reeves, Jacqueta, EMNRD
Subject: Disposal application from Roswell Operating, LLC: LL&EB Federal #5 30-005-63751 Pre-Cambrian

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New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

Jones, William V., EMNRD

From: mymerch@penrocoil.com
Sent: Sunday, March 14, 2010 9:59 AM
To: Jones, William V., EMNRD
Cc: OCHESKEY@aol.com; Tony Whitehead; Ezeanyim, Richard, EMNRD; Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD; Wesley_Ingram@blm.gov; Reeves, Jacqueta, EMNRD
Subject: RE: Disposal application from Roswell Operating, LLC: LL&EB Federal #5 30-005-63751 Pre-Cambrian



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Otherwise, this C-108 was very well presented (Thank You), **Will keep trying our best!**

Please let me know as quickly as possible about these issues, **Once the certified mails are out on Monday/Tues (15th and 16th of**

[Print](#) | [Close Window](#)

Subject: RE: Disposal application from Roswell Operating, LLC: LL&EB Federal #5 30-005-63751 Pre-Cambrian
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Cc: "Dade, Randy, EMNRD" <Randy.Dade@state.nm.us>, Wesley_Ingram@blm.gov, "Reeves, Jacqueta, EMNRD" <Jacqueta.Reeves@state.nm.us>
Bcc: OCHESKEY@aol.com

RECEIVED OCD
 MAR 16 A 11:33



+ Proof of mail to Artesia NMOCD

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(575)492-1236 PH. (575)492-1237 FAX

7009 2250 0000

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Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 46.45	

Postmark Here
HOBBS NM 88240
MAR 15 2010

Sent to
 Bureau of Land Management
 Street, Apt. No., or PO Box No. 2909 W 2nd Street
 City, State, ZIP+4 Roswell, NM 88201-2019

PS Form 3800, August 2006 See Reverse for Instructions

7009 2250 0000 1775 9127

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

ARTESIA NM 88210
OFFICIAL USE

Postage	\$ 2.24	0640
Certified Fee	\$2.80	01
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 7.34	

Postmark Here
HOBBS NM 88240
MAR 15 2010

Sent to
 N.M. Oil Conservation Div.
 Street, Apt. No., or PO Box No. 1301 W Grand Ave
 City, State, ZIP+4 Artesia, NM 88210

PS Form 3800, August 2006 See Reverse for Instructions

7001 2510 0007 4765 7691

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

ROSWELL NM 88202
OFFICIAL USE

Postage	\$ 0.78	0640
Certified Fee	\$2.80	11
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.88	

Postmark Here
USPS
HOBBS NM 88240
MAR 15 2010

Sent To
 McKay Oil Corp
 Street, Apt. No., or PO Box No. One McKay Place, PO Box 204
 City, State, ZIP+4 Roswell, NM 88202

PS Form 3800, January 2001 See Reverse for Instructions

Injection Permit Checklist (11/30/09)

Case _____ R- (SWD-120) WFX _____ PMX _____ IPI _____ Permit Date 3/1/10 UIC Or (Amit)

Wells _____ Well Name: LL#EB Fed #5

API Num: (30-) 005-63751 Spud Date: 8/7/05 New/Old: N (UIC primacy March 7, 1982)

Footages 840 FSL/1980 FEL Unit 0 Sec (1) Tsp 6S Rge 22E County Chaves

Operator: Roswell operating LLC Contact M. Y. Meinhart

OGRID: 270575 RULE 5.9 Compliance (Wells) Y22 (Finan Assur) OK

Operator Address: 1515 Calle Sur, Hobbs, NM, 88240

Location and Current Status: West Pecos Slope ABO Gas Producer

Planned Work to Well: S 9Z ABO, re-span pre-Carbon Planned Tubing Size/Depth: 2 7/8 @ 4200

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	12 1/4 8 5/8	963	4 13/190	CIRC after 1" run
Existing Intermediate	7 7/8			
Existing <input checked="" type="checkbox"/> Long String	7 7/8 5 1/2	4396	450	calcd @ 1996' @ 70' / 6

BY Tool _____ Liner _____ Open Hole _____ Total Depth 4406

Well File Reviewed

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)	2466 -	TUB B	(Son Ardea on Surface)
Above (Name and Top)	2889 - 2907	= AS = Perf	Yes
Injection..... Interval TOP:	4326	Pre-Carbon	No
Injection..... Interval BOTTOM:	4382	Pre-Carbon	No
Below (Name and Top)			

865 PSI Max. WHIP
Open Hole (Y/N) _____
Deviated Hole? _____

Sensitive Areas: Capitan Reef Chit House Salt Depths None

..... Potash Area (R-111-B) _____ Potash Lessee _____ Noticed? _____

Fresh Water: Depths: _____ Walls NONE Analysis? _____ Affirmative Statement

Disposal Fluid Sources: ABO Analysis?

Disposal Interval Production Potential/Testing/Analysis Analysis: ?

Notice: Newspaper (Y/N) Surface Owner BLM Mineral Owner(s) BLM

RULE 26.7(A) Affected Parties: only Roswell Operate, LLC

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 0 Num Repairs _____ Producing in Injection Interval in AOR _____

..P&A Wells 0 Num Repairs _____ All Wellbore Diagrams Included? _____

Questions to be Answered:

Required Work on This Well: _____ Request Sent _____ Reply: _____

AOR Repairs Needed: _____ Request Sent _____ Reply: _____

_____ Request Sent _____ Reply: _____

Handwritten notes:
Stall
McKey OIL Co.

Handwritten notes:
4326
8652

Handwritten mark:
?