



3/23	SUSPENSE	ENGINEER <i>WJ</i>	LOGGED IN 3/23/10	TYPE <i>SWD</i>	APP NO. <i>PTG-W</i> 1008255727
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NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

Nacogdoches

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

South Hospah SWD #

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:

30-031-20013

- [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

Nacogdoches
South Hospah 9
30-031-20013

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

2010 MAR 22 P 2:29
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[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

BRIAN WOOD
(505) 466-8120
FAX 466-9682

CONSULTANT

6-1-09

e-mail Address

brian@permitswest.com

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
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369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

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2010 MAR 22 P 2: 29

March 22, 2010

Hand delivered

Mark Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Pursuant to Paragraph 22 of ACOI-217, enclosed is the application of Nacogdoches Oil and Gas Inc. ("NOG") for a water disposal well. Injection will be into Entrada formation, which has a TDS of approximately 3400-3500. See Exhibit F to the C-108. However, NOG asserts that the application is eligible for administrative approval under NMAC 19.15.26.8.E because the Hospah (injection) water has a TDS of approximately 1800. See Exhibit G to the C-108.

Included in the C-108 is evidence of notice to pertinent interest owners, as well as an affidavit of publication. In addition, enclosed is my affidavit of notice in Case 14337, when the application was set for hearing. Because no objections have been received, and because the need for this well is substantial, NOG requests that this application be promptly approved.

Very truly yours,



James Bruce

Attorney for Nacogdoches Oil and Gas, Inc.

cc: Mikal Altomare w/o encl.
Stuart Butzier w/o encl.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

NMOCD – ACOI- 217

IN THE MATTER OF NACOGDOCHES OIL AND GAS, INC.[256689],

Respondent.

INACTIVE WELL
AGREED COMPLIANCE ORDER:
PHASE I

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended (“Act”) and OCD Rule 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division (“OCD”) and NACOGDOCHES OIL AND GAS, INC. (“Operator” or “NOG”) enter into this Inactive Well Agreed Compliance Order (“Order” or “ACOI”) under which, generally stated:

- i. OCD agrees that for the duration of **Phase I** of this Order (and extending until September 1, 2010, the day following the last deadline set by this Order, as further detailed in Ordering Paragraph No.17), so long as NOG remains in compliance with the terms as specifically outlined below, the wells identified in **Exhibits A, B, C & D**, (attached hereto and incorporated by reference) will be excluded from the OCD’s “Inactive Well List” and will not be considered by the OCD to be “Inactive” for purposes of Rule 19.15.5.9 NMAC; and
- ii. Operator and OCD agree that the purpose of Phase I of this Order is to allow Operator to proceed with its application for a disposal well toward administrative approval as expeditiously as possible, without being inhibited by Rule 19.15.5.9 NMAC, and Operator agrees (as specified in further detail below) that upon completion of **Phase I** of this Order, Operator will enter into further good faith negotiations with OCD for, *and* complete the execution of **Phase II** of, this Order to address NOG’s remaining compliance issues upon terms and scheduling to be agreed upon hereafter.
- iii. NOG agrees to pay penalties as set out below if it fails to abide by the specified terms of this Order.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. Operator is a corporation doing business in the state of New Mexico.

21. Operator currently operates a total of 182 wells in New Mexico. Of those 182 wells, 35 are inactive per 19.15.25.8 NMAC (and not subject to an agreed compliance order until entry into this agreed compliance order).

CONCLUSIONS

22. Operator is in need of, and has applied for, a disposal well to address an accumulation of excess water, and OCD's regulations allow for disposal well applications to be reviewed, and, where appropriate, approved administratively under circumstances described in Rule 19.15.26.8.E NMAC. Operator believes it will be able to demonstrate to the OCD that the circumstances pertinent to its disposal well application meet the requirements of Rule 19.15.26.8.E NMAC. If such a demonstration is made, OCD agrees that it will review Operator's disposal well application administratively as provided by Rule 19.15.26.8.E NMAC as expeditiously as possible to facilitate NOG's practical ability to achieve overall compliance under this and future agreed compliance orders. A determination of approval of NOG's application will be made by the Division Director upon recommendation by the OCD Engineering Bureau and division geologist pursuant to the requirements set forth in Rule 19.15.26.8 NMAC.
23. The OCD has jurisdiction over the parties and subject matter in this proceeding.
24. The 35 wells identified in **Exhibits A, B, C and D** are out of compliance with OCD Rule 19.15.25.8 NMAC.
25. As operator of the wells identified in **Exhibits A, B, C and D**, Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.
26. Operator is currently out of compliance with NMAC 19.15.5.9A.
27. Due to the accumulation of excess water in the reservoir in this area, Operator is in need of a disposal well. Operator feels that being able to dispose of excess water, likely will enable it to evaluate, rework and/or put back online certain of its wells, including those identified on **Exhibits C and D**, for which Operator is not currently able to do so due to the excess water.
28. The excess water issue does not, however, impact Operator's ability to assess and rework those wells identified on **Exhibits A and B**.
29. Operator has prepared an application for a disposal well and is prepared to proceed with that application, which seeks to convert the South Hospah Unit No. 009 [03-031-20013], an existing oil well located in McKinley County at Sec. 12, T17N, R9W to an Entrada disposal well.
30. Pursuant to NMAC 19.15.26.8.A, the Division is prohibited from granting the Operator's request for a permit for a disposal well because Operator is out of compliance with NMAC 19.15.5.9, unless and until Operator comes into compliance with NMAC 19.15.5.9. If an Operator is in compliance with NMAC 19.15.5.9, the Division may process a request for a disposal well permit for approval administratively under the circumstances described in NMAC 19.15.26.8.E.

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance YES Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes XXX No (needs aquifer exemption)
- II. OPERATOR: NACOGDOCHES OIL & GAS, INC.
ADDRESS: P. O. BOX 632418, NACOGDOCHES, TX 75963
CONTACT PARTY: BRIAN WOOD (PERMITS WEST, INC.) PHONE: (505) 466-8120
- 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 XXX 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: BRIAN WOOD TITLE: CONSULTANT
SIGNATURE:  DATE: JUNE 1, 2009
E-MAIL ADDRESS: brian@permitswest.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: _____

III. WELL DATA

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

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

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

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

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

XIV. PROOF OF NOTICE

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

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

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

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

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

INJECTION WELL DATA SHEET

OPERATOR: NACOGDOCHES & GAS, INC.

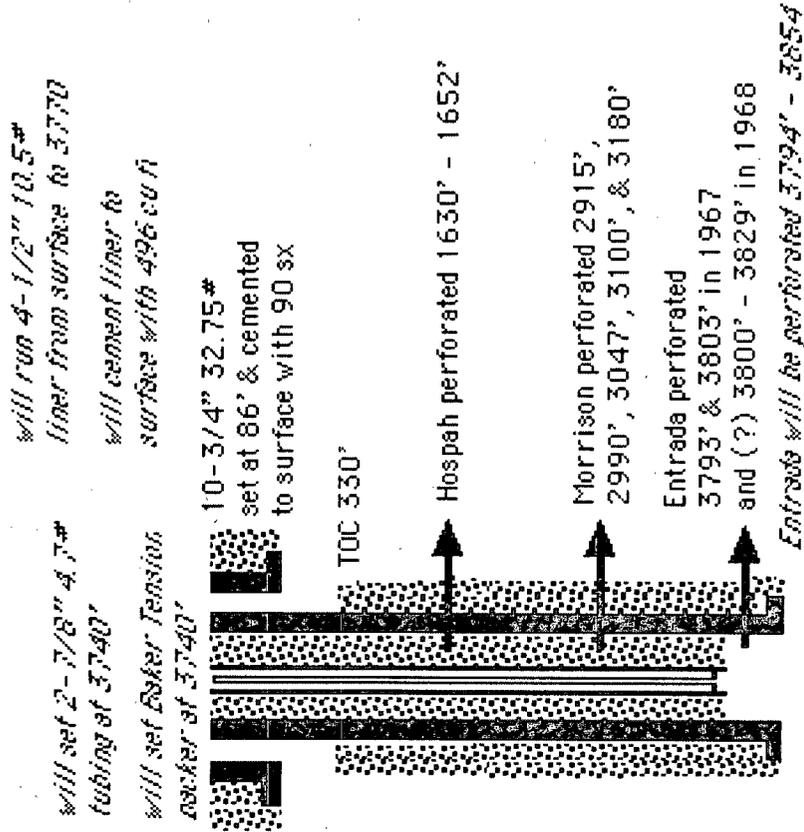
WELL NAME & NUMBER: SOUTH HOSPAH SWD #9

WELL LOCATION: 330' FNL & 2051' FEL
FOOTAGE LOCATION

UNIT LETTER: B

SECTION: 12 TOWNSHIP: 17 N RANGE: 9 W

WELLSBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 15"
Cemented with: 90 sacks
Casing Size: 10-3/4" 32.75#
or _____ ft³

Top of Cement: SURFACE

Method Determine: VISUAL

Proposed Liner

Hole Size: <7"
Cemented with: 287 sacks

Liner Size: 4-1/2" 10.5# LS ST&C
or 496 ft³

Top of Cement: SURFACE

Method Determine: VISUAL

Production Casing

Hole Size: 8-3/4"
Cemented with: _____ sacks

Casing Size: 7" 20# & 23# J-55 & N-80
or 670 ft³

Top of Cement: 330'

Method Determine: CBL

Total Depth: 3,945'

Injection Interval

From 3,794 feet To 3,854 feet

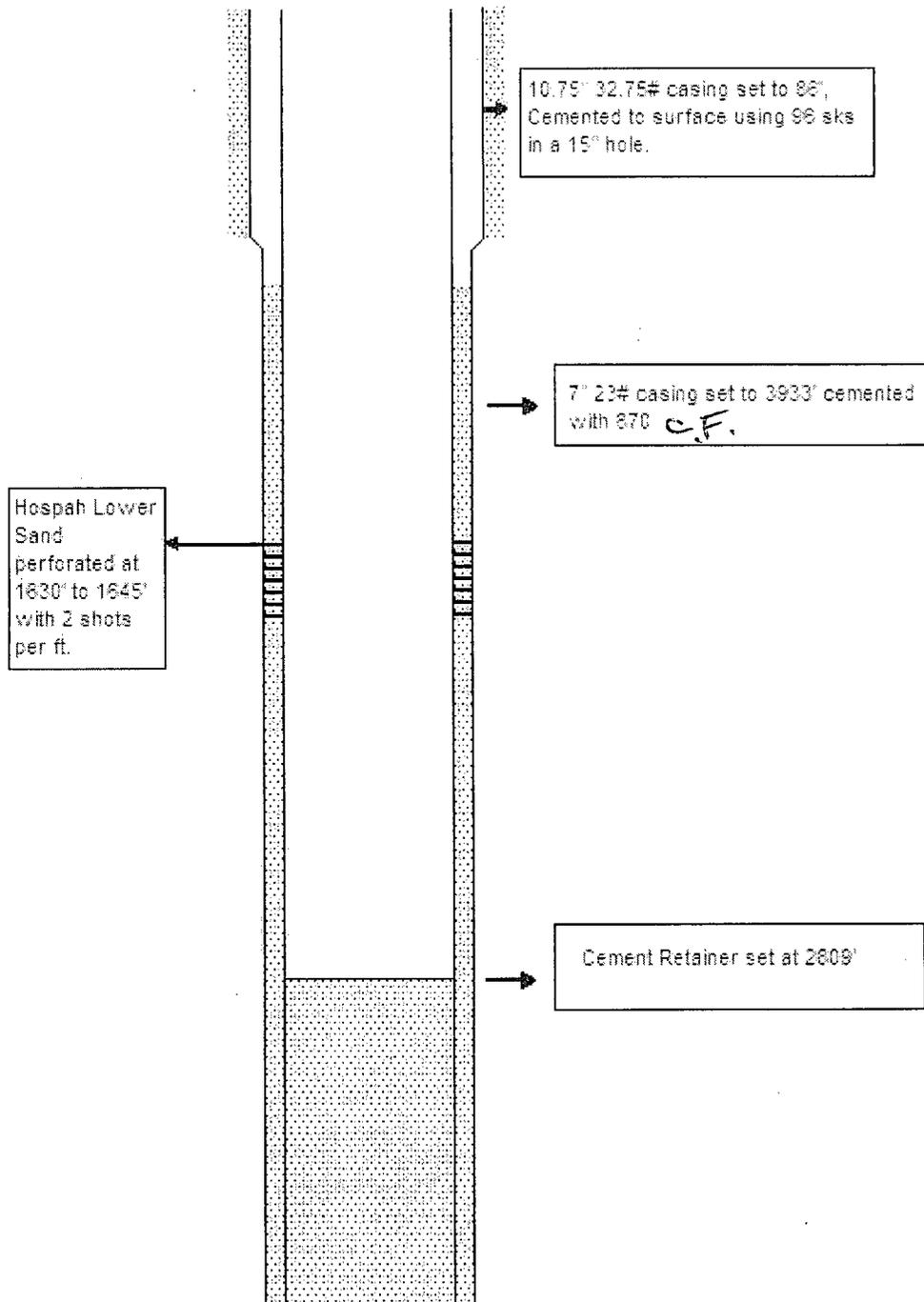
(Perforated or Open Hole; indicate which)

7" 20# & 23#
set at 3933' & cemented
to 500' with 670 cu ft

TD = 3945'

Entrada will be perforated 3794' - 3854'

South Hospah 9 Welbore Diagram



Jones, William V., EMNRD

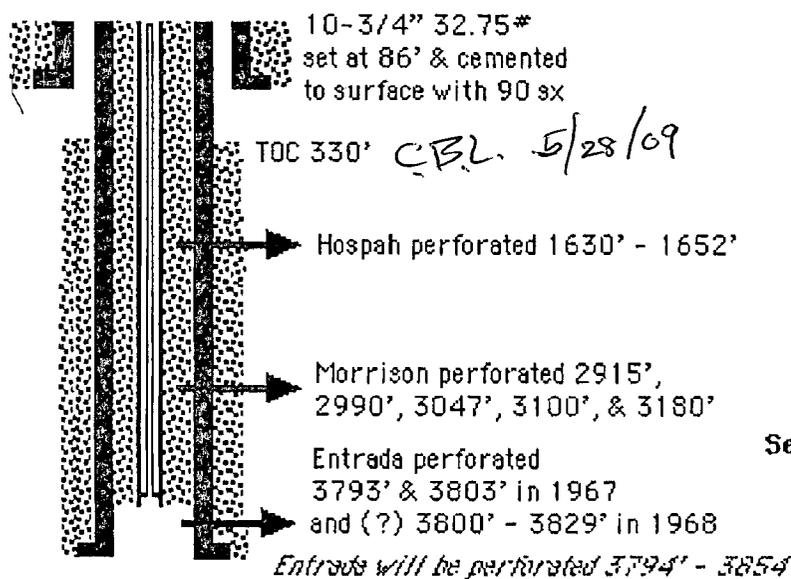
From: brian wood [brian@permitswest.com]
Sent: Sunday, April 11, 2010 2:04 PM
To: Jones, William V., EMNRD
Subject: Nacogdoches South Hospah 9
Attachments: South Hospah_9.PDF; ATT2834463.txt

Attached is post conversion sketch as requested.

Mike Allen of Nacogdoches acknowledges 2-7/8" tubing in 4-1/2" liner will be a tight fit, but thinks he can do it.

Post Conversion
 (will have
 4 1/2" internal
 casing)

SOUTH HOSPAH #9
API 30-031-20013



See steps 1. - 5. below

7" 20# & 23#
 set at 3933' & cemented
 to 500' with 670 cu ft

TD = 3945'

PROPOSED STEPS:

1. Set 4.5" 10.5# casing liner @ ~3,754' (~40 above top Entrada perf)
2. Set 7" CIBP @ 3,759' (~5' below 4.5")
3. Float 4.5" on float shoe and cement to surface with ~496 cubic feet
4. Drill out CIBP with power swivel and open to Entrada
5. Set 2-7/8" 4.7# tubing and Arrow J packer @ ~3,764'
 (~10' from bottom of casing and ~40' from top Entrada perf)

INJECTION WELL DATA SHEET

Tubing Size: 2-7/8" 4.7#

Lining Material: UNLINED

Type of Packer: BAKER TENSION OR ITS EQUIVALENT

Packer Setting Depth: 3.740' (WITHIN 54' OF THE HIGHEST PERFORATION)

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

Additional Data

- 1. Is this a new well drilled for injection? ___ Yes XXX No

If no, for what purpose was the well originally drilled? WELL WAS PLANNED IN 1967 AS A HOSPAH OIL WELL A YEAR LATER (1968) A SUNDRY NOTICE WAS FILED TO USE THE ENTRADA AS A WATER SOURCE.

- 2. Name of the Injection Formation: ENTRADA

- 3. Name of Field or Pool (if applicable): SWD; ENTRADA (POOL CODE: 96436)

- 4. Has the well ever been perforated in any other zone(s)? YES List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. (see attachments)

HOSPAH: 1630' - 1652'; MORRISON: 2915', 2990', 3047', 3100, & 3180'; & ENTRADA: 3793' & 3800' - 3829' WILL RUN LINER FROM SURFACE TO 3770' AND CEMENT TO SURFACE

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

OVER: HOSPAH (1562' - 1625') & DAKOTA (2485' - 2660')

UNDER: NONE

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

PAGE 1

I. Purpose is water disposal into the Entrada zone.

II. Operator: Nacogdoches Oil and Gas, Inc.
Operator phone number: (936) 560-4747
Operator address: P. O. Drawer 632418
Nacogdoches, TX 75963
Contact: Brian Wood (Permits West, Inc.)
Phone: (505) 466-8120

III. A. (1) Lease: BLM lease NMNM-012335
Lease Size: 344.08 acres
Lease Area: W2NE4, NW4, Lots 1-4; T. 17 N., R. 9 W.
Closest Lease Line: 330'
Well Name & Number: South Hospah SWD #9* (API 30-031-20013)
*currently South Hospah Unit 9,
a shut-in Hospah Lower Sand, South oil well
Location: 330' FNL and 2051' FEL Sec. 12, T. 17 N., R. 9 W.
(see Exhibit A)

A. (2) Surface casing (10-3/4", 32.75#) was set in 1967 at 86' in a 15" hole. Surface casing was cemented with 90 sacks of an unknown type of cement. Sundry Notice dated 4-5-67 indicates cement circulated to the surface.

Well was drilled to a TD of 3,945'. Production casing (7", 20# & 23#, J-55 & N-80) was set at 3,933' in an 8-3/4" hole. Cemented with 670 cubic feet (type cement unknown) to 330' based on CBL run on May 28, 2009. Well was initially perforated with 2 holes at 1,645' in the South Hospah Lower Sand.

A 4.5" 10.5# LS ST&C liner will be run from the surface to 3,770' to cover Hospah and Morrison formation perforations. Liner will be cemented to the surface. Lead will be 137 sacks premium light + 8% bentonite + 1% CaCl₂ + 5% LCM mixed at 12.1 pounds per

gallon and 2.09 cubic feet per sack. Tail will be 150 sacks Type III cement + 2% CaCl₂ mixed at 14.5 pounds per gallon and 1.40 cubic feet per sack.

- A. (3) Tubing will be 2-7/8" 4.7# unlined. It will be set at 3,740' (54' above the highest perforation at 3794').
- A. (4) A Baker Tension packer will be set at 3,740' (which will be 54' above the highest perforation (3,794')).

- B. (1) Disposal zone will be the Entrada sandstone (pool code 96436).
- B. (2) Disposal interval will be 3794' to 3854'. It will be perforated (3/8" diameter) with four shots per foot.
- B. (3) Well was drilled by Tenneco in 1967 to 3,945'. It was tested in both the Morrison and Entrada. Salt water was recovered from both zones. It was subsequently and repeatedly completed as a Hospah Lower Sand, South oil well (pool code 33070). Well perforation history is:

April 3, 1967 by Tenneco

perforated Morrison @ 3180', 3100', 3047' 2990', & 2915' with 2 spf
perforated Entrada at 3793' & 3803' with 2 spf
set 7" packer at 3,291'
set cement retainer @ 2,890' & cemented with 170 sacks
perforated South Hospah Lower Sand @ 1,645' with 2 spf

January 17, 1968 by Tenneco

Sundry Notice of Intent filed
squeeze perforations at 1645'
drill out to 3830'
perforate Entrada 3800' - 3829' as water supply well for secondary recovery
There is no indication in state records that work was actually performed.
However, TOC was later found at 3710'.

March 15, 1968 by Tenneco

perforated Lower Hospah 1630' - 1644'

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

PAGE 3

May 26, 1978 by Tenneco
perforated Lower Hospah 1630' - 1652'

May 12, 2009 by Nacogdoches
perforated Entrada 3790' - 3816', 3819' - 3831', 3838' - 3840', & 3844' - 3854'

Well will be for Nacogdoches' exclusive use and for the sole purpose of water disposal from present and future Nacogdoches wells. Water analysis from a Hospah South well is attached.

- B. (4) Well bore has been perforated in the following three zones. All perforations are currently open, though the Entrada perforations are squeezed with gel. The Hospah and Morrison perforations will be covered with a cemented liner from the surface to 3,770'.

Hospah: 1630' - 1652'

Morrison: 2915', 2990', 3047', 3100, & 3180'

Entrada: 3790' - 3816', 3819' - 3831', 3838' - 3840', & 3844' - 3854'

- B. (5) Top of the Entrada is at 3790'. Bottom of the Entrada is at 3930'. Proposed disposal interval will 3794' - 3854'

Bottom of the closest potentially productive zone (Morrison) is at 2765'. There will be a 1029' interval between the bottom of the Morrison and the highest Entrada injection perforation.

Bottom of the closest actual productive zone (Dakota) is at 2660'. There will be a 1134' interval between the bottom of the Morrison and the highest Entrada injection perforation.

There is no underlying producing zone. Oil is being produced elsewhere in the San Juan Basin from the Entrada. However, closest historic Entrada production is in the now plugged and abandoned Snake Eyes Field which is ≈21 miles north (20-21n-8w).

IV. This is not an expansion of an existing injection project. There is a water flood in the Hospah Field. However, all producing wells benefitting from that water flood are Hospah oil wells. This will be purely an Entrada disposal well.

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSP AH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

V. A map (Exhibit B) showing the 85 existing wells within the half mile radius area of review is attached. (An 86th well is 12' beyond the 1/2 mile radius and is also included.) None of the wells penetrated the Entrada. Deepest (2827') of the wells (Nacogdoches' South Hospah Unit 10 (API 30-031-60017)) is 967' above the highest proposed perforation and 1485' west. All of the remaining wells were Mancos, Hospah Upper Sand, South (HUSS), or Hospah Lower Sand, South (HLSS). A tabulation of the wells within a half mile radius follows.

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-031</u>	<u>LOCATION</u>	<u>ZONE</u>	<u>STATUS</u>	<u>TVD</u>	<u>DISTANCE</u>
Nacogdoches	SHU 29	-20120	NWNE 12-17n-9w	HLSS	OW	1625'	197'
Nacogdoches	SHU 62	-20545	NWNE 12-17n-9w	HLSS	OW	1710'	425'
Citation	SHU 41	-20154	NENE 12-17n-9w	HUSS & HLSS	P&A	1637'	516'
Nacogdoches	SHU 25	-20092	NENE 12-17n-9w	HLSS	OW	1702'	546'
Nacogdoches	SHU 49	-20363	NWNE 12-17n-9w	HLSS	OW	1639'	558'
Nacogdoches	SHU 24	-20091	NWNE 12-17n-9w	HLSS	OW	1711'	599'
Nacogdoches	SHU 30	-20121	NWNE 12-17n-9w	HUSS & HLSS	OW	1622'	624'
Nacogdoches	SFRR A 73	-20019	SWSE 1-17n-9w	HLSS	OW	1665'	661'
Nacogdoches	SFRR A 97	-20855	SWSE 1-17n-9w	HLSS	WIW	1690'	696'
Nacogdoches	SFRR A 79	-20099	SWSE 1-17n-9w	HLSS	OW	1665'	705'
Nacogdoches	SHU 31	-20122	NWNE 12-17n-9w	HLSS	OW	1651'	749'
Nacogdoches	SFRR A 89	-20442	SWSE 1-17n-9w	HLSS	OW	1769'	771'
Nacogdoches	SHU 36	-20118	NWNE 12-17n-9w	HLSS	WIW	1635'	812'
Nacogdoches	SHU 63	-20544	NENE 12-17n-9w	HLSS	WIW	1695'	819'
Nacogdoches	SHU 28	-20095	NENE 12-17n-9w	HUSS	OW	1675'	827'
Nacogdoches	SFRR A 81	-20134	SWSE 1-17n-9w	HLSS	OW	1655'	880'
Nacogdoches	SFRR A 84	-20372	SWSE 1-17n-9w	HLSS	WIW	1656'	912'
Nacogdoches	SHU 61	-20546	NWNE 12-17n-9w	HLSS	OW	1715'	913'
Nacogdoches	SHU 5	-05146	NWNE 12-17n-9w	HUSS	WIW	1645'	934'
Nacogdoches	SFRR A 72	-05570	SESE 1-17n-9w	HLSS	OW	1631'	1037'
Nacogdoches	SFRR A 96	-20800	SWSE 1-17n-9w	HLSS	OW	1682'	1077'
Citation	SHU 56	-20300	NENE 12-17n-9w	HUSS & HLSS	P&A	1602'	1093'
Nacogdoches	SFRR A 91	-20714	SESE 1-17n-9w	HUSS	OW	1682'	1109'
Nacogdoches	SHU 35	-20119	NENE 12-17n-9w	HLSS	OW	1596'	1201'
Nacogdoches	SFRR A 80	-20133	SESE 1-17n-9w	HLSS	OW	1635'	1212'
Nacogdoches	SFRR A 94	-20772	SESE 1-17n-9w	HLSS	OW	1700'	1245'
Nacogdoches	SHU 32	-20125	NENW 12-17n-9w	HUSS & HLSS	OW	1647'	1279'
Tenneco	SHU 65	-20614	SWNE 12-17n-9w	HLSS	P&A	1715'	1303'
Nacogdoches	SHU 50	-20364	NENE 12-17n-9w	HLSS	OW	1601'	1307'
Nacogdoches	SHU 8	-20015	SWNE 12-17n-9w	HLSS	OW	1709'	1320'
Tenneco	Hospah C H 1	-20776	SWNE 12-17n-9w	HLSS	P&A	1719'	1326'
Tenneco	Hospah C H 2	-20777	SWNE 12-17n-9w	HLSS	P&A	1742'	1354'
Tenneco	SHU 67	-20616	SWNE 12-17n-9w	HLSS	P&A	1715'	1374'
Nacogdoches	SHU 48	-20362	SWNE 12-17n-9w	HUSS	OW	1635'	1385'

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPDAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-031</u>	<u>LOCATION</u>	<u>ZONE</u>	<u>STATUS</u>	<u>TVD</u>	<u>DISTANCE</u>
Nacogdoches	SHU 38	-20151	NENE 12-17n-9w	HLSS	OW	1595'	1429'
Nacogdoches	SFRR A 77	-20100	SESE 1-17n-9w	HUSS & HLSS	OW	1567'	1449'
Tenneco	SHU 66	-20615	SWNE 12-17n-9w	HUSS	P&A	1715'	1453'
Nacogdoches	SHU 3	-05140	SENE 12-17n-9w	HLSS	OW	1603'	1475'
Nacogdoches	SHU 4	-05145	NENW 12-17n-9w	HUSS	OW	1640'	1475'
Tesoro	SFRR A 92	-20715	SESE 1-17n-9w	HLSS	P&A	1864'	1477'
Nacogdoches	SHU 10	-60017	NENW 12-17n-9w	HLSS & DK	OW	2827'	1485'
BC&D	SHU 18	-20058	SWNE 12-17n-9w	HUSS	P&A	1750'	1522'
Nacogdoches	SHU 64	-20547	SENE 12-17n-9w	HLSS	OW	1685'	1544'
Nacogdoches	SFRR A 76	-20073	SESE 1-17n-9w	HLSS	OW	1591'	1575'
Citation	SHU 55	-20299	SENE 12-17n-9w	HUSS	P&A	1583'	1606'
Whigham	CTV Hospah 1	-05143	SWNE 12-17n-9w	WC Mancos	P&A	688'	1650'
Nacogdoches	SHU 1	-05142	SWNE 12-17n-9w	HUSS	OW	1565'	1651'
Nacogdoches	SFRR A 82	-20137	SESE 1-17n-9w	HUSS	OW	1605'	1662'
Nacogdoches	SHU 26	-20093	NENE 12-17n-9w	HLSS	OW	1660'	1671'
Nacogdoches	SHU 6	-20009	NENE 12-17n-9w	HLSS	OW	1710'	1721'
Nacogdoches	SHU 52	-20243	NENW 12-17n-9w	HUSS	WIW	1622'	1822'
Nacogdoches	SHU 53	-20278	NENE 12-17n-9w	HLSS	OW	1678'	1829'
Nacogdoches	SFRR A 75	-20072	SESE 1-17n-9w	HLSS	OW	1608'	1843'
Nacogdoches	SHU 11	-20016	SENE 12-17n-9w	HLSS	OW	1774'	1866'
Nacogdoches	SFRR A 88	-20440	SESE 1-17n-9w	HLSS	OW	1670'	1870'
Nacogdoches	SHU 47	-20361	NENW 12-17n-9w	HLSS	OW	1780'	1909'
Nacogdoches	SHU 16	-20056	SENE 12-17n-9w	HUSS	OW	1710'	1942'
Nacogdoches	SFRR A 93	-20716	SESE 1-17n-9w	HUSS	OW	1620'	1946'
Tesoro	SFRR 57	-20103	NWSE 1-17n-8w	undesignated DK	P&A	2800'	1969'
Nacogdoches	SHU 60	-20411	SENE 12-17n-9w	HLSS	WIW	1648'	2024'
Nacogdoches	SFRR A 87	-20413	SESE 1-17n-9w	HLSS	WIW	1598'	2028'
Nacogdoches	SHU 59	-20410	SWNE 12-17n-9w	HUSS & HLSS	WIW	1657'	2059'
Petroleum	SF 46	-05155	SESW 1-17n-9w	undesignated	P&A	1685'	2087'
BC&D	SHU 19	-05137	NWSE 12-17n-9w	HUSS	P&A	1638'	2087'
Tesoro	Hanson 18	-20156	SWSW 6-17n-8w	HLSS	P&A	1566'	2097'
Nacogdoches	SHU 27	-20094	SENE 12-17n-9w	HUSS	OW	1669'	2121'
Citation	SHU 40	-20161	SENE 12-17n-9w	HUSS	P&A	1637'	2128'
Nacogdoches	SHU 17	-20057	SWNE 12-17n-9w	HUSS	WIW	1787'	2141'
Nacogdoches	SHU 7	-20012	SENE 12-17n-9w	HLSS	OW	1750'	2168'
Nacogdoches	SHU 33	-20124	SENE 12-17n-9w	HLSS	WIW	1660'	2169'
Nacogdoches	SFRR A 90	-20441	SESE 1-17n-9w	HLSS	OW	1670'	2175'
Nacogdoches	SHU 54	-20407	NENE 12-17n-9w	HLSS	WIW	1624'	2272'
Tesoro	SFRR 22	-20146	NWNW 7-17n-8w	HLSS	P&A	1576'	2288'
Nacogdoches	SHU 2	-05139	SENE 12-17n-9w	HUSS	OW	1637'	2379'
Nacogdoches	SFRR 21	-20032	NWNW 7-17n-8w	HLSS	OW	1585'	2381'
Nacogdoches	SFRR 39	-20452	NWNW 7-17n-8w	HLSS	OW	1650'	2410'
Nacogdoches	SFRR A 95	-20746	NESE 1-17n-9w	HLSS	OW	1640'	2427'
Citation	Hospah 34	-20123	SENE 12-17n-9w	HLSS	P&A	1661'	2438'

**NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSP AH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM**

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-031</u>	<u>LOCATION</u>	<u>ZONE</u>	<u>STATUS</u>	<u>TVD</u>	<u>DISTANCE</u>
Nacogdoches	SFRR 13	-20038	NWNW 7-17n-8w	HLSS	OW	1606'	2455'
Mt. States	Hanson 8	-20044	SWSW 6-17n-8w	HLSS	TA OW	1579'	2471'
Nacogdoches	SHU 37X	-20135	NWNW 12-17n-9w	HLSS	OW	1666'	2534'
Nacogdoches	SHU 39	-20152	SENE 12-17n-9w	HLSS	WIW	1687'	2536'
Mt. States	Hanson 41	-20850	SWSW 6-17n-8w	HLSS	TA OW	1640'	2579'
Nacogdoches	SFRR A 74	-20021	NESE 1-17n-9w	HLSS	OW	1592'	2623'
Nacogdoches	SFRR A 83	-20147	NESE 1-17n-9w	HUSS	WIW	1557'	2630'
Nacogdoches	HSU 9	-05176	NWSE 1-17n-8w	HUSS	OW	1570'	2652'

A map (Exhibit C) showing all 339 wells (162 oil or gas producers + 31 water injection wells + 143 P & A + 2 water supply) within a two mile radius is attached.

Exhibit D shows all leases within a half mile radius. Details are:

<u>AREA (all T. 17 N.)</u>	<u>LESSOR</u>	<u>LEASE</u>	<u>LEASEHOLD OPERATOR</u>
N2 12-17n-9w	BLM	NM-12335	Nacogdoches
N2S2 12-17n-9w	BLM	NM-17543	Nacogdoches
S2 1-17n-9w	fee	HSU & SFRR A	Nacogdoches
SW4 6-17n-8w	FIMO	pending	Nacogdoches
NW4 7-17n-8w	fee	SFRR	Nacogdoches

A map (Exhibit E) showing all lessors within a two mile radius is attached. Leases are BLM, fee, Navajo allotted (FIMO), or State (NMSLO).

VI. None of the wells within a 1/2 mile radius penetrated the proposed injection zone. The deepest well (Nacogdoches' South Hospah Unit 10) within a half mile radius has a total depth of 2827'. There will be a 967' interval between the bottom of that well (which is in the Morrison) and the highest proposed perforation (3794').

- VII. 1. Average injection rate will be \approx 15,000 bwpd.
Maximum injection rate will be \approx 20,000 bwpd.
2. System will be closed. All needed infrastructure is in place. No additional facilities will be needed.

3. Average injection pressure will be \approx 750 psi
 Initial maximum injection pressure will be \approx 758 psi
 (≤ 0.2 psi x 3794' depth of top perforation = 758.8 psi)
 Nacogdoches will conduct a step rate test to raise the maximum if justified by test and approved by government agencies.
4. Water source will be existing and future Nacogdoches wells in the San Juan Basin. Nacogdoches has 183 existing wells in the basin. Analyses of Entrada water from the South Hospah 9 (receiving or target water) and Hospah sand (produced or source water to be disposed) are attached (Exhibit F). An April 19, 1967 Sundry Notice stated that Tenneco "rec salt wtr" from the Entrada. A summary follows.

Parameter	Entrada run 1	Entrada run 2	Hospah sand	SDWA*
pH	7.65	7.63	8.97	6.5 - 8.5
resistivity	3.2	3.0		
specific gravity	1.011	1.011	1.001	
	(all mg/l)	(all mg/l)	(all mg/l)	(all mg/l)
barium	0	0	0	1.0
bicarbonate	85	98	720	
calcium	441	441	14	
carbonate	<1	<1		
chloride	400	600	410	250
hydroxide	0	0		
iron	0	0	8.25	0.3
magnesium	<0.5	<0.5	18.23	
potassium	3	5		
sodium	691	680	738	
sulfate	1900	1600	525	250
total dissolved solids	3517	3419	2434	500
total hardness CaCO ₃	1102	1102	110	

* Safe Drinking Water Act

5. The Entrada has not been found to be productive within two miles of the well. Closest current Entrada production is \approx 26 miles east-northeast in 8-19n-4w at the Eagle Springs Field. In general, Entrada water near recharge zones (basin fringe) has a specific conductance of <1,500 μ mhos. Entrada water from deeper parts of

the basin has a specific conductance of >10,000 μ mhos. Stone et al in Hydrogeology and water resources of San Juan Basin, New Mexico wrote, "Generally, however, water from the Entrada is not suitable for drinking, especially in deeper parts of the basin." There are 31 active water disposal wells in the Entrada in the San Juan Basin. Closest active water disposal well in the Entrada is \approx 24 miles northeast in 28-21n-6w.

VIII. The Entrada sandstone is a very porous and permeable aeolian sandstone. It produces or produced oil elsewhere in the basin (Eagle Mesa, Leggs, Media, Ojo Encino, Papers Wash, Snake Eyes Fields). It is \approx 140' thick in this well bore.

Formation tops in this well are:

Menefee Shale: 0'
Point Lookout Sandstone: 313'
Mancos Shale: 535'
Hospah Sandstone: 1562'
Gallup Sandstone: 1625'
Dakota Sandstone: 2485'
Morrison Formation: 2718'
Todilto Limestone: 3733'
Entrada Sandstone: 3790'
Total Depth: 3945'

There are two water wells within a one mile radius. Closest water well is 9/10 mile northwest in NESE 2-17n-9w. It is 585' deep and the likely aquifer is the Point Lookout.

No existing underground drinking water source is below the Entrada within a two miles. There will be 3205' of vertical separation between the bottom of the deepest (585') water well within two miles and the top of the Entrada (3790').

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

PAGE 9

IX. The well will be stimulated with 15% HCl.

X. Three Schlumberger logs are on file with OCD: Dual Induction-Laterolog, Sonic log - Gamma Ray, and Compensated Formation Density. All were run at the time of the well's original drilling on behalf of Tenneco. (An exhibit in Citation's Order PMX-154-0 dated 11-16-89 (for well 30-031-20544) indicates a CBL was run at some point in time in the South Hospah 9.) Nacogdoches ran a CBL on May 28, 2009.

XI. There is one water well within a one mile radius. It is 9/10 mile northwest and is 585' deep. An analysis from it is attached as Exhibit G.

XII. Nacogdoches is not aware of any geologic or engineering data which may indicate the Entrada is in hydrologic connection with any underground sources of water. There will be 3205' of vertical separation between the top (3790') of the Entrada and the bottom (585') of the deepest water well within two miles. This interval includes at least one shale zones (Mancos).

XIII. Notice (this application) will be sent (Exhibit H) to the surface owner (BLM), operators of all wells (only Nacogdoches), and all Entrada leasehold operators (only Nacogdoches) within a half mile. Legal ad (Exhibit I) was published on May 8, 2009. In addition, notice has been sent to the lessor (FIMO) of the pending lease in 6-17n-8w. Nacogdoches has the exclusive right to negotiate with the allottees in Section 6, has signed the required minimum amount of allotted interests, and has filed its lease wide environmental assessment (EA) with FIMO. Upon approval of the EA, the lease will be issued to Nacogdoches.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

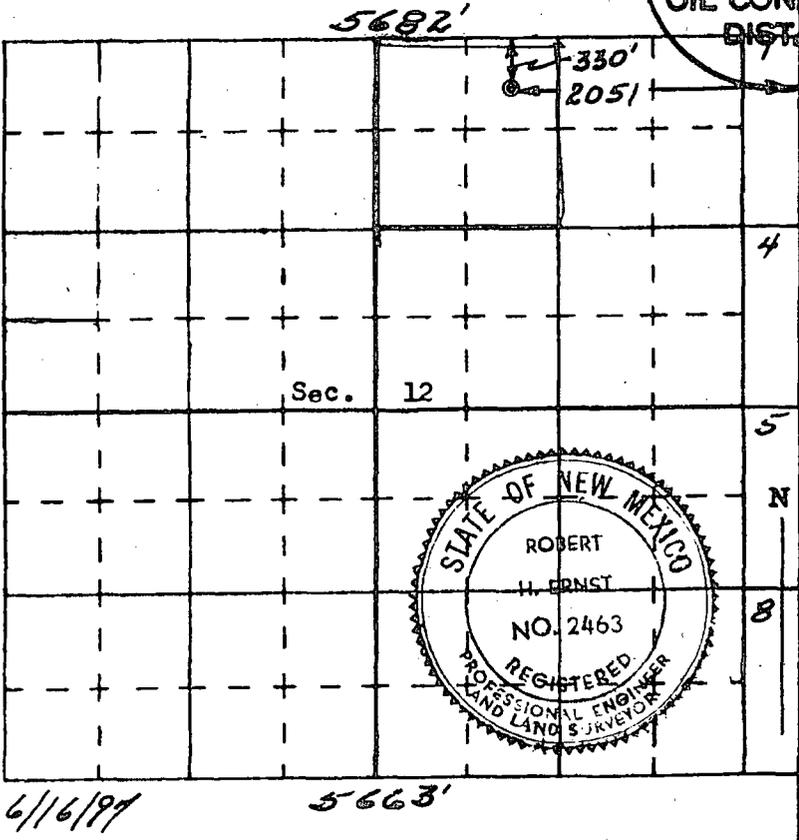
Operator TENNECO OIL COMPANY		Lease HOSP AH			Well No. 9
Unit Letter B	Section 12	Township 17 North	Range 9 West	County McKinley	
Actual Footage Location of Well:					
330 feet from the North line and		2051 feet from the East line			
Ground Level Elev. 7006'	Producing Formation ungraded South Hospah Lower Sand	Pool South Hospah Lower Sand	Dedicated Acreage: NWNE/4 40 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by *communization, unitization, force-pooling, etc?*

() Yes () No If answer is "yes," type of consolidation

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name Harold C. Nichols
Senior Production Clerk
Position
Tenneco Oil Company
Company
February 20, 1967
Date

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 knowledge and belief.

20 January 1967
Date Surveyed
Robert H. Ernst
Registered Professional Engineer
and/or Land Surveyor
Robert H. Ernst
N. Mex. PE & LS
Certificate No.

EXHIBIT A

6/16/91
Ernst Engineering Co.
Durango, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 42-11421
5. LEASE DESIGNATION AND SERIAL NO.

NM 001208

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

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—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR Tenneco Oil Company		8. FARM OR LEASE NAME Hospah
3. ADDRESS OF OPERATOR P. O. Box 1714, Durango, Colorado 81301		9. WELL NO. 9
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 330 FNL, 2051 FEL Unit B		10. FIELD AND POOL, OR WILDCAT Undes. Dakota
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 7006 Gr.	11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA Sec. 12, T-17-N, R-9-W
		12. COUNTY OR PARISH 13. STATE McKinley New Mexico

10. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) <input type="checkbox"/>	

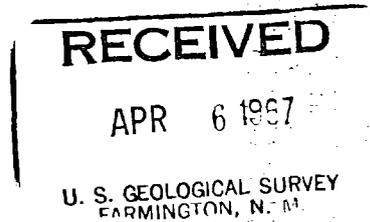
SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input checked="" type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Spud 3/8/67. Drld to 86'. Ran 2 jts 10-3/4" csg set at 86' w/90 s x cmt. Cmt Circ. WOC. Drld to 3945 TD on 3/15/67. Ran logs. Ran 119 jts 7" 20 and 23# J-55, and N-80 csg. Set at 3933. Cmtd w/670 cu. ft.cmt. Rel. rig 3/16/67. WO Comp.



18. I hereby certify that the foregoing is true and correct

SIGNED G. A. Ford TITLE Senior Production Clerk DATE April 5, 1967

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR. Other _____

2. NAME OF OPERATOR
Tenneco Oil Company

3. ADDRESS OF OPERATOR
P. O. Box 1714, Durango, Colorado 81301

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface **830 FNL, 2051 FEL**
At top prod. interval reported below **Unit B**
At total depth _____

14. PERMIT NO. _____ DATE ISSUED _____

5. LEASE DESIGNATION AND SERIAL NO.
NM 081208

6. IF INDIAN, ALLOTTEE OR TRIBE NAME _____

7. UNIT AGREEMENT NAME _____

8. FARM OR LEASE NAME _____

Hoopah
9. WELL NO.
9

10. FIELD AND POOL, OR WILDCAT _____

South Hoopah Lower Sand
11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 12, T-17-N, R-8-W
12. COUNTY OR PARISH **McKinley** 13. STATE **New Mexico**

15. DATE SPUNDED **3/8/67** 16. DATE T.D. REACHED **3/15/67** 17. DATE COMPL. (Ready to prod.) **4/18/67** 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* **7006 Gr.** 19. ELEV. CASINGHEAD **7006**

20. TOTAL DEPTH, MD & TVD **3945** 21. PLUG, BACK T.D., MD & TVD **2890** 22. IF MULTIPLE COMPL., HOW MANY* _____ 23. INTERVALS DELETED _____ 24. ROTARY TOOLS **0-3945** 25. CABLE TOOLS **0**

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD) _____ 25. WAS DIRECTIONAL SURVEY MADE **Yes**

26. TYPE ELECTRIC AND OTHER LOGS RUN **Dual Induction, Gr-Sonic, Gr-Density-Caliper** 27. WAS WELL CORED **No**

28. CASING RECORD (Report all strings of in _____)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
10-3/4	32.75	86	15	90 sx	None
7	23#	3933	8-3/4	670 cu ft cnt.	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8	1620	3291

31. PERFORATION RECORD (Interval, size and number)

1645 2 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Cat retainer set at 2890 w/170 sx cnt.	

33. PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)	WELL STATUS (Producing or shut-in)
4/19/67	Pump	Producing

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL--BBL.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO
4/18/67	24		→				

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL--BBL.	GAS--MCF.	WATER--BBL.	OIL GRAVITY-API (CORR.)
		→	42 BOPD		Tr.	260

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) _____ TEST WITNESSED BY _____

35. LIST OF ATTACHMENTS _____

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *[Signature]* TITLE **Senior Production Clerk** DATE **April 19, 1967**

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

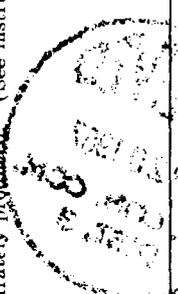
General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either as shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. **Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. **Item 33:** Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)



37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES		38. GEOLOGIC MARKERS				
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP TRUE VERT. DEPTH
Hospah	1562	1625	Sand - Oil	Pt. Lookout	313	
Gallup	1625	1730	Sand - Oil to 1616	Mancos	535	
Dakota	2465	2500	Sand - Gas	Hospah	1562	
Dakota	2570	2595	Sand - Gas	Gallup	1625	
Dakota	2630	2660	Sand - Gas	Dakota	2485	
Morrison	2718	2765	Sand - Gas & Wtr.	Morrison	2718	
Morrison	2880	2920	Sand - Wtr.	Todilte	3733	
"	2985	3000	"	Entrada	3790	
"	3040	3075	"			
"	3100	3185	"			
Entrada	3790	3930	"			

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 42-R1424.

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—" for such proposals.)		5. LEASE DESIGNATION AND SERIAL NO. NM 081208
1. <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Tenneco Oil Company		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR P. O. Box 1714, Durango, Colorado 81301		8. FARM OR LEASE NAME Hospah
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 330' FNL, 2051 FEL Unit B		9. WELL NO. 9
14. PERMIT NO.		10. FIELD AND POOL, OR WILDCAT South Hospah Lower Sand
15. ELEVATIONS (Show whether DF, RT, OR, etc.) 7005 Gr.		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 12, T-17-N, R-9-W
		12. COUNTY OR PARISH McKinley
		13. STATE New Mex

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
TEST WATER SHUT-OFF <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> SHOOT OR ACIDIZE <input type="checkbox"/> REPAIR WELL <input type="checkbox"/> (Other) Squeeze perms & re-perf <input checked="" type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/> FRACTURE TREATMENT <input type="checkbox"/> SHOOTING OR ACIDIZING <input type="checkbox"/> (Other) <input type="checkbox"/> (NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

We plan to squeeze cement Lower Hospah Sand perforations @ 1645.
Drill out to 3830. Perforate Entrada Sand @ 3800-3829 for water source.

RECEIVED
JAN 13 1968
U. S. GEOLOGICAL SURVEY

RECEIVED
JAN 19 1968
OIL CON. COM.
DIST. 3

18. I hereby certify that the foregoing is true and correct

SIGNED M. K. Wagner TITLE _____ DATE 1/17/68
M. K. Wagner

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 04 2009

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS of Land Management
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-031208 12335
6. Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other Instructions on page 2.

1. Type of Well
 Oil Well Gas Well Other covering to water disposal

2. Name of Operator
Nacogdoches Oil and Gas

3a. Address
P.O. Box 632418
Nacogdoches, TX 75963

3b. Phone No. (include area code)
936-560-4747

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

8. Well Name and No.
No. 9

9. API Well No.
3003120013

10. Field and Pool or Exploratory Area
Hospah-Gallup

11. Country or Parish, State
McKinley

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" 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 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 type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input checked="" type="checkbox"/> Water Disposal

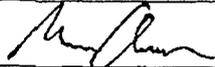
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

The South Hospah #9 had been drilled and cased through the Entrada Zone to 3933'. The Entrada perforations at 3800'-3829' have been squeezed off and TOC has been tagged at 3710'. It is the intent of NOG to re-enter this wellbore, drill out cement plug and TD to determine wellbore integrity. Squeeze off possible perforations in the Dakota sand, perforations will be determined by Wireline CCL and perforations in the lower Gallup zone at 1645'. The TOC on the casing annulus has been calculated at 650'. The 7" will be squeezed from 650' to surface. The Entrada will then be perforated and tested for use as a disposal well. The disposal application will be sent to the New Mexico UIC department for approval.

RCVD MAY 5 '09
OIL CONS. DIV.
DIST. 3

CONTACT NMDCB UIC DEPARTMENT BEFORE TESTING OCCURS.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Mike Allen Title Production Engineer

Signature  Date 05/04/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
Original Signed: Stephen Mason Title _____ Date MAY 04 2009

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.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

NMDCB 

South Hospah SWD 9

1/2 mile radius

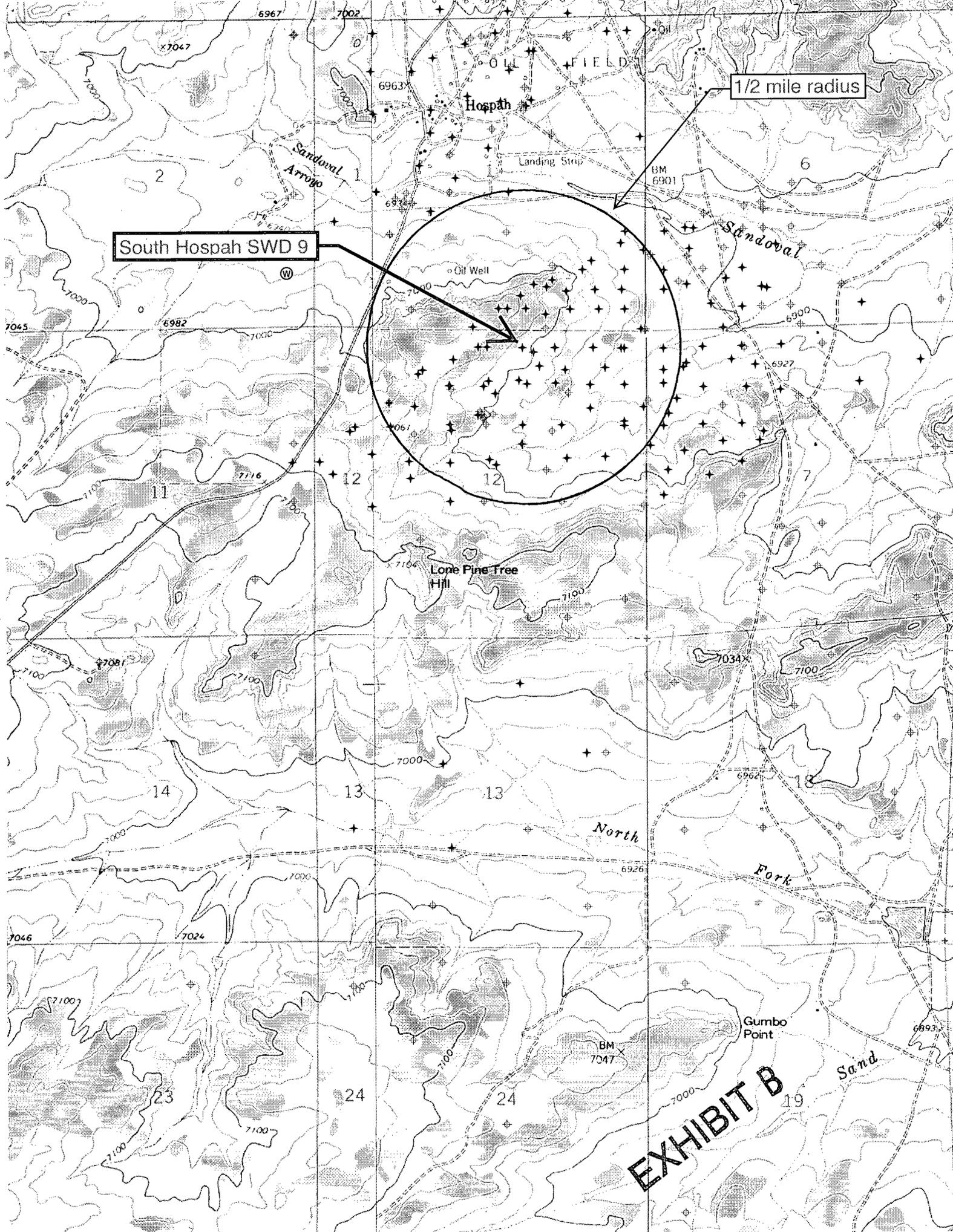


EXHIBIT B

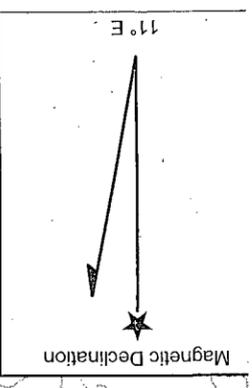
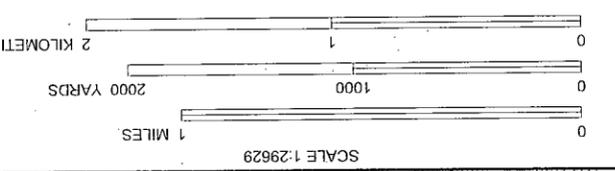
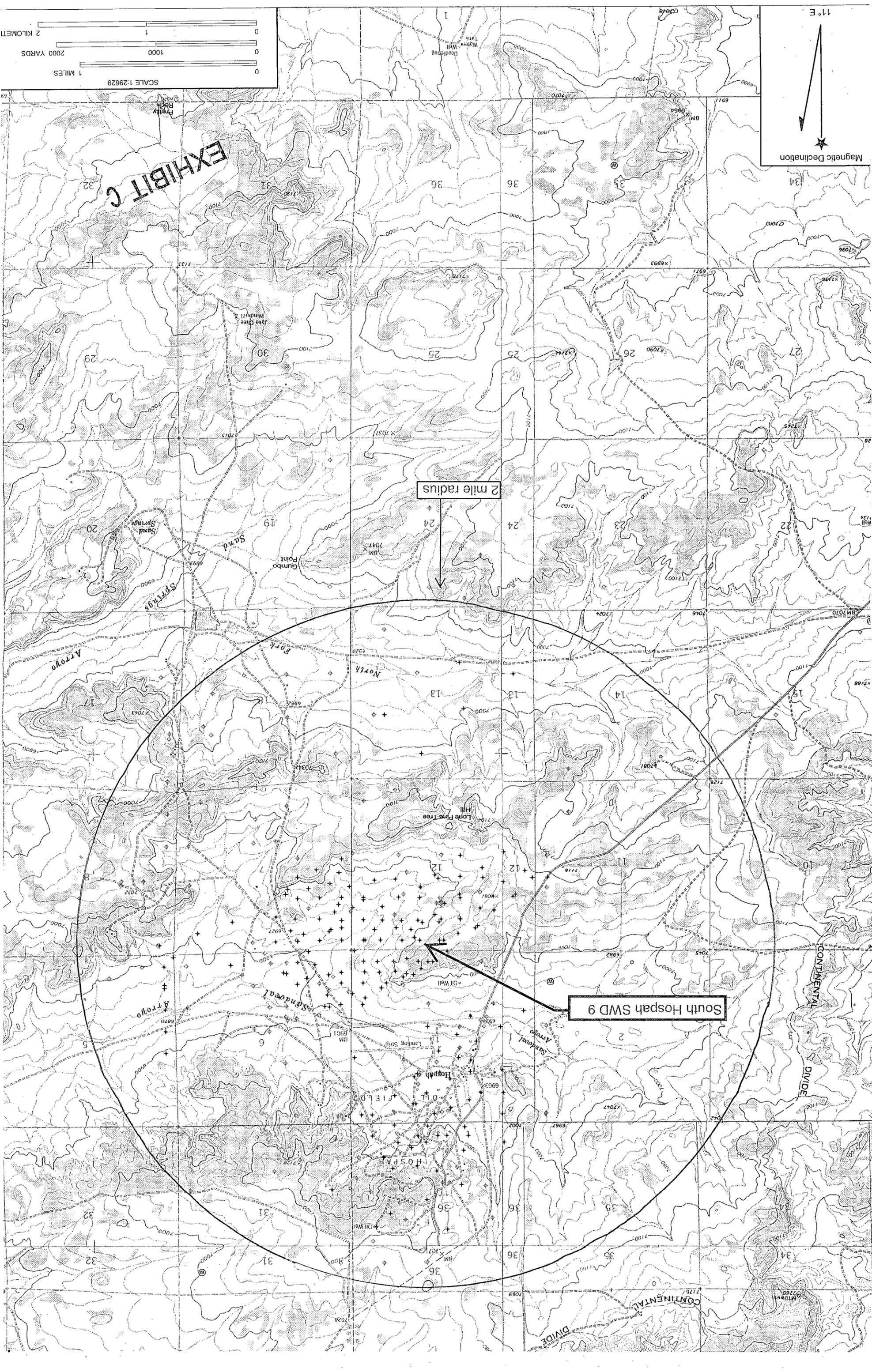
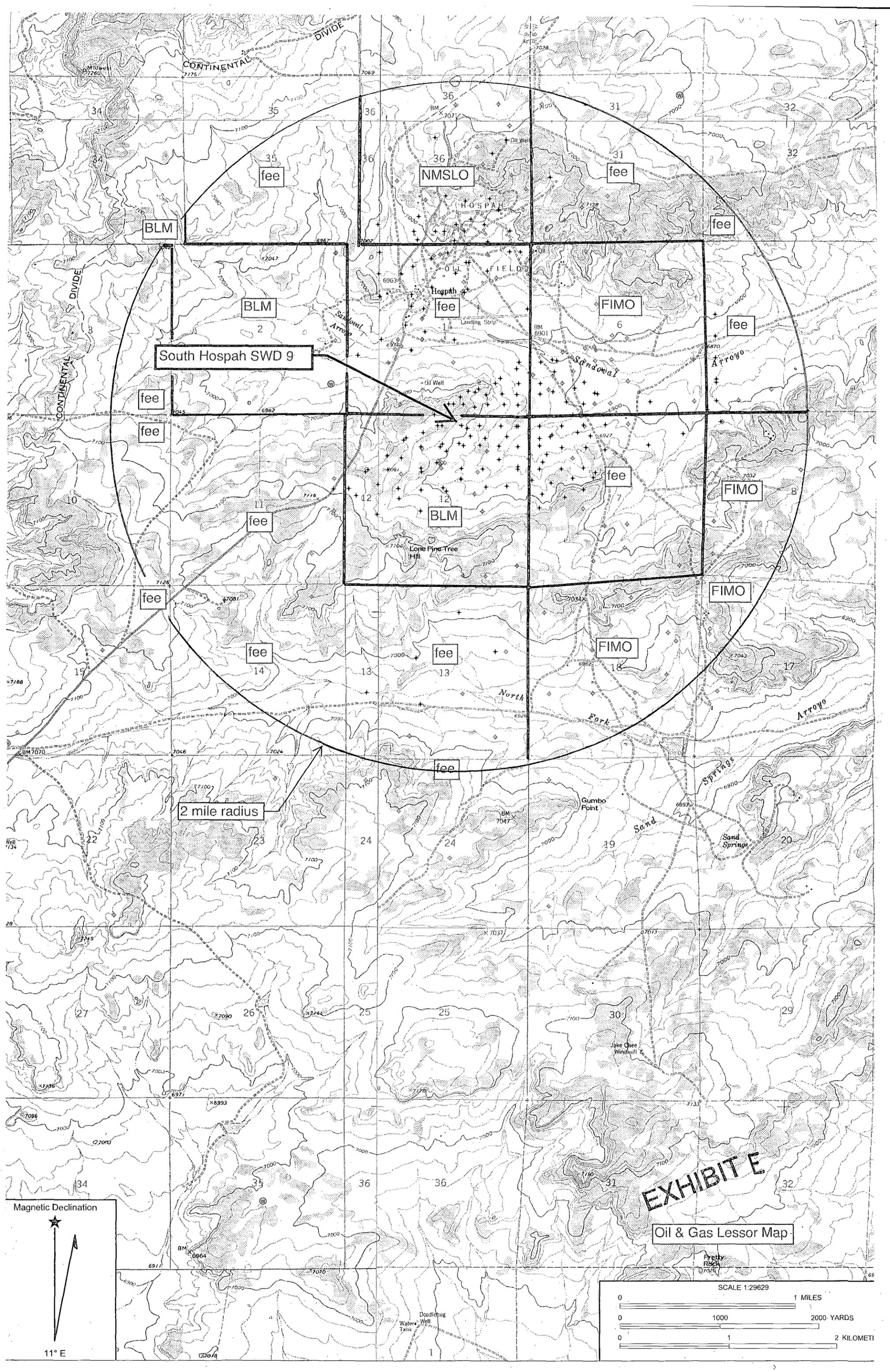


EXHIBIT C

2 mile radius

South Hospah SWD 9



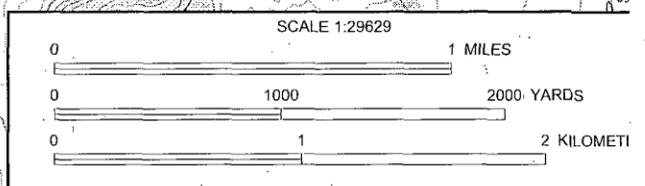
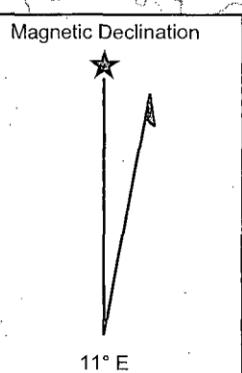


South Hospah SWD 9

2 mile radius

EXHIBIT E

Oil & Gas Lessor Map



SCALE 1:29629

0 1 MILES

0 1000 2000 YARDS

0 1 2 KILOMETERS



BJ SERVICES

Farmington District Lab

Water Analysis Report

Test # #9

Customer/Well Information

Company: ANGELINA WELL Well Name: SOUTH HOSPAH#9 Location: 00-000-00000 State: San Juan County, NM Formation: ENTRADA SAND ZONE Depth: 0	Date: 5/14/09 Prepared for: ALLEN EAKER Submitted by: ALLEN EAKER Prepared by: RON VALDEZ Water Type: PRODUCED
---	---

Background Information

Reason for Testing: routine

Completion type: _____

Well History: _____

Comments: RUN #1

Sample Characteristics

Sample Temp: 63 (°F) pH: 7.63 Specific Gravity: 1.010 S.G. (Corrected): 1.011 @ 60 °F Resistivity (Meas.): 3.00 Ω-m	Viscosity: 1cP Color: GREY Odor: HYDROCARBON Turbidity: NONE Filtrates: SLIGHT
--	---

Sample Composition

CATIONS

	mg/l	me/l	ppm
Sodium (calc.)	680	29.6	673
Calcium	441	22.0	437
Magnesium	< .5	----	----
Barium	0	0.0	0
Potassium	5	0.1	5
Iron	0.00	0.0	0.00

ANIONS

Chloride	600	16.9	594
Sulfate	1600	33.3	1584
Hydroxide	0	0.0	0
Carbonate	< 1	----	----
Bicarbonate	98	1.6	97

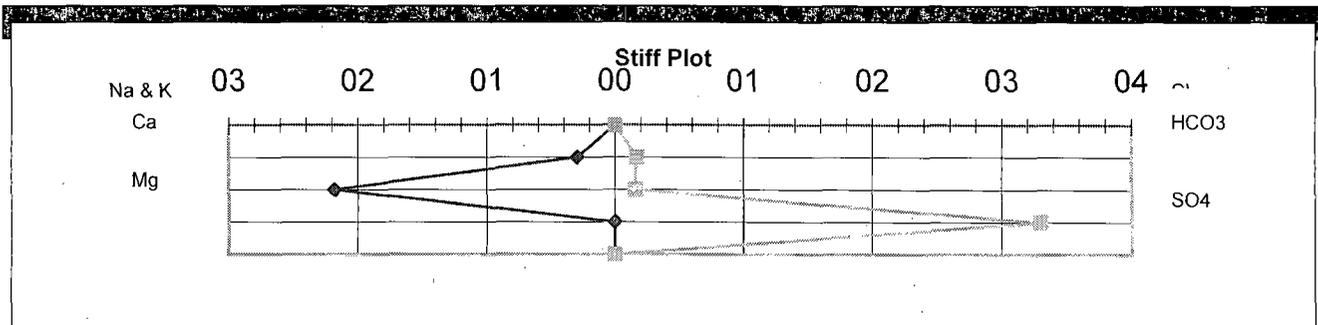
SUMMARY

Total Dissolved Solids(calc.)	3419		3385
Total Hardness as CaCO ₃	1102	22.0	1091

EXHIBIT F

Scaling Tendencies

CaCO ₃ Factor	43051.36	Calcium Carbonate Scale Probability --> REMOTE
CaSO ₄ Factor	705760	Calcium Sulfate Scale Probability -----> REMOTE





BJ SERVICES

Farmington District Lab

Water Analysis Report

Test # #9

Customer/Well Information

Company: ANGELINA WELL	Date: 5/14/09
Well Name: SOUTH HOSPAH#9	Prepared for: ALLEN EAKER
Location: 00-000-00000	Submitted by: ALLEN EAKER
State: San Juan County, NM	Prepared by: RON VALDEZ
Formation: ENTRADA SAND ZONE	Water Type: PRODUCED
Depth: 0	

Background Information

Reason for Testing: routine

Completion type: _____

Well History: _____

Comments: run#2

Sample Characteristics

Sample Temp: 63 (°F)	Viscosity: 1cP
pH: 7.65	Color: GREY
Specific Gravity: 1.010	Odor: HYDROCARBON
S.G. (Corrected): 1.011 @ 60 °F	Turbidity: NONE
Resistivity (Meas.): 3.20 Ω-m	Filtrates: SLIGHT

Sample Composition

CATIONS

	mg/l	me/l	ppm
Sodium (calc.)	691	30.0	684
Calcium	441	22.0	437
Magnesium	< .5	---	---
Barium	0	0.0	0
Potassium	3	0.1	3
Iron	0.00	0.0	0.00

ANIONS

Chloride	400	11.3	396
Sulfate	1900	39.6	1881
Hydroxide	0	0.0	0
Carbonate	< 1	---	---
Bicarbonate	85	1.4	85

SUMMARY

Total Dissolved Solids(calc.)	3517		3482
Total Hardness as CaCO3	1102	22.0	1091

Scaling Tendencies

CaCO3 Factor	37669.94	Calcium Carbonate Scale Probability --> REMOTE
CaSO4 Factor	838090	Calcium Sulfate Scale Probability -----> REMOTE

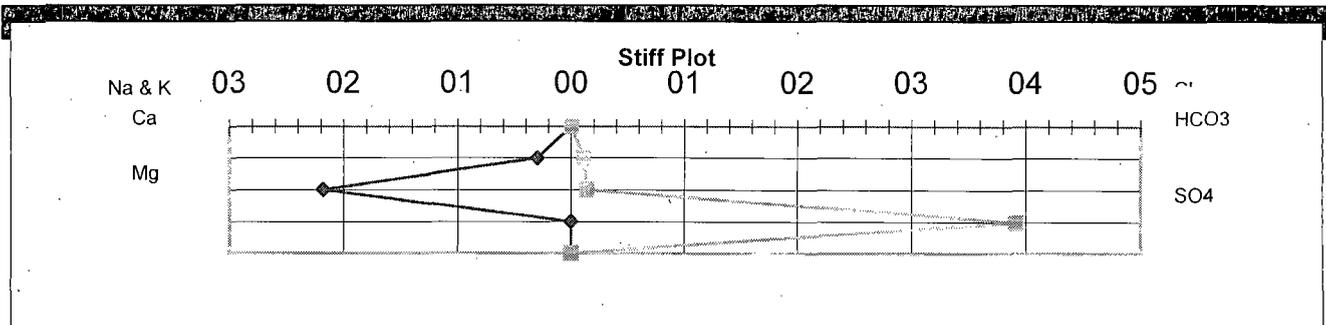


EXHIBIT F

Water Analysis Results

Log # #080406
 Sample ID Hospab Prod Water

Client J. Environmental Services
 Address

Sampled:
 Depth: BHT:

Tested: Sept 5, 2008
 By: JUR

		mg/L	meq/L	mg/L	meq/L	MILLIEQUIVALENTS	
CO2 (dissolved)		100		0.00		Cations	Anions
O2 (dissolved)		ND		14.00	0.70	Ca	HCO3
H2S		69.75		8.25	0.29	Mg	SO4
Suspended Solids (TSS)		84		18.23	1.50	Na	Cl
Total Dissolved Solids (TDS)		2434		738.05	32.10	Ba	0.00
pH		8.97		nd	nd	Saturation Values Dist. Water 20 C	
Sp. Gravity		1.0010		720.00	11.80	CaCO3	13 mg/L
Oil in Water	ND			410.00	11.57	CaSO4 2H2O	2090 mg/L
				525.00	10.93	BaSO4	2.4 mg/L
Probable Mineral Composition Compound meq/L mg/L BaSO4 0.00 0.00 Ca(HCO3)2 0.70 56.61 CaSO4 0.00 0.00 CaCl2 0.00 0.00 Mg(HCO3)2 1.50 109.74 MgSO4 0.00 0.00 MgCl2 0.00 0.00 NaHCO3 9.60 806.61 Na2SO4 10.93 776.69 NaCl 11.57 676.15							
Alkalinity (CaCO3) Phenolphthalein 0.01 Methyl Orange 720.00 Hardness (CaCO3) Total 110 Calcium 35							
Calcium Carbonate Scaling Index Temperature (F) 70 Scaling Index Negative							
Calcium Sulfate Scaling Index Temperature (F) 70 Sat. Conc. (mg/L) #N/A							
Temperature (F) 90 Sat. Conc. (mg/L) #N/A							
Temperature (F) 110 Sat. Conc. (mg/L) #N/A							
Temperature (F) 140 Sat. Conc. (mg/L) #N/A							
Temperature (F) 180 Sat. Conc. (mg/L) #N/A							

The scaling indices indicate the tendency for the sampled water to form scale. The formation of CaCO3 is likely if the index is positive. The formation of CaSO4 is likely if the Sat. Conc. is less than that of the probable mineral composition for CaSO4.

EXHIBIT F

Laboratory testing performed by MicroBac International, Inc.

Water Analysis Results

Log # #060407
 Sample ID Hospah Fresh Water

Client J. Environmental Services
 Address

Sampled:
 Depth:
 BHT:

Tested: Sept. 5, 2008
 By: JUR

mg/L		mg/L	meq/L	MILLIEQUIVALENTS	
				Cations	Anions
CO2 (dissolved)	66	Barium (Ba)	0.00	Ca	0.40
O2 (dissolved)	ND	Calcium (Ca)	8.00	Mg	0.30
H2S	0.085	Iron (Fe)	0.00	Na	23.48
Suspended Solids (TSS)	8	Magnesium (Mg)	3.65	Ba	0.00
Total Dissolved Solids (TDS)	1798	Sodium (Na)-calc.	539.84	Saturation Values Dist. Water 20 C.	
pH	8.53	Srortium (Sr)	nd	CaCO3	13 mg/L
Sp. Gravity	1.0000	Bicarbonate(HCO3)	462.00	CaSO4 2H2O	2090 mg/L
Oil in Water	ND	Chloride (Cl)	35.00	BaSO4	2.4 mg/L
Sulfate (SO4)			750.00	The scaling indices indicate the tendency for the sampled water to form scale. The formation of CaCO3 is likely if the index is positive. The formation of CaSO4 is likely if the Sat. Conc. is less than that of the probable mineral composition for CaSO4.	
Probable Mineral Composition		Alkalinity (CaCO3)		Calcium Sulfate Scaling Index	
Compound	meq/L	Phenolphthalein	0.01	Temperature (F)	Sat. Conc. (mg/L)
BaSO4	0.00	Methyl Orange	462.00	70	#N/A
Ca(HCO3)2	0.40	Hardness (CaCO3)		90	#N/A
CaSO4	0.00	Total	35	110	#N/A
CaCl2	0.00	Calcium	20	140	#N/A
Mg(HCO3)2	0.30	Calcium Carbonate Scaling Index		180	#N/A
MgSO4	0.00	Temperature (F)			
MgCl2	0.00	Scaling Index			
NaHCO3	6.87	70	Negative		
Na2SO4	15.62	90	Negative		
NaCl	0.99	110	Negative		
		140	Negative		
		180	Negative		

EXHIBIT G

Laboratory testing performed by MicroBac International, Inc.

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

June 1, 2009

BLM
1235 LaPlata Highway
Farmington, NM 87401

Nacogdoches Oil & Gas, Inc. is applying (see attached application) to convert its South Hospah 9 oil well to a water disposal well. As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following proposed water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: South Hospah SWD #9 Total Depth: 3,945'

Proposed Disposal Zone: Entrada (from 3,794' to 3,854')

Location: 330' FNL & 2051' FEL Sec. 12, T. 17 N., R. 9 W.,
McKinley County, NM on BLM lease NMNM-012335

Approximate Location: ≈40 air miles north of Grants, NM

Applicant Name: Nacogdoches Oil & Gas, Inc. (936) 560-4747

Applicant's Address: P. O. Drawer 632418, Nacogdoches, TX 75963

Submittal Information: Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

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	SEND 95	Postmark
Certified Fee	SANTA FE 180	Here
Return Receipt Fee (Endorsement Required)	JUN 03 2009	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$11.05	

Sent To: BLM + FINO

Street, Apt. No., or PO Box No.
City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT H

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

June 1, 2009

FIMO
1235 LaPlata Highway
Farmington, NM 87401

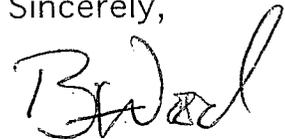
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McKinley County, NM on BLM lease NMNM-012335
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Please call me if you have any questions.

Sincerely,



Brian Wood

2555 5074 7000 0000 4000

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

Postmark Here: **SENT 95**
SANTA FE
87504
JUN 03 2009

Return Receipt Fee (Endorsement Required) _____
Restricted Delivery Fee (Endorsement Required) _____
Total Postage & Fees: **\$11.05**

Sent to: **BLM + FIMO**

Street, Apt. No., or PO Box No.
City, State, ZIP+4

EXHIBIT H

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee <i>[Signature]</i>	
	B. Received by (Printed Name) <i>Ann Johnson</i>	C. Date of Delivery <i>6-23-09</i>
1. Article Addressed to: NMOCD 1000 Rio Brazos Rd. Aztec, NM 87410 Boad. SWD & S. Hosp 9	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		
2. Article Number (Transfer from service label)	7009 0080 0001 4705 5587	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee <i>[Signature]</i>	
	B. Received by (Printed Name) <i>[Signature]</i>	C. Date of Delivery <i>[Signature]</i>
1. Article Addressed to: BLM & FIMO 1235 LaPlata Highway Farmington, NM 87401 South Hospah SWD 9	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		
Number (from service label)	7009 0080 0001 4705 5532	
1, February 2004 Domestic Return Receipt 102595-02-M-1540		

Affidavit of Publication

STATE OF NEW MEXICO

) SS

COUNTY OF MCKINLEY

LYDIA JOE being duly sworn upon oath, deposes and says:

As LEGAL CLERK of The Independent, a newspaper published in and having a general circulation in McKinley County, New Mexico and in the City of Gallup, New Mexico and having a general circulation in Cibola County, New Mexico and in the City of Grants, New Mexico and having a general circulation in Apache County, Arizona and in the City of St. Johns and in the City of Window Rock, Arizona therein: that this affiant makes the affidavit based upon personal knowledge of the facts herein sworn to. That the publication, a copy of which is hereto attached was published in said newspaper during the period and time of publication and said notice was published in the newspaper proper, and not in a supplement thereof, for one time, the first publication being on the 8th day of May, 2009, the second publication being on the _____ day of _____ 20_____, the third publication being on the _____ day of _____ 20_____.

_____ and the last publication being on the _____ day of _____, 20_____. That such newspaper, in which such notice or advertisement was published, is now and has been at all times material hereto, duly qualified for such purpose, and to publish legal notices and advertisements within the meaning of Chapter 12, of the statutes of the statutes of the State of New Mexico, 1941 compilation,

Lydia Joe
Affiant.

Sworn and subscribed to before me this 11th day of May, A.D., 2009.

Gloria M Lopez
Notary Public

My commission expires: February 17, 2013

LEGAL NOTICE
Gallup-McKinley County
New Mexico
Nacogdoches Oil and Gas, Inc. is applying to reenter the South Hopah SWD-9 well at 330 FNL & 2051 (FEL) Section 12 T 17 N R. 9 W McKinley County and convert it from an oil well to a salt water disposal well. Water injection will be into the Entrada formation from approximately 3,794 to 3,854 at a maximum rate of 20,000 barrels of water per day and at a maximum surface pressure of 758 psi. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division 1220 South Saint Francis Dr. Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting Brian Wood, Permits, West, Inc. 37 Verano Loop, Santa Fe, NM 87508. Phone Number is (505) 466-8120.
Legal #10580 Published in The Independent May 8, 2009

EXHIBIT II

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

June 16, 2009

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

Federal Indian Minerals Office
1235 La Plata Highway
Farmington, New Mexico 87401

Ladies and gentlemen:

Enclosed is a copy of an application for approval of a water disposal well, filed with the New Mexico Oil Conservation Division by Nacogdoches Oil and Gas, Inc., regarding the South Hospah Unit Well No. 9, located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 17 North, Range 9 West, N.M.P.M., McKinley County, New Mexico. This matter is scheduled for hearing at 8:15 a.m. on Thursday, July 9, 2009, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As a surface owner, you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date.

You are required to notify (in writing) the Division, and the undersigned, by Thursday, July 2, 2009 if you intend to participate at the hearing.

Very truly yours,


James Bruce

Attorney for Nacogdoches Oil and Gas, Inc.

EXHIBIT

A

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

2. Article Number
(Transfer from service)

7006 0500 0001 4882 5677

PS Form 3811, February 2004

Domestic Return Receipt **NOG**

102595-02-M-1540

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- A. Signature Agent Addressee
- B. Received by (Printed Name) Date of Delivery
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- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: Yes No

3. Service Type
- Certified Mail
 - Registered
 - Insured Mail
 - Express Mail
 - Return Receipt for Merchandise
 - C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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Postage	\$	1.73	0500
Certified Fee			
Return Receipt Fee (Endorsement Required)	\$	2.80	03
Restricted Delivery Fee (Endorsement Required)	\$	2.30	
Total Postage & Fees	\$	6.83	06/16/2009

Sent to
Federal Indian Minerals Office
Street, Apt. No., 1235 La Plata Highway
or PO Box No. Farmington, New Mexico 87401
City, State, Zip+4

PS Form 3800, August 2006 See Reverse for Instructions

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SPECIAL USE
FARMINGTON NH 87401

Postage	\$	1.73	0500
Certified Fee			
Return Receipt Fee (Endorsement Required)	\$	2.80	03
Restricted Delivery Fee (Endorsement Required)	\$	2.30	
Total Postage & Fees	\$	6.83	06/16/2009

Sent to

Bureau of Land Management
Street, Apt. No., 1235 La Plata Highway
or PO Box No. Farmington, New Mexico 87401
City, State, Zip+4

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Federal Indian Minerals Office
1235 La Plata Highway
Farmington, New Mexico 87401

2. Article Number
(Transfer from service)

7006 3450 0001 4369 4246

PS Form 3811, February 2004

Domestic Return Receipt **NOG**

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent Addressee
- B. Received by (Printed Name) Date of Delivery
- C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
- Certified Mail
 - Registered
 - Insured Mail
 - Express Mail
 - Return Receipt for Merchandise
 - C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, April 07, 2010 8:40 AM
To: 'brian wood'
Cc: 'jamesbruc@aol.com'; Sanchez, Daniel J., EMNRD; Ezeanyim, Richard, EMNRD
Subject: Disposal application from Nacogdoches Oil & Gas, Inc: South Hospah Unit #9 30-031-20013
Entrada

Hello Brian:

To be clear in the records, would you please sketch a quick "Post conversion" wellbore diagram showing all specs as to casing/cement and tubing/packer? The application listed 2-7/8 inch unlined tubing to be installed in 4-1/2 inch casing. Wondering about the depth placement of the 4-1/2 inch and also the size of tubing.

You also list Nacogdoches as the only lessee within 1/2 mile of this well. I know they filed a change of operator for the South Hospah unit 2 years ago but this is shallower than the Entrada. Does this mean that Nacogdoches controls minerals to the depths including the Entrada?

I will have this ready for Mark's signature this morning, but would like to hold it until you reply.

Thank You,

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

Injection Permit Checklist (03/15/2010)

Case _____ R- (SWD 121) WFX _____ PMX _____ IPI _____ Permit Date 4/7/10 UIC Qtr (A/M/U)

Wells 1 Well Name: South HOSPAH SWD #9

API Num: (30-) 031-20013 Spud Date: 1967 New/Old: 0 (UIC primacy March 7, 1982)

Footages 330 FINL/201TEL Unit B Sec 12 Tsp 17N Rge 9W County McKinley

Operator: Nacogdoches Oil and Gas, INC Contact Brian Wood / Jim Bruce

OGRID: 256689 RULE 5.9 Compliance (Wells) 182 ACOF (Finan Assur) IS 5.9 OK?

Operator Address: P.O. Box 63248, Nacogdoches, TX 75963

Current Status: TAXED or inactive

Planned Work to Well: Run liner to cover old pipe Planned Tubing Size/Depth (2 7/8" (3740'))

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	15 1 3/4	86	90	CAC
Existing <input checked="" type="checkbox"/> Intermediate	8 3/4 7	3933	670 CF	350 CBL
Existing <input checked="" type="checkbox"/> Long String	4 1/2	3770	287/486	350 SWH (Planned)

Proposed

DV Tool Liner Open Hole 3945 Total Depth 3945

Well File Reviewed

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)	<u>HOSPAH - 1630 - 1652</u>		
Above (Name and Top)	<u>MONTANA 2915 - 3180</u>		
Injection..... Interval TOP:	<u>3794</u>	<u>Entada</u>	<u>NO</u>
Injection..... Interval BOTTOM:	<u>3854</u>	<u>Entada</u>	<u>NO</u>
Below (Name and Top)	<u>3930 - Entada Bottom</u>		

GENERAL LOCATION

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

3794
7588

Sensitive Areas: Capitan Reef _____ Cliff House _____ Salt Depths _____

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

Fresh Water: Depths: 0 Wells _____ Analysis? 1/2 Affirmative Statement

Disposal Fluid Sources: HOSPAH Analysis? _____

Disposal Interval Production Potential/Testing/Analysis Analysis: no production (21 in Note)

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

RULE 26.7(A) Affected Parties: (BCM / Foe / Fimo / SLO)

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

Active Wells Num Repairs _____ Producing in Injection Interval in AOR NO

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

Questions/Required Work: UNLINED TBG / NOTICES or FROM Summer '09

HOSPAH Water is Lower in SALINITY than Entada

Request Sent _____ Reply: _____

Request Sent _____ Reply: _____

Request Sent _____ Reply: _____