

BW-036

**ANNUAL
REPORT**

2020

ANNUAL CLASS III WELL REPORT

H.R.C., INC.

YEARLY REPORT (BW-036)

API 30-025-37548

February 18, 2021

DAVID ALVARADO

(ACTING AGENT FOR H.R.C., INC.)

**ADDENDUM TO
2020 ANNUAL CLASS III WELL REPORT
-ANNUAL CERTIFICATION-**

H.R.C. INC.

Schubert Farms Well # 1 (BW-036)

API 30-025-37548

ANNUAL CERTIFICATION

H.R.C. Inc. certifies that continued salt solution mining of the Schubert Farms Well #1 (BW-36) will not cause cavern collapse, surface subsidence, property damage, or otherwise threaten public health and the environment, based on geologic and engineering data.

Signature *Gary M. Schubert* for H.R.C., Inc. Date *5/5/21*
Name *GARY M. SCHUBERT* Title *PRES.*

20.6.2.3107 NMAC MONITORING, REPORTING, AND OTHER REQUIERMENTS

SUMMARY OF CLASS III OPERATIONS 2020

Schubert Farms Well # 1 production operations in 2020 recorded a downward trend as the COVID Pandemic became priority as the industry's ability to establish safety protections and adapt to the NMDOH and CDC regulations. H.R.C., Inc. quickly placed into action for its team the methods of protection by wearing appropriate masks, hand sanitizers, aerosols and nitrile gloves in the field and office, tickets were gathered where they were stored in plastic bags and handled diligently for the least exposure possible to its employees. In 2019 a total of 263,276 bbl. of brine was extracted where in 2020 a total of 223,276 bbl. were extracted a difference of 39,651 bbl. less than 2019 or respectfully 84.9% of 2019. In 2020 there were no leaks that occurred during the fiscal year. In December a new impeller with shaft was installed in the RFD pump. With the new installation of the impeller the pump gained more efficiency allowing the pump to be slowed down to 53.2 Hz. while extraction of brine stayed the same. The fresh water systems and well are well insulated protecting the fresh water total system from freezing. All meters and valves were well protected and are in good working condition.

H.R.C., Inc. Preventive maintenance scheduled plan is to replace any connections or valves that could be showing wear. This will continue as a safe operating condition and it will continue in 2021 as needed. Connections are changed when the first sign of salt is seen behind the threaded end.

During 2020 the transfer pump that transports brine to the sales tanks required a mechanical seal replaced in the month of September. This is a common task due to the abrasion of the 9.98 PPG brine. In replacing the seals fresh water was used to clean out the lines and valves were shut in allowing the connecting unions to be broken to prevent any impact to the ground within the pump shop where the pump resides.

Daily inspections of all lines and connections are visually looked at during a walk around of the facility tanks. All lines are each walked and visually inspected that lead to the pump house. Readings on pressure gauges are recorded with the reading of the brine output meter and the

H.R.C., Inc.

injection of fresh water are recorded on the day to month logs. Safety shut off mechanisms are tested to insure if high or low pressures were to occur all systems would shut down.

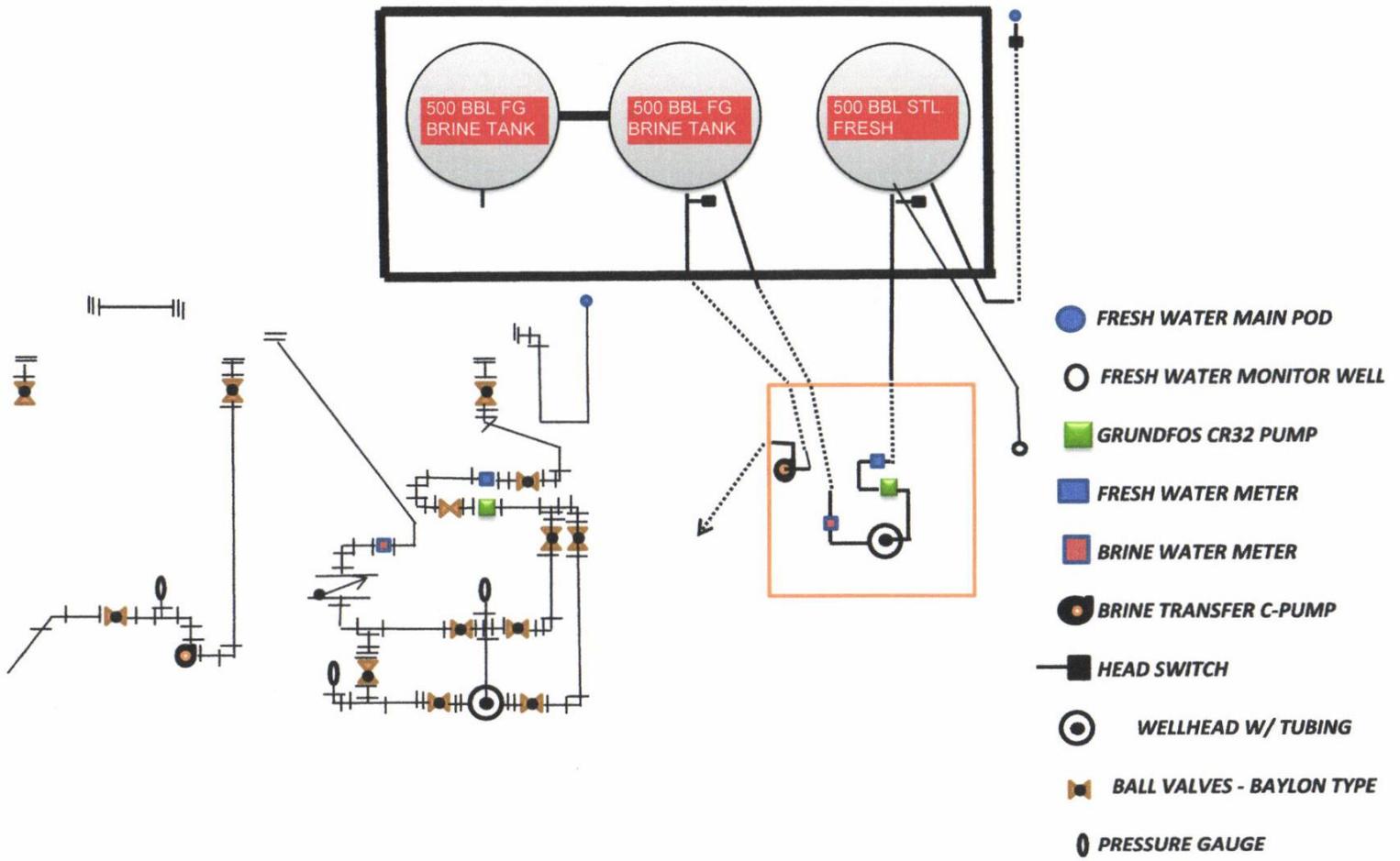
A total of 223,625 Bbl. of brine was extracted and weighed at an average of 9.89 PPG or a SG of 1.1851 in 2020. Production of brine slowed down due to demand of brine during the months of April, May, June, and July, attributed to COVID 19 slowdown of the oil Industry. Brine sales started rebounding in October and held steady at a means of 25,830 bbl. per month for the rest of 2020.

H.R.C., Inc. Schubert Farms # 1 is an asset and continues to assist in the needs of the Industry.

Please find below an isotope schematic of the facility's operation equipment on the BW-36. No modifications were done in 2020 and the Isotope of the facility stands as is.

SCHUBERT FARMS No. 1
API # 30-025-37548
UL: B, SEC 25, T19S, R34E

FACILITY ISOTOPE



2020 FLUID INJECTION & BRINE PRODUCTION VOLUME

MONTH	BRINE	FRESH WATER	
JANUARY	23,319	23,098	
FEBRUARY	13,446	13,282	
MARCH	22,734	22,517	
APRIL	13,047	12,869	
MAY	13,526	13,321	
JUNE	5,901	5,840	
JULY	12,314	12,126	
AUGUST	21,698	21,474	
SEPTEMBER	20,148	19,995	
OCTOBER	21,239	21,031	
NOVEMBER	27,587	27,321	
DECEMBER	28,666	28,373	
YEAR TOTAL	223,625	221,247	

YEARLY TOTALS BRINE & FRESH

YEAR	BRINE	FRESH		
2017	153,518	148,678		
2018	306,806	303,899		
2019	263,276	261,658		
2020	223,625	221,247		
TOTAL	946,865	935,482		

Semi-Annual Monitor Well Analytical Data Results

Monitor well for the BW-36 last testing for 2019 is on record with OCD, Cardinal Laboratories performed and sampled water from the monitor well on December 20, 2019 for your review. Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-20-13 for 6/04/20 and 12/04/20

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

- Method EPA 552.2 Total Haloacetic Acids (HAA-5)
- Method EPA 524.2 Total Trihalomethanes (TTHM)
- Method EPA 524.4 Regulated VOCs (V1, V2, V3)

Cardinal Laboratories is accredited through the State of New Mexico Environment Department for:

- Method SM 9223-B Total Coliform and E. coli (Colilert MMO-MUG)
- Method EPA 524.2 Regulated VOCs and Total Trihalomethanes (TTHM)
- Method EPA 552.2 Total Haloacetic Acids (HAA-5)

Please find the Table below comparison of the June 2020 sample and December 2020 sample for Inorganic Compounds and Total Recovery Metals by ICP (E200.7) full detail of the Analytical results are attached at the end of this report for your viewing.

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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FW MONITOR INORGANIC COMPOUNDS JUNE 2020

Alkalinity, Bicarbonate	234		5.00	mg/L	6-05-20	310.1
Alkalinity Carbonate	<1.00		1.00	mg/L	6-05-20	310.1
Chloride	356		4.00	mg/L	6-05-20	4500-C1-B
Conductivity	1960		1.0	uS/cm	6-05-20	120.1
pH	7.73		0.100	pH Units	6-05-20	150.1

H.R.C., Inc.

Sulfate	260		50.0	mg/L	6-11-20	375.4
TDS	1170		5.0	mg/L	6-08-20	160.1
Alkalinity Total	192		4.0	mg/L	6-05-20	310.1

FW MONITOR TOTAL RECOVERABLE METALS by ICP (E220.7)

Continued Report for June 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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Calcium	179		0.500	mg/L	6-10-20	EPA200.7
Magnesium	51.5		0.500	mg/L	6-10-20	EPA200.7
Potassium	5.39	0.758	5.00	mg/L	6-10-20	EPA200.7
Sodium	126		5.00	mg/L	6-10-20	EPA200.7

FW MOMITOR DECEMBER 2020 RESULTS

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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INORGANIC COMPOUNDS

Alkalinity, Bicarbonate	220		5.0	mg/L	12-07-20	310.1
Alkalinity Carbonate	<1.00		1.00	mg/L	12-07-20	310.1
Chloride	372		4.0	mg/L	12-07-20	4500-C1-B
Conductivity	2060		1.00	umhos/cm@	12-07-20	120.1
pH	7.52		0.100	pH Units	12-07-20	150.1
Sulfate	263		50.0	mg/L	12-10-20	375.4
TDS	1160		5.00	mg/L	12-11-20	160.1
Alkalinity Total	180		4.0	mg/L	12-07-20	310.1

FW MONITOR TOTAL RECOVERABLE METALS by ICP (E220.7)

Calcium	185		0.500	mg/L	12-11-20	EPA200.7
Magnesium	53.8		0.500	mg/L	12-11-20	EPA200.7
Potassium	5.23	0.758	5.00	mg/L	12-11-20	EPA200.7
Sodium	135		5.00	mg/L	12-11-20	EPA200.7

INJECTION PRESSURE

Injection pressure still runs the same the annulus average is 20 PSIG and the tubing average is at 240 PSIG the RFD pump runs at 53.2 Hz. with a yield of 28 to 29 GPM. With the new replacement of the RFD impeller and rod allowed better pump efficiency. The lease operator checks the pressure daily and records it on his daily logs.

PIPE LINE HYDROSTATIC TEST RESULTS

Lines that lead to the storage tanks from the wellhead have a hydrostatic pressure of 8.3 pounds of pressure at the base of the line at the fill tank when idle. The operating static pressure average is 11.7 psi respectively. The operating pressure is at around 20 psig. Discharge line is of 3" Polyethylene SDR 11 with a max operating pressure of 160 PSI.

Brine Water transfer line from storage tanks at the Schubert Farms Well # 1 facility to the storage point located 1.5 miles south of the Schubert Farms Well # 1 has an operating pressure of 130 psi. The second point of diversion is the transfer of brine from the storage tanks known as the Peanut Shed to the ANITZ sales facility located 0.8 miles east of WHY 18 on Nadine Rd. (P-26-19S-38E) this line is constructed of 2" SDR 11 Polyethylene Line with a max pressure of 160 psi the line enters into the west 16' holding tank at the top and has a hydrostatic pressure at the base of the line of 0 pounds of pressure at the base of the line due to the (Peanut Shed) storage tanks being higher in elevation. In the transferring operation of brine from the storage tanks (Peanut Shed) it takes 20 to 30 static pounds to move fluid through the 2" line to the ANITZ sales point. Pump # 1 runs at 26 GPM and Pump # 2 runs at 42 GPM depending on demand both pumps can be run together.

Visual Leak Inspections Monitoring

H.R.C., Inc. Operation personnel walks each line that is above ground and inspects all connecting points for any sign of leaks or sweating of threads on connections daily.

The Lease Operator drives out the lines that are underground and below frost level for any signs of compromised line integrity. This is done up to four times a day.

Quarterly Chemical Analyses

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-20-13.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2 Total Haloacetic Acids (HAA-5)
Method EPA 524.2 Total Trihalomethanes (TTHM)
Method EPA 524.4 Regulated VOCs (V1, V2, V3)

Cardinal Laboratories is accredited through the State of New Mexico Environment Department for:

Method SM 9223-B Total Coliform and E. coli (Colilert MMO-MUG)
Method EPA 524.2 Regulated VOCs and Total Trihalomethanes (TTHM)
Method EPA 552.2 Total Haloacetic Acids (HAA-5)

Depicted below is Cardinals Analytical Results for Brine and Fresh water at the BW-36.

With this reports is attached the Cardinals results for your viewing.

BRINE ANALYTICAL RESULTS: JUNE 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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INORGANIC COMPOUNDS

Alkalinity, Bicarbonate	244		5.0	mg/L	6-05-20	310.1
Alkalinity Carbonate	<1.00		1.00	mg/L	6-05-20	310.1
Chloride	186,000		4.00	mg/L	6-05-20	4500-C1-B
Conductivity	264,000		1.00	uS/cm	6-05-20	120.1
pH	6.95		0.100	pH Units	6-05-20	150.1
Sulfate	2660		1250	mg/L	6-11-20	375.4
TDS	294,000		5.00	mg/L	6-08-20	160.1
Alkalinity Total	200		4.0	mg/L	6-05-20	310.1

TOTAL RECOVERABLE METALS by ICP (E220.7)

Continued Brine Report for June 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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Calcium	681		50.0	mg/L	6-10-20	EPA200.7
Magnesium	204		50.0	mg/L	6-10-20	EPA200.7
Potassium	335	75.8	500	mg/L	6-10-20	EPA200.7
Sodium	107,000		500	mg/L	6-10-20	EPA200.7

BRINE ANALYTICAL RESULTS: DECEMBER 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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INORGANIC COMPOUNDS

Alkalinity, Bicarbonate	244		5.0	mg/L	12-07-20	310.1
Alkalinity Carbonate	<1.00		1.00	mg/L	12-07-20	310.1
Chloride	176,000		4.00	mg/L	12-07-20	4500-C1-B
Conductivity	262,000		1.00	uS/cm	12-07-20	120.1
pH	6.9		0.100	pH Units	12-07-20	150.1
Sulfate	2310		500	mg/L	12-10-20	375.4
TDS	291,000		5.00	mg/L	12-09-20	160.1
Alkalinity Total	200		4.0	mg/L	12-07-20	310.1

TOTAL RECOVERABLE METALS by ICP (E220.7)

Continued Brine Report for December 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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Calcium	750		50.0	mg/L	12-11-20	EPA200.7
Magnesium	198		50.0	mg/L	12-11-20	EPA200.7
Potassium	274	75.8	500	mg/L	12-11-20	EPA200.7
Sodium	108,000		500	mg/L	12-11-20	EPA200.7

FRESH WATER ANALYTICAL RESULTS: JUNE 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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INORGANIC COMPOUNDS

Alkalinity, Bicarbonate	298		5.00	mg/L	6-05-20	310.1
Alkalinity Carbonate	<1.00		1.00	mg/L	6-05-20	310.1
Chloride	284		4.00	mg/L	6-05-20	4500-C1-B
Conductivity	1730		1.00	uS/cm	6-05-20	120.1
pH	7.72		0.100	pH Units	6-05-20	150.1
Sulfate	198		50.0	mg/L	6-11-20	375.4
TDS	1070		5.00	mg/L	6-08-20	160.1
Alkalinity Total	244		4.00	mg/L	6-05-20	310.1

TOTAL RECOVERABLE METALS by ICP (E220.7)

Continued F/W Report for June 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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Calcium	132		0.500	mg/L	6-10-20	EPA200.7
Magnesium	31.6		0.500	mg/L	6-10-20	EPA200.7
Potassium	14.7	0.758	5.00	mg/L	6-10-20	EPA200.7
Sodium	162		5.00	mg/L	6-10-20	EPA200.7

FRESH WATER ANALYTICAL RESULTS: DECEMBER 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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INORGANIC COMPOUNDS

Alkalinity, Bicarbonate	234		5.00	mg/L	12-07-20	310.1
Alkalinity Carbonate	<1.00		1.00	mg/L	12-07-20	310.1
Chloride	240		4.00	mg/L	12-07-20	4500-C1-B
Conductivity	1,620		1.00	uS/cm	12-07-20	120.1
pH	7.87		0.100	pH Units	12-07-20	150.1
Sulfate	233		50.0	mg/L	12-07-20	375.4
TDS	929		5.00	mg/L	12-09-20	160.1
Alkalinity Total	192		4.00	mg/L	12-07-20	310.1

TOTAL RECOVERABLE METALS by ICP (E220.7)

Continued F/W Report for December 2020

Analyte	Result	MDL	Reporting Limit	Units	Analyzed Date	Method
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Calcium	140		0.500	mg/L	12-11-20	EPA200.7
Magnesium	39.2		0.500	mg/L	12-11-20	EPA200.7
Potassium	4.37	0.758	5.00	mg/L	12-11-20	EPA200.7
Sodium	124		5.00	mg/L	12-11-20	EPA200.7

MECHANICAL INTEGRITY TEST CHART

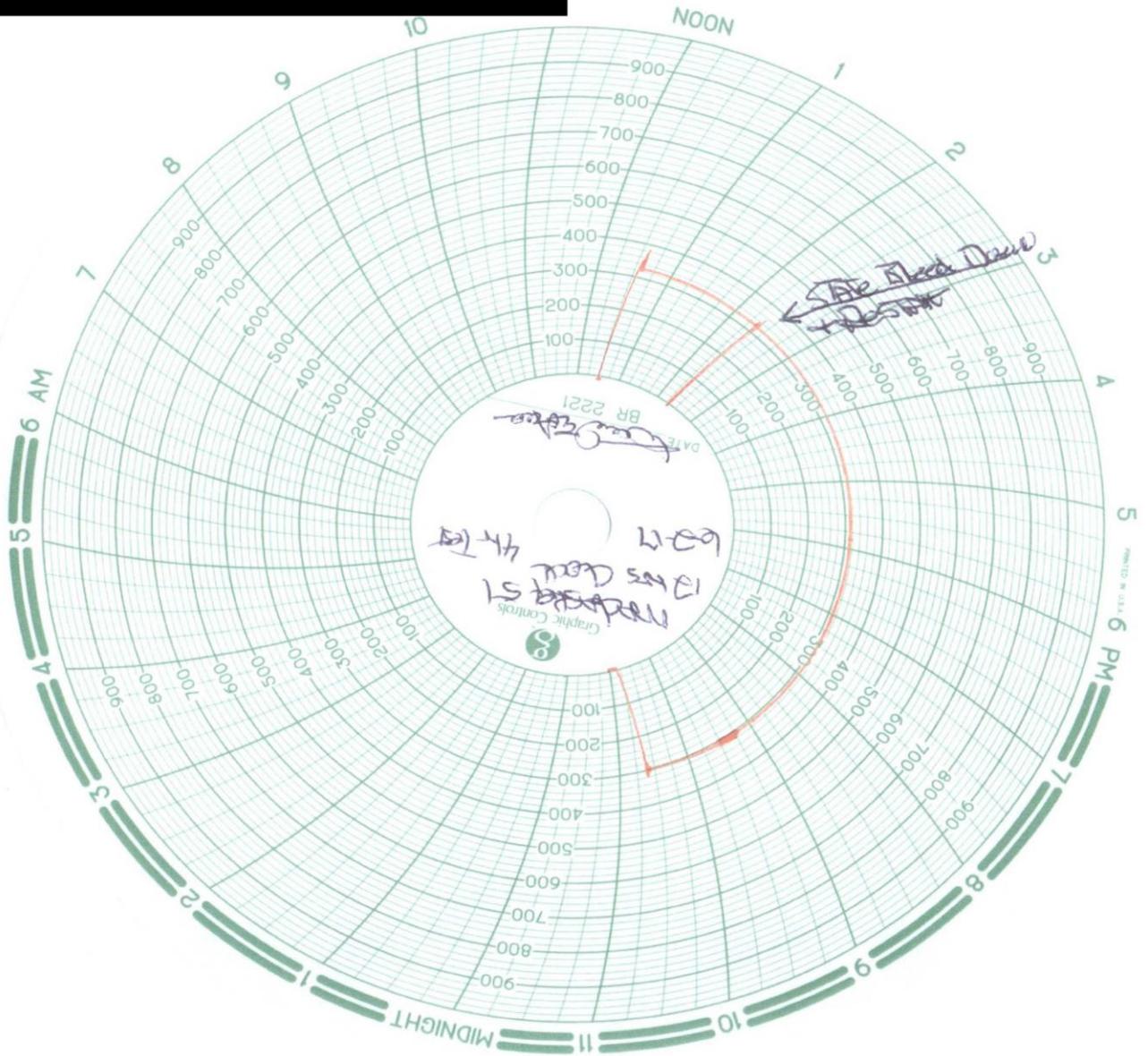
A formation mechanical test was performed on 2/23/17 on the BW-36. The Salado Formation was pressured up to 320 psi and was witnessed by a district officer and C-103 approved by Mark Whitaker in Hobbs on 11/15/17.

Recorder was removed and well was bled back to tanks. Nipple up connections and placed well back into operation producing brine at 230-240 psi. Please find the subsequent report C-103 and the Chart below for your viewing.

Next formation integrity test will be scheduled in February of 2022 H.R.C., Inc. will notify Santa Fe and Hobbs District Office to set up a time and date of the BW-36 Formation MIT.

Please find a copy of the MIT Chart on page 15 on page 16, 17 the C-103 Subsequent Report.

MIT BW-36 CHART 6-2-17



H.R.C., Inc.

Submit 14 Copies To Appropriate District Office
 District I - (505) 394-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (505) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

WELL APINOL
 30-025-37548
 5. Indicate Type of Lease
 STATE FEE
 6. State Oil & Gas Lease No.
 N/A
 7. Lease Name or Unit Agreement Name
 SCHUBERT FARMS (316329)
 8. Well Number 001
 9. OGRID Number 131652
 10. Pool name or Wildcat
 Salado (96173)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEVELOP A WELL OR TO TRACK TO A DIFFERENT RESERVOIR. USE APPLICATION FOR PERMIT TO DRILL OR FOR STATE PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other **NOV 14 2017**
 2. Name of Operator
 H.R.C. Inc.
 3. Address of Operator
 P.O. Box 5102, Hobbs, NM 88241 **RECEIVED**
 4. Well Location
 Unit Letter B 330 feet from the line and
 Section 25 Township 19S Range 38E
 11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3575 **{Record 'Clean Up'}**

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

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL. <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER <input type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER WORKOVER TO CONVERT TO BRINE WELL <input checked="" type="checkbox"/></p>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 19.15.7.14 NMAC. For Multiple Completions, Attach wellbore diagram of proposed completion or recompletion.

*****SEE ATTACHED WORKOVER PROCEDURE/COMPLETION REPORT

Spud Date: Rig Release Date:

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

SIGNATURE Cathy M. Schubert TITLE OWNER/PRES DATE 10/14/17
 Type or print name CATHY M. SCHUBERT E-mail address CMS@SCHUBERT.COM PHONE: 505-393-6462
For State Use Only
 APPROVED BY Mark Whitaker TITLE PRES DATE 11/15/17
 Conditions of Approval (if any):

Feb 9, 2017

Rig up Capitan Wireline and set CIBP @ 2667'; above previous CIBP and cement plug that was set @ 2750' on June 21, 2016. (CIBP above top of cement was required to set whip stock by Baker Hughes).

Feb. 20, 2017

Rig up Lucky Services and Baker Hughes reverse unit
Set BOP; run in hole with 2 7/8" tubing and csg. scraper, circulate; tag CIBP @ 2660 .
Run in hole with whipstock and set. lay down 2 joints
SDFN.

Feb. 21, 2017

Rig up swivel; mill csg. from 2651 to 2661", come out of hole and rig up with bit assembly,
POOH with mill, lay down, make up bit assy.
Run in hole begin drill into salt, drill from 2661' to 2715
Rig down swivel and pull up into csg.
SDFN

Feb 22, 2017

RH tag @ 2703; wash to 2715, circulate; space out tbg. with sub
Set bottom of tbg./ bit assembly @ 2680'
Rig down swivel and pulling unit
Install well head
Hook up reverse unit.
Circulate and pressure to 275 psi
SDFN

Feb. 23, 2017

Pressure to 300 psi; make chart;
Circulate 5 hours at 150 to 200 psi;
Water turns salty; rig down reverse unit;
Shut well in
Begin installing surface equipment

April 17, 2017

Begin injecting water to produce brine water.

H.R.C., Inc. has updated the 2020 AOR for the Schubert Farms Well # 1 (BW-36) showing no new permits have been plotted on the NM OCD GIS program in the half mile AOR. H.R.C., Inc. will give notice to the Department if any future staking transpires within the AOR.

Please, find on page 19 the half mile AOR review map showing no new permits nor has there been any new wells drilled at this point.

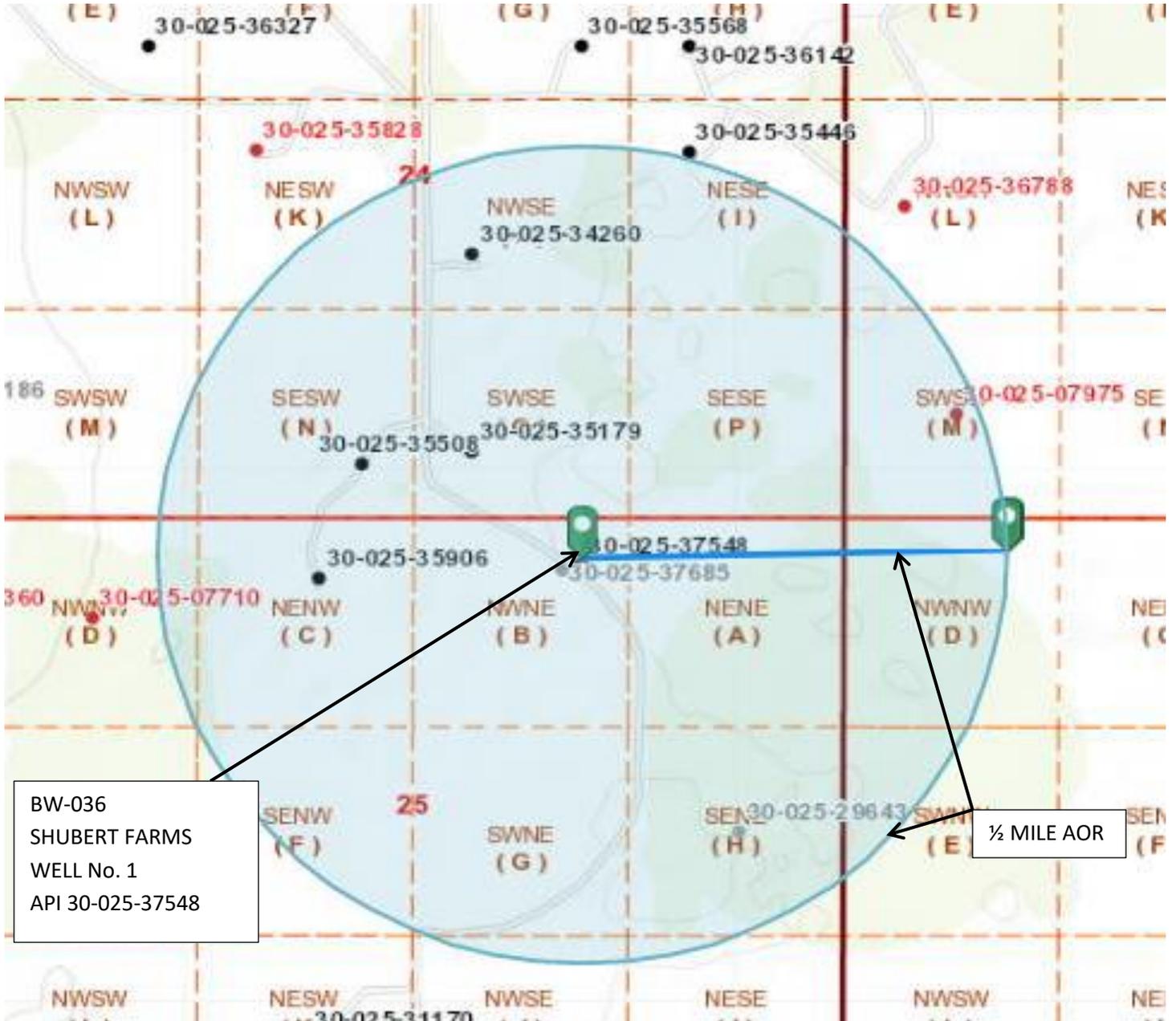
Please find on page 20 the two mile 2020 AOR review showing the same three APD permits as in 2019. Apache Corp. has three APDs as depicted in the two mile AOR H.R.C., Inc. has placed the information below for your viewing and will give notice to the Department if any future staking transpires within the 2 mile AOR.

New Permits to Drill in Two Mile AOR

30-025-42532	Werta Federal # 006	Apache Corp.	I-35-19S- 38E	32.61576	-103.11174	Oil House Drinker
30-025-42530	Plow Boy Federal # 002	Apache Corp.	J-35-19S- 38E	32.61394	-103-11716	Oil House Blinebry
30-025-42531	Werta Federal # 005	Apache Corp.	P-35-19S- 38E	32.61213	-103.11175	Oil House Blinebry

HALF MILE AOR SCHUBERT FARMS WELL # 1 (BW-36)

2020



BW-036
SHUBERT FARMS
WELL No. 1
API 30-025-37548

1/2 MILE AOR

TWO MILE AOR SCHUBERT FARMS WELL # 1 (BW-36)

2020



MITs, SURFACE SUBSIDENCE SURVEYS, CAVERN SIZE AND SHAPE AND VOLUME

Please see page 15 through page 17 for last MIT conducted and C-103 Subsequent Report on 6-2-17 held 300 psi and passed with OCD witnesses.

Surface Subsidence Surveys were conducted by Basin Surveys certified by Gary L. Jones. Three Elevation markers are in place. Please find below where the EM markers are located for BW-36.

NEW MEXICO STATE PLANE COORDINATES (NAD83)

WELL	NORTHING	EASTING	LATITUDE	LONGITUDE	ELEVATION
EM-1	597952.32	921529.98	32°38'15.88"	103°05'53.79"	3581.27
EM-2	597849.72	921532.48	32°38'14.86"	103°05'53.77"	3581.58
EM-3	598024.36	921313.69	32°38'16.62"	103°05'56.30"	3582.37

Three Surveys were conducted by Basin Surveys during the 2020 period with the description stating there were no changes in elevations that had occurred also one survey that was conducted in January 2020 that was reported in the 2019 report. H.R.C., Inc. has depicted the 2020 reports of the surveys for your review in the table below. Please find the plats of the Surveys at the end of this report for your viewing.

REVISION #	DATE	DESCRIPTION
6	January 15, 2019	Resurvey-No Change in Elevations
7	May 7, 2019	Resurvey-No Change in Elevations
8	October 14, 2019	Resurvey-No Change in Elevations
9	January 31, 2020	Resurvey-No Change in Elevations
10	May 12, 2020	Resurvey-No Change in Elevations
11	September 9, 2020	Resurvey-No Change in Elevations

Cavern Characterization

BW-36 has extracted an estimated total of 1,445,579 ft.³ of Halite from the Salado formation from March, 2017 to December 31, 2020. This calculates to 115,646,304 lbs. of Halite that has produced 946,865 Bbl. of brine within this period stated above.

The Litho Density Compensated Neutron log shown on page 23 has approximately 51' of good Halite net pay showing less than 4 API units on the Gama Ray side of the log that is presently being mined. This interval is from 2661'-2715'

Without a true means of running a log that would allow us to see a true picture behind the anhydrite rock would be questionable. The characterization of the cavern can be mathematically calculated using $V = \pi R^2 h / 3$ where $[V = (3.14159 * 159.8858^2) * (54') / 3]$

$V = 1,445,578.89$ ft.³ of Halite has been extracted to date respectively. This amount of volume calculated correlates with the total of brine produced from 2017 through December 31, 2020 of 946,865 Bbl.

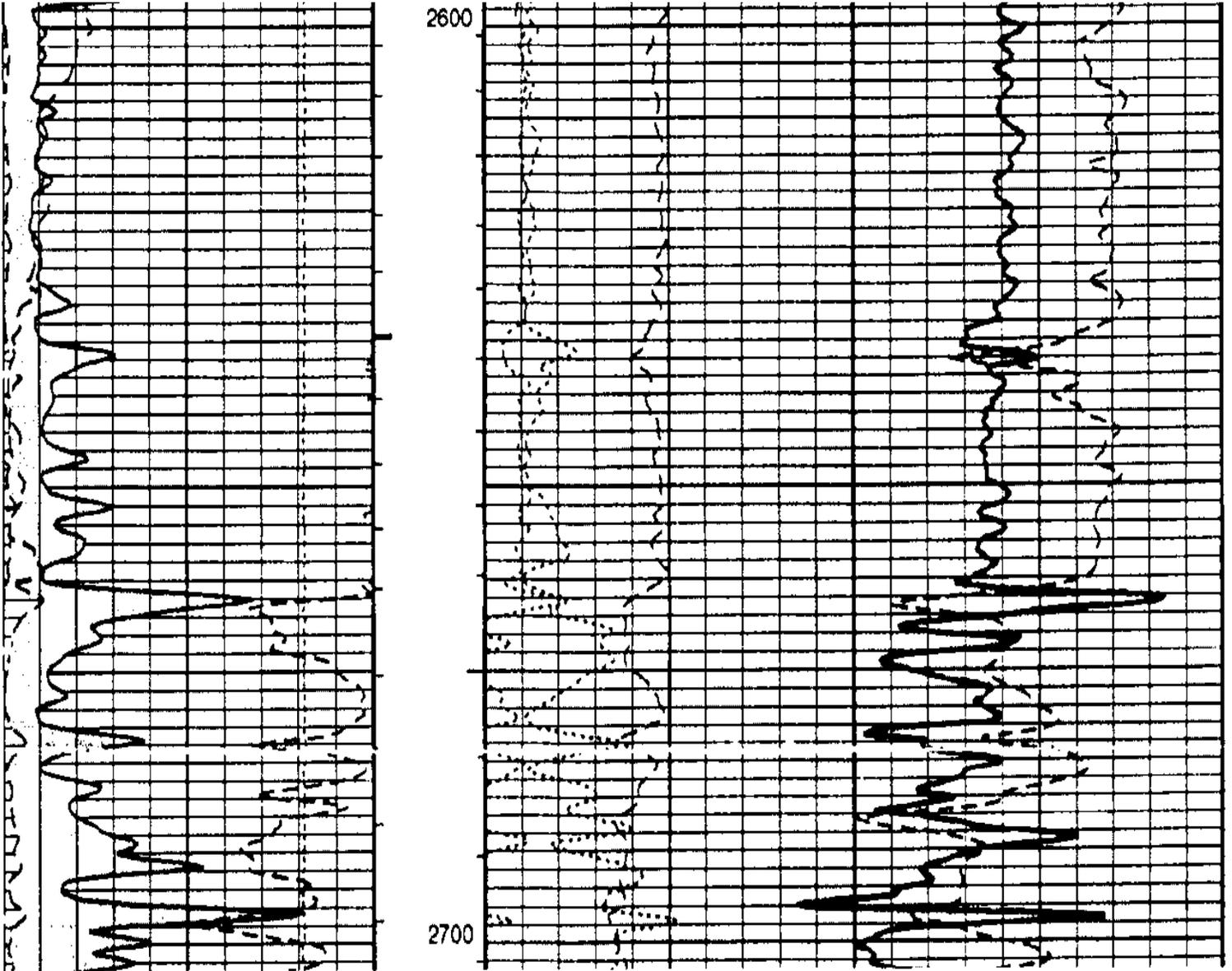
It takes 122.136 Lbs. of salt to produce one barrel of quality brine yielding a Specific Gravity of 1.1959. Multiplying salt ratio to total fluid bbl. total of 946,865 (extracted fluid bbl.) equals 115,646,304 Lbs. of salt mined from 2017 to the end of December 31, 2020.

Taking the amount of Halite mined of 115,646,304 Lbs. and dividing the amount by 80 (Lbs. salt per ft.³) will equal 1,445,579 ft.³. In respect to the cavern safety factor of 0.45 % the Schubert Farms Well No. 1 (BW-36) has a factor value of $(319.77' W / 955' H) = 0.3348$ well below the States warning factor. New horizons above 2661' will yield greater opportunities.

BW-36 has a lot of life to continue mining for Halite that is used throughout our needs for the oil industry in Southeastern New Mexico.

SCHUBERT FARMS WELL # 001 LITHO DENSITY COMPENSATED NEUTRON LOG

WINDOW @ 2661' TD OH 2715'



SUMMARY RATIO EXTRACTION VS. INJECTION

2020 FLUID INJECTION & BRINE PRODUCTION VOLUME RATIO %

MONTH	BRINE	PSI	FRESH WATER	PSI	RATIO	RATIO %
JANUARY	23319	230-240	23098	20	23319:23098	1.009568
FEBRUARY	13446	230-240	13282	20	6723:6641	1.012348
MARCH	22734	230-240	22517	20	22734:22517	1.009637
APRIL	13047	230-240	12869	20	13047:12869	1.013832
MAY	13526	230-240	13321	20	13526:13321	1.015389
JUNE	5901	230-240	5840	20	5901:5840	1.010445
JULY	12314	230-240	12126	20	131:129	1.015504
AUGUST	21698	230-240	21474	20	10849:10737	1.010431
SEPTEMBER	20148	230-240	19995	20	6716:6665	1.007652
OCTOBER	21239	230-240	21031	20	21239:21031	1.00989
NOVEMBER	27587	230-240	27321	20	3941:3903	1.009736
DECEMBER	28666	230-240	28373	20	28666:28373	1.010327

MAJOR FACILITY ACTIVITY OR EVENTS

No major activities or events have taken place during 2020 on location.

CAVERN CHARACTERIZATION DATA RESULTS.

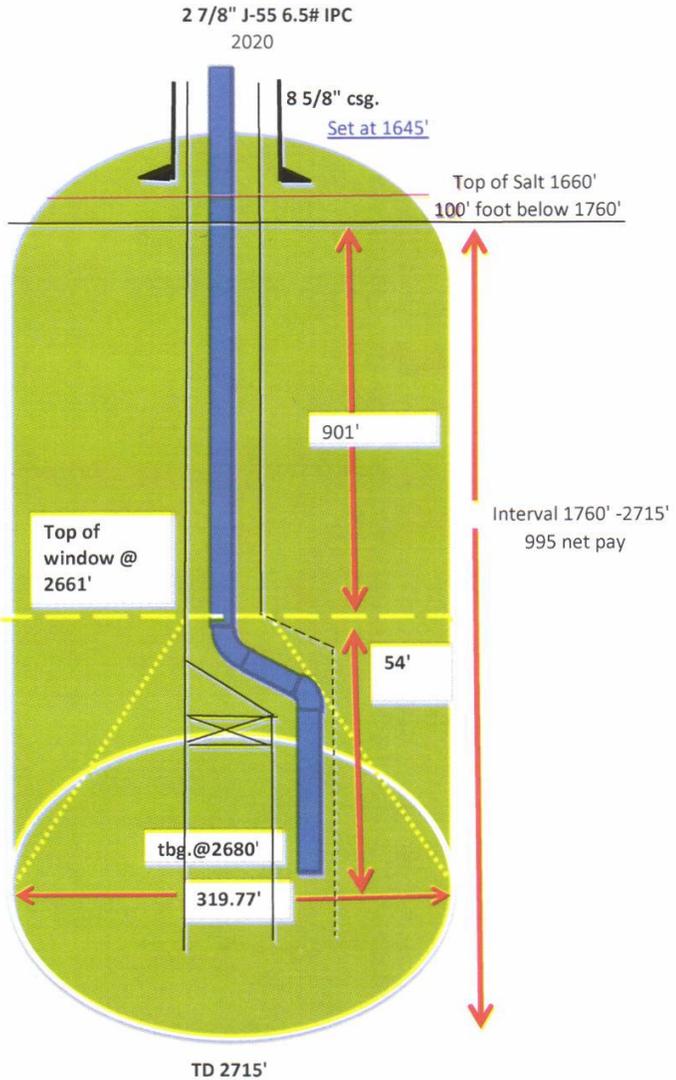
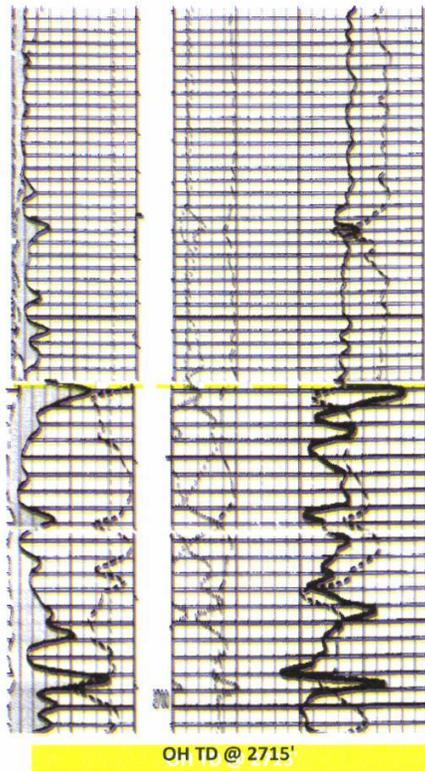
Please refer to page 22 and page 23 for data results.

On Page 26; please find the characterization of the Schubert Farms Well No. 1 (BW-36)

We have attached a copy for your viewing at the end of this yearly report.

Schubert Farms Well No1
 API 30-025-37548
 B SEC 25 T19S R38E
 LAT: 32.6375999 LONG:-103.0988007

CAVERN SIZE BY CUBIC FOOT OF VOLUME



PPG 9.97 brine
 PPG 8.34 fresh
 SG 1.1951

2017 thru Dec. 2020 Total Brine bbl. 946,865
 122.136 LBS / BBL = 115,646,304 LBS HALITE
 (115,646,304 LBS) / (80BLS per ft³) = 1,445,579 ft³

$$V = \frac{\pi R^2 h}{3}$$

$$V = \frac{(3.14159 * 159.8858^2) * (54')}{3}$$

$$V = 1,445,578.89 \text{ ft}^3$$

Est. height is 54'
 Est. cavern floor diameter is 319.77'
 Cavern Ratio 319.77' / 955 = 0.3348 Factor

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