Form 3160-5 (September 2001)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

| FORM A | PPROVED |
|--------------|--------------|
| OMB No. | 1004-0135 |
| Expires Janu | ary 31, 2004 |

| SUNDR | Y NOTICES AND REPO | RTS ON WELL | 5 | | NMNM2870 |)9 |
|--|---|--|--|--|---------------------------------|---|
| Do not use the | se this form for proposals to drill or to re-enter an | | 6. If Indian, Allottee or Tribe Name | | | |
| | | , ioi sacii prope | 03:SEP = 3 ANI | 1:57 | | |
| SUBMIT IN TR | IPLICATE - Other instru | ctions on reve | rse side | 7. If Unit or | CA/Agreement, 1 | Name and/or No. |
| Oil Well Gas Well 2. Name of Operator | Other | | | 8. Well Nam | ne and No. Divide #1 | <u> </u> |
| McElvain Oil & Gas Prop | erties, Inc. | | | 9. API Well | No. | |
| 3a. Address 1050 17th Street #1800 Denver | ,CO 80265 | 3b. Phone No. fin 303 | stude area code) -893-0933 | | 30-039-228 Pool, or Explorat | tory Area |
| 4. Location of Well (Footage, Sec. | , T., R., M., or Survey Description) | | 1 | | | Savilan Mancos |
| 1570' FNL & 1030' FEL S | Sec. 35 T26N R2W | | | 11. County or | Parish, State Rio Arriba, N | νM |
| 12. CHECK AP | PROPRIATE BOX(ES) TO | INDICATE NA | TURE OF NOTICE, R | EPORT, OR | OTHER DAT | 7A |
| TYPE OF SUBMISSION | · | | TYPE OF ACTION | | | |
| Notice of Intent Subsequent Report | ☐ Alter Casing ☐ Casing Repair | ☐ Deepen ☐ Fracture Treat ☐ New Constructio ☐ Plug and Abando | * | | Water Shut-C Well Integrit | |
| O Final Abandonment Notice | Convert to Injection | Plug Back | ☐ Water Disposal | | | |
| following completion of the invitesting has been completed. Fit determined that the site is ready. McElvain Oil & Gas Programment of the land owner has requestransfer all ownership and attached. | perties, Inc. proposes to pested the well be plugged dresponsibility to the lan | results in a multiple filed only after all replacement only after all replacement of the file of the f | completion or recompletion equirements, including reclar con this well as per the McElvain intends to | in a new interval unation, have be- ne attached p o comply wit | th this reque | shall be filed once nd the operator has est and |
| I hereby certify that the foregoin Name (Printed/Typed) | g is true and correct | 1 | | | | |
| | . Steuble | Title | Engineering Manag | ger | | |
| Signature Jones. | Trube | Date | September 3,2003 | | | |
| Company of the Company | THIS SPACE FO | R FEDERAL OR | STATE OFFICE USE | | | Entre April |
| Approved by Ascum M | Same | 2 | PETROLEUR Title ENGINEER | Date | 1/21/ | 04 |
| Conditions of approval, if any, are a certify that the applicant holds legal which would entitle the applicant to contain the applicant the applicant to contain the applicant the applic | or equitable title to those rights | does not warrant or in the subject lease | Office | | | |

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.

CONDITIONS OF APPROVAL FOR PERMANENT ABANDONMENT

Operator McElvain O & G Prop. Well Name Divide #1
Well Location: 1570' FNL & 1030' FEL, Sec. 35, T26N, R2W
Rio Arriba, New Mexico

- 1. Plugging operations authorized are subject to the "General Requirements for Permanent Abandonment of Wells on Federal Leases."
- 2. For wells on Federal leases, Al Yepa with the Cuba Field Office is to be notified at least 24 hours (48 hours if possible) before the plugging operations commence. His phone number is (505) 289-3748. Office hours are 7:45 a.m. to 4:30 p.m.

For wells on Jicarilla leases notify Bryce Hammond with the Jicarilla Apache Tribe at least 24 hours (48 hours if possible) before the plugging operations commence. His phone number is (505) 759-3485.

- 3. Blowout prevention equipment is required.
- 4. The proposed first CIBP must be set within 50 feet to 100 feet above the open perforations, at about 7200 feet.
- 5. Within 30 days following completion of the well abandonment, you must file with this BLM office a Subsequent Report of Abandonment on Form 3160-5.

McElvain Oil and Gas Properties, Inc.

Divide #1

P&A procedure

Location: 1570' FNL and 1030' FEL. Sec. 35 T26N R2W NMPM

Casing:

Surface:

12 1/4" hole at 303'.

9 5/8" 47# casing set at 303'.

Cemented with 175 sx Class B with 2% CaCl. Circulated to surface

Production:

7 7/8" hole at 7750'.

4 1/2" casing set at 7727'. 10.5 #/ft and 11.5#/ft K-55. DV tools at 6403' and at 4208'.

1st stage: 75 sx 65/35 poz mix, 12% gel, 1/4 #/sx celloflake

100 sx Class B ,12 1/2#/sk Gilsonite, 1/4 #/sk celloflake 338 cu ft. Cement top at 6699. (calculated 70% efficiency)

2nd stage: 175 sx 65/35 poz, 12% gel, 1/4 #/sx celloflake

100 sx Class B, 4% gel, 1/4 #/sx celloflake.

610 cuft. Cement top at 4528 (calculated 70% efficiency)

3rd stage: 375 sx 65/35 pozmix, 12% gel, 1/4 #/sx celloflake.

100 sx Class B, 4% gel, 1/4 #/sx celloflake.

1134 cuft) Lost returns on last 6 bbls of displacement

Cement top @ 828' (calculated 70% efficciency less 6 bbls)

Formation Tops

| Ojo Alamo | 3743 |
|-----------------|------|
| Fruitland | 4028 |
| Pictured Cliffs | 4063 |
| Lewis | 4186 |
| Cliff House | 5772 |
| Menefee | 5880 |
| Point Lookout | 6165 |
| Mancos | 6465 |
| Gallup | 7245 |

Perforations and Plugs

7266 to 7670 (45 holes) 6234 to 6244 (10 holes)

5862 to 5874 (12 holes)... squeezed with 50 sx Class B

Tubing:

1 jt, SN, 235 jts 2 3/8 set at 7565' SN @ 7532'.

Divide #1

P&A Procedure

- 1. Rig up service unit.
- 2. Bleed well down
- 3. ND WH & NU BOP's
- 4. POOH and tally tubing laying down 2000'
- 5. RUWL
- 6. RIH and set CIBP @ 7245'
- 7. RIH with dump bailer and cap CIBP with 50' cement plug
- 8. RIH and set CIBP @ 5772'
- 9. RIH with tubing
- 10. Circulate hole clean with fresh water
- 11. Pressure test to 500 psi for 30 minutes
- 12. POOH with tubing
- 13. RIH with dump bailer and cap CIBP with 50' cement plug
- 14. RIH and set CIBP @ 4063'
- 15. Pressure test to 500 psi for 30 minutes

16. RIH with dump bailer and cap CIBP with 50 cement plug to sof 60 above topol Froithand con 17. RIH with 3900' of tubing

- 17. RIH with 3900' of tubing
- 18. POOH laying down tubing
- 19. RIH with remaining tubing
- 20. POOH laying down tubing
- 21. NDBOP's & NUWH
- 22. RDSU
- 23. Clean Location and turn over to landowner

PINE GROVE CHUCK AND JEAN NIELSON HCR 74 BOX 65 LINDRITH, NM 87029 505-774-9106



May 9, 2003

McElvain Oil & Gas Properties, Inc. 1050 17th Street Denver, Co. 80265

Attn: Mr. Larry VanRyan

Dear Mr. VanRyan

In reference to my letter dated March 20, 2002 please note that the well in question is Divide #1 not Divide #3. I am still interested in using this well for water and would appreciate your help in this matter.

Chuck Nielson

PINE GROVE CHUCK AND JEAN NIELSON HCR 74 BOX 65 LINDRITH, NM 87029

RECEIVED

APR 8 2002

McELVAIN OIL & GAS PROPERTIES INC.

March 20, 2002

Subject: Divide #3

McElvain Oil & Gas Properties, Inc. 1050 17th St. Suite 1800 Denver, CO 80265

Chuck Nulson

Attn: Mr. Larry VanRyan

Dear Mr. VanRyan

I have noticed that operations have been suspended on your Divide #3 well. As the surface owner of this well, I would like to ask that if you plug and abandon the well, that you would assign the well to me with a usable wellbore down to 4000'. I would then complete the well as a water well for my domestic use.

Your favorable consideration in this matter will be greatly appreciated.

Sincerely,

Chuck Nielson

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

AFFIDAVIT OF RESPONSIBILITY CONVERSION TO WATER-WELL

| STATE OF Colorado SS. |
|--|
| County of Denver |
| The State of the s |
| John Steuble , being first duly sworn according to law, upon his oath deposes and says: |
| deposes and says. |
| 1. That he is Operations Manager of McElvain Oil & Gas Properties, Inc. |
| (Title) (Operator) |
| whose address is 1050 17th Street, Suite 1800, Denver, Colorado 80265 |
| 2. That McElvain Oil & Gas Properties, Inc. is the operator of a well drilled on land |
| be- longing to <u>Chuck and Jean Nielson</u> , whose address is <u>HCR 74 Box 65, Lindrith, NM 87029</u> (Landowner) |
| , said well being drilled to test for hydrocarbons and/or |
| carbon dioxide gas and described as the <u>Divide</u> No. 1, being located <u>1570</u> |
| feet from the <u>north</u> line and <u>1030</u> feet from the <u>east</u> line of Section <u>35</u> , |
| Township 26 North , Range 2 West , NMPM, Rio Arriba |
| County, New Mexico. |
| 3. That said well was drilled to a total depth of 7,750 feet, and that casing her harm set and compared as fellows: |
| ing has been set and cemented as follows: |
| SEE ATTACHED |
| |
| 4. That operator and landowner have made an agreement whereby operator |
| (is not) to back fill pits, level location, and clear it of all junk. The agreement |
| further provides that operator is to plug said well back to a plugged-back total depth of |
| 4,000 feet and transfer well to landowner for his use as a water-well. Operator will leave casing in the well as follows: |
| leave easing in the wen as follows. |
| SEE ATTACHED |
| |
| 5. That when operator has complied with the provisions of Paragraph 4 above |
| it will so notify the Oil Conservation Commission of the State of New Mexico on Com- |
| mission form C-103, together with a signed statement from the landowner that the provisions of Paragraph 4 above have been complied with to his satisfaction. |
| provisions of raragraph 4 above have been complied with to his satisfaction. |
| |
| McElvain Oil & Gas Properties, Inc. |
| DENISE B. GREER |
| NOTADY BURLES |
| Subscribed Early Sweet Robertone me this 2 day of July. A. D. 20 0 3 |
| |
| My Commission Expires 05/08/2007 Donne Core |
| Notary Public in and for the County of <u>Denver</u> |
| STATE OF <u>New Mexicar.</u>) ss. |
| County of Rio Appliba |
| , being first duly sworn according to law, upon |
| his oath deposes and says that when the provisions of paragraphs 4 and 5 have been |
| complied with, he will accept the above described well for his use as a water-well, and |
| that he will assume all responsibility for the well, the location and the conversion of the |
| well to a water-well. |
| (Landowner) |
| Subscribed and sworn to before me this // day of / u/u . A.D. 2003 |
| 10 - 6 9.1 |
| Notary Public in and for the County of Pio Areiba |
| |
| my Commission Expires 23 fully 2004 |

McElvain Oil and Gas Properties, Inc.

Divide #1

Location: 1570' FNL and 1030' FEL. Sec. 35 T26N R2W NMPM

Casing:

Surface:

12 1/4" hole at 303'.

9 5/8" 47# casing set at 303'.

Cemented with 175 sx Class B with 2% CaCl. Circulated to surface

Production:

7 7/8" hole at 7750'.

4 1/2" casing set at 7727'. 10.5 #/ft and 11.5#/ft K-55. DV tools at 6403' and at 4208'.

1st stage: 75 sx 65/35 poz mix, 12% gel, 1/4 #/sx celloflake

100 sx Class B ,12 1/2#/sk Gilsonite, 1/4 #/sk celloflake

338 cu ft. Cement top at 6699. (calculated 70% efficiency)

 2^{nd} stage: 175 sx 65/35 poz, 12% gel, $\frac{1}{4}$ #/sx celloflake

100 sx Class B, 4% gel, 1/4 #/sx celloflake.

610 cuft. Cement top at 4528 (calculated 70% efficiency)

3rd stage: 375 sx 65/35 pozmix, 12% gel, 1/4 #/sx celloflake.

100 sx Class B, 4% gel, 1/4 #/sx celloflake.

1134 cuft) Lost returns on last 6 bbls of displacement

Cement top @ 828' (calculated 70% efficiency less 6 bbls)

Internal Casing Plugs:

CIBP @ 7245'

Cap CIBP with 50' cement plug

CIBP @ 5772'

Cap CIBP with 50' cement plug

CIBP @ 40631

Cap CIBP with 50' cement plug

Assignment and Release

Divide #1
(API #30-039-22830)
Conversion to Water Well
SE/4NE/4 Section 35, T26N-R2W
Rio Arriba County, New Mexico

This Assignment and Release is entered into this 2nd day of 1000 by and between McElvain Oil & Gas Properties, Inc., whose address is 1050 17th Street, Suite 1800, Denver, CO 80265 ("McElvain") and Chuck and Jean Nielson, whose address is HCR 74 Box 65, Lindrith, NM 87029 ("Nielson").

Recitals.

- A. McElvain is the current operator of the Divide #1 wellbore located in the SE/4NE/4 of Section 35, Township 26 North, Range 2 West, Rio Arriba County, New Mexico (the "Well"). Nielson has requested and McElvain has agreed to transfer ownership and responsibility for the Well to Nielson for the purpose of converting it to a water-well.
- B. In exchange for the Well, Nielsen agrees to assume all obligations for the Well and to fully release and indemnify McElvain from any and all claims, present and future, subject to obtaining all required approvals and to acceptance and agreement of the parties to the following terms and conditions: For purposes of this release and indemnification, the term "McElvain" shall include any affiliates or related entities of McElvain and all non-operators in the Well.

Assignment.

McElvain hereby transfers of all its rights in the Well to Nielson. This transfer is made without warranty either express or implied. Nielsen accepts the Well and the surrounding area AS IS WHERE IS AND WITHOUT ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS OR MERCHANTABILITY OF THE WELL FOR A PARTICULAR PURPOSE.

Release and Indemnification.

Nielsen hereby releases "McElvain" from any and all obligations and liabilities to Neilson. Further, Nielson indemnifies and holds "McElvain" harmless against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted by Nielson with respect to the Well and surface use.

Effective Date

This Assignment and Release shall become effective ("Effective Date") immediately after McElvain removes its personal property, tanks and equipment from the surface at the location of the Well and Nielson executes the Statement of Compliance under Paragraph 5 of the Affidiavit of Responsibility Conversion to Water-Well form filed with the New Mexico Oil Conservation Commission that McElvain has complied with the provisions of Paragraph 4 thereunder.

Recording of this Assignment and Release in the real property records of Rio Arriba County, New Mexico shall be conclusive evidence that the Effective Date and delivery of this instrument occurred.

This Assignment and Release is binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

Executed as of the date first above written, but effective as of the Effective Date.

| McElvain Oil & Gas Properties, Inc. | |
|---|---|
| BY: L. O. Van Ryan, Senior Vice President | |
| Chuck Nielson | Jean Nielson |
| STATE OF COLORADO) | |
| The foregoing instrument was acknowledged before me this as Senior Vice President of McElvain Oil & Gas Properties, corporation DENISE R. GREER NOTARY PUBLIC STATE OF COLORADO My Commission Expires 05/08/2007 My commission expires | |
| STATE OF <u>New Mexico</u>) ss COUNTY OF <u>ROAPP, bA</u>) | // / / |
| The foregoing instrument was acknowledged before me the and Jean Nielson. My-commission expires 23 Tul. 1 2006a | is flo day of fuly, 2003, by Chuck Nielson Motary Public |

OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION - SANTA FE OFFICE

| | | | | / / | _ | | |
|---------------|---|---------------------------------|--------------|--|------------------------------|-----------------------------|---------------|
| OFFICIA | L RECEIPT NUMBER: 6-194 | 23 DATE: | 8 | /13/03 FIL | eno.: RG-8 | 20927 | |
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| ZIP:X_ | RECEIVED BY: | MICHAIL | | • | | | |
| TMCTDIAT | TONS: Indicate the number of actions t | o the left of the appropriate t | (na)of filin | g. Complete the receipt information. O | | ACD | |
| Fe Office. | and coldenned copy for district file. If | vou make a mistake, void orig | inal and a | fl copies and submit to ASD along with vi | alid receipte | ASU; yellow copy to Water I | Rights, Santa |
| 10011100 | one general out copy for thouse their in | you make a mountly told one | , | " copies and sability to pool along with the | and receipes. | | |
| A. Groun | d Water Rights Filing Fees | | B. Surfa | ice Water Rights Filing Fees | | D. Reproduction of Docu | ments |
| 1 | Declaration of Water Right | \$ 1.00 | 1 | Declaration of Water Right | \$ 1.00 | 2014 | |
| | Application to Appropriate; | 7 1.00 | ž: 2. | Declaration of Livestock Dam | \$ 1.00 \$ 1.00 | .20¢/copy | |
| -+ | Domestic, Stock, Other Use | \$ 5.00 | | Application to Change Point of | \$ 1.00 | \$3,00/map | 5 |
| 3. | Application for Test, Exploratory, | | | Diversion | \$25.00 | E. Certification | |
| | or Observation Well | \$ 5.00 | 4. | Application to Change Place | 4 | | ₹ |
| 4. | Application to Change Location | | | and/or Purpose of Use | \$50.00 | F. Other (Specify-not for | ¢ |
| | Domestic Well | \$ 5.00 | 5. | Application to Change Point of | • | filing fees) | T |
| | Application to Repair or Deepen | \$ 5.00 | | Diversion and Place and/or | | | |
| | Change of Ownership of Water Right | \$ 2.00 | | Purpose of Use | \$50.00 | | |
| 7. | Application to Appropriate Irrig., | | <u> </u> | | \$ 2.00 | | |
| _ | Mun., Ind., or Comm. Use | \$25.00 | <u> </u> | A burners and the shares | \$25.00 | | |
| 8. | Application to Combine Wells | 435.00 | 8. | | \$50.00 | Comments; | |
| ۸ | and/or Use Application for Supplemental Well | \$25.00 | 9. | | \$25.00 | 102 | |
| 9. 10. | Application to Change Location of | \$25.00 | | License to Appropriate | \$25.00 | 700 | |
| 10. | Non-72-12-1 Well | \$25.00 | 11. 12. | | \$25.00 | | 1 . / . |
| 11. | Application to Change Place or | \$25.00 | 12. | Diversion and Place and/or Purpose | | this Mit | 111151 |
| | Purpose of Use | \$25.00 | | of Use from Ground Water to | | (7) 100 -101 | Mu |
| 12. | Application to Change Location of | 440.00 | | Surface Water | \$50.00 | | |
| | Well and Place and/or Purpose of | · | 13. | | \$25.00 | | |
| | Use | \$50.00 | | , , , , , , , , , , , , , , , , , , , | 4-0.00 | | |
| 13. | Application for Extension of Time | \$25.00 | C. Misc | ellaneous Fees | | | |
| 14. | Certificate and License | \$25.00 | | | | | |
| 15. | Application for Plan of Replacement | \$25.00 | 1. | | | | |
| 16. | Application to Change Point of | | * | Dam/Review of Plans for Safety of | | | |
| | Diversion and Place and/or Purpose | | | Dams (\$10.00 + \$2.00 /\$1000.00 | | | |
| | of Use from Surface Water to Ground | 1 TO 50 | _ | of estimated construction cost). | (VAR) | | |
| | Water | \$50.00 | 2. | | \$50.00 | | |
| • | | | 3. | Application for Renewal of Well Driller's License | 470 00 | | |
| | | | 4 | Application to Amend Well Driller's | \$20.00 | | |
| | | | T, | License | \$ 5.00 | | |
| | | | | per sever fulfu | 7 2.00 | | |

NEW MEXICO STATE ENGINEER OFFICE APPLICATION FOR PERMIT TO USE UNDERGROUND WATERS IN ACCORDANCE WITH SECTION 72-12-1 NEW MEXICO STATUTES

GENERAL CONDITIONS OF APPROVAL (A thru I)

- A The maximum amount of water that may be appropriated under this permit is 3 acre-feet in any year.
- B The well shall be drilled by a driller licensed in the State of New Mexico in accordance with Section 72-12-12 New Mexico Statutes Annotated. A licensed driller shall not be required for the construction of a driven well; provided, that the casing shall not exceed two and three-eighths (2 3/8) inches outside diameter (Section 72-12-12).
- C Driller's well record must be filed with the State Engineer within 10 days after the well is drilled or driven. Well record forms will be provided by the State Engineer upon request.
- D The casing shall not exceed 7 inches outside diameter except under specific conditions in which reasons satisfactory to the State Engineer are shown.
- E If the well under this permit is used at any time to serve more than one household or livestock in a commercial feed lot operation, or for drinking and sanitation purposes in conjunction with a commercial operation, the permittee shall notify the State Engineer Office in writing.
- In the event this well is combined with other wells permitted under Section 72-12-1 New Mexico Statutes Annotated, the total outdoor use shall not exceed the irrigation of one acre of non-commercial trees, lawn, and garden, or the equivalent outside consumptive use, and the total appropriation for household and outdoor use from the entire water distribution system shall not exceed 3 acre-feet in any year.
- G If artesian water is encountered, all rules and regulations pertaining to the drilling and casing of artesian wells shall be complied with.
- H The amount and uses of water permitted under this Application are subject to such limitations as may be imposed by the courts or by lawful municipal and county ordinances which are more restrictive than applicable State Engineer Regulations and the conditions of this permit.

Trn Desc: RG 80927

Log Due Date: 08/13/2004

Form: wr-01

File Number: RG 80927

Trn Number: 281320

page: 1

File Number: 26-80927

NEW MEXICO OFFICE OF THE STATE ENGINEER APPLICATION FOR PERMIT TO USE UNDERGROUND WATERS IN ACCORDANCE WITH SECTION 72-12-1 NEW MEXICO STATUTES

| 1. APPI | LICANT | Maria Diamena | |
|---------------|--|---|--------------------|
| _ | Name: | Work Phone: | 774 0106 |
| | ntact: Chuck Nielson | Home Phone: 505- | 114-9106 |
| Add | dress: <u>HCR 74 Box 65</u> | | |
| | City: Lindrith | State: <u>NM</u> Zip: 870 | 29 |
| 2. LOC | ATION OF WELL (A, B, C, or D required, E or F if known) NW 1/4 SE 1/4 NE 1/4 Section: 35 Townshi in Rio Arriba | ip: <u>26</u> N Range: <u>2 W</u> N | .M.P.M. County. |
| B. | X = feet, Y = f | feet, N.M. Coordinate | System |
| | U.S.G.S. Quad Map | | Grant. |
| c. | Latitude:dms Longitude | e:dm | s20, |
| | East (m), North (m), UTM | | |
| £. | Fract No, Map No of the | Hydrographic | Survey |
| F. : | Lot No, Block No of Unit/Tract Subdivision recorded in | | of the |
| | Bubdivision recorded in _ | | 5 . |
| G. | Is this well within a municipality? if yes | , where? | <u> </u> |
| U (| Cino Etato Engineer File Mumber 16 audating un | 77. | 9 |
| 11. (| Give State Engineer File Number if existing we | 11: | |
| I. C | On land owned by (required): | · | |
| | OF WATER (check use applied for) One household, non-commercial trees, lawn and total of one acre. | garden not to exceed | la O E |
| | Livestock watering. | | الا الا |
| r | Note: If any of the following items are marked of business or use under item 5 of the addition explanations section. | Mar Statements of | ∂ ئان : رست |
| : | More than one household, non-commercial trees, exceed a total of one acre. | lawns and gardens no | ± t2:5 |
| | Drinking and sanitary purposes and the irrigat trees, shrubs and lawns not to exceed one acre commercial operation. | ion of non-commercial in conjunction with | ā |
| | Prospecting, mining or drilling operations to a natural resources. | discover or develop | • |
| < | Construction of public works, highways and road | is. | |
| Trn | Desc: File | Number: | |
| Log Due | Date: Trn | Number: | 26) |
| | Form: wr-01 page 1 of 4 | 201.2 | |

File Number: RG - 80927

NEW MEXICO OFFICE OF THE STATE ENGINEER APPLICATION FOR PERMIT TO USE UNDERGROUND WATERS IN ACCORDANCE WITH SECTION 72-12-1 NEW MEXICO STATUTES

| Name of well driller | and driller license | e number: | | For Well | |
|---|----------------------|---------------|-------------|-------------|-------------|
| Existing oil well Approximate depth 400 | feet; Outside dia | ameter of ca | sing + 1/2 | inches. | |
| • | | | | ٠ | |
| Change Location of | of existing well or | replacement | well | | |
| Pennir or Deepen | | • * | | | |
| Repair or Deepen: | .l to original depth | 1 . | | • | |
| Deepen well f | rom to | feet | | | |
| Other | | | | | |
| | 13 5 | | | | |
| Drill and test a | well for | | | | use |
| Supplemental well | | | | | |
| | | | | | |
| ADDITIONAL STATEMENTS | OR EXPLANATIONS: | | | | |
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| ACKN | OWLEDGEMENT FOR I | NATIIRAI. PER | SONS | , | |
| | | | BOIND | | 믒 |
| (I, We) Charles | F NIELSON | | | affirm that | <u>€h</u> e |
| • | (Please Print) | | | | ~ |
| | true to the best of | (my, our) } | mowledge | and belief | . 10 |
| egoing statements are | | | | | ن ا |
| egoing statements are | | ` . | | | |
| Chules T.B. | ulan | <u> </u> | | | |
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NEW MEXICO STATE ENGINEER OFFICE APPLICATION FOR PERMIT TO USE UNDERGROUND WATERS IN ACCORDANCE WITH SECTION 72-12-1 NEW MEXICO STATUTES

GENERAL CONDITIONS OF APPROVAL (Continued)

The permittee shall utilize the highest and best technology available to ensure conservation of water to the maximum extent practical.

SPECIFIC CONDITIONS OF APPROVAL

- 4 Use shall be limited to household, non-commercial trees, lawn and garden not to exceed one acre and/or stock use.
- LOG This permit will automatically expire unless the well RG 80927 is completed and the well record filed on or before 08/13/2004.

ACTION OF STATE ENGINEER

This application is approved for the use indicated, subject to all general conditions and to specific conditions listed above.

Witness my hand and seal this 14 day of Aug A.D., 2003

John R. D Antonio, Jr. P.E., State Engineer

By: Buck Wells

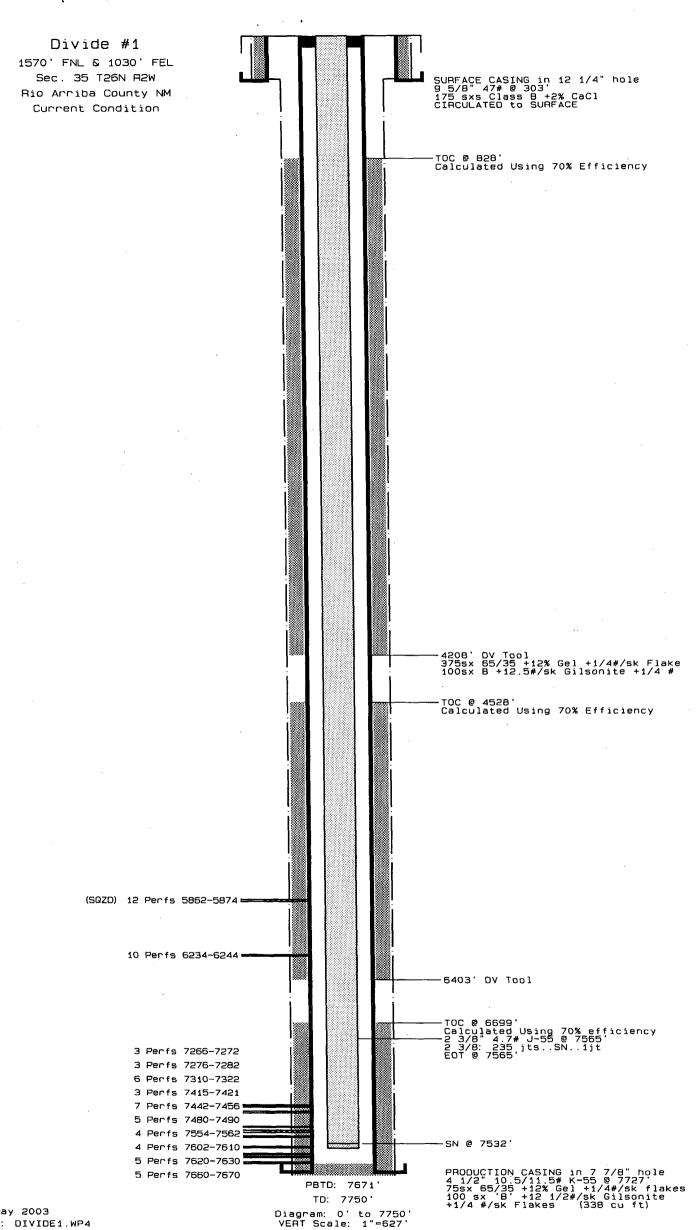
Trn Desc: RG 80927 Log Due Date: 08/13/2004

Form: wr-01

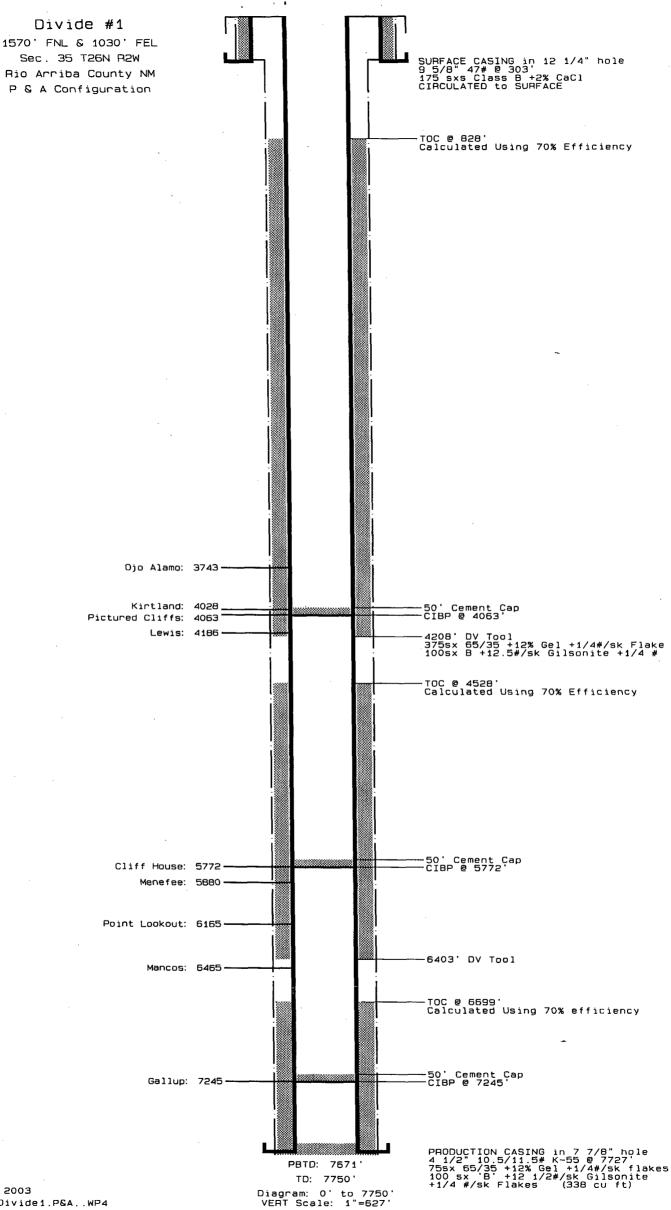
page: 2

File Number: RG 80927

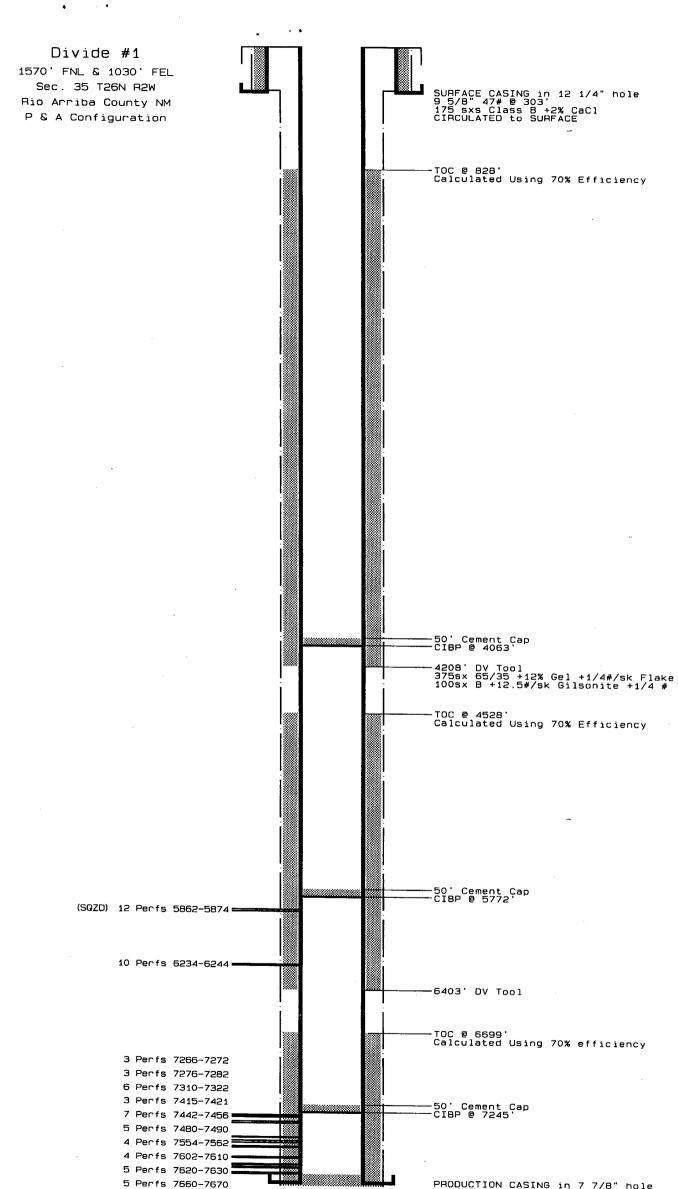
Trn Number: 281320



7 May 2003 File: DIVIDE1.WP4



E002 1uL S File: Divide1.P&A..WP4



2 Jul 2003 File: Divide1.P&A..WP4 TD: 7750'
Diagram: 0' to 7750'
VERT Scale: 1"=627'

PBTD: 7671

PRODUCTION CASING in 7 7/8" hole 4 1/2" 10.5/11.5# K-55 @ 7727' 75sx 65/35 +12% Gel +1/4#/sk flakes 100 sx 'B' +12 1/2#/sk Gilsonite +1/4 #/sk Flakes (338 cu ft)