

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

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Consolidated State 3
30-025-29711
(Devonian Fm)

- [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

Coalt Operating LLC

[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.

| | | | |
|--------------------|-----------|-----------------------|---------|
| Brian Wood | | Consultant | 7-25-13 |
| Print or Type Name | Signature | Title | Date |
| | | brian@permitswest.com | |
| | | e-mail Address | |

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: COBALT OPERATING, LLC

ADDRESS: 3001 NORTH BIG SPRING, SUITE 207, MIDLAND, TX 79705

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.).

CONSOLIDATED STATE 3
30-025-29711
Devonian application

*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).

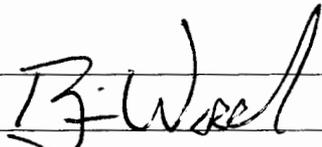
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: JULY 23, 2013

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.

GL to 10,700': 2-7/8" N-80 6.5#

10,700' to 11,775': 2-3/8" N-80 4.6#

INJECTION WELL DATA SHEET

Tubing Size: see above Lining Material: INTERNAL PLASTIC COATED

Type of Packer: 4" ASIX nickel plated

Packer Setting Depth: 11,700' - 11,750'

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

Additional Data

1. Is this a new well drilled for injection? (DISPOSAL) _____ Yes XXX No

If no, for what purpose was the well originally drilled? _____

ORIGINALLY DRILLED AS A SHIPP; STRAWN OIL WELL.

2. Name of the Injection Formation: ~~STRAWN~~

3. Name of Field or Pool (if applicable): ~~SWD; STRAWN (POOL CODE 96188)~~

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. ONLY PERFORATED IN THE STRAWN &

EXISTING STRAWN PERFS: 10,944' - 10,960' (WILL COVER WITH LINER & CEMENT)

San Andres

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

OVER: WOLFCAMP (8,733'), ABO (8,504'), TUBB (7,710'),

SAN ANDRES (4,875'), & YATES (3,172')

UNDER: none

I. Purpose is to deepen and convert an existing 11,300' deep Strawn oil well to a saltwater disposal well. Disposal will be in the Devonian (11,800' - 12,700'). This is the SWD; Devonian Pool (NMOCD pool code 96101). Well was previously approved (on June 14, 2012 in R-13569, Case 14834) as a Strawn disposal well. The Strawn pressured up and Cobalt was unable to inject.

II. Operator: Cobalt Operating, LLC (OGRID #286255)
Operator phone number: (432) 682-8686
Operator address: 3001 North Big Spring, Suite 207
Midland, TX 79705
Contact for Application: Brian Wood (Permits West, Inc.)
Phone: (505) 466-8120

III. A. (1) Lease: New Mexico State Land Office lease E0-8563-0004
Lease Size: 480 acres (see Exhibit A for C-102 and map)
Closest Lease Line: 512'
Lease: N2NE4 & N2SW4 Section 8 and W2 Section 9, T 17 S, R 37 E
Surface Owner: New Mexico State Land Office

A. (2) Surface casing (13-3/8", 48# & 61#) was set in 1986 at 398' in a 17-1/2" hole. Casing was cemented to the surface with 250 sacks Pacesetter® light with 2% CaCl₂ followed by 100 sacks Class C with 2% CaCl₂. Circulated 39 sacks excess.

Intermediate casing (8-5/8", 24# & 32#) was set at 4,283' in a 12-1/4" hole. Casing was cemented to the surface with 1,450 sacks Pacesetter® light with 15 pounds per sack salt and 1/4 pound per sack cello flake followed by 200 sacks Class C with 2% CaCl₂. Circulated 147 sacks excess.

Production casing (5-1/2", N-80, L T & C, 17# & 20#) was set at 11,300' (TD) in a 7-7/8" hole and cemented to 4,600' with 1,535

sacks in 2 stages. Cement baskets were set at 10,352' and 10,359' and a DV tool was set at 8,423'.

First stage of long string was cemented with 260 sacks Pacesetter® light Class H with 6% KCl + 0.6% CF-2 + 0.4% TF-4 + 1/4 pound per sack cello flake (= 12.7 pounds per gallon & 2.0 cubic feet per sack) and 375 sacks Class H with 3% KCl + 0.8% CF-2 + 0.4% TF-4 + 1/4 pound per sack cello flake (= 15.6 pounds per gallon & 1.18 cubic feet per sack).

Second stage of long string was cemented with 800 sacks Pacesetter® light Class C with 6% KCl + 0.6% CF-2 + 0.4% TF-4 + 1/4 pound per sack cello flake (= 12.7 pounds per gallon & 2.0 cubic feet per sack) and 100 sacks Class C (= 14.8 pounds per gallon & 1.32 cubic feet per sack).

Cobalt proposes to deepen the 11,300' well to 12,700' via 4-1/2" hole. A 4" flush joint liner (11.6 #, J-55) will be run from 10,850' to 11,800' and cemented to the top of the liner with 50 sacks (75 cubic feet) Class H with fluid loss additives mixed at 1.5 cubic feet per sack. Remainder of hole will be an open-hole completion.

- A. (3) Tubing will be 10,700' of 2-7/8" IPC (N-80, 6.5#, EUE) and 1,075' of 2-3/8" IPC (N-80, 4.6#, EUE). Setting depth will be at ≈11,775'. (Disposal interval will be 11,800' - 12,700'.)
- A. (4) A 4" ASIX nickel plated packer will be set between 11,700' and 11,750' (50' to 100' above the top of the open-hole interval (11,800' - 12,700')).
- B. (1) Injection zone will be the Devonian limestone, which is part of the SWD; Devonian Pool (NMOCD pool code number 96101). Estimated fracture gradient is ≈0.7 psi per foot.

- B. (2) Injection interval will be 11,800' to 12,700'. The entire well bore is currently cased. After the well is deepened 1400' to 12700', then the bottom 900' will be left open hole.
- B. (3) The well was drilled in 1986 and proposed for plugging and abandonment in 1999 and 2003. Cumulative production is 125,183 barrels of oil and 494,675 Mcf of gas from the Shipp; Strawn oil pool. Oil production ceased after 1998. An average of 76 Mcf of gas per month was produced in 2011, and only 5 Mcf for all of December 2011 (see Exhibit B).
- B. (4) Well was perforated in 1986 in the Strawn with 66 0.33" shots between 10,944' - 10,960'. These existing perforations will be covered with a liner and cement from 10,850' to 11,800'. Well was perforated in 2013 in the San Andres from 5,776' to 5,786' and from 5,822' to 5,827' with 2 shots per foot. ~~These existing perforations will be squeezed with 25 sacks.~~
- B. (5) Next higher oil or gas zone in the area of review is the Strawn. Strawn produced in this well. Closest (1,768' north) current Strawn producer is in the Shipp; Strawn Pool at the Bureaucrat AGV 1 (30-025-30767). There is no lower producing oil or gas zone in the area of review. Next potential lower oil or gas zone is the Silurian. Potential oil or gas zones above or below the Devonian (from shallow to deep) include:

Yates (8 miles south in Eumont; Yates-& Rivers-Queen Pool in 28-18s-37e)
San Andres (2.2 mi. west in Lovington; Grayburg-San Andres Pool in 7-17s-37e)
Paddock (1 mile NW in the Lovington; Paddock Pool in 5-17s-37e)
Tubb (1.5 miles north in the Lovington; Tubb Pool in 33-16s-37e)
Abo (1 mile southwest in the Midway; Abo Pool in 17-17s-37e)
Bone Spring (4.1 miles SE at a now plugged wildcat in 25-17s-37e)
Wolfcamp (1.5 miles SE in the Humble City; Wolfcamp Pool in 14-17s-37e)
Strawn (in this well in the Shipp; Strawn Pool)
Atoka (1 mile east in Shipp; Atoka Pool in 3-17s-37e)
Mississippian (9 miles west in Shoe Bar - Mississippian Gas Pool in 12-17s-35e)

Devonian (3,379' southwest in Midway; Devonian Pool in 8-17s-37e)
Silurian (27 miles south in McCormack; Silurian Pool in 32-21s-37e)
Ellenburger (21 miles south in Cary; Simpson-Ellenburger Pool in 36-20s-37e)

Closest (3,379' southwest) Devonian producer is Cobalt's Warren 2 (30-025-26953). Production for all of 2012 was 437 barrels of oil and no gas. Production for the first 5 months of 2013 was 25 barrels of oil and no gas. Four other wells in T. 17 S., R. 37 E. produced from the Midway; Devonian Pool. All four are now plugged. The Devonian in the Consolidated State 3 is below the oil-water contact (Exhibit B).

IV. This is not an expansion of an existing injection project. It is disposal only.

V. Exhibit C shows 9 wells (1 producing oil + 6 plugged & abandoned oil + 1 saltwater disposal + 1 plugged water supply well) within a half-mile radius. State Engineer records indicate the water supply well was 137' west of the Consolidated State 3 wellhead. No evidence of the water well was found during November 17, 2011 and June 24, 2013 field inspections. State records indicate the 120' deep water well was drilled in 1953 and plugged in 1954.

Exhibit D shows 227 existing wells (34 producing oil or gas + 92 plugged & abandoned +8 water injectors or disposals + 93 water wells) within a 2-mile radius.

Exhibit E shows all leases and lessors (only State and fee) within a one-half mile radius. Exhibit F shows all leases and lessors (only State and fee) within a 2-mile radius. Details on the leases within a one half-mile radius are:

| <u>T. 17 S., R. 37 E.</u> | <u>Lessor</u> | <u>Lease Number</u> | <u>Lessee</u> |
|---------------------------|---------------|---------------------|----------------|
| W2SE4 & SESE Section 4 | fee | fee | Chesapeake |
| SESW Section 4 | NMSLO | B0-2517-0000 | ConocoPhillips |
| SESW Section 4 | NMSLO | B0-2517-0001 | Enduro |
| N2SW4 Section 4 | NMSLO | E0-8636-0001 | ConocoPhillips |
| SWSW Section 4 | NMSLO | VB-0665-0002 | Chevron |
| SESE Section 5 | fee | fee | Chesapeake |

| | | | |
|-----------------|-------|--------------|------------------|
| SENE Section 8 | fee | fee | Cobalt |
| NENE Section 8 | NMSLO | VO-9192-0000 | Monte Vista |
| NW4 Section 9 | NMSLO | VB-2166-0000 | Yates Petroleum |
| NE4 Section 9 | NMSLO | VB-2289-0000 | Dakota Resources |
| N2SW4 Section 9 | NMSLO | VB-2230-0000 | Crown Oil |
| NWSE Section 9 | NMSLO | VB-2033-0001 | Texland |

VI. None of the nine wells that are within a half-mile penetrated the Devonian. Wells within the area of review are:

| <u>OPERATOR</u> | <u>WELL</u> | <u>API 30-025-</u> | <u>T. 17 S., R. 37 E.</u> | <u>ZONE(S)</u> | <u>STATUS</u> | <u>TD</u> | <u>DISTANCE</u> |
|-----------------|-----------------|--------------------|-----------------------------|-------------------------------------------------|---------------|-----------|-----------------|
| Frisbie & Yancy | water supply | (NMSEO L 02327) | NENW Section 9 | Ogallala | P & A | 120' | 137' |
| Sinclair | State 335 | 05431 | 330 FN & 2310 FE Section 9 | Wildcat; Paddock | P & A | 6500 | 908' |
| Dakota | NM Ex State 2 | 29440 | 330 FN & 1980 Fe Section 9 | SWD; Strawn | SWD | 11300 | 1228' |
| Tipperary | Jons 4 State | 28806 | 560 FS & 1650 FW Section 4 | Shipp; Strawn | P & A | 11336 | 1312' |
| Pennzoil | Viersen 3 | 29829 | 150 FS & 2080 FE Section 4 | Shipp; Strawn | P & A | 11240 | 1344' |
| Chevron | Bubba 4 State 1 | 37420 | 731 FS & 1043 FW Section 4 | Shipp; Strawn | Oil | 11195 | 1768' |
| Fasken | Consolidated 1 | 27183 | 2310 FN & 330 FW Section 9 | Undesignated (Strawn test & TD in Miss.) | P & A | 11073 | 2453' |
| Cimarex | Viersen 2 | 29445 | 1300 FS & 1650 FE Section 4 | Shipp; Strawn | P & A | 11281 | 2469' |
| Exxon | NM EX State 1 | 29367 | 330 FN & 660 FE Section 9 | Midway; Abo Humble City; Wolfcamp Shipp; Strawn | P & A | 11412 | 2523' |

COBALT OPERATING, LLC
 CONSOLIDATED STATE 3
 660' FNL & 2128' FWL SEC. 9, T. 17 S., R. 37 E.
 LEA COUNTY, NEW MEXICO

30-025-29711

Chevron Lea YL State 1 29640 2086 FS & 2086 FW Shipp; Strawn P & A 11250 2750'
 Section 4

- VII. 1. Average injection rate will be \approx 1,500 bwpd.
 Maximum injection rate will be \approx 2,000 bwpd.
2. System will be closed. Cobalt has an existing pipeline to the well.
3. Average injection pressure will be \approx 1,500 psi
 Maximum injection pressure will be 2,360 psi (= 0.2 psi/foot x 11,800' (top of open hole)).
4. Water source will be produced water only from Cobalt wells. Cobalt currently has 6 other wells in New Mexico. Two are Devonian wells, two are Strawn wells, one is a Wolfcamp well, and one is a Woodford well. A summary of closest analyses in the WAIDS database follows. (There is no Woodford analysis in the database. The Woodford well last produced in November 2006.)

| Well | Kendrick Estate 1 | Snyder A Com 1 | L Cooper A 1 |
|------------------------|-------------------|----------------|--------------|
| API # | 30-025-07139 | 30-025-34073 | 30-025-07301 |
| Location | J-5-12s-38e | 18-6-16s-36e | N-12-17s-38e |
| Formation | Wolfcamp | Strawn | Devonian |
| Parameter (mg/l) | | | |
| Barium | | 0.679 | |
| Bicarbonate | 79 | 423.454 | 999 |
| Calcium | | 2175.33 | 1,097.00 |
| Chloride | 92,950 | 43,455.70 | 15,643 |
| H2S | | 2.092 | |
| Iron | | 41.301 | |
| Magnesium | | 458.969 | 1,077 |
| Potassium | | 141.653 | |
| Sodium | | 24,921.80 | |
| Strontium | | 270.262 | |
| Sulfate | 916 | 430.723 | 2,337 |
| Total Dissolved Solids | 151,099 | 69,174 | 29,118.50 |

No compatibility problems have been reported from the two closest Devonian saltwater disposal wells (30-025-23937 (& 30-025-28083). Over 13,544,416 barrels have been disposed in those two wells.

5. There has been Devonian production from four wells (see below) within one mile. Three of the wells have since been plugged and abandoned. The fourth well may be converted to a saltwater disposal well. The Devonian in the Consolidated State 3 is below the oil-water contact (Exhibit B).

| Well | Operator | API # | Distance | Status |
|------------------------|----------|--------------|----------|----------|
| Warren 2 | Cobalt | 30-025-26953 | 3,379' | oil well |
| Davoil State 1 | Fasken | 30-025-27393 | 4,083' | P & A |
| Warren 1 | Fasken | 30-025-26323 | 4,346' | P & A |
| Consolidated State A 1 | Fasken | 30-025-27593 | 5,239' | P & A |

VIII. The Devonian Formation consists of fractured limestone. It is an estimated 1,019' thick in this well. Closest possible underground source of drinking water above the proposed disposal interval is the Ogallala Formation at the surface. There are 2 salt zones and at least 11,055' of separation between the bottom of the Ogallala and the top of the Devonian. Exhibit G shows nearby water wells.

State Engineer records indicate there was one well 137' west of the Consolidated State 3 and a second well is 5,300' northeast. Neither well could be found during field inspections. The closer well was drilled to 120' in 1953 and plugged in 1954. The other well was drilled to 90' in 1953.

A third well, not in the State Engineer's records, was found during the inspection. It is a windmill that is 3,264' east. A sample was collected in 2011. Its analysis is in Exhibit G. Four samples and analyses from 2013 are also in Exhibit G.

No underground source of drinking water is below the proposed disposal interval. Produced water is currently being disposed above the Devonian at a Strawn well (30-025-29440) 1,228' east and was disposed into the Abo at a well (30-025-20267) 8,383' southwest.

Formation tops are:

Ogallala = 0'
Salt = 625'
Anhydrite = 2,030'
Yates = 3,172'
San Andres = 4,875'
Glorieta = 6,366'
Tubb = 7,710'
Abo = 8,504'
Wolfcamp = 8,733'
Strawn = 10,934'
Atoka = 11,080'
Devonian = 11,681'
Current Total Depth: 11,300'
Proposed total Depth = 12,700'

- IX. The well will be stimulated with acid to clean out scale or fill.
- X. Compensated neutron litho density, dual Induction/SFL, and dip meter logs were run and are on file NMOCD.
- XI. There are numerous water wells within a mile radius. See Exhibit G for sample points and results.
- XII. Cobalt is not aware of any geologic or engineering data that may indicate the Devonian is in hydrologic connection with any underground sources of water. Ninety-three Devonian saltwater disposal wells have been approved in New Mexico. Closest Quaternary fault is >75 miles southwest (Exhibit H).

COBALT OPERATING, LLC
CONSOLIDATED STATE 3
660' FNL & 2128' FWL SEC. 9, T. 17 S., R. 37 E.
LEA COUNTY, NEW MEXICO

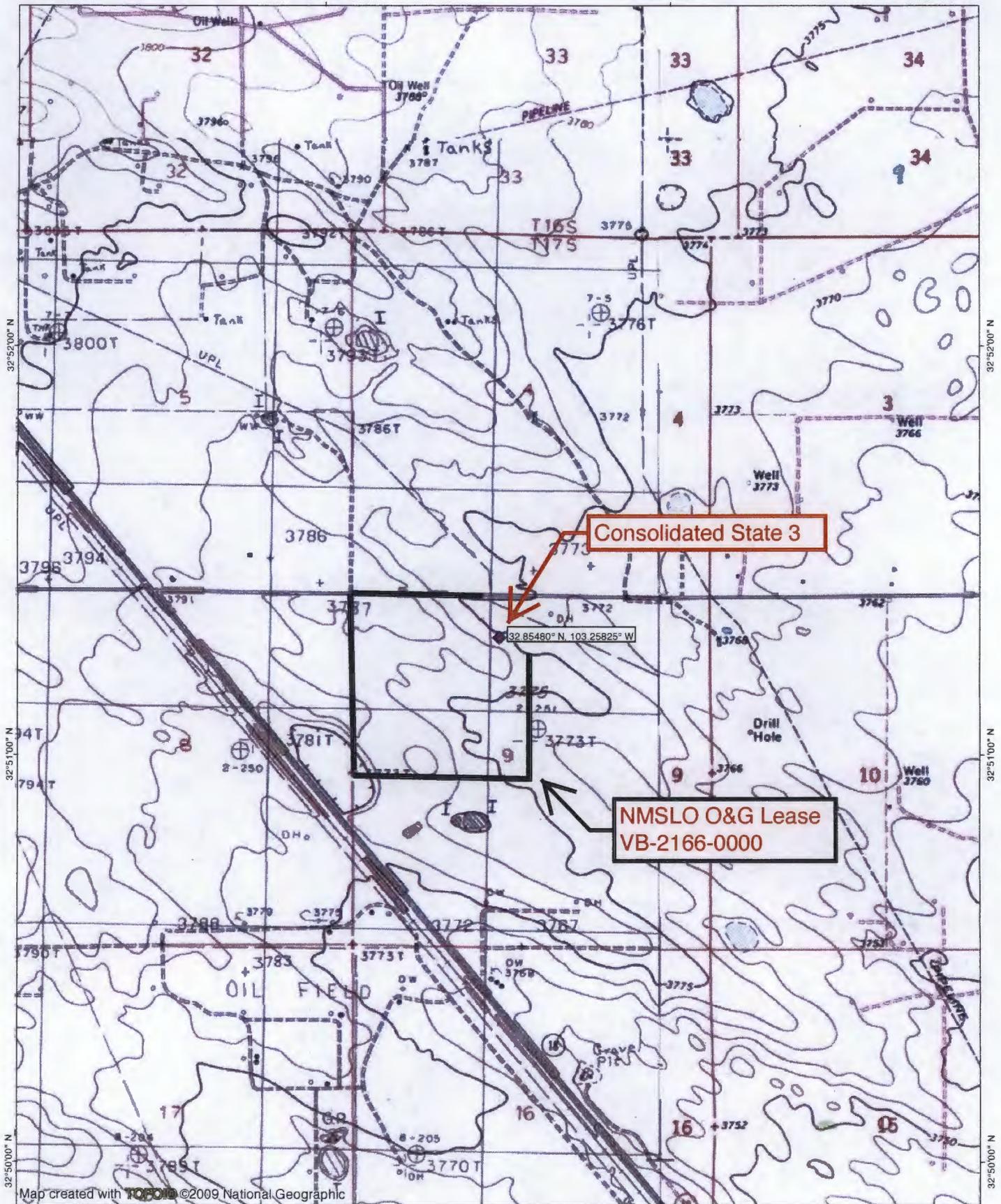
PAGE 9

30-025-29711

XIII. Notice (this application) is being sent to the surface owner (NM State Land Office), all oil and gas lessees or operating right holders (see below), and all Devonian interests within a half-mile (Exhibit I).

| <u>T. 17 S., R. 37 E.</u> | <u>Lease Number</u> | <u>Lessee or Operating Right</u> |
|---------------------------|---------------------|----------------------------------|
| W2SE4 & SESE Section 4 | fee | Chesapeake |
| SESW Section 4 | B0-2517-0000 | ConocoPhillips |
| SESW Section 4 | B0-2517-0001 | Enduro |
| N2SW4 Section 4 | E0-8636-0001 | ConocoPhillips, Chevron |
| SWSW Section 4 | VB-0665-0002 | Chevron |
| SESE Section 5 | fee | Chesapeake |
| SENE Section 8 | fee | Cobalt |
| NENE Section 8 | V0-9192-0000 | Monte Vista |
| NW4 Section 9 | VB-2166-0000 | Yates Petroleum |
| NE4 Section 9 | VB-2289-0000 | Dakota Resources |
| N2SW4 Section 9 | VB-2230-0000 | Crown Oil |
| NWSE Section 9 | VB-2033-0001 | Texland |

A legal ad (Exhibit J) was published on June 18, 2013.



Map created with TOPO! ©2009 National Geographic



EXHIBIT A



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION

Form C-102
 Supersedes C-128
 Effective 1-4-85

All distances must be from the outer boundaries of the Section

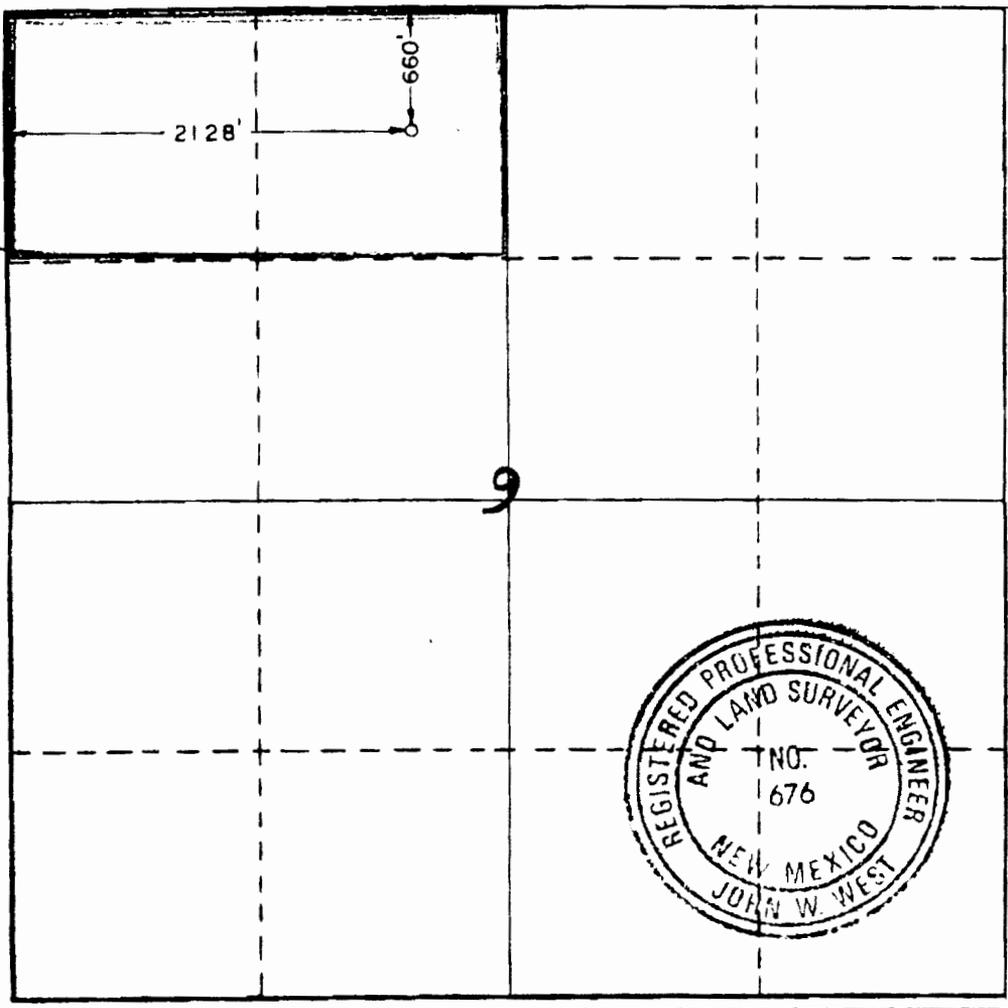
| | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------|------------------------------------|----------------------|--|---------------------------------------|--|--|
| Operator BARBARA FASKEN | | | Lease CONSOLIDATED STATE | | | Well No. 3 | | |
| Unit Letter C | Section 9 | Township 17S | Range 37E | County LEA | | | | |
| Actual Footage Location of Well: 660 feet from the NORTH line and 2128 feet from the WEST line | | | | | | | | |
| Ground Level Elev. 3778.7 | Producing Formation Strawn | | Pool Shipp | | | Dedicated Acreage: 80 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 communitization, 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 been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, 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.

James F. Groce

| |
|----------------------------------|
| Name James F. Groce |
| Position Agent |
| Company Barbara Fasken |
| Date July 1, 1986 |

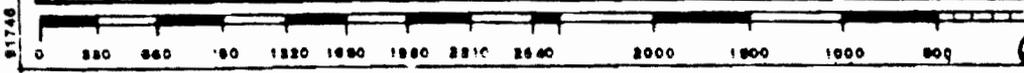
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

EXHIBIT A

| |
|-------------------------------------------------------|
| Date Surveyed JUNE 27, 1986 |
| Registered Professional Engineer and/or Land Surveyor |

John W. West

Certificate No. **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239



Production Summary of api:3002529711 pool:SHIPP;STRAWN

| producing year | Oil | Gas | Water | Co2 |
|----------------|--------|--------|-------|-----|
| 1992** | 123607 | 394575 | 0 | 0 |
| 1993 | 1069 | 14018 | 0 | 0 |
| 1994 | 479 | 12538 | 0 | 0 |
| 1995 | 25 | 10162 | 0 | 0 |
| 1996 | 0 | 8126 | 0 | 0 |
| 1997 | 1 | 7118 | 0 | 0 |
| 1998 | 2 | 6528 | 0 | 0 |
| 1999 | 0 | 5598 | 0 | 0 |
| 2000 | 0 | 4241 | 0 | 0 |
| 2001 | 0 | 4006 | 0 | 0 |
| 2002 | 0 | 3274 | 0 | 0 |
| 2003 | 0 | 2971 | 0 | 0 |
| 2004 | 0 | 4510 | 0 | 0 |
| 2005 | 0 | 5574 | 0 | 0 |
| 2006 | 0 | 4438 | 0 | 0 |
| 2007 | 0 | 2530 | 0 | 0 |
| 2008 | 0 | 1267 | 0 | 0 |
| 2009 | 0 | 1124 | 0 | 0 |
| 2010 | 0 | 1169 | 0 | 0 |
| 2011 | 0 | 908 | 0 | 0 |
| 2012 | 0 | 0 | 0 | 0 |
| 2013 | 0 | 0 | 0 | 0 |
| summary | 1576 | 100100 | 0 | 0 |

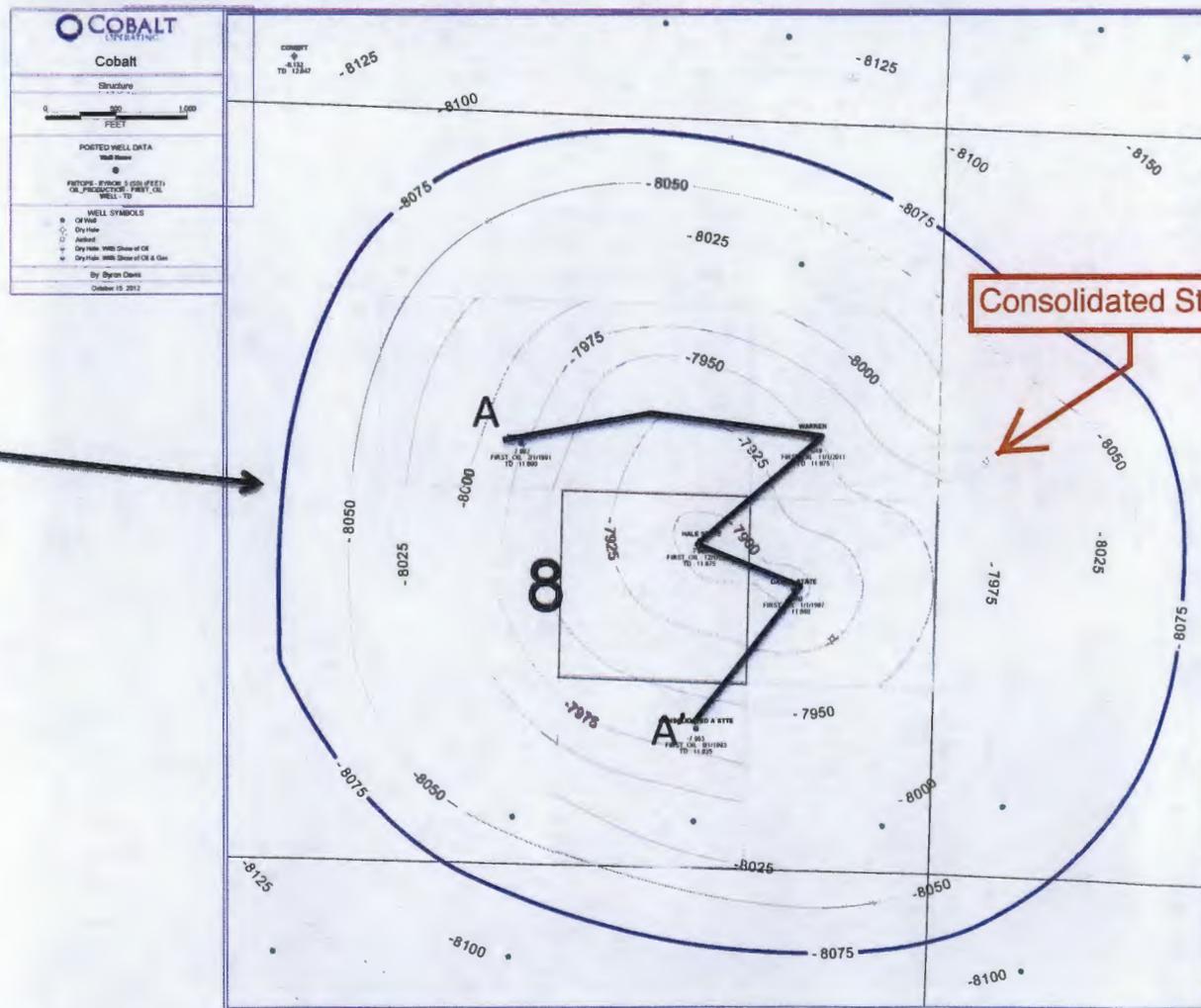
**represents cumulative production data from pre-ONGARD database until December 1992.

- This well and pool combination has no other pre-ongard data.

Structure – Top of Wristen Group

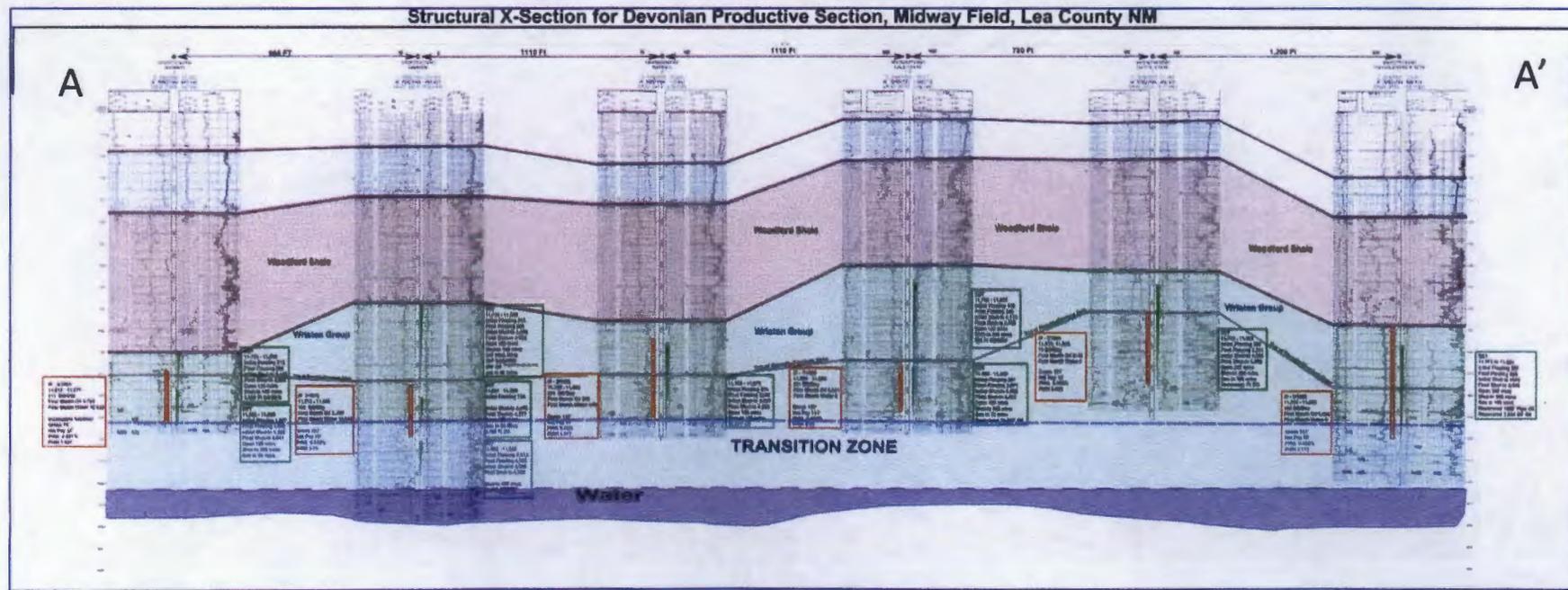
The Midway Field is fault bounded. The faults were not seen in the log data, and no seismic was viewed, so the location of the faults is not known. This structure is a “best-estimate”, using only the 7 data points obtained from the log data, and thus limits accuracy in volumetric reserve estimates. X-sect A to A' on Pg. 15 is shown on the map.

No Definitive Water Contact seen on Logs. The water contact at -8075 is estimated by using the transition zone, which was seen on the Consolidated State # 3 and the Warren # 3 at around -8050 SS.



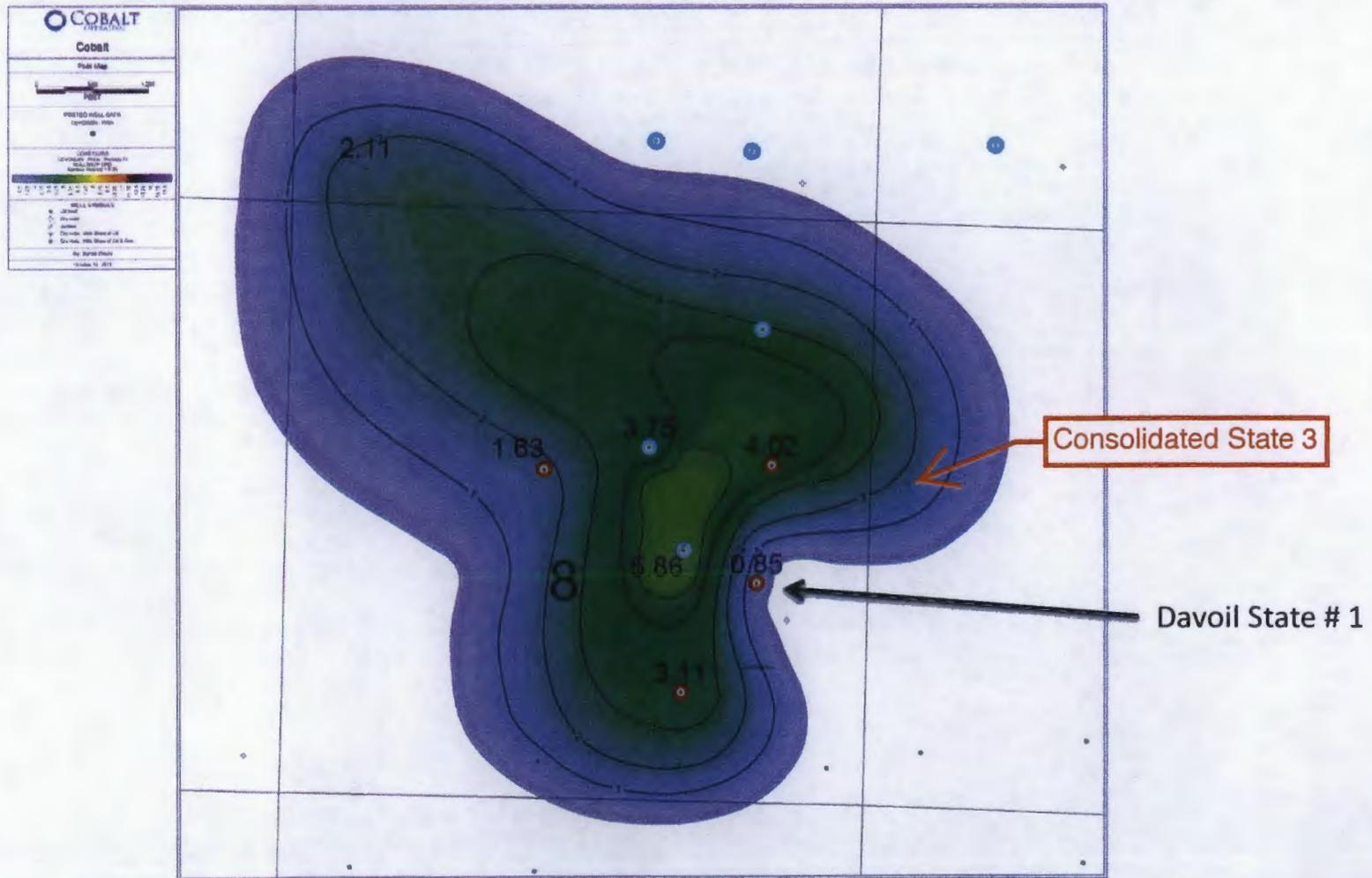
Structural X-Sect

- Wells were drilled to different depths and have different amounts of section logged. For example the Warren # 3 has only 75 ft of section while the Warren # 1 was drilled deeper and has 202 ft of section. This discrepancy makes volumetric estimates inaccurate.
- Porosity/fractures are at different depths and do not follow current structure suggesting diagenesis occurred before and after structural deformation.
- Cutoffs used to calculate transition are calibrated with DST data, and are seen with a general decrease in resistivity with depth. The long in depth transition zone is related to the low porosity and complexity of these carbonates.



Gross Pay – PhiH

Gross pay was made by digitizing the seven sonic curves and gamma ray curves, in the wells that penetrated the Devonian. Cutoffs were established from DST data and a PhiH calculation (Porosity X Height) was made. Because several wells did not go as deep as other wells, the PhiH map is a best estimate and most likely an underestimate of volumetric reserves. In addition, the Davoil State #1 limits the porosity map to the SE, which probably doesn't represent the true porosity of the reservoir.



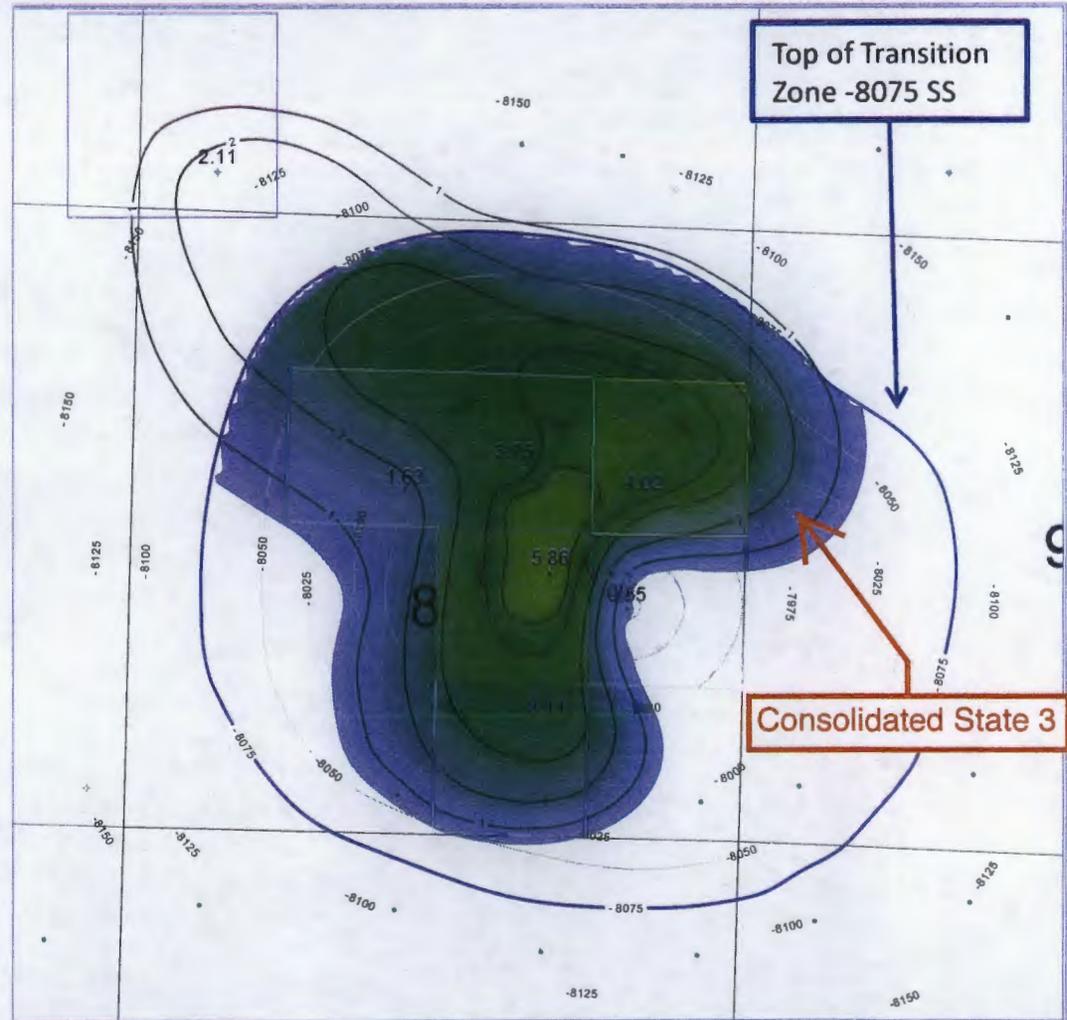
Net Pay – PhiH

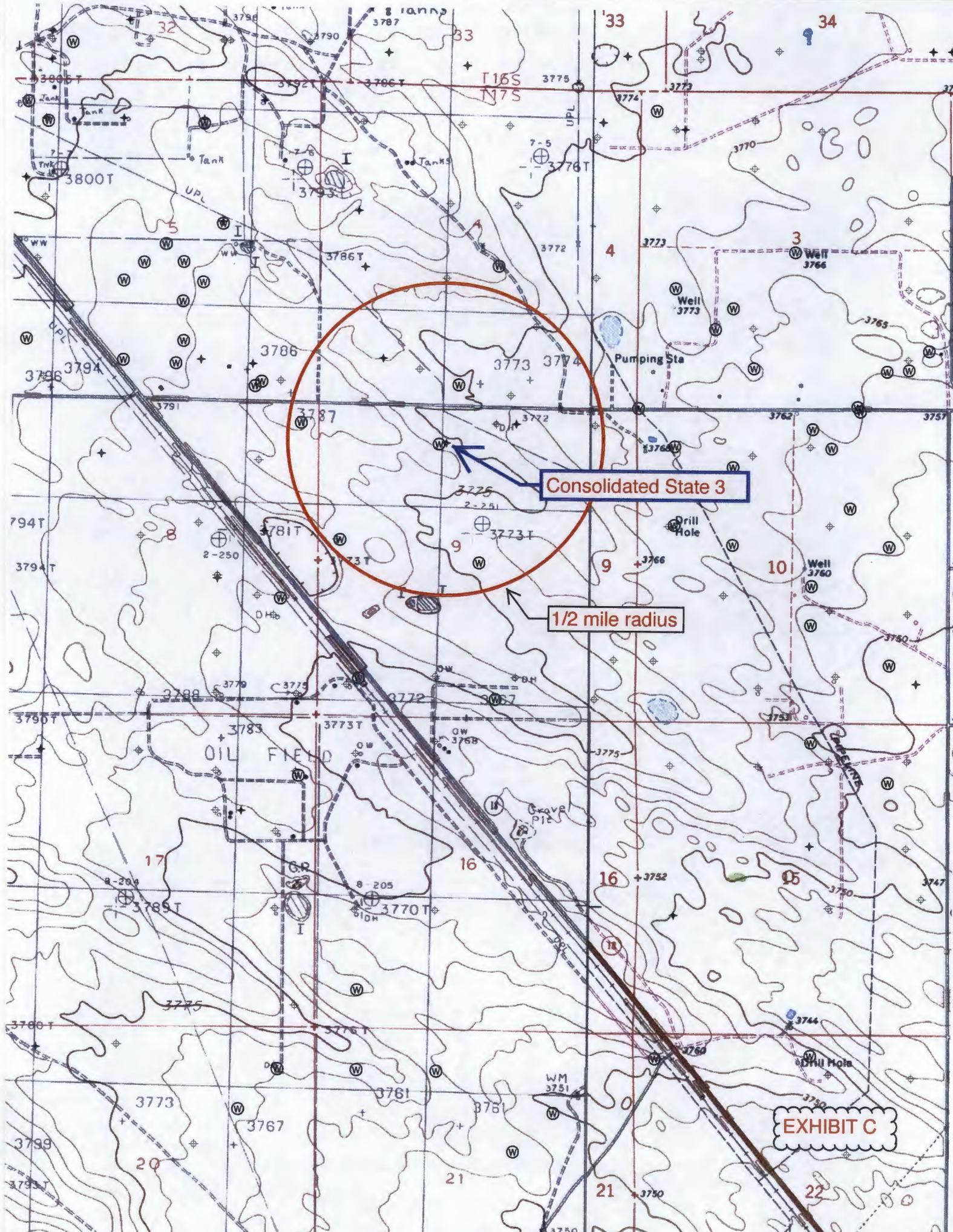
Net Pay was made by combining the structure map with the PhiH map and using the transition zone as the cutoff. Volumetric analysis to calculate Original Oil in Place (OOIP) was then calculated by plugging in the acreage (A), PhiH ($\phi \times$ Height), water saturation (S_{wi}) and the formation volume factor of oil (B_o).

$$OOIP = \frac{7758 \times A \times h \times \phi \times (1 - S_{wi})}{B_{oi}}$$

➤ Limitations to OOIP calculation

- Structure map created from seven data points extracted from log data. Without seismic, the actual configuration of the reservoir is less accurate and results in a large error to the OOIP calculation.
- A zero percent cutoff for OOIP was made at the transition zone, which will underestimate the OOIP. The transition zone which has OOIP, is very large due to the low porosity. Underestimating the OOIP is a more cautious approach.
- Davoil St # 1 creates a relic of no porosity to the SE, which is most likely incorrect in this shallow-water depositional system. The data point is honored, and probably creates an underestimation of OOIP.
- The Wristen on the NW shelf in New Mexico is described as a structural play and not a stratigraphic play. This indicates the porosity is more ubiquitous than the PhiH map on Midway Field indicates and thus the porosity is greater and the OOIP is greater.





Consolidated State 3

1/2 mile radius

EXHIBIT C

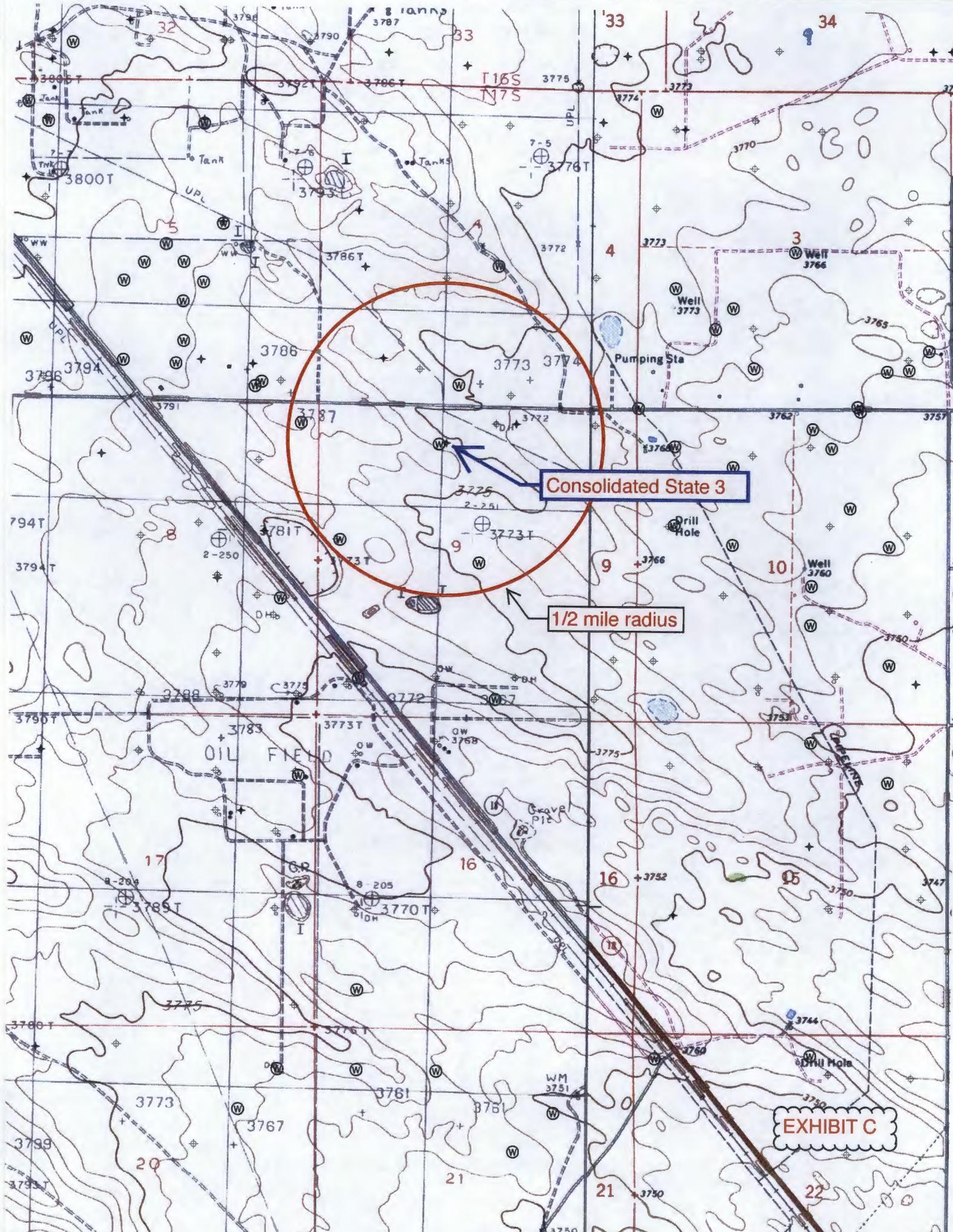
OIL FIELD

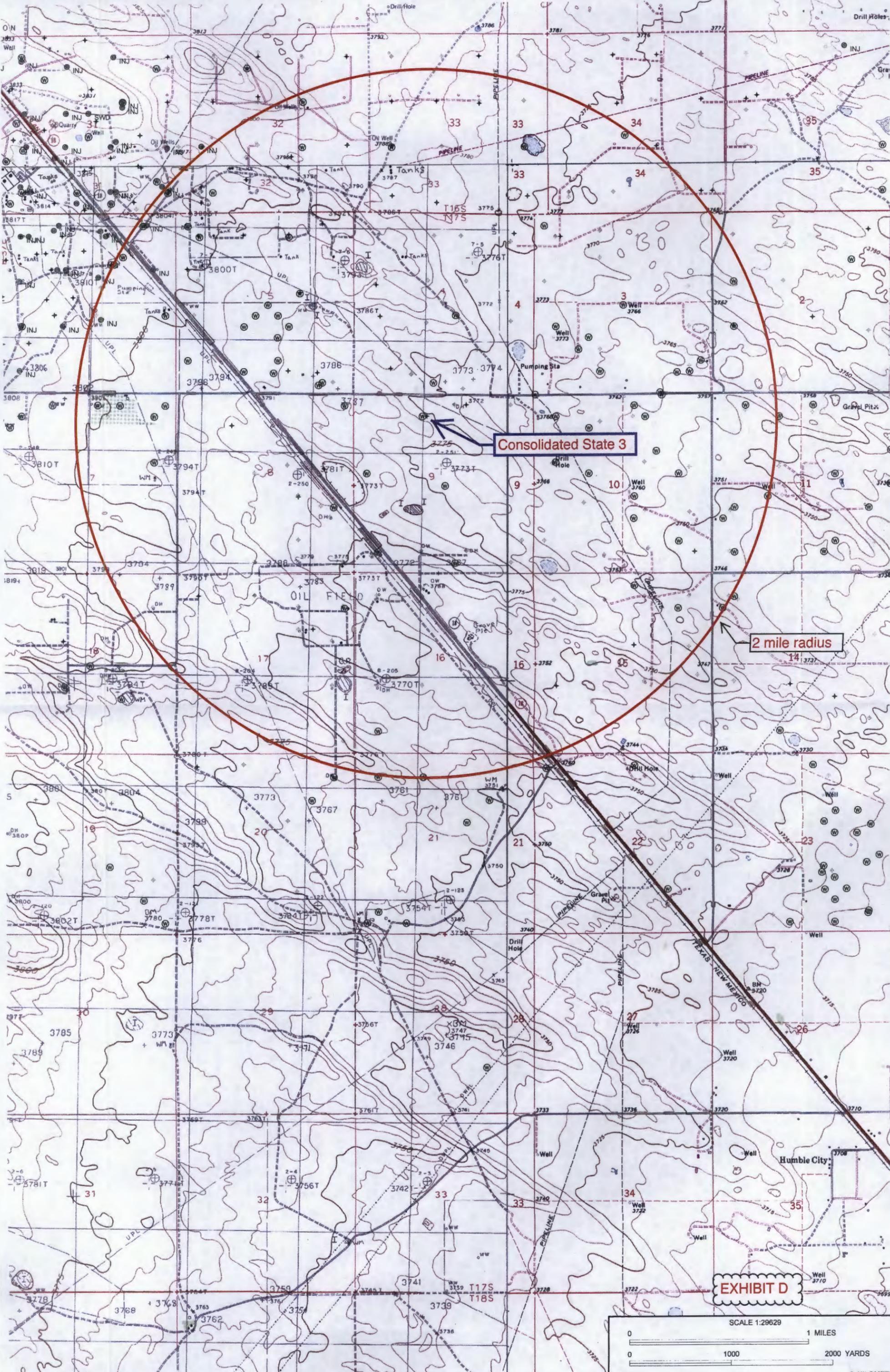
Pumping Sta

Drill Hole

Grave Pit

Drill Hole

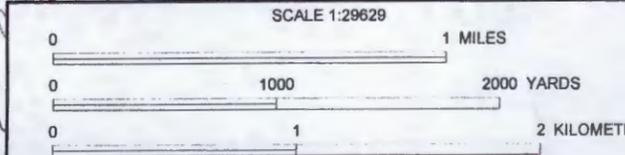


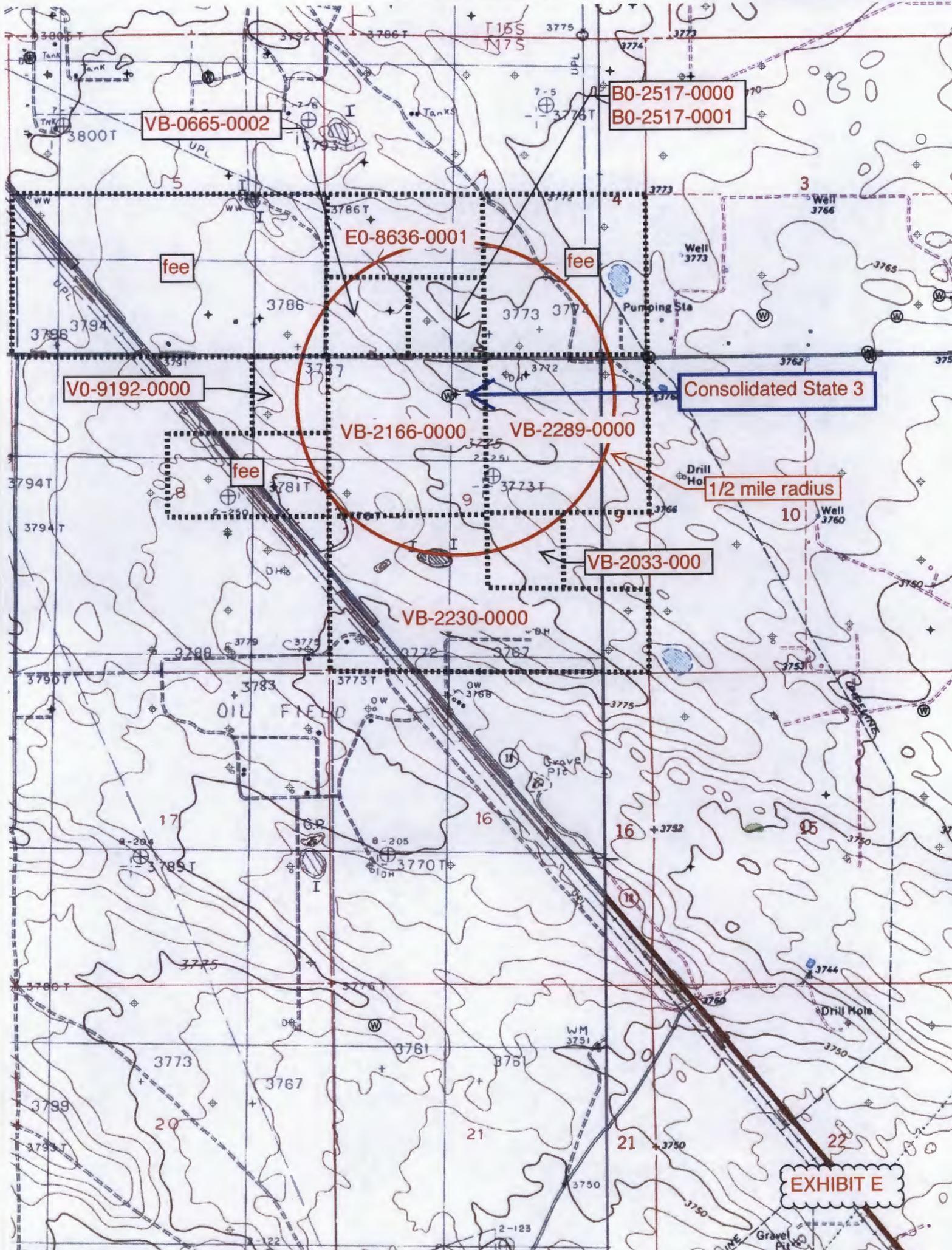


Consolidated State 3

2 mile radius

EXHIBIT D





VB-0665-0002

B0-2517-0000
B0-2517-0001

E0-8636-0001

fee

fee

V0-9192-0000

Consolidated State 3

VB-2166-0000

VB-2289-0000

1/2 mile radius

VB-2033-0000

VB-2230-0000

fee

EXHIBIT E



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

| POD Number | POD Sub-Code | basin | County | Q 64 | Q 16 | Q 4 | Sec | Tws | Ring | X | Y | Distance | Depth Well | Depth Water | Water Column | |
|----------------|--------------|-------|--------|------|------|-----|-----|-----|------|--------|----------|----------|------------|-------------|--------------|----|
| L 02327 | L | LE | | 2 | 1 | 09 | 17S | 37E | | 662941 | 3636532* | 43 | 120 | 32 | 88 | |
| L 11492 | L | LE | | 4 | 4 | 3 | 04 | 17S | 37E | 663034 | 3636834* | 303 | 225 | | | |
| L 05209 | L | LE | | | | | 09 | 17S | 37E | 663161 | 3635924* | 636 | 100 | 42 | 58 | |
| L 08401 | L | LE | | 3 | 3 | 1 | 09 | 17S | 37E | 662444 | 3636025* | 742 | 185 | 60 | 125 | |
| L 11894 POD1 ✓ | L | LE | | 2 | 2 | 2 | 08 | 17S | 37E | 662235 | 3636622* | 754 | 226 | | | |
| L 03158 | L | LE | | 1 | 1 | 4 | 04 | 17S | 37E | 663230 | 3637441* | 938 | 100 | 40 | 60 | |
| L 09365 | L | LE | | 3 | 4 | 4 | 05 | 17S | 37E | 662028 | 3636825* | 999 | 141 | 64 | 77 | |
| L 12208 POD1 ✓ | L | LE | | 1 | 1 | 1 | 10 | 17S | 37E | 663963 | 3636736 | 999 | 200 | | | |
| L 12034 POD1 ✓ | L | LE | | 3 | 4 | 4 | 05 | 17S | 37E | 661996 | 3636802 | 1023 | 160 | 70 | 90 | |
| L 09815 | L | LE | | 1 | 1 | 10 | 17S | 37E | | 664151 | 3636546* | 1167 | 150 | 65 | 85 | |
| L 05758 | L | LE | | 2 | 4 | 08 | 17S | 37E | | 662149 | 3635719* | 1167 | 110 | 50 | 60 | |
| L 05872 | L | LE | | 3 | 1 | 10 | 17S | 37E | | 664158 | 3636143* | 1237 | 155 | 50 | 105 | |
| L 05050 | L | LE | | 3 | 3 | 09 | 17S | 37E | | 662558 | 3635321* | 1286 | 100 | 43 | 57 | |
| L 05214 | L | LE | | 3 | 3 | 4 | 09 | 17S | 37E | 663264 | 3635229* | 1335 | 105 | 45 | 60 | |
| L 00650 | L | LE | | 1 | 3 | 03 | 17S | 37E | | 664136 | 3637350* | 1411 | 224 | 80 | 144 | |
| L 00650 | R | L | LE | 1 | 3 | 03 | 17S | 37E | | 664136 | 3637350* | 1411 | 224 | 80 | 144 | |
| L 13235 POD1 ✓ | L | LE | | 3 | 3 | 4 | 05 | 17S | 37E | 661591 | 3636903 | 1440 | 140 | 70 | 70 | |
| L 09581 | L | LE | | 1 | 3 | 4 | 05 | 17S | 37E | 661625 | 3637020* | 1442 | 130 | 70 | 60 | |
| L 10156 | L | LE | | 3 | 2 | 1 | 10 | 17S | 37E | 664453 | 3636450* | 1471 | 152 | | | |
| L 11644 | L | LE | | 1 | 4 | 05 | 17S | 37E | | 661720 | 3637324* | 1490 | 120 | 61 | 59 | |
| L 06946 | L | LE | | | | | 3 | 03 | 17S | 37E | 664345 | 3637149* | 1493 | 100 | 45 | 55 |
| L 09552 | L | LE | | 3 | 1 | 4 | 05 | 17S | 37E | 661619 | 3637223* | 1528 | 124 | 65 | 59 | |
| L 11197 | L | LE | | 3 | 1 | 4 | 05 | 17S | 37E | 661619 | 3637223* | 1528 | 158 | | | |
| L 11583 | L | LE | | 3 | 4 | 1 | 10 | 17S | 37E | 664460 | 3636047* | 1554 | 205 | | | |
| L 11614 | L | LE | | 3 | 4 | 1 | 10 | 17S | 37E | 664460 | 3636047* | 1554 | 199 | | | |
| L 11225 | L | LE | | 4 | 3 | 2 | 05 | 17S | 37E | 661812 | 3637625* | 1600 | 180 | 70 | 110 | |

*UTM location was derived from PLSS - see Help

(A CLW##### in the
 . POD suffix indicates the
 . POD has been replaced
 . & no longer serves a
 . water right file.)

(R=POD has
 been replaced,
 O=orphaned,
 C=the file is
 closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

| POD Number | POD Sub-Code | | | Q Q Q | | | X | Y | Distance | Depth | Depth | Water |
|------------|--------------|--------|----|-------|---|-----|---|---|----------|-------------------------|-------|---------|
| | basin | County | 64 | 16 | 4 | Sec | | | | Tws | Rng | Well |
| | | | | | | | | | | Average Depth to Water: | | 58 feet |
| | | | | | | | | | | Minimum Depth: | | 32 feet |
| | | | | | | | | | | Maximum Depth: | | 80 feet |

Record Count: 26

UTMNAD83 Radius Search (in meters):

Easting (X): 662984

Northing (Y): 3636535

Radius: 1610



Hall Environmental Analysis Laboratory, Inc.

CLIENT: Cobalt Energy

Client Sample ID: 1

Project: Cobalt SWQ

Collection Date: 6/24/2013 2:22:00 PM

Lab ID: 1306A51-001

Matrix: AQUEOUS

Received Date: 6/25/2013 1:15:00 PM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--------------------------------------------|--------|------|------|-------|----|----------------------|---------------------|
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: JRR |
| Chloride | 70 | 5.0 | | mg/L | 10 | 6/26/2013 6:10:06 PM | R11606 |
| EPA METHOD 1664A | | | | | | | Analyst: SMS |
| N-Hexane Extractable Material | ND | 5.3 | B | mg/L | 1 | 6/29/2013 | 8120 |
| SM2540C MOD: TOTAL DISSOLVED SOLIDS | | | | | | | Analyst: KS |
| Total Dissolved Solids | 457 | 20.0 | | mg/L | 1 | 6/28/2013 1:07:00 PM | 8138 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

- | | | | | |
|--------------------|---|--------------------------------------------|----|----------------------------------------------------|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH greater than 2 for VOA and TOC only. |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |

EXHIBIT G

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Cobalt Energy

Client Sample ID: 2

Project: Cobalt SWQ

Collection Date: 6/24/2013 2:25:00 PM

Lab ID: 1306A51-002

Matrix: AQUEOUS

Received Date: 6/25/2013 1:15:00 PM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--------------------------------------------|--------|------|------|-------|----|----------------------|---------------------|
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: JRR |
| Chloride | 72 | 5.0 | | mg/L | 10 | 6/26/2013 7:24:35 PM | R11606 |
| EPA METHOD 1664A | | | | | | | Analyst: SMS |
| N-Hexane Extractable Material | ND | 5.4 | B | mg/L | 1 | 6/29/2013 | 8120 |
| SM2540C MOD: TOTAL DISSOLVED SOLIDS | | | | | | | Analyst: KS |
| Total Dissolved Solids | 591 | 20.0 | * | mg/L | 1 | 6/28/2013 1:07:00 PM | 8138 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

- Qualifiers:**
- * Value exceeds Maximum Contaminant Level.
 - E Value above quantitation range
 - J Analyte detected below quantitation limits
 - O RSD is greater than RSDlimit
 - R RPD outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2 for VOA and TOC only
- RL Reporting Detection Limit

EXHIBIT G

Analytical Report

Lab Order 1306A51

Date Reported: 7/2/2013

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Cobalt Energy

Client Sample ID: 3

Project: Cobalt SWQ

Collection Date: 6/24/2013 2:30:00 PM

Lab ID: 1306A51-003

Matrix: AQUEOUS

Received Date: 6/25/2013 1:15:00 PM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--------------------------------------------|--------|------|------|-------|----|----------------------|---------------------|
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: JRR |
| Chloride | 34 | 5.0 | | mg/L | 10 | 6/26/2013 7:49:24 PM | R11606 |
| EPA METHOD 1664A | | | | | | | Analyst: SMS |
| N-Hexane Extractable Material | ND | 5.3 | B | mg/L | 1 | 6/29/2013 | 8120 |
| SM2540C MOD: TOTAL DISSOLVED SOLIDS | | | | | | | Analyst: KS |
| Total Dissolved Solids | 391 | 20.0 | | mg/L | 1 | 6/28/2013 1:07:00 PM | 8138 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

- Qualifiers:**
- * Value exceeds Maximum Contaminant Level.
 - E Value above quantitation range
 - J Analyte detected below quantitation limits
 - O RSD is greater than RSDlimit
 - R RPD outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2 for VOA and TOC only.
- RL Reporting Detection Limit

EXHIBIT G

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Cobalt Energy

Client Sample ID: 4

Project: Cobalt SWQ

Collection Date: 6/24/2013 2:33:00 PM

Lab ID: 1306A51-004

Matrix: AQUEOUS

Received Date: 6/25/2013 1:15:00 PM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--------------------------------------------|--------|------|------|-------|-----|----------------------|--------------|
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: JRR |
| Chloride | 190 | 50 | | mg/L | 100 | 6/26/2013 8:51:26 PM | R11606 |
| EPA METHOD 1664A | | | | | | | Analyst: SMS |
| N-Hexane Extractable Material | ND | 5.8 | B | mg/L | 1 | 6/29/2013 | 8120 |
| SM2540C MOD: TOTAL DISSOLVED SOLIDS | | | | | | | Analyst: KS |
| Total Dissolved Solids | 904 | 20.0 | * | mg/L | 1 | 6/28/2013 1:07:00 PM | 8138 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- O RSD is greater than RSDlimit
- R RPD outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2 for VOA and TOC only.
- RI Reporting Detection Limit

EXHIBIT G

Hall Environmental Analysis Laboratory, Inc.

Date: 09-Dec-11
Analytical Report

| | |
|---------------------------------------|------------------------------------------------|
| CLIENT: Permits West | Client Sample ID: Section 9 Water Well |
| Lab Order: 1111998 | Collection Date: 11/26/2011 11:50:00 AM |
| Project: Cobalt Consolidated 3 | Date Received: 11/29/2011 |
| Lab ID: 1111998-01 | Matrix: AQUEOUS |

| Analyses | Result | PQL | Qual | Units | DF | Date Analyzed |
|--------------------------------------------|--------|------|------|-------|----|----------------------|
| EPA METHOD 1664 | | | | | | Analyst: MAW |
| N-Hexane Extractable Material | ND | 5.0 | | mg/L | 1 | 12/6/2011 |
| SM2540C MOD: TOTAL DISSOLVED SOLIDS | | | | | | Analyst: KS |
| Total Dissolved Solids | 394 | 20.0 | | mg/L | 1 | 12/2/2011 4:02:00 PM |

Qualifiers:

| | |
|----------------------------------------------|------------------------------------------------------|
| * Value exceeds Maximum Contaminant Level | B Analyte detected in the associated Method Blank |
| E Estimated value | H Holding times for preparation or analysis exceeded |
| J Analyte detected below quantitation limits | MCL Maximum Contaminant Level |
| NC Non-Chlorinated | ND Not Detected at the Reporting Limit |
| PQL Practical Quantitation Limit | S Spike recovery outside accepted recovery limits |

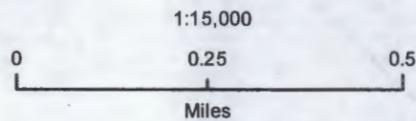
EXHIBIT G

Cobalt Operating LLC

Proposed Proposed Warren #1 Salt Water Disposal Well

Sections 8 & 9, Town 17S, Range 37E
Lea County, New Mexico

-  Domestic Well
-  Municipal Well
-  Sanitation Well
-  Livestock Watering Well
-  Farm Well (dairy)
-  Irrigation Well
-  Prospecting or Exploratory Well
-  Monitoring Well
-  Unknown or Abandoned Well



NAD 1927 New Mexico State Plane East
FIPS 3001 Feet



Prepared by Permits West, Inc., June 14, 2013
for Cobalt Operating, LLC

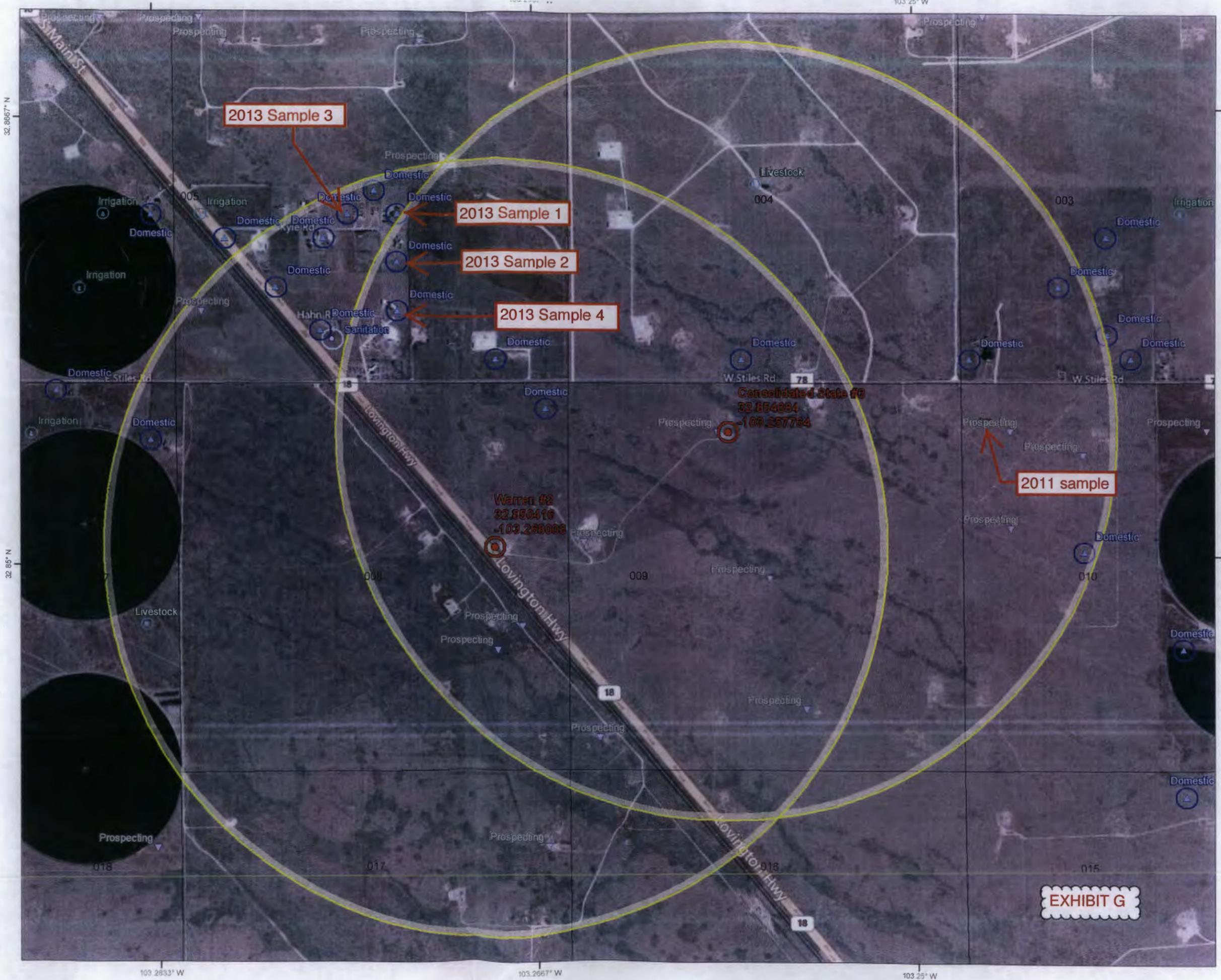


EXHIBIT G



Geologic Hazards Science Center

EHP Quaternary Faults

Search for fault: Select a state or region map:

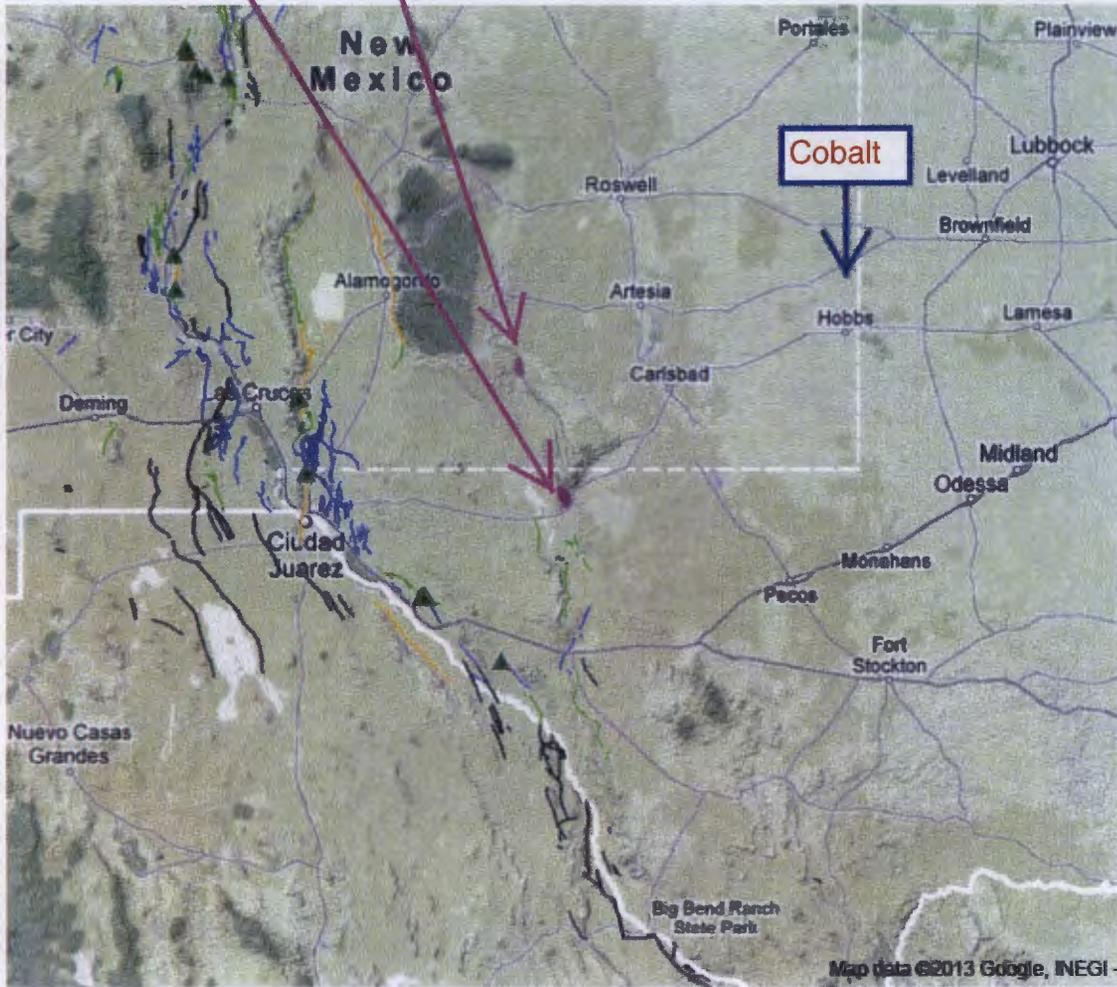


EXHIBIT H

PERMITS WEST .INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

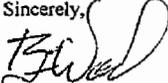
Cindy A. Pfister
 4 Ridgeman Ct.
 Midland TX 79705

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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 SM | |
| CERTIFIED MAIL SM RECEIPT | |
| (Domestic Mail Only; No Insurance Coverage Provided) | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| Postage \$ | |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.12 |
| Sent To | Cindy A. Pfister |
| Street, Apt. No. or PO Box No. | |
| City, State, ZIP+4 | |
| PS Form 3800, August 2005 | See Reverse for Instructions |

PERMITS WEST .INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

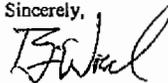
Dakota Resources, Inc.
 4914 N. Midkiff
 Midland TX 79705

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
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Please call me if you have any questions.

Sincerely,

 Brian Wood

| | |
|------------------------------------------------------------|------------------------------|
| U.S. Postal Service SM | |
| CERTIFIED MAIL SM RECEIPT | |
| (Domestic Mail Only; No Insurance Coverage Provided) | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| Postage \$ | |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.12 |
| Sent To | Dakota Resources |
| Street, Apt. No. or PO Box No. | |
| City, State, ZIP+4 | |
| PS Form 3800, August 2005 | See Reverse for Instructions |

EXHIBIT I

July 23, 2013

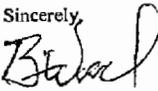
Warren Schneider
 115 W. Laurelhurst Circle
 The Woodlands TX 77382

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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Sent to: Warren Schneider
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 City, State, ZIP+4

PS Form 3820, August 2008 See Reverse for Instructions

July 23, 2013

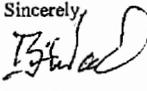
Mary Gay Rulla
 271 CO RD 563
 Brownwood TX 76801

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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Sent to: Mary Gay Rulla
 Street, Apt., P.O. or PO Box No.
 City, State, ZIP+4

PS Form 3820, August 2008 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Sandra A. Matejek
 1323 Waterside Dr.
 Dallas TX 75218

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

Brian Wood

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| Total Postage & Fees | \$ 7.17 |

Sent To: Sandra A. Matejek
 Street, Apt. No. or PO Box No.:
 City, State, ZIP+4

PC Form 3849, August 2008 See Reverse for Instructions

July 23, 2013

Claudia D. Wilbourn
 12 Stutz Ct.
 Midland TX 79705

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

Brian Wood

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| Total Postage & Fees | \$ 7.17 |

Sent To: Claudia D. Wilbourn
 Street, Apt. No. or PO Box No.:
 City, State, ZIP+4

PC Form 3849, August 2008 See Reverse for Instructions

EXHIBIT I

July 23, 2013

B.D. Davis, Jr.
 2505 Ella Lee Lane, Houston
 Houston TX 7701-6312

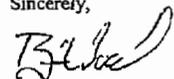
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

7013 0100 0001 8713 1896

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| Total Postage & Fees | \$ 7.17 |

Sent to: B.D. DAVIS, JR.
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

Postmark: JUL 25 2013 57552

July 23, 2013

Pacific Natural Resources, LLC
 2505 Ella Lee Lane, Houston
 Houston TX 7701-6312

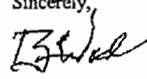
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

2091 1718 1000 0090 8702

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Sent to: PACIFIC NATURAL RESOURCES
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

Postmark: JUL 23 2013 87552

EXHIBIT I

July 23, 2013

Foundation Income Asset Management
 P.O. Box 3627
 Tulsa OK 74101

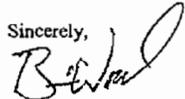
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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| Sent to: Foundation Income Asset Mgmt. | |
| Street, Apt. No., or PO Box No. | |
| City, State, ZIP+4 | |
| PS Form 3830, August 2008 | See Reverse for Instructions |

July 23, 2013

Wright Capital Corp.
 500 Chestnut St, Suite 1300
 Abilene TX 79602

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.17 |
| Sent to: Wright Capital Corp. | |
| Street, Apt. No., or PO Box No. | |
| City, State, ZIP+4 | |
| PS Form 3830, August 2008 | See Reverse for Instructions |

EXHIBIT I

July 23, 2013

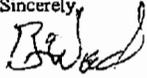
Paul King
 UP Holder Reporting Section P.O. Box 12019
 Austin TX 78711-2019

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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Sent to Paul King
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

July 23, 2013

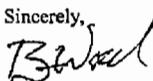
Elizabeth F. Myers
 14001 W. 92nd St., #303
 Lenexa KS 66215

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Teal Royalties LLC
 P.O. Box 660082
 Dallas TX 75266-0082

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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,

B Wood
 Brian Wood

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| Total Postage & Fees | \$ | 7.17 |

Postmark: JUL 25 2013
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 87552

Sent To: Teal Royalties
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2005 See Reverse for Instructions

July 23, 2013

Barbara Sue Brady Schmidt
 401 Bay Hill Dr.
 Newport Beach CA 92660

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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,

B Wood
 Brian Wood

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| Return Receipt Fee (Endorsement Required) | | |
| Restricted Delivery Fee (Endorsement Required) | | |
| Total Postage & Fees | \$ | 7.17 |

Postmark: JUL 25 2013
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 87552

Sent To: Barbara Sue Brady Schmidt
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2005 See Reverse for Instructions

EXHIBIT I

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

July 23, 2013

Round Hill Royalty Ltd. Partnership
P.O. Box 25128
Dallas TX 75225

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

7013 0600 0001 8711 1541

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| Return Receipt Fee (Endorsement Required) | JUL 25 2013 |
| Restricted Delivery Fee (Endorsement Required) | 57552 |
| Total Postage & Fees \$ 7.17 | |
| Sent to Round Hill Royalty Street, Apt. No. or PO Box No. City, State, ZIP+4 | |
| PS Form 3800, August 2008 | See Reverse for Instructions |

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

July 23, 2013

Mary Debora Brady
1804 Lake Crest Ln
Plano TX 75023-7442

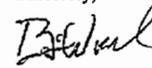
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

7013 0600 0001 8711 1541

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EXHIBIT I

July 23, 2013

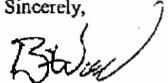
Avis K. Miller
 P.O. Box One
 Tulsa OK 74193

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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July 23, 2013

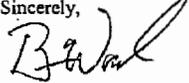
Barbara Jane Dewey
 11006 Oregon Curve
 Bloomington MN 55438

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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PS Form 3800, August 2009 See Reverse for Instructions

EXHIBIT I

July 23, 2013

William F. Martin
 P.O. Box One
 Tulsa OK 74103

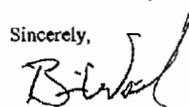
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) **TD = 12,700'**
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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July 23, 2013

Francesca R. Miller
 908 Forham Dr.
 Davis CA 95616

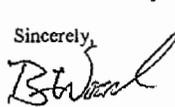
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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EXHIBIT I

July 23, 2013

William K. Warren Foundation
 P.O. Box 470372
 Tulsa OK 74147-0372

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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July 23, 2013

Brady Family Trust
 P.O. Box 3039
 Fayetteville AR 7202-3039

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,



Brian Wood

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EXHIBIT I

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

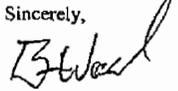
Dorchester Minerals OK LP
 3838 Oak Lawn, Suite 300
 Dallas TX 75219-4541

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

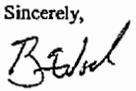
Richard Wright Martin
 1905 #3 Fairlawn
 Austin TX 78704

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

 Brian Wood

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| Sent to: <u>Richard Wright Martin</u> | |
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EXHIBIT I

July 23, 2013

Kirby Minerals
 101 N. Robinson No. 10000
 Oklahoma City OK 73102-5514

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

Brian Wood
 Brian Wood

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PS Form 3826, August 2008 See Reverse for Instructions

July 23, 2013

Mary Louise Brady
 37 Scarborough Rd.
 Manchester CT 00604

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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
 Brian Wood

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Sent to: **Mary Louise Brady**
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EXHIBIT I

July 23, 2013

F. Bennett Watts
 1110 N. Henness Rd. #685
 Casa Grande AZ 85122

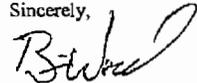
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Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,



Brian Wood

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Send To: F. Bennett Watts
 Street, Apt. No. or PO Box No.
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July 23, 2013

Josephsol Rudy Trustee
 22499 Imperial Valley Dr.
 Houston TX 77073-1173

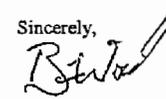
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Applicant Name: Cobalt Operating, LLC (432) 682-8686
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Please call me if you have any questions.

Sincerely,



Brian Wood

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| Total Postage & Fees | \$ | 7.17 |

Postmark: JUL 25 2013 87554

Send To: Josephsol Rudy Trustee
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2013 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Whitmire Companies, LLC
 P.O. Box 3326
 Tulsa OK 74101-3326

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submital Information: Application for a saltwater 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

Brian Wood

7013 0600 0001 8711 1558

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PS Form 3800, August 2008 See Reverse for Instructions

July 23, 2013

Rachel Joan Brady Garrett
 616 Woolf Court
 Rochelle IL 61068

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submital Information: Application for a saltwater 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

Brian Wood

9480 TL78 1000 0090 E102

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| Total Postage & Fees | \$ | 7.17 |

RECOS NM
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Sent To: Rachel Joan Brady Garrett
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2008 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Nantucket Resources Group, LC
 P.O. Box 2101
 Midland TX 79702

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater disposal well will be filed with the NM Oil Conservation Division (NMOCDD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCDD 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

Brian Wood

7033 0600 0001 8710 1527

| | |
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| PS Form 3800, August 2008 See Reverse for Instructions | |

7033 0600 0001 8710 8046

July 23, 2013

Mary W. Martin
 4333 Silver Moss Dr. #201
 Vero Beach FL 32963-3434

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater disposal well will be filed with the NM Oil Conservation Division (NMOCDD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCDD 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

Brian Wood

7033 0600 0001 8710 8046

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| Total Postage & Fees | \$ 7.17 |
| Sent to: Mary W. Martin Street Apt. No. or PO Box No. City, State, ZIP+4 | |
| PS Form 3800, August 2008 See Reverse for Instructions | |

EXHIBIT I

July 23, 2013

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

Dear Nick,

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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.

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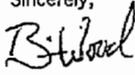
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Postmark: JUL 25 2013
 87508

Sent to: **NMSLO**
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2008 See Reverse for Instructions

Sincerely,

 Brian Wood

July 23, 2013

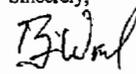
Condor Power Company, LLC
 2505 Ella Lee Lane
 Houston TX 77019-6312

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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| Total Postage & Fees | \$ | 7.17 |

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 87508

Sent to: **Condor Power Company**
 Street, Apt. No. or PO Box No.
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PS Form 3800, August 2008 See Reverse for Instructions

EXHIBIT I

July 23, 2013

The Trust Humble
 35421 Kanis Rd.
 Paron AR 72122

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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
 Brian Wood

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Sent To: The Trust Humble
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3820, August 2005 See Reverse for Instructions

July 23, 2013

Douglas H. Smith
 3953 Meadowbrook Rd.
 St. Louis Park MN 55426

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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
 Brian Wood

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 Total Postage & Fees \$ 7.11

Sent To: Douglas H. Smith
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3820, August 2005 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Tritium Resources, LLC
 3001 N. Big Spring St., Suite 207
 Midland TX 79705

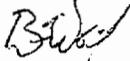
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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 JUL 25 2013
 57552

Sent To: Tritium Resources
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

July 23, 2013

Yates Petroleum Corporation
 105 South 4th St.
 Artesia NM 88210

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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Sent To: Yates Petroleum
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT I

July 23, 2013

CBR Oil Properties, LLC
 P.O. Box 1518
 Roswell NM 88202-1518

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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,

B. Wood
 Brian Wood

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| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.17 |
| Sent to: <u>CBR Oil Properties</u> | |
| Street, Apt. No. or PO Box No. | |
| City, State, ZIP+4 | |
| PS Form 3800, August 2006 | See Reverse for Instructions |

July 23, 2013

Texland Petroleum
 777 Main St., Suite 3200
 Fort Worth TX 76102

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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,

B. Wood
 Brian Wood

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| Postage \$ | |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.17 |
| Sent to: <u>Texland Petroleum</u> | |
| Street, Apt. No. or PO Box No. | |
| City, State, ZIP+4 | |
| PS Form 3800, August 2006 | See Reverse for Instructions |

EXHIBIT I

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 468-8120

July 23, 2013

Chesapeake Operating, Inc.
 P.O. Box 18496
 Oklahoma City OK 73154

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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
 Brian Wood

U.S. Postal ServiceSM
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| Certified Fee | | |
| Return Receipt Fee (Endorsement Required) | | |
| Restricted Delivery Fee (Endorsement Required) | | |
| Total Postage & Fees | | \$ 7.17 |

Send To: Chesapeake Operating
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

US Form 3800 August 2009 See Reverse for Instructions

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 468-8120

July 23, 2013

Monte Vista Exploration Company, Inc.
 P.O. Box 345
 Albuquerque NM 87103

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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
 Brian Wood

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| Certified Fee | | |
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| Restricted Delivery Fee (Endorsement Required) | | |
| Total Postage & Fees | | \$ 7.17 |

Send To: Monte Vista Exploration
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

EXHIBIT I

July 23, 2013

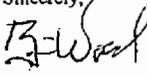
Enduro Operating, LLC
 777 Main St., Suite 800
 Fort Worth TX 76102

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

7013 0600 0001 8711 1257

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PS Form 3800, August 2008 See Reverse for Instructions

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July 23, 2013

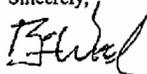
Chevron USA Inc.
 P.O. Box 2100
 Houston TX 77252

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

7013 0600 0001 8711 1257

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PS Form 3800, August 2008 See Reverse for Instructions

JUL 25 2013
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EXHIBIT I

July 23, 2013

Conoco Phillips Company
 3401 E. 30th St.
 Farmington NM 87402

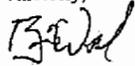
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
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Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

5275 0001 8711 3275

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| Total Postage & Fees | | \$7.17 |

Send To: Conoco Phillips Company
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 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

RECOS NM
 JUL 23 2013
 87552

July 23, 2013

Crown Oil Partners IV, LP
 P.O. Box 50820
 Midland TX 79701

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

5275 0001 8711 3275

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Send To: Crown Oil Partners IV
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RECOS NM
 JUL 23 2013
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EXHIBIT I

PERMITS WEST INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

Sue Ellen Shafer
 1704 Bonita Drive
 Knoxville TN 37918

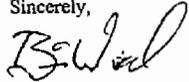
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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Sent To: Sue Ellen Shafer
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 City, State, ZIP+4

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PERMITS WEST INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

Condor Power Company, LLC
 2505 Ella Lee Lane
 Houston TX 77019-6312

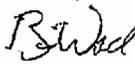
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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 RECOS NM
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Sent To: Condor Power
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 City, State, ZIP+4

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EXHIBIT I

July 23, 2013

Yesco Energy, LLC
 249-8 Yongdap-dong Sungdong-gu
 Seoul South Korea 133-851

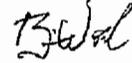
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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 City, State, ZIP+4

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July 23, 2013

Tritium Resources
 3001 N Big Spring St. Ste 207
 Midland TX 79705

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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| Total Postage & Fees | \$ | 7.17 |

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Sent To: Tritium Resources
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EXHIBIT I

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

July 23, 2013

CBR Oil Properties, LLC
P.O. Box 1518
Roswell NM 88202-1518

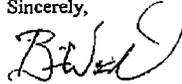
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Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,



Brian Wood

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Sent To: CBR Oil Properties
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City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

July 23, 2013

Sage Energy, Inc.
10600 S Road V
Manter KS 67862

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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Sent To: Sage Energy
Street, Apt. No. or PO Box No.
City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Pfiefer Energy Company, LLC
 480 Willow Dr.
 Pittsburgh PA 15243

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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
 Brian Wood

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PS Form 3800, August 2006 See Reverse for Instructions

July 23, 2013

Harvard Energy Partners, L.P.
 P.O. Box 936
 Roswell NM 88201

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

Brian Wood
 Brian Wood

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Sent To: Harvard Energy Partners
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 City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Stevens, Revocable Trust
 P.O. Box 3087
 Roswell NM 88202-3087

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater disposal well will be filed with the NM Oil Conservation Division (NMOCDD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCDD 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
 Brian Wood

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Sent to: STEVENS REVOCABLE TRUST
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

July 23, 2013

Lamar B. Roemer, PHD
 35 N. Wyden Dr.
 Houston TX 77056

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

Lamar B. Roemer
 Brian Wood

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PS Form 3800, August 2009 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Lauren Corporation
 P.O. Box 27830
 Denver CO 80227

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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
 Brian Wood

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PS Form 3800, August 2009 See Reverse for Instructions

RECOS NM
 JUL 23 2013
 87552

July 23, 2013

Lucinda Loveless
 P.O. Box 8
 Hondo NM 88336-0008

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

Brian Wood
 Brian Wood

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| Total Postage & Fees | \$ | 7.17 |

Sent To: Lucinda Loveless
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PS Form 3800, August 2009 See Reverse for Instructions

RECOS NM
 JUL 23 2013
 87552

EXHIBIT I

July 23, 2013

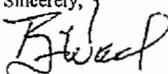
Davoil, Inc.
 P.O. BOX 122269
 Fort Worth TX 76121-2262

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

7013 0600 0001 8711 1299

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Sent to Davoil, Inc.
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PS Form 3800, August 2003 See Reverse for Instructions

July 23, 2013

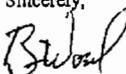
Susan Dee Bergfeld
 2001 South Donnybrook
 Tyler TX 75701

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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PS Form 3800, August 2003 See Reverse for Instructions

EXHIBIT I

PERMITS WEST INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

Martin Oil & Gas Investments, LLC
 9404 Kisoba Terrace
 Austin TX 78749

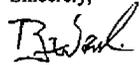
Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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Sent to: Martin Oil & Gas Investments
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 City, State, ZIP+4

PS Form 3800, August 2008 See Reverse for Instructions

PERMITS WEST INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, NM 87508 (505) 466-8120

July 23, 2013

Kent R. Ellison
 1015 Walts Ave.
 Sioux Falls SD 57104

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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Sent to: Kent R. Ellison
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2008 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Carolyn Loveless Schlicher
 P.O. Box 606
 Roswell NM 88202-0606

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) **TD = 12,700'**
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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| Sent to | Carolyn Loveless Schlicher |
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JUL 23 2013
87505

July 23, 2013

John F. Sheridan
 151 South Birch St.
 Denver CO 80246-1016

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) **TD = 12,700'**
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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| Sent to | John F. Sheridan |
| Street, Apt. No., or PO Box No. | |
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EXHIBIT I

July 23, 2013

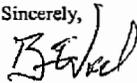
Wilfred W. Martin Jr, Resid Trust
 P.O. Box 99084
 Fort Worth TX 76113-9974

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

 Brian Wood

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To: Wilfred W. Martin Jr, Resid Trust
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2012 See Reverse for Instructions

July 23, 2013

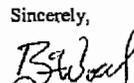
Miller Oil & Gas Assets II, LC
 P.O. Box 3193
 Englewood CO 80155

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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

PS Form 3800, August 2012 See Reverse for Instructions

EXHIBIT I

July 23, 2013

Judy Meadows
 3721 E. Dahlia Drive
 Phoenix AZ 85032

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

Brian Wood

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Send To:
 Judy Meadows
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

July 23, 2013

Ralph R. Laforge
 HC 65 Box 27
 Alpine TX 79830

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

Brian Wood

Brian Wood

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| Total Postage & Fees | \$ | 7.17 |

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Send To:
 Ralph R. Laforge
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

EXHIBIT I

July 23, 2013

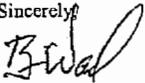
David A. Remus
 2 Conway Circle
 Duluth MN 55701

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

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Please call me if you have any questions.

Sincerely,

 Brian Wood

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Sent to: David A. Remus
 Street, Apt. No. or PO Box No.
 City, State, ZIP+4

PS Form 3800, August 2008 See Reverse for Instructions

July 23, 2013

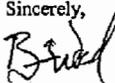
Myron W. Gunnels
 2903 W. Golf Course Rd.
 Midland TX 79701-2910

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) ID = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submittal Information: Application for a saltwater 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

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PS Form 3800, August 2008 See Reverse for Instructions

EXHIBIT I

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

July 23, 2013

Tom & Mary Berlin
#6 Prism Cove Pl.
The Woodlands TX 77381

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM
Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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| Total Postage & Fees | \$ | 7.77 |

Postmark: JUL 25 2013
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Sent to: Tom & Mary Berlin
Street, Apt. No. or PO Box No.
City, State, ZIP+4

PS Form 3800, August 2009 See Reverse for Instructions

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

July 23, 2013

Kristin Wilbourn
12 Stutz Ct.
Midland TX 79705

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a saltwater disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed saltwater disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Consolidated State 3 (state lease) TD = 12,700'
Proposed Injection Zone: Devonian (from 11,800' to 12,700')
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Approximate Location: ≈8 air miles southeast of Lovington, NM
Applicant Name: Cobalt Operating, LLC (432) 682-8686
Applicant's Address: 3001 North Big Spring, Suite 207, Midland TX 79705

Submission Information: Application for a saltwater 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

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| Restricted Delivery Fee (Endorsement Required) | | |
| Total Postage & Fees | \$ | 7.77 |

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Sent to: Kristin Wilbourn
Street, Apt. No. or PO Box No.
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PS Form 3800, August 2009 See Reverse for Instructions

EXHIBIT I

Affidavit of Publication

State of New Mexico,
County of Lea.

I, DANIEL RUSSELL
PUBLISHER

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

of 1 issue(s).

Beginning with the issue dated
June 18, 2013
and ending with the issue dated
June 18, 2013



PUBLISHER

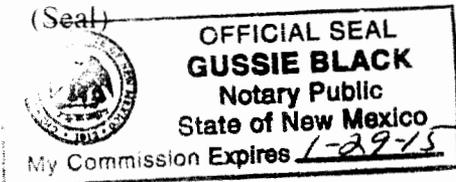
Sworn and subscribed to before me
this 18th day of
June, 2013



Notary Public

My commission expires
January 29, 2015

(Seal)



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



Legal Notice
June 18, 2013

Cobalt Operating, LLC is applying to convert the Consolidated State #3 to a saltwater disposal well. Disposal will be into the Devonian (11,681' - 12,700'). The well is located 8 miles southeast of Lovington at 660 FNL & 2128 FWL Sec. 9, T. 17 S., R. 37 E., Lea County. Maximum disposal rate will be 2,000 bwpd. Maximum injection pressure will be 2,336 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.
#28221

02108485

00116654

BRIAN WOOD
PERMITS WEST
37 VERANO LOOP
SANTA FE, NM 87508





C-108 Review Checklist: Received 07/25/13 Add. Request: — Reply Date: — Suspended: — [Ver 8]

Issued Permit: WFX / PMX / SWD Number: 1438 Permit Date: 09/23/13 Legacy Permits/Orders: * R-13569

Well No. 3 Well Name(s): Consolidated State

API: 30-0 25-29711 Spud Date: 07/15/86 New or Old: N (UIC Class II Primacy 03/07/1982)

Footages 660 FNL / 2128 FWL Lot — Unit C Sec 9 Tsp 17S Rge 37E County Lea

General Location: ~10 miles SE of Lovington Pool: Strawn SWD: San Andres Pool No.: Shipp, Strawn

Operator: Colbalt Operating LLC OGRID: 286255 Contact: Brian Wood

COMPLIANCE RULE 5.9: Inactive Wells: 2 Total Wells: 7 Fincl Assur: Y Compl. Order? N IS 5.9 OK? Yes

Well File Reviewed Current Status: TA: two attempts to convert to SWD - once into San Andres perfs 02/22/12 (2012) then into Strawn [old perfs 10944-10960]

Well Diagrams: Proposed New Before Conversion After Conversion Are Elogs in Imaging?: Yes - CNL / Dual Ind. / Dipmeter

Planned Rehab Work to Well: Re-enter - squeeze SA perfs / deepen / liner w/ cmt to cover Strawn perfs

| Well Construction Details: | Sizes (in) Borehole / Pipe | Setting Depths (ft) | Cement Sx or Cf | Cement Top and Determination Method |
|-----------------------------------------------------------------------------------------------|-------------------------------|------------------------|--------------------|----------------------------------------|
| Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Cond | — | — | — | — |
| Planned <input type="checkbox"/> or Existing <input checked="" type="checkbox"/> Surface | 17 1/2 / 13 3/8 | 0 to 398 | 350 | Circ. to surface |
| Planned <input type="checkbox"/> or Existing <input checked="" type="checkbox"/> Interm/Prod | 12 1/4 / 8 5/8 | 0 to 4283 | 1650 | Circ. to surface |
| Planned <input type="checkbox"/> or Existing <input checked="" type="checkbox"/> Long SV/Prod | 7 7/8 / 5 1/2 | 0 to 11316 | 8423 | 1st: 650 / 2nd: 900 |
| Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Liner | 4 1/2 / 4 | 10,850 to 11,800 | — | (Calc.) |
| Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> OHY PERF | New drill to 12700 | 11,800 to 12,700 | Inj Length 900 | (Calc.) |

| Injection Stratigraphic Units: | Depths (ft) | Injection or Confining Units | Tops? |
|------------------------------------|-------------|---------------------------------|-------|
| Adjacent Unit: Litho. Struc. Por. | +770 | Strawn | 10934 |
| Confining Unit: Litho. Struc. Por. | +567 | Atoka Shale | 11080 |
| Proposed Inj Interval TOP: | 11800 | Devonian | 11233 |
| Proposed Inj Interval BOTTOM: | 12700 | Devonian | ? |
| Confining Unit: Litho. Struc. Por. | — | Russelman | ? |
| Adjacent Unit: Litho. Struc. Por. | — | Montoya | ? |

| Completion/Operation Details: | |
|-------------------------------|-----------------------------------------------------------------------|
| Drilled TD | 11300 PBDT 11261 |
| New TD | 12700 New PBDT NA |
| Open Hole | <input checked="" type="checkbox"/> or Perfs <input type="checkbox"/> |
| Trapping Size | Inter Coated? Yes |
| Proposed Packer Depth | 11700 - 11750 |
| Min. Packer Depth | 11700 (100-ft limit) |
| Proposed Max. Surface Press | 2360 |
| Admin Inj. Press | 2360 (0.2 psi per ft) |

AOR: Hydrologic and Geologic Information

POTASH: R-111-P Noticed? NA BLM Sec Ord WIPP Noticed? NA SALADO: T: 025 B: 2030 CLIFF HOUSE NA

Fresh Water: FW Formation Russelman/Chalk oil camp Max Depth 120 3000 ft Analysis? Y Hydrologic Affirm Statement

Disposal Fluid: Formation Source(s) Strawn & Bone Springs Analysis? Y On Lease Operator Only Commercial

Disposal Interval: Injection Rate (Avg/Max BWPD): 1500/2000 Protectable Waters: UK CAPITAN REEF: thru No adjacent No

H/C Potential: Producing Interval? Possible - below O/W contact Formerly Producing? No Method: E Log / Mudlog / DST / Depleted / Other Mudlog

AOR Wells: 1/2-M Radius Map? Yes Well List? Yes Total No. Wells Penetrating Interval: 0 Horizontals? 0

Penetrating Wells: No. Active Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

Penetrating Wells: No. P&A Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

NOTICE: Newspaper Date 06/18/13 Mineral Owner SLO Surface Owner SLO N. Date 07/23/13

RULE 26.7(A): Identified Tracts? Yes Affected Persons: Conoco Phillips / Chesapeake / Encino / Monte Vista / Chevron / Votec / Bakula / Crown / Texaco N. Date 07/23/13

Permit Conditions: Issues: Unknown form, water quality / cmt placement / unknown HC pot.

Add Permit Cond: 1 Salinity calculation from E-log 2 Mud log for injection interval