

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 _____

*Blue Sky
 30-005-60696
 Twin Lakes San
 Andres Unit #40*

[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

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[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>David Catanach</u> Print or Type Name	<u><i>David Catanach</i></u> Signature	<u>Agent for Blue Sky NM, Inc.</u> Title
<u>9/5/13</u> Date		<u>drcatanach@netscape.com</u> E-Mail Address

September 5, 2013

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

HAND DELIVERED

Re: Form C-108
Blue Sky NM, Inc.
Twin Lakes San Andres Unit No. 40
API No. 30-005-60696
Unit K, Section 31, T-8 South, R-29 East, NMPM,
Twin Lake-San Andres (Associated) Pool (61570)
Chaves County, New Mexico

Dear Ms. Bailey,

Enclosed please find a Division Form C-108 (Application for Authorization to Inject) to re-permit the Twin Lakes San Andres Unit Well No. 40 as a **produced water disposal well** within the Twin Lakes San Andres Unit.

Blue Sky NM, Inc. ("Blue Sky") recently assumed operatorship of the Twin Lakes San Andres Unit. The Twin Lakes San Andres Unit ("Unit Area") was statutorily unitized by Order No. R-8557 dated December 2, 1987. The Unit Area was permitted as a secondary recovery project by Division Order No. R-8611 dated March 11, 1988, and the project was subsequently expanded by Division Order No. R-8611-A dated September 8, 1998. Due to certain non-compliance events attributable to the previous operator of the Unit Area, the Division has recently terminated the injection authority for all injection wells within the project.

Blue Sky intends to re-permit injection wells within the Unit Area and resume secondary recovery operations in the near future. However, in order to commence production operations within the Unit Area, it is necessary to permit a produced water disposal well in order to facilitate the disposal of produced water. To that end, Blue Sky initially seeks authority to re-permit the Twin Lakes San Andres Unit Well No. 40 as a produced water disposal well as a starting point in this endeavor. Injection will occur into the San Andres formation through the perforated interval from 2,697 feet to 2,783 feet.

Extensive geologic and engineering evidence with regards to waterflooding the San Andres interval within the Unit Area were presented to the Division in Case No. 9210, which resulted in the issuance of Order No. R-8557, in Case No. 9211, which

Blue Sky NM, Inc.
Form C-108, Application for Authorization to Inject
Twin Lakes San Andres Unit No. 40
Page 2

resulted in the issuance of Order No. R-8611, and in Case No. 12023, which resulted in the issuance of Order No. R-8611-A. Due to the extensive geologic and engineering evidence previously presented to the Division with regards to injection within the Unit Area, Blue Sky respectfully requests that this application be processed administratively.

All the required information is enclosed. If additional information is needed, please contact me at (505) 690-9453.

Sincerely,



David Catanach
Agent for Blue Sky NM, Inc.
500 North Main Street
Suite 622
Roswell, New Mexico 88201

Xc: OCD-Artesia

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No
- II. OPERATOR: _____ Blue Sky NM, Inc. _____
ADDRESS: _____ 500 North Main Street, Suite 622 Roswell, New Mexico 88201 _____
CONTACT PARTY: _____ Mr. David Catanach-Agent for Blue Sky NM, Inc. _____ PHONE: _____ (505) 690-9453 _____
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes _____ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: _____ David Catanach _____ TITLE: _____ Agent for Blue Sky NM, Inc. _____

SIGNATURE: _____  _____ DATE: _____ 9/5/13 _____

E-MAIL ADDRESS: _____ drcatanach@netscape.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: Case No. 9211 9/9/1987; Case No. 12023 8/6/1998

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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.

C-108 Application
Blue Sky NM, Inc.
Twin Lakes San Andres Unit No. 40
Section 31, T-8S, R-29E, NMPM
Chaves County, New Mexico

- I. The purpose of the application is to request approval to re-permit the Twin Lakes San Andres Unit Well No. 40 (API No. 30-005-60696) located 1650' FSL & 1650' FWL (Unit K) of Section 31, T-8S, R-29E, NMPM, Chaves County, New Mexico as a produced water disposal well within the Twin Lakes San Andres Unit, Twin Lake-San Andres (Associated) Pool, Chaves County, New Mexico.
- II. Blue Sky NM, Inc. ("Blue Sky")
500 North Main Street, Suite 622
Roswell, New Mexico 88201
Contact Party: Mr. David Catanach (505) 690-9453
- III. Injection well data sheet and wellbore diagram for the Twin Lakes San Andres Unit Well No. 40 are attached showing the proposed wellbore configuration.
- IV. This is not an expansion of an existing project however, the Twin Lakes San Andres Unit ("Unit Area") was previously authorized for secondary recovery operations by Division Order No. R-8611 dated March 11, 1988. Due to certain non-compliance events by the previous operator, the Division has recently terminated the injection authority for all injection wells within the Unit Area.
- V. Enclosed is a map that identifies all wells within a ½ mile radius of the Twin Lakes San Andres Unit Well No. 40. This is the well's Area of Review ("AOR").
- VI. Attached are the well construction/plugging data for all wells within the AOR. An examination of AOR well data indicates that all wells are constructed and/or plugged in such a manner so as to confine the injected fluid to the proposed injection interval.
- VII.
 1. The proposed water injection rate is 2,000 BWPD, and the proposed maximum injection rate is 5,000 BWPD. If the average or maximum rates increase in the future, the Division will be notified.
 2. This will be a closed system.
 3. The initial injection pressure will be in compliance with the Division's authorized gradient of 0.2 psi/ft. to the top perforation, or 539 psi. The maximum authorized injection pressure will be determined by step rate injection test.
 4. Produced water from the Twin Lake-San Andres (Associated) Pool originating from wells within the Unit Area will be re-injected into the San

Andres formation within the subject injection well. A representative formation water analysis that was presented in Case No. 9211 is attached. Also attached is a water analysis from the Santa Rosa formation, which was used as a water source when waterflood operations within the Unit Area were initiated in 1988.

5. Injection is to occur into a formation that is oil productive.

VIII. Geologic Age:	Permian
Geologic Name:	San Andres (P1 & P2 Intervals)
Average Thickness:	59 Feet
Lithology:	Dolomite
Measured Depth:	2,527'-2,586'
USDW's:	Ogallala may be present at depths from 100'-200'

Attached is Net Pay Isopach Map of the P1 & P2 intervals of the San Andres formation within the Unit Area. Also attached is a geologic cross section showing the continuity of the pay intervals across the Unit Area. Both of these geologic exhibits were originally presented in Cases No. 9210 & 9211.

- IX. No stimulation is planned, however, should a stimulation treatment become necessary, then a 20% NEFE HCL treatment with the appropriate additives will be used.
- X. Logs were filed at the time of drilling.
- XI. Data obtained from the New Mexico State Engineer's Office indicates that there are no fresh water wells located within a one-mile radius of the Twin Lakes San Andres Unit No. 40.
- XII. Affirmative statement is enclosed.
- XIII. Proof of Notice is enclosed. The Twin Lakes San Andres Unit Well No. 40 and the ½-mile notice area are completely contained within the Twin Lakes San Andres Unit Area that is operated by Blue Sky (**See Attached Map**). Consequently, notice of this application is only required to be provided to the owner of the surface where the well is located. This party is identified as follows:

Mr. Bob Nunley
P.O. Box 308
Sabinal, Texas 78881

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" 4.7# J-55 Lining Material: Internally Plastic Coated

Type of Packer: Baker AD-1 Packer or Similar Type Injection Packer

Packer Setting Depth: 2,635' or within 100' of the uppermost injection perforations

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: Yes X No

If no, for what purpose was the well originally drilled: Well was originally drilled in July, 1980 as a producing well in the Twin Lake-San Andres (Associated) Pool.

2. Name of the Injection Formation: San Andres

3. Name of Field or Pool (if applicable): Twin Lake-San Andres (Associated) Pool (61570)

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.

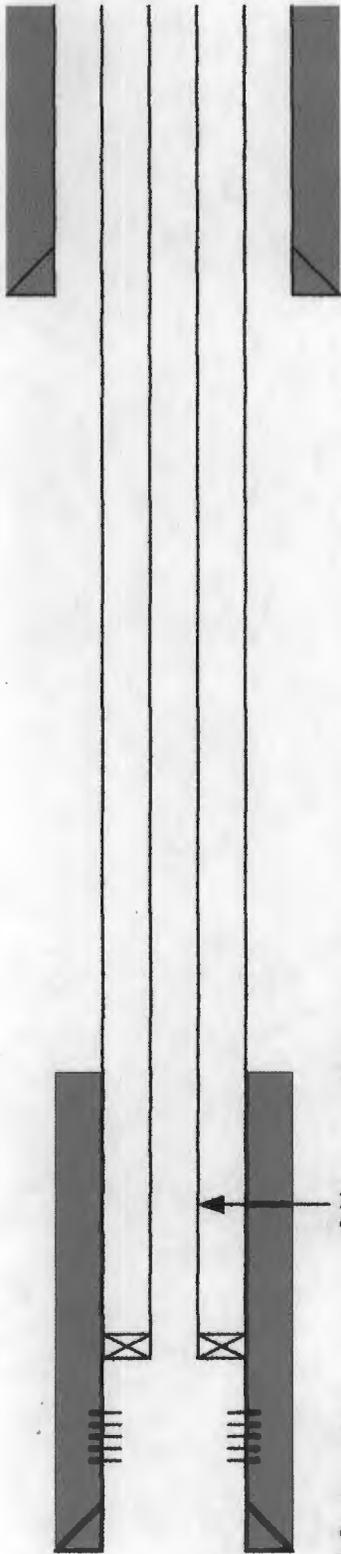
None

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

None

Proposed Wellbore Configuration

Blue Sky NM, Inc.
Twin Lakes San Andres Unit No. 40
API No. 30-005-60696
1650' FSL & 1650' FWL, Unit K
Section 31, T-8S, R-29E



**12 1/2" Hole; Set 8 5/8" J-55 24#
csg. @ 121' Cemented w/75 sx.
TOC @ Surface by Calc.**

Date Drilled: 7/80

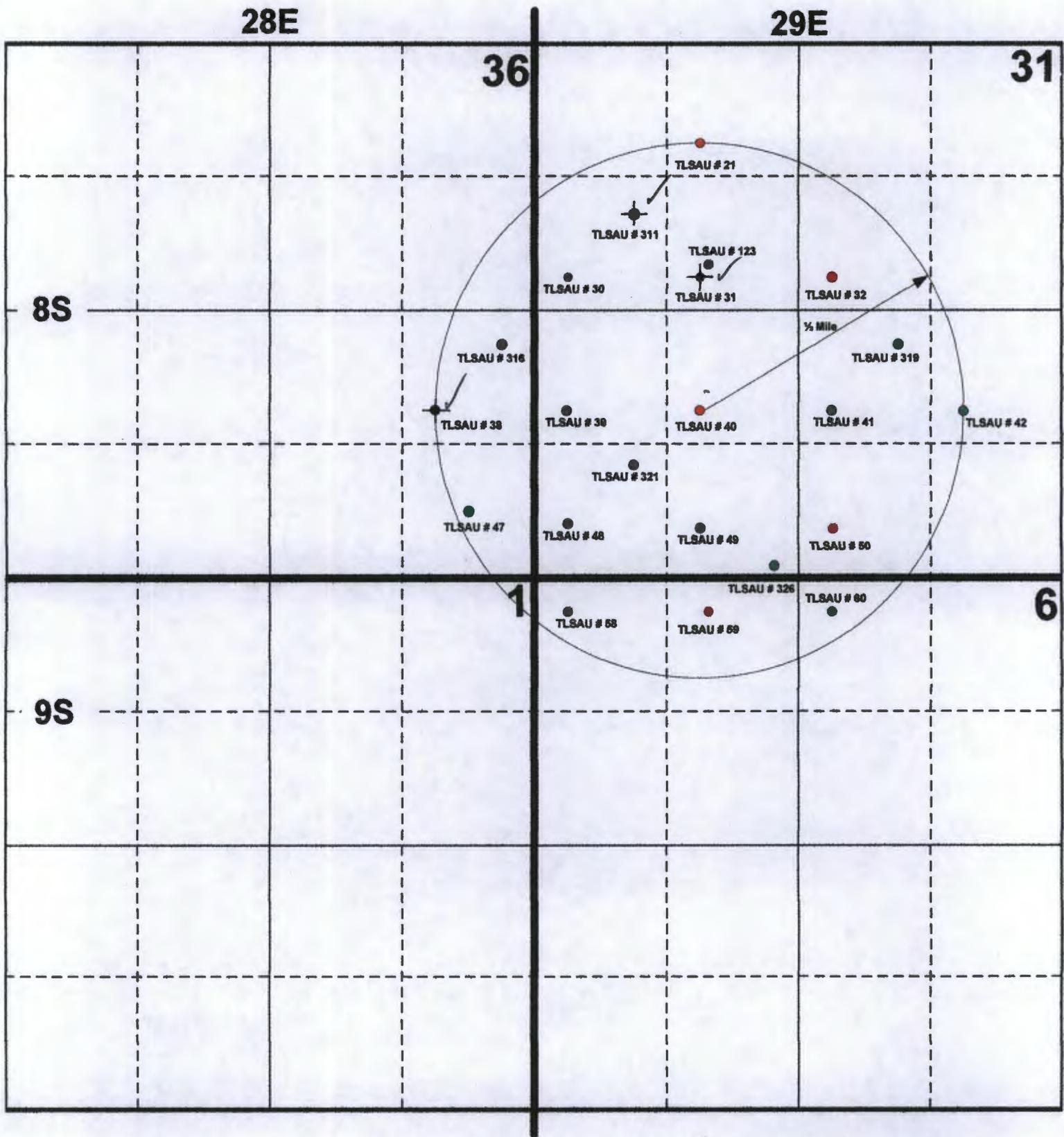
TOC @ 2,280' by Free Pipe Log

**2 3/8" 4.7# IPC Tubing set in a Baker AD-1 or Similar
Type Injection Packer @ 2,635'**

San Andres Injection Perforations: 2,697'-2,783'

**7 7/8" Hole; Set 4 1/2" J-55 9.5# csg. @ 2,900'
Cemented w/125 sx. TOC @ 2,280' determined by
Free Pipe Log.**

T.D. 2,900'



- Injection Well
(Cancelled Authority)
- Producing Well
- PA'd Well

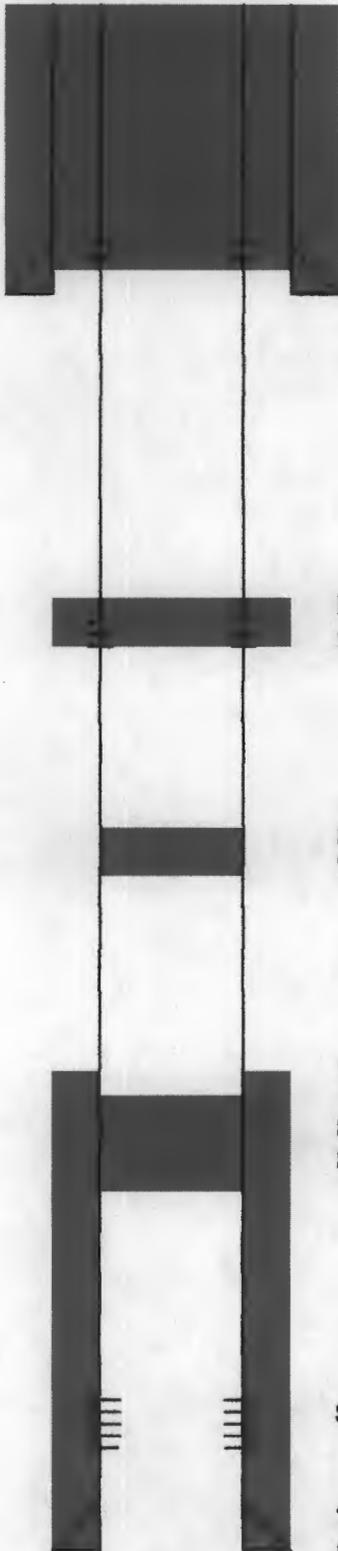
Blue Sky NM, Inc.
Form C-108:
Twin Lakes San Andres Unit # 40
1/2-Mile AOR Map

BLUE SKY NM, INC.
AREA OF REVIEW WELL DATA
FORM C-108: TWIN LAKES SAN ANDRES UNIT NO. 40

API NUMBER	OPERATOR	LEASE NAME	WELL NO.	WELL TYPE	STATUS	FTG. NO.	N/S	FTG. EM.	IS/W	UNIT	SEC.	TAMP.	RING.	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG. SIZE	SET AT	SK. CNT.	CMT. TOP	MTD.	HOLE SIZE	CSG. SIZE	SET AT	SK. CNT.	CMT. TOP	MTD.	COMPLETION	REMARKS
30-005-60595	Blue Sky NM, Inc.	Twin Lakes SA Unit	30	P	Active	2310'	N	330'	W	E	31	8S	29E	Oct-79	2,860'	12 1/2"	8 5/8"	128'	75	Surface	Circ.	7 7/8"	4 1/2"	2,860'	150	2,062'	Free Pipe Log	2,661'-2,839' Perf.	
30-005-60657	Blue Sky NM, Inc.	Twin Lakes SA Unit	39	P	Active	1650'	S	330'	W	L	31	8S	29E	Mar-80	2,870'	12 1/2"	8 5/8"	120'	75	Surface	Circ.	7 7/8"	4 1/2"	2,870'	125	2,353'	Calc.	2,656'-2,703' Perf.	
30-005-60658	Blue Sky NM, Inc.	Twin Lakes SA Unit	21	I	SI *	990'	N	1650'	W	C	31	8S	29E	Feb-80	2,907'	12 1/2"	8 5/8"	120'	75	Surface	Calc.	7 7/8"	4 1/2"	2,907'	125	2,378' *	Free Pipe Log	2,682'-2,719' Perf.	
* 4 1/2" casing perforated @ 2,350' & 2,000'. Squeeze cemented 4 1/2" casing @ 2,350' w/150 sx. TOC @ 1,922' by CBL.																													
30-005-60695	Energy Dev. Corp.	Twin Lakes SA Unit	31	P	PA	2310'	N	1650'	W	F	31	8S	29E	Jun-80	2,918'	12 1/2"	8 5/8"	122'	75	Surface	Calc.	7 7/8"	4 1/2"	2,918'	125	2,411'	Calc.	2,684'-2,725' Perf.	PA'd 3/91. Schematic Attached
30-005-60697	Blue Sky NM, Inc.	Twin Lakes SA Unit	48	P	Active	570'	S	330'	W	M	31	8S	29E	May-80	2,799'	12 1/2"	8 5/8"	119'	75	Surface	Calc.	7 7/8"	4 1/2"	2,799'	125	2,042'	CBL	2,661'-2,744' Perf.	
30-005-60767	Blue Sky NM, Inc.	Twin Lakes SA Unit	49	P	Active	560'	S	1650'	W	N	31	8S	29E	Sep-80	2,898'	12 1/2"	8 5/8"	80'	75	Surface	Calc.	7 7/8"	4 1/2"	2,989'	175	2,280'	Calc.	2,714'-2,731' Perf.	
30-005-60768	Blue Sky NM, Inc.	Twin Lakes SA Unit	41	P	Active	1650'	S	2310'	E	J	31	8S	29E	Sep-80	2,930'	12 1/2"	8 5/8"	80'	75	Surface	Calc.	7 7/8"	4 1/2"	2,930'	175	2,221'	Calc.	2,715'-2,795' Perf.	
30-005-60795	Blue Sky NM	Twin Lakes SA Unit	32	I	SI *	2310'	N	2310'	E	G	31	8S	29E	Oct-80	2,861'	12 1/2"	8 5/8"	80'	75	Surface	Calc.	7 7/8"	4 1/2"	2,861'	175	1,576' *	Free Pipe Log	2,709'-2,789' Perf.	
* 4 1/2" casing parted @ 1,321'. Squeeze cemented 4 1/2" casing @ 1,321' w/480 sx. cement. TOC @ 920' by CBL.																													
30-005-60796	Blue Sky NM, Inc.	Twin Lakes SA Unit	50	I	SI *	560'	S	2310'	E	O	31	8S	29E	Nov-80	2,888'	12 1/2"	8 5/8"	80'	75	Surface	Calc.	7 7/8"	4 1/2"	2,888'	200	2,020'	Free Pipe Log	2,736'-2,834' Perf.	
30-005-60802	Blue Sky NM, Inc.	Twin Lakes SA Unit	42	P	Active	1650'	S	990'	E	I	31	8S	29E	Oct-80	2,951'	12 1/2"	8 5/8"	132'	75	Surface	Calc.	7 7/8"	4 1/2"	2,951'	175	2,046'	Free Pipe Log	2,753'-2,834' Perf.	
30-005-62845	Blue Sky NM, Inc.	Twin Lakes SA Unit	123	P	Active	2237'	N	1679'	W	F	31	8S	29E	Apr-91	3,100'	12 1/4"	8 5/8"	561'	345	Surface	Circ.	7 7/8"	5 1/2"	3,096'	1015	Surface	Calc.	2,684'-2,761' Perf.	
30-005-63187	Blue Sky NM, Inc.	Twin Lakes SA Unit	319	P	Active	2310'	S	1650'	E	J	31	8S	29E	Jan-99	2,903'	12 1/4"	8 5/8"	116'	3 Yd.	Surface	Circ.	7 7/8"	5 1/2"	2,900'	975	Surface	Circ.	2,746'-2,796' Perf.	
30-005-63188	Blue Sky NM, Inc.	Twin Lakes SA Unit	321	P	Active	1110'	S	990'	W	M	31	8S	29E	Dec-98	2,816'	12 1/4"	8 5/8"	110'	3 Yd.	Surface	Circ.	7 7/8"	5 1/2"	2,814'	900	Surface	Circ.	2,670'-2,706' Perf.	
30-005-63189	Blue Sky NM, Inc.	Twin Lakes SA Unit	326	P	Active	110'	S	2410'	W	N	31	8S	29E	Nov-98	2,855'	12 1/4"	8 5/8"	118'	3 Yd.	Surface	Circ.	7 7/8"	5 1/2"	2,850'	900	Surface	Circ.	2,712'-2,756' Perf.	
30-005-63194	Concho Oil & Gas Corp.	Twin Lakes SA Unit	311	P	PA	1700'	N	990'	W	E	31	8S	29E	Jan-99	2,815'	12 1/4"	8 5/8"	110'	3 Yd.	Surface	Circ.	7 7/8"	5 1/2"	2,812'	965	Surface	Circ.	2,668'-2,708' Perf.	PA'd 12/01. Schematic Attached
30-005-60010	Blue Sky NM, Inc.	Twin Lakes SA Unit	47	P	Active	660'	S	660'	E	P	36	8S	29E	Feb-67	2,730'	11"	8 5/8"	955'	200	228'	Calc.	7 7/8"	4 1/2"	2,727'	200	1,916'	Calc.	2,623'-2,660' Perf.	
30-005-60533	Concho Resources, Inc.	Twin Lakes SA Unit	38	I	PA	1650'	S	990'	E	I	36	8S	28E	Dec-78	2,730'	12 1/2"	8 5/8"	38'	2 Yd.	Surface	Circ.	7 7/8"	4 1/2"	2,730'	200	1,660'	Free Pipe Log	2,600'-2,694' Perf.	PA'd 12/01. Schematic Attached
30-005-63185	Blue Sky NM, Inc.	Twin Lakes SA Unit	316	P	Active	2310'	S	330'	E	I	36	8S	28E	Dec-99	2,767'	12 1/4"	8 5/8"	110'	3 Yd.	Surface	Circ.	7 7/8"	5 1/2"	2,764'	965	Surface	Circ.	2,638'-2,684' Perf.	
30-005-60807	Blue Sky NM, Inc.	Twin Lakes SA Unit	59	I	SI *	330'	N	1750'	W	C	6	9S	29E	Jan-80	2,867'	12 1/2"	8 5/8"	120'	75	Surface	Calc.	7 7/8"	4 1/2"	2,867'	175	2,123'	Free Pipe Log	2,702'-2,787' Perf.	
30-005-60824	Blue Sky NM, Inc.	Twin Lakes SA Unit	60	P	Active	330'	N	2310'	E	B	6	9S	29E	Dec-80	2,950'	12 1/2"	8 5/8"	135'	75	Surface	Calc.	7 7/8"	4 1/2"	2,950'	175	2,240'	Calc.	2,734'-2,824' Perf.	
30-005-61031	Blue Sky NM, Inc.	Twin Lakes SA Unit	58	P	Active	330'	N	330'	W	D	6	9S	29E	Jul-81	2,823'	12 1/4"	8 5/8"	133'	75	Surface	Calc.	7 7/8"	4 1/2"	2,823'	200	2,012'	Calc.	2,665'-2,743' Perf.	

21 wells - 3 PA / 4 SI / 14 Active

**Energy Development Corporation
Twin Lakes San Andres Unit No. 31
API No. 30-005-60695
2310' FNL & 1650' FWL, Unit F
Section 31, T-8S, R-29E
Type Well: Producer**



12 1/2" Hole; 8 5/8" csg. set @ 122'
Cemented w/75 sx.
TOC @ Surface by Calc.

Date Drilled: 6/80

Perforate 4 1/2" csg. @ 115'.
Squeezed 4 1/2" x 8 5/8" annulus to
surface w/35 sx.

Date PA'd: 3/91

Perforate csg. @ 1,525'. Set cement
retainer @ 1,425'. Squeezed w/50 sx.

Set 25 sx. cement plug @ 1,962' ✓
Tagged plug @ 1,646'

TOC @ 2,411' by Calc.

Set 25 sx. cmt. plug @ 2,659'. Tagged @ 2,438' ✓
Set an additional 15 sx. cement plug @ 2,438'

San Andres Perforations: 2,684'-2,725' ✓

7 7/8" Hole; 4 1/2" csg. set @ 2,918'
Cemented w/125 sx. TOC @ 2,411' by calc.

T.D. 2,918'

**Form C-108: TLSAU # 40
Blue Sky NM, Inc.
PA Schematic: TLSAU 31**

clsr
DP

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. <u>31-105-60695</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>

Twin Lakes San Andres Unit

2. Name of Operator Energy Development Corporation

8. Well No. 31

3. Address of Operator 1000 Louisiana, Ste. 2900, Houston, Tx 77002
--

9. Pool name or Wildcat <u>Twin Lakes SA Assoc.</u>
--

4. Well Location Unit Letter <u>F</u> : <u>2310</u> Feet From The <u>North</u> Line and <u>1650</u> Feet From The <u>West</u> Line Section <u>31</u> Township <u>8 South</u> Range <u>29 East</u> NMPM <u>Chaves</u> County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) <u>3985.6 ft</u>
--

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3-1-91: Worked 2-3/8" tbg into btm stub of parted csg at 1814'. Lowered 2-3/8" tbg to PBD @ 2880'. PU tbg to 2659'. SD. Waiting on approval to P&A.

3-28-91: RU Halliburton. Circ hole f/2659' w/gelled brine mud. Spotted 25 sxs Class "C" cmt w/4% Calcium Chloride f/2659'. PU tbg & rev out f/2311'. WOC. Lowered tbg & tagged TOC @ 2438'. Spotted an additional 15 sxs cmt @ 2438'. PU tbg to 1962'. Spotted 25 sxs Class "C" w/4% Calcium Chloride. PU tbg to 1551'. Rev out f/1551'. PU tbg to 148 WOC. Lowered tbg & tagged TOC @ 1646'. PU tbg to 1614'. Rev out. POOH w/tbg. SDON. Witnessed by Johnny Robinson, Dist. II NMOCD.

3-29-91: RU Schlumberger. WIH WL & shot 4 squeeze holes @ 1525'. POOH WL. WIH w/R-4 pkr on tbg. Set pkr @ 1425'. Established a rate of 3 BPM @ 750 psi. Pumping gelled brine into perfs @ 1525'. POOH w/tbg & pkr. WIH w/cmt retainer on tbg set @ 1425'. Mixed & pumped 50 sxs Class "C" cmt w/2% Calcium Chloride through perfs @ 1525'. Displace tbg w/5 bbls fresh water. Stung out of retainer. Rev out. POOH w/tbg & setting tool

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

SIGNATURE Steve Yates TITLE Production Superintendent DATE 4-15-91
 TYPE OR PRINT NAME Steve Yates TELEPHONE NO. 713-750-7314

(This space for State Use) ORIGINAL SIGNED BY
MIKE WILLIAMS
 SUPERVISOR, DISTRICT II

APPROVED BY _____ TITLE _____ DATE APR 30 1991

CONDITIONS OF APPROVAL, IF ANY: _____

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-005-60695
5. Indicate Type of Lease STATE [] FEE [X]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

1. Type of Well: OIL WELL [X] GAS WELL [] OTHER [] RECEIVED

Twin Lakes San Andres Unit

2. Name of Operator Energy Development Corporation APR 19 1991

8. Well No. 31

3. Address of Operator 1000 Louisiana, Ste 2900, Houston, TX 77002 O.C.D. ARTESIA, OFFICE

9. Pool name or Wildcat Twin Lake SA Assoc.

4. Well Location Unit Letter F : 2310 Feet From The North Line and 1650 Feet From The West Line Section 31 Township 8 South Range 29 East NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3985.6 (G.L.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data. NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER [] SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [X] CASING TEST AND CEMENT JOB [] OTHER []

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103. RU Schlumberger. Perf, 4 sqz holes in 4-1/2" csg @ 115'. POOH. RD WL. Broke circ pumping down 4-1/2" csg up 8-5/8" annulus w/gelled brine mud. M&P 35 sxs Class "C" w/2% Calcium Chloride. Circ cmt to surface. RD Halliburton. 3-30-91: RDP. Installed permanent marker. Cut off anchors below ground level. Cleaned location. Job complete. Now ready for final inspection.

Prod ID-2 5-3-91 P & H

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE Steve Yates TITLE Production Superintendent DATE 4-15-91 TYPE OR PRINT NAME Steve Yates TELEPHONE NO. 713-750-731

(This space for State Use) ORIGINAL SIGNED BY MIKE WILLIAMS SUPERVISOR, DISTRICT II APPROVED BY DATE APR 30 1991

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO.
 30005-63194

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:
 Twin Lakes San Andres Unit

7. Well No.
 311

8. Pool name or Wildcat
 Twin Lakes; San Andres (Assoc)

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3978 GR

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other Injection

2. Name of Operator
 Concho Oil & Gas Corp.

3. Address of Operator
 110 W. Louisiana Ste 410; Midland, Tx 79701

4. Well Location
 Unit Letter D : 1700 Feet from the North line and 990 feet from the West line
 Section 31 Township 8S Range 29E NMPM Chaves County

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

12-13-01 MIRU Triple N Rig #25. ND WH & LD 1 jt. RIH w/ 84 jts workstring & SDON.

12-14-01 Circ hole w/ mud and tested casing to 500 psi, did not hold. Pumped 25 sx C cmt 2,616 - 2,369'. POOH w/ tbg to 2,091' and pumped 25 sx C cmt 2,091 - 1,844'. POOH w/ tbg to 1,553' and pumped 25 sx C cmt 1,553 - 1,306'. POOH w/ tbg to 917'. Pumped 25 sx C cmt 917 - 670'. POOH w/ tbg. RIH w/ pkr to 30'. Loaded hole, set pkr, pressured up to 500 psi. WOC 2 hrs and released pkr, POOH. RIH w/ tbg and pumped 20 sx C cmt 60' to surface. Final Report P&A.



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

SIGNATURE [Signature] TITLE Production Analyst DATE 10-22-01

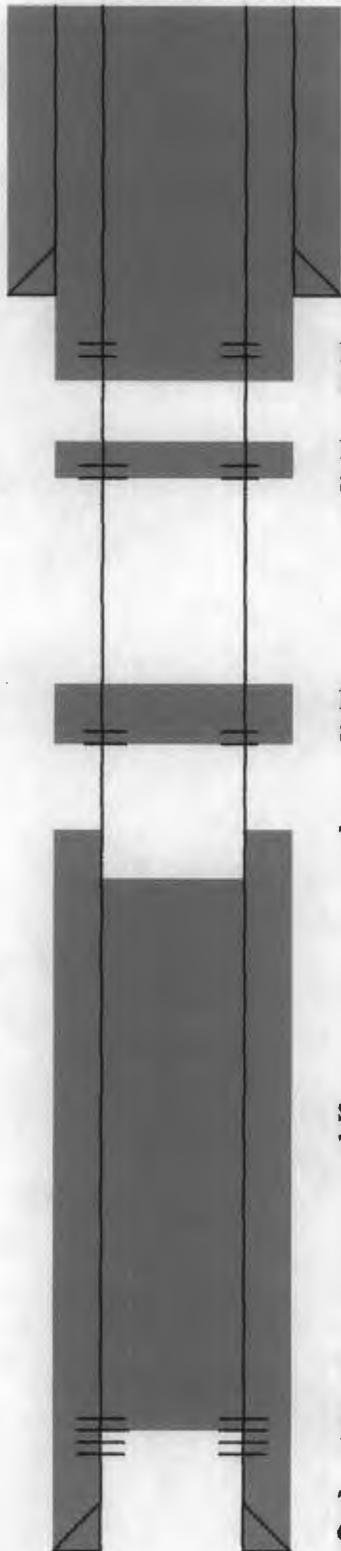
Type or print name Terri Stathem Telephone No. 915/683-7443

(This space for State use)

APPROVED BY [Signature] TITLE Field Rep ID DATE MAR 14 2002

Conditions of approval, if any:

Concho Oil & Gas Corporation
Twin Lakes San Andres Unit No. 38
API No. 30-005-60533
1650' FSL & 990' FEL, Unit I
Section 36, T-8S, R-28E
Type Well: Injection



12 1/2" Hole; 8 5/8" csg. set @ 38'
Cemented w/2 yds. cement
Cement circulated to surface

Date Drilled: 12/78

Date PA'd: 12/01

Perforate 4 1/2" csg. @ 120'
Squeezed 189' to surface w/15 sx. cement

Perforate 4 1/2" csg. @ 880'
Squeezed 780'-880' w/25 sx. cement

Perforated 4 1/2" csg. @ 1,500'
Squeezed 1,400'-1,500' w/25 sx. cement

TOC @ 1,660' by Free Point Log ✓

Set 60 sx. cmt. plug 1,800'-2,681' ✓
Tagged @ 1,800'

Perforations: 2,600'-2,694' ✓

7 7/8" Hole; 4 1/2" csg. set @ 2,730'
Cemented w/200 sx. TOC @ 1,660' ✓
by Free Point Log

T.D. 2,730'

Form C-108: TLSAU # 40
Blue Sky NM, Inc.
PA Schematic: TLSAU 38

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 RECEIVED
 2040 South Pacheco
 Santa Fe, NM 87505
 OCD - ARTESIA

WELL API NO.
 30005-60533
 5. Indicate Type of Lease
 STATE FEE
 6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other Injection

2. Name of Operator
 Concho Oil & Gas Corp.

3. Address of Operator
 110 W. Louisiana Ste 410; Midland, Tx 79701

4. Well Location
 Unit Letter I : 1650 Feet from the South line and 990 feet from the East line
 Section 36 Township 8S Range 28E NMPM Chaves County

7. Lease Name or Unit Agreement Name:
 Twin Lakes San Andres Unit

7. Well No.
 38

8. Pool name or Wildcat
 Twin Lakes; San Andres (Assoc)

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3956 GR

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

12-05-01 MIRU Derrick WSU. ND WH & POH w/ 10 stds & SDON.

12-06-01 RIH w/ 10 jts prod tbg & PU 75 jts w/s. RU cementer & circ hole w/ mud. Pumped 60 sx C cmt w/ 2% CaCl₂ 2681' - 1808'. POH w/ tbg. RIH w/ pkr on 1 jt & loaded hole. Set pkr. Press up to 500 psi & bled off. WOC 3-1/2 hrs & rel pkr. POH. RIH w/ WL & tagged cmt @ 1800'. PUH & perf csg @ 1500'. POH w/ WL. RIH w/ pkr to 1078'. Loaded hole. Set pkr & est rate of 2 BPM @ 200 psi w/ communication around pkr. Rel pkr & RIH w/ 10 jts to 1386'. Squeezed 25 sx 1500' - 1400'. Rel pkr & POH. SDON.

12-07-01 RIH w/ WL & perf csg @ 880'. RIH w/ pkr to 770'. Loaded hole, set pkr, est rate @ 2 BPM w/ communication. Squeezed 25 sx 880' - 780'. Rel pkr & POH. Loaded hole, set pkr @ 30' & WOC 2 hrs. Rel pkr & POH. RIH w/ WL & perf csg @ 120'. RIH w/ pkr to 30'. Press up to 500 psi - held. LD pkr & RIH w/ tbg to 189' & pumped 15 sx 189' to surface. P & A FINAL REPORT

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

SIGNATURE [Signature] TITLE Production Analyst DATE 12-10-01

Type or print name Terri Stathem Telephone No. 915/833-7443

APPROVED BY [Signature] TITLE Field Rep FEB 6 2002

Conditions of approval, if any:

Post 144

P O BOX 1488
 MONAHANS, TEXAS 79756
 PH 843-3234 OR 563-1040

Martin Water Laboratories, Inc.

708 W INDIANA
 MIDLAND, TEXAS 79701
 PHONE 683-4521

RESULT OF WATER ANALYSES

TO: Mr. Welton D. Moore LABORATORY NO. 585360
P.O. Box 1417, Roswell, NM SAMPLE RECEIVED 5-21-85
 RESULTS REPORTED 5-28-85

COMPANY Pelto Oil Company LEASE Twin Lakes Pilot Waterflood
 FIELD OR POOL Twin Lakes
 SECTION _____ BLOCK _____ SURVEY _____ COUNTY Chaves STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:

- NO. 1 Raw water - taken from water supply well #1. 5-21-85 SW of F#6
 NO. 2 Raw water - taken from water supply well #2. 5-21-85 Near F#7
 NO. 3 Produced water - taken from salt water disposal #1 transfer pump. 5-21-85
 NO. 4 Produced water - taken from salt water disposal #2 transfer pump. 5-21-85

REMARKS: 1. Dakota 2. Santa Rosa 900' 3. & 4. San Andres

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0228	1.0133	1.1483	1.1453
pH When Sampled	7.3	7.7	6.9	6.9
pH When Received	6.85	7.62	6.32	6.35
Bicarbonate as HCO ₃	415	185	976	1,098
Supersaturation as CaCO ₃	12	2	180	180
Undersaturation as CaCO ₃	---	---	---	---
Total Hardness as CaCO ₃	5,350	1,020	12,400	13,800
Calcium as Ca	568	196	3,200	3,440
Magnesium as Mg	955	129	1,069	1,264
Sodium and/or Potassium	5,608	3,906	88,552	81,480
Sulfate as SO ₄	8,548	3,945	3,682	3,630
Chloride as Cl	5,895	3,728	142,038	132,095
Iron as Fe	0.43	5.5	2.8	0.04
Barium as Ba	0	0	0	0
Turbidity, Electric	0	9	60	12
Color as Pt	0	0	0	0
Total Solids, Calculated	21,988	12,090	239,517	223,006
Temperature °F.	66	68	76	88
Carbon Dioxide, Calculated	34	6	205	231
Dissolved Oxygen, Winkler	0.8	0.0	0.0	0.0
Hydrogen Sulfide	0.0	0.0	62.5	62.5
Resistivity, ohms/m at 77° F.	0.340	0.550	0.052	0.053
Suspended Oil			440	9
Filtrable Solids as mg/l	0.68	7.7	77.6	11.7
Volume Filtered, ml	10,000	4,000	700	2,000

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks



Form No. 3

By _____



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 30-31

Township: 08S

Range: 29E

**Form C-108: TLSAU # 40
Blue Sky NM, Inc.
Fresh Water Data**

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

8/28/13 6:33 AM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 25, 36

Township: 08S

Range: 28E

**Form C-108: TLSAU # 40
Blue Sky NM, Inc.
Fresh Water Data**

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

8/28/13 6:36 AM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 1

Township: 09S

Range: 28E

**Form C-108: TLSAU # 40
Blue Sky NM, Inc.
Fresh Water Data**

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

8/28/13 6:36 AM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 5-6

Township: 09S

Range: 29E

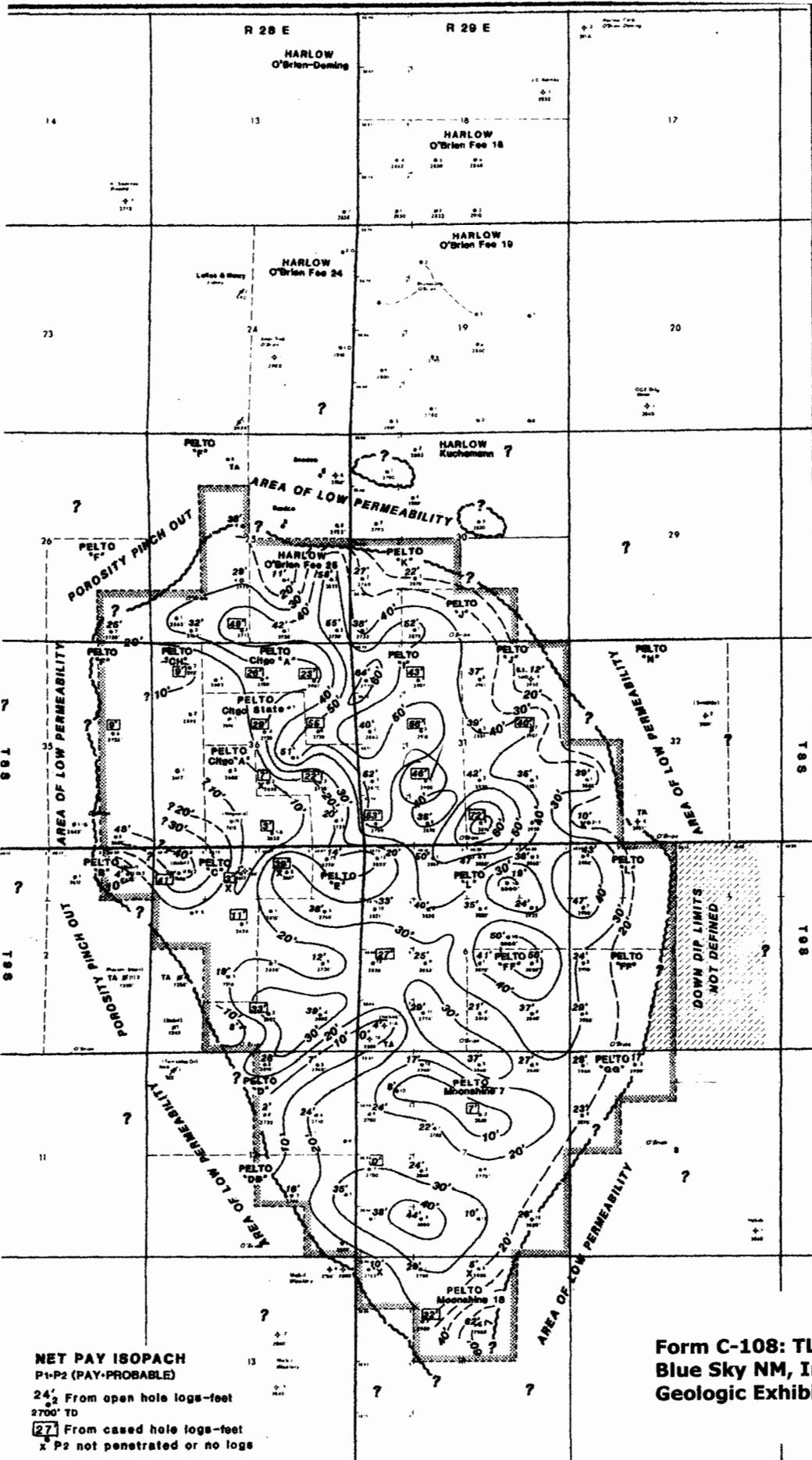
**Form C-108: TLSAU # 40
Blue Sky NM, Inc.
Fresh Water Data**

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

8/28/13 6:37 AM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER



NET PAY ISOPACH
P1-P2 (PAY-PROBABLE)

24' From open hole logs—feet
2700' TD

27' From cased hole logs—feet
x P2 not penetrated or no logs

Form C-108: TLSAU # 40
Blue Sky NM, Inc.
Geologic Exhibit

R 28 E

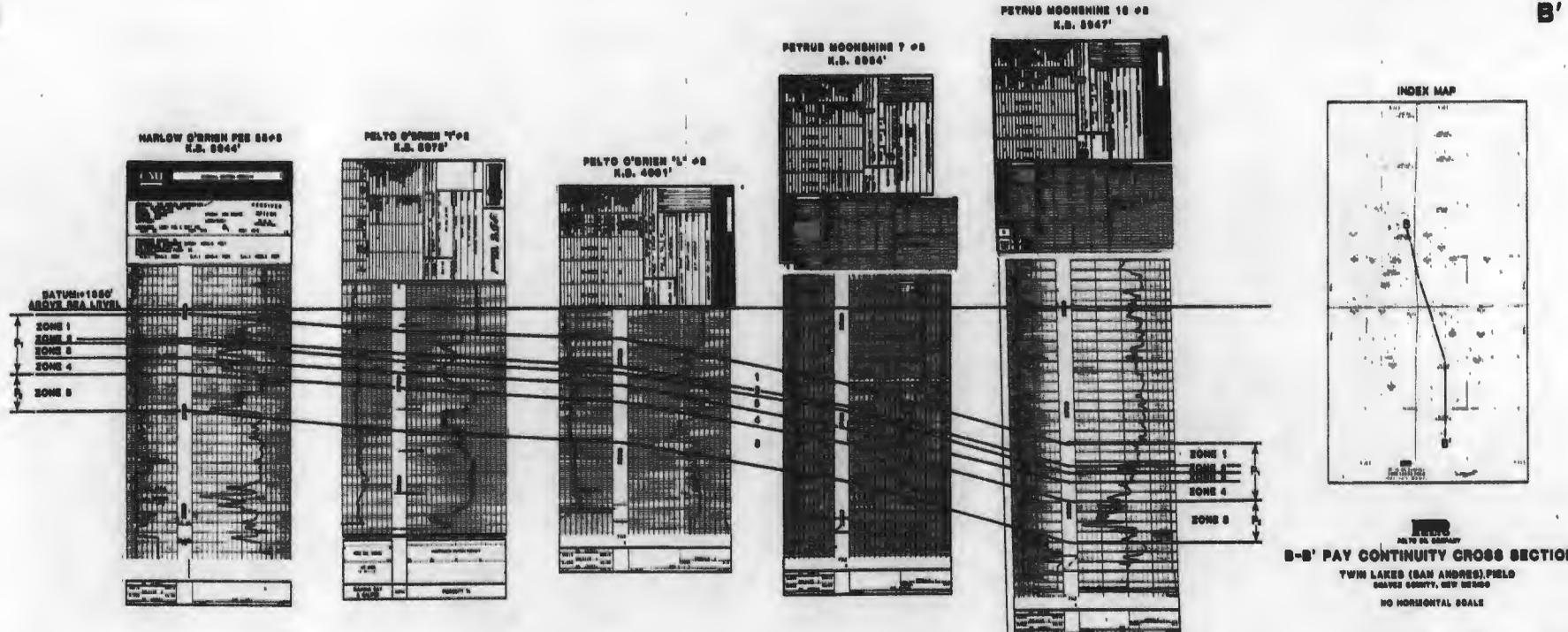
PELTO
PELTO OIL COMPANY
TWIN LAKES FIELD
CHAVES COUNTY, NEW MEXICO



R 29 E

B

B'



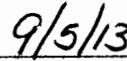
Form C-108: TLSAU # 40
 Blue Sky NM, Inc.
 Geologic Exhibit

Form C-108
Affirmative Statement
Blue Sky NM, Inc.
Twin Lakes San Andres Unit No. 40
Section 31, T-8 South, R-29 East, NMPM,
Chaves County, New Mexico

Available geologic and engineering data has been examined and no evidence of open faults or hydrological connection between the injection zone and any underground sources of drinking water has been found.



David Catanach
Agent for Blue Sky NM, Inc.



Date

**Form C-108
Blue Sky NM, Inc.
Twin Lakes San Andres Unit No. 40
Section 31, T-8 South, R-29 East, NMPM
Chaves County, New Mexico**

The following-described legal notice will be published in the:

**Roswell Daily Record
2301 N. Main
Roswell, New Mexico 88201**

The Affidavit of Publication will be forwarded to the Division upon receipt by Blue Sky NM, Inc.

LEGAL NOTICE

Blue Sky NM, Inc., 500 North Main Street, Suite 622, Roswell, New Mexico 88201 has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to re-permit the following-described well as a produced water disposal well within the Twin Lakes San Andres Unit, Twin Lake-San Andres (Associated) Pool, Chaves County, New Mexico:

**TLSAU Well No. 40 (API No. 30-005-60696) 1650' FSL & 1650' FWL (Unit K)
Section 31, T-8S, R-29E
Injection Interval: 2,697'-2,783'**

Produced water will be injected into the San Andres formation at average and maximum rates of 2,000 BWPD and 5,000 BWPD, respectively. The average surface injection pressure is 539 psi, and the maximum surface injection pressure will be determined by step rate test.

Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication. Additional information can be obtained by contacting Mr. David Catanach, Agent for Blue Sky NM, Inc., at (505) 690-9453.

28E

29E

26

25

30

8S

35

36

31

TLSAU # 40

1/2 Mile

2

1

6

9S

11

12

7

Form C-108: TLSAU # 40
Blue Sky NM, Inc.
Unit Outline/Notice Area

4

13

18

— Twin Lakes San Andres Unit Boundary

September 5, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Mr. Bob Nunley
P.O. Box 308
Sabinal, Texas 78881

Re: Blue Sky NM, Inc.
Form C-108 (Application for Authorization to Inject)
Twin Lakes San Andres Unit Well No. 40
API No. 30-005-60696
1650' FSL & 1650' FWL, Unit K, Section 31, T-8S, R-29E, NMPM,
Chaves County, New Mexico

Mr. Nunley:

Enclosed please find a copy of Oil Conservation Division Form C-108 (Application for Authorization to Inject) for the Blue Sky NM, Inc. ("Blue Sky") Twin Lakes San Andres Unit Well No. 40. You are being provided a copy of the application as the owner of the surface where the well is located. Blue Sky proposes to re-permit this well as a produced water disposal well in the San Andres formation, injection to occur through the perforated interval from 2,697 feet to 2,783 feet.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (505) 690-9453.

Sincerely,



David Catanach-Agent
Blue Sky NM, Inc.
500 North Main Street
Suite 622
Roswell, New Mexico 88201

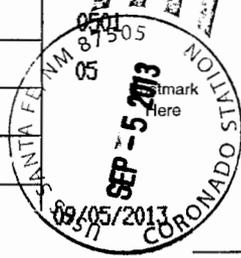
Enclosure

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

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

SABINAL TX 78881

Postage	\$	\$2.58
Certified Fee		\$3.10
Return Receipt Fee (Endorsement Required)		\$2.55
Restricted Delivery Fee (Endorsement Required)		\$0.00
To: _____		\$8.23



Ser

Str
or f

City

Mr. Bob Nunley
P.O. Box 308
Sabinal, Texas 78881

PS _____ instructions

7013 0600 0001 8715 1455

AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Erika Montoya
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

One time with the issue dated

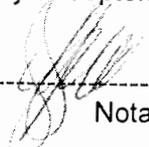
September 8, 2013



Clerk

Sworn and subscribed to before me

this 9th day of September, 2013



Notary Public

My Commission expires
June 13, 2014

(SEAL)

Publish September 8, 2013

Blue Sky NM, Inc., 500 North Main Street, Suite 622, Roswell, New Mexico 88201 has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to re-permit the following-described well as a produced water disposal well within the Twin Lakes San Andres Unit, Twin Lake-San Andres (Associated) Pool, Chaves County, New Mexico:

TLSAU Well No. 40 (API No. 30-005-60696) 1650'
FSL & 1650' FWL (Unit K)
Section 31, T-8S, R-29E
Injection Interval: 2,697'-2,783'

Produced water will be injected into the San Andres formation at average and maximum rates of 2,000 BWPD and 5,000 BWPD, respectively. The average surface injection pressure is 539 psi, and the maximum surface injection pressure will be determined by step rate test.

Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication. Additional information can be obtained by contacting Mr. David Catanach, Agent for Blue Sky NM, Inc., at (505) 690-9453.



C-108 Review Checklist: Received 09/05/13 Add. Request: - Reply Date: - Suspended: - [Ver 8]

Issued Permit: WFX / PMK / SWD Number: 1443 Permit Date: 09/27/13 Legacy Permits/Orders: R-8611

Well No. 40 Well Name(s): Twin Lakes San Andres Unit IPI-165
R-8611A

API: 30-0 05-60696 Spud Date: 07/07/80 New or Old: (Old) (UIC Class II Primacy 03/07/1982)

Footages 1650 FSL / 1650 FWL Lot - Unit K Sec 31 Tsp 85 Rge 29E County Chaves

General Location: Near Red Lakes south of Clovis Hwy NE of Roswell Pool: Twin Lakes - San Andres (Associated Pool) Pool No.: 61570

Operator: Blue Sky NM, Inc. OGRID: 300825 Contact: D. Cutanach

COMPLIANCE RULE 5.9: Inactive Wells: (40) Total Wells: 80 Fincl Assur: (Yes for 40) Compl. Order? No *S 5.9 OK? Yes

Well File Reviewed Current Status: Injection well / inactive (not TA or P&A) *Change in ownership from Canyon to

Well Diagrams: Proposed New Before Conversion After Conversion Are Elogs in Imaging?: Comp Neutral Blue Sky NM

Planned Rehab Work to Well: None except for new tubing SI wells pending approval of Dist II

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned ___ or Existing ___ Cond	—	—	—	—
Planned ___ or Existing <input checked="" type="checkbox"/> Surface	<u>12 1/2 / 8 5/8</u>	<u>0 to 121</u>	<u>75</u>	<u>Surface - calc.</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Intern/Prod	<u>7 7/8 / 4 1/2</u>	<u>0 to 2900</u>	<u>125</u>	<u>2280' - free pipe log</u>
Planned ___ or Existing ___ Long St/Prod	—	—	—	—
Planned ___ or Existing ___ Liner	—	—	—	—
Planned ___ or Existing <input checked="" type="checkbox"/> OH (PERF)	<u>7 7/8 / 4 1/2</u>	<u>2,697 - 2783</u>	<u>Inj Length 86'</u>	—

Injection Stratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops?
Adjacent Unit: Litho. Struc. Por.	<u>+1037</u>	<u>Salado</u>	<u>900</u>
Confining Unit: Litho. Struc. Por.	<u>+632</u>	<u>Artesia Group</u>	<u>1660</u>
Proposed Inj Interval TOP:	<u>2697</u>	<u>San Andres</u>	<u>2065</u>
Proposed Inj Interval BOTTOM:	<u>2783</u>	<u>fm</u>	
Confining Unit: Litho. Struc. Por.	—	<u>Glorieta</u>	—
Adjacent Unit: Litho. Struc. Por.	—	—	—

Completion/Operation Details:	
Drilled TD	<u>2900</u> PBDT <u>2900</u>
New TD	<u>NA</u> New PBDT <u>NA</u>
Open Hole	<input type="checkbox"/> or Perfs <input checked="" type="checkbox"/>
Tubing Size	<u>2 3/8</u> Inter Coated? <u>Yes</u>
Proposed Packer Depth	<u>2635</u>
Min. Packer Depth	<u>2597</u> (100-ft limit)
Proposed Max. Surface Press	<u>539</u>
Admin Inj. Press	<u>539</u> (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P NA Noticed? NA BLM Sec Ord NA WIPP NA Noticed? NA SALADO: T: 920 B: 1660 CLIFF HOUSE NA

Fresh Water: FW Formation Alluvial on bedrock Max Depth ~800 Wells? 0 Analysis? NA Hydrologic Affirm Statement Yes

Disposal Fluid: Formation Source(s) San Andres from Analysis? Yes On Lease Operator Only or Commercial

Disposal Interval: Injection Rate (Avg/Max BWPD): 2000/5000 Protectable Waters: No CAPITAN REEF: thru No adjacent No

H/C Potential: Producing Interval? * Formerly Producing? Yes Method: (E Log) Mudlog/DST/Depleted/Other

AOR Wells: 1/2-M Radius Map? Yes Well List? Yes Total No. Wells Penetrating Interval: 21 Horizontals? 0

Penetrating Wells: No. Active Wells 18 Num Repairs? 0 on which well(s)? (includes Shut-ins) Diagrams? Yes/Case file

Penetrating Wells: No. P&A Wells 3 Num Repairs? 0 on which well(s)? (includes Shut-ins) Diagrams? Yes

NOTICE: Newspaper Date 09/18/2013 Mineral Owner: Fec Surface Owner: (Fec) - Mr. Bob N. Date 09/05/13

RULE 26.7(A): Identified Tracts? Yes Affected Persons: Blue Sky - sole owner Nunley N. Date NA

Permit Conditions: Issues: * Re-establishment of unit to occur - injection authority for SWD ends

Add Permit Cond: only Twin Lakes San Andres Unit wells produced water
(District II must observe MIT)