

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 _____

Ray Westall scate
Two Forks Well #2 SWD
30-015-25015
Wolfcamp/Cis/Cany/STW
Commercial

RECEIVED
 SEP 20 10 15 AM '13
 STATE OF NEW MEXICO
 OIL CONSERVATION DIVISION

- [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

[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.

Ben Stone
 Print or Type Name

Ben Stone
 Signature

Agent for Ray Westall
 Title
 ben@sosconsulting.us
 e-mail Address

9/13/13
 Date



September 13, 2013

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Ms. Jami Bailey, Director

Re: Application of Ray Westall Operating, Inc. to permit for salt water disposal in its Two Forks No.2 well located in Section 2, Township 18 South, Range 28 East, NMMPM, Eddy County, New Mexico.

Dear Ms. Bailey,

Please find enclosed form C-108 Application for Authority to Inject, supporting the above-referenced request to covert for disposal, the Two Forks Well No.2.

Ray Westall Operating seeks to optimize efficiency, both economically and operationally, of its operations. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the September 13, 2013 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included in this application package. This application also includes wellbore schematics, area of review maps, leaseholder plats and other required information for a complete Form C-108. The well is located on private land but state minerals and a copy of this application has been submitted to the State Land Office, Division of Oil, Gas and Minerals.

I respectfully request that the approval of this salt water disposal well proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

A handwritten signature in black ink, appearing to read 'Ben Stone', written in a cursive style.

Ben Stone, Partner
SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Application attachment and file

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: **Salt Water Disposal** and the application *qualifies* for administrative approval.
- II. OPERATOR: **Ray Westall Operating, Inc.**
ADDRESS: **P.O. Box 4, Loco Hills, NM 88255**

CONTACT PARTY: **Donnie Mathews (575) 677-2372**
Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850
- III. WELL DATA: **All well data and applicable wellbore diagrams are attached hereto.**
- IV. **This is not an expansion of an existing project.**
- V. **A map is attached** 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. **A tabulation is attached** of data on all wells of public record within the area of review which penetrate the proposed injection zone. **(1 AOR well penetrates subject interval - No P&A.) The data includes** a description of each well's type, construction, date drilled, location, depth, and a schematic of any plugged well illustrating all plugging detail.
- VII. **The following data is attached** 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. **Appropriate geologic data on the injection zone is attached** 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. **No stimulation program is proposed at this time.**
- *X. **There is no applicable test data on the well however, any previous well logs (2 well logs available via OCD Online) have been filed with the Division and they need not be resubmitted.**
- *XI. **State Engineer's records indicated one domestic water wells within one mile the proposed salt water disposal well. An on-foot search was unable to locate - an affidavit to that effect is included with this application under item XI.**
- XII. **An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. **"Proof of Notice" section on the next page of this form has been completed.**
There are 19 offset lessees and/or operators within ½ mile - all have been noticed.
- 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: **Ben Stone** TITLE: **SOS Consulting, LLC agent / consultant for Ray Westall Operating, Inc.**

SIGNATURE:  DATE: **9/13/2013**

E-MAIL ADDRESS: **ben@sosconsulting.us**

- * 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 – ***The following information and data is included:***

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 ***pursuant to the following criteria is attached.***

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 ITEM VII – PROPOSED OPERATION

The Two Forks Well No.2 SWD will be operated as a commercial disposal service to area operators to facilitate in disposal of produced water from typical producing formations in the area. (Samples are included in this application from San Andres, Delaware and Morrow formation waters - chlorides and TDS are relative compatible with Canyon and other proposed formation waters.)

The system will be closed utilizing a tank battery facility located on the well site.

Injection pressure will be 1410 psi with rates limited only by that pressure. In the future, Ray Westall Operating, Inc. may opt to conduct a step rate test if it is determined that greater rates may be required. This would be submitted to OCD as a request to increase the injection pressure.

Routine maintenance will be ongoing and any releases will be reported within 24 hours to OCD on form C-141 pursuant to various portions of 19.15.30 NMAC.

The facility will not be manned but will be available to Ray Westall's customers 24/7. The facility will be available for inspections at any time deemed necessary by OCD.

CURRENT CONFIGURATION

PLUGGED WELL SCHEMATIC Two Forks State Well No.2

API 30-015-25015

1600' FSL & 660' FEL, SEC. 2-T18S-R28E
EDDY COUNTY, NEW MEXICO

Spud Date: 10/01/1984

P&A Date: 4/11/2001

Well plugged by:
Brothers Production Co.

<PLUGGING ITEMS LISTED LEFT>

PLUGS:

Spot 10 sx
30'-0'

Spot 40 sx
520'-397'
(Tagged)

Spot 25 sx Cmt
3150'-2813'
(Tagged)

Shot & Pulled 5-1/2" @ 2950'

Spot 25 sx Cmt
4480'-4280'

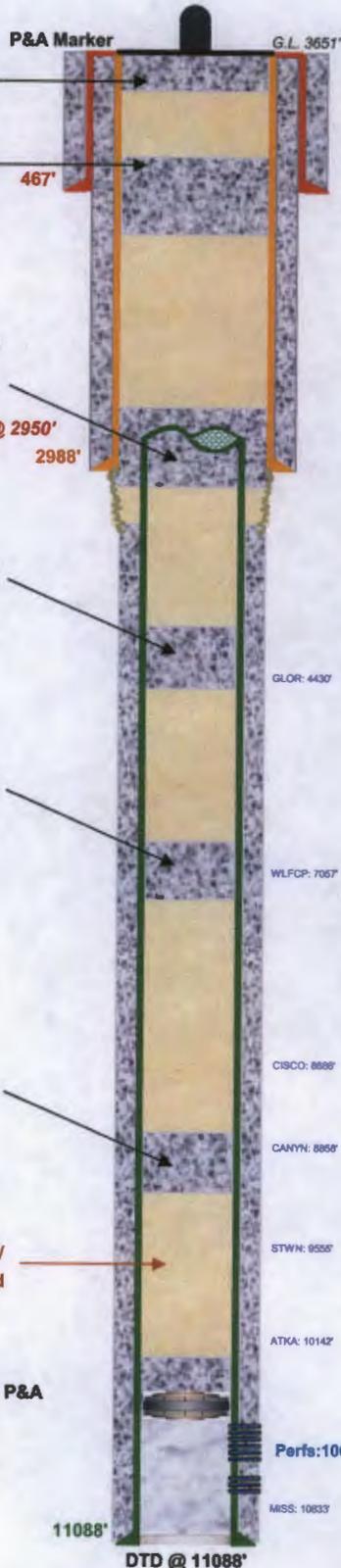
Spot 25 sx Cmt
7107'-6907'

Spot 25 sx Cmt
9014'-8814'

Circulated Hole w/
10# Plugging Mud

Set CIBP @ 10534' for P&A
Cap w/ 35' Cmt.

Formation Fluids



<PRE-P&A EXISTING ITEMS LISTED RIGHT>

Surface Casing

13.375", 54.0# Csg. (17.5" Hole) @ 467'
500 sx - Circulated to Surface

Intermediate Casing

8.625", 32.24# csg. (11.0" Hole) @ 2988'
1830 sx - Circulated to Surface

(Finished off w/ 1" 830 sx of total) - Circ. 30 sx to Surf.

<P&A SUBSEQUENT SUNDRIES>

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL # 30-015-25015
A. Section Type of Lease STATE FEE
G02758
B. Lease No. or Sub Agreement No. Two Forks State
C. Well No. 2
D. Field name or Well Name Brothers South Morrow

1. Type of Well: PROD REINJ OTHER
2. Name of Operator: Brothers Production Company, Inc.
3. Address of Operator: P.O. Box 7515, Highland, TX 79708
4. Well Location: Well Name: 1600, Sec From The: South, Twp and: 660, Rng From The: East, Upr: 2, Twp: 18S, Rng: 28E, HDEM: Eddy, County: Eddy

11. NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:
PERFORM REPAIRS WORK PLUG AND ABANDON REPAIRS WORK ALTERNATE CAPPING
TEMPORARILY ABANDON CHANGE PLUGS COMPLETE DRILLING OPER. PLUG AND ABANDONMENT
PULL OR ALTER CASING CASING TEST AND CEMENT JOB CASING TEST AND CEMENT JOB PLUG AND ABANDONMENT
OTHER: OTHER: Well was partially P&A'd due to not having partner approval

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent data, including estimated date of starting any proposed work) SEE RULE 16D.
1/08/01 Set 5-1/2" CIBP @ 10534', capped of 35' of cmt. TOC @ 10499'.
1/09/01 Circulate hole of 10# mud.
1/09/01 Spot 25 sx 10" cmt. From 9014' to 8814'.
1/09/01 Spot 25 sx 10" cmt. From 7107' to 6907'.
1/09/01 Spot 25 sx 10" cmt. From 4480' to 4280'.

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL # 30-015-25015
A. Section Type of Lease STATE FEE
G02758
B. Lease No. or Sub Agreement No. Two Forks State
C. Well No. 2
D. Field name or Well Name Brothers South Morrow

1. Type of Well: PROD REINJ OTHER
2. Name of Operator: Brothers Production Company, Inc.
3. Address of Operator: P.O. Box 7515, Highland, TX 79708
4. Well Location: Well Name: 1600, Sec From The: South, Twp and: 660, Rng From The: East, Upr: 2, Twp: 18S, Rng: 28E, HDEM: Eddy, County: Eddy

11. NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:
PERFORM REPAIRS WORK PLUG AND ABANDON REPAIRS WORK ALTERNATE CAPPING
TEMPORARILY ABANDON CHANGE PLUGS COMPLETE DRILLING OPER. PLUG AND ABANDONMENT
PULL OR ALTER CASING CASING TEST AND CEMENT JOB CASING TEST AND CEMENT JOB PLUG AND ABANDONMENT
OTHER: OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent data, including estimated date of starting any proposed work) SEE RULE 16D.
4-11-01 Cut casing @ 2950', spot 30 sx cmt. @ 2950', UOC @ 2813'.
4-11-01 Spot 40 sx cmt. @ 520', UOC @ 397'.
4-11-01 Spot 10 sx cmt. surface plug @ 30' to surface.

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL # 30-015-25015
A. Section Type of Lease STATE FEE
G02758
B. Lease No. or Sub Agreement No. Two Forks State
C. Well No. 2
D. Field name or Well Name Brothers South Morrow

1. Type of Well: PROD REINJ OTHER
2. Name of Operator: Brothers Production Company, Inc.
3. Address of Operator: P.O. Box 7515, Highland, TX 79708
4. Well Location: Well Name: 1600, Sec From The: South, Twp and: 660, Rng From The: East, Upr: 2, Twp: 18S, Rng: 28E, HDEM: Eddy, County: Eddy

11. NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:
PERFORM REPAIRS WORK PLUG AND ABANDON REPAIRS WORK ALTERNATE CAPPING
TEMPORARILY ABANDON CHANGE PLUGS COMPLETE DRILLING OPER. PLUG AND ABANDONMENT
PULL OR ALTER CASING CASING TEST AND CEMENT JOB CASING TEST AND CEMENT JOB PLUG AND ABANDONMENT
OTHER: OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent data, including estimated date of starting any proposed work) SEE RULE 16D.
4-11-01 Cut casing @ 2950', spot 30 sx cmt. @ 2950', UOC @ 2813'.
4-11-01 Spot 40 sx cmt. @ 520', UOC @ 397'.
4-11-01 Spot 10 sx cmt. surface plug @ 30' to surface.

Production Casing

5.5", 17.0# Csg (7.875" Hole) @ 11088'
1590 sxs Cls H - TOC @ 3200' by Temp

Perfs: 10624'-45', 10763'-76'

MISS: 10633

DTD @ 11088'



WELL SCHEMATIC - PROPOSED
Two Forks State Well No.2 SWD

API 30-015-25015

1600' FSL & 660' FEL, SEC. 2-T18S-R28E
 EDDY COUNTY, NEW MEXICO

Spud Date: 10/01/1984

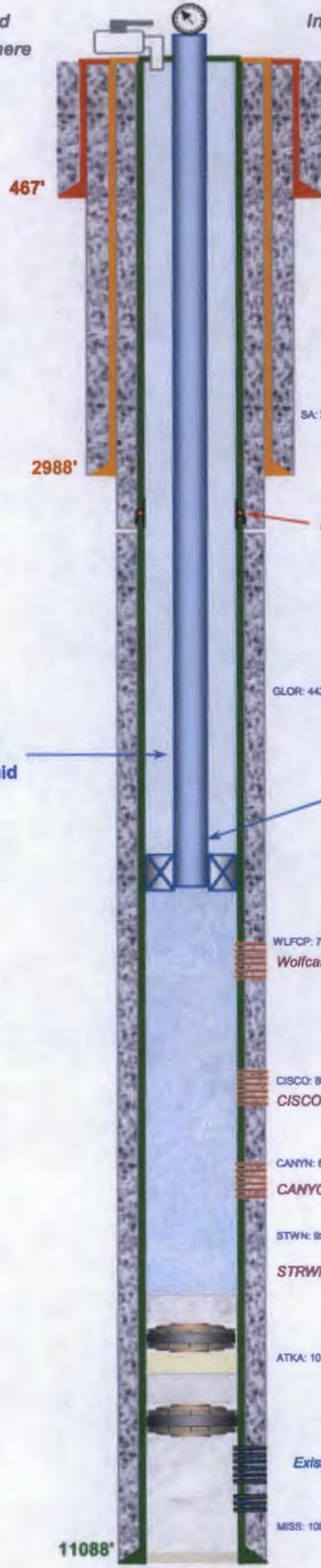
Re-Entry Date: ~11/01/2013

Annulus Monitored
 or open to atmosphere

Injection Pressure Regulated
 and Volumes Reported

RAY WESTALL OPERATING, INC.

- Convert to SWD: D/O & C/O Existing Plugs.
- Run & Set New 5-1/2" - Tie Into Stub
- w/ Overshot & Csg Patch - Circ Cmt to Surf.
- Set CIBP @ 10100' w/ 30' Cmt Cap.
- Perforate Specific Intervals TBD.
- Run PC Tubing and PKR - Conduct MIT.
- Commence Disposal Operations.



Surface Casing

13.375", 54.0# csg. (17.5" Hole) @ 467'
 500 sx - Circulated to Surface

Intermediate Casing

8.625", 32.24# csg. (11.0" Hole) @ 2988'
 1830 sx - Circulated to Surface
 (Finished off w/ 1" 830 sx of total) - Circ. 30 sx to Surf.

NEW Production Casing

5.5", 17.0# Csg - Surface to 2988'
 Est. ~600 sx w/ excess CIs C - Circulate to Surface

Annulus Loaded
 w/ Inert Packer Fluid

2.375" IC Tubing
 PKR ~6904'

150'

Min 6985

L 7085

NOTE: Strawn Intervals are being
 analyzed for suitable porosity and may
 or may not be utilized for injection.

Set CIBP @ ~10100' ✓
 Cap w/ 30' Cmt.

Production Casing

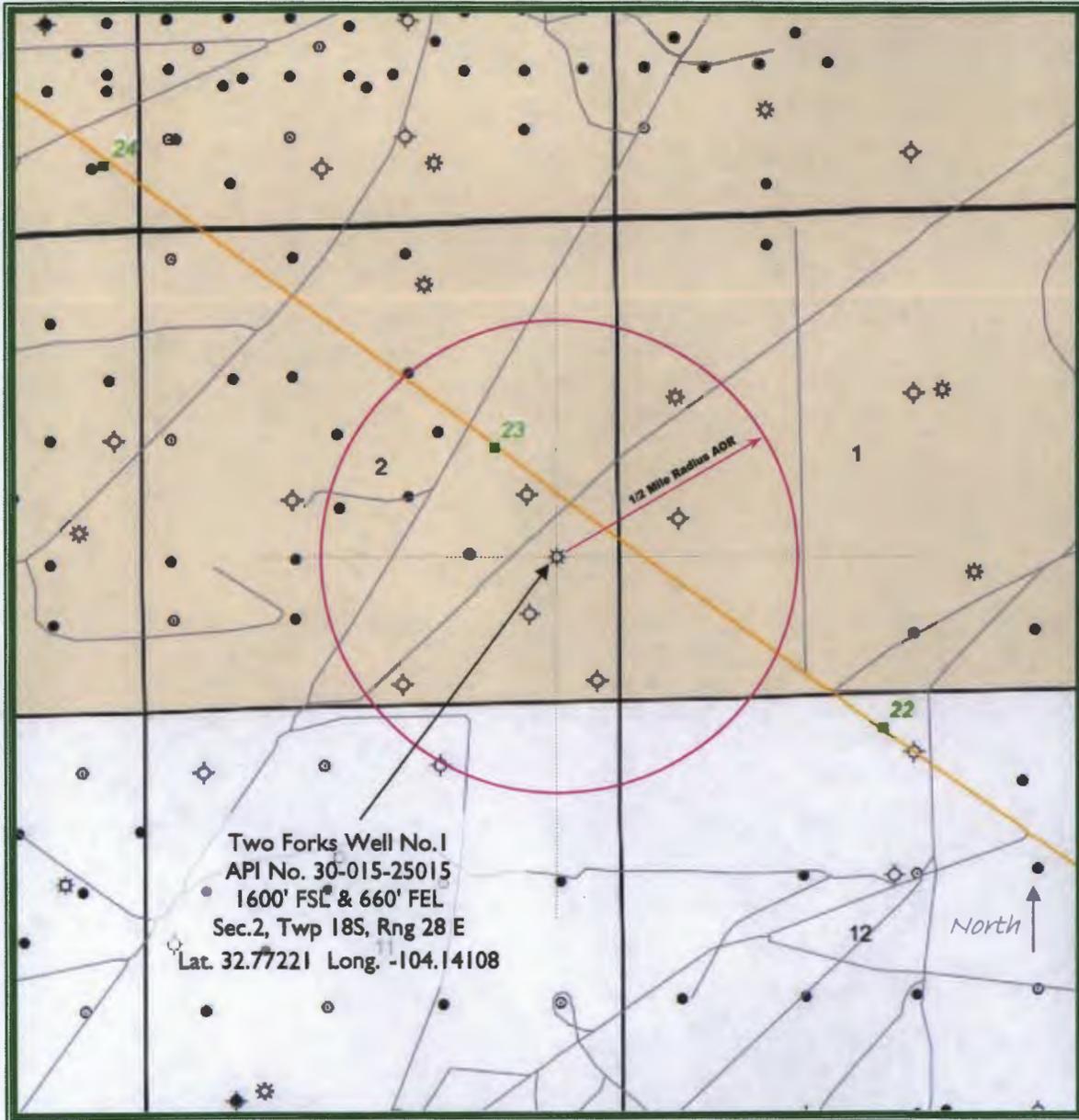
5.5", 17.0# Csg (7.875" Hole) @ 11088'
 1590 sx CIs H - TOC @ 3200' by Temp



Drawn by: Ben Stone, 9/13/2013

Two Forks Well No.1 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108 - Item V)



~11.0 miles West / Southwest
of Loco Hills, NM



Eddy County, New Mexico

Form C-108 Item VI - Tabulation of AOR Wells

Top of Proposed WOLFCAMP
Interval 7054'

Wells which PENETRATE
Proposed Injection Zone.

API Current Operator Well Name Well No. Type Lease Status UL S-T-R Depth

Section 2 Wells

SUBJECT WELL

30-015-25015 [2936] BROTHERS PROD CO INC TWO FORKS STATE #002 Gas State P&A I 2-18S-28E
13.375" (17.5" hole) @ 467' w/ 500 sx Circ; 8.625" (11.0" hole) @ 2988' w/ 1830 sx Circ 30 sx; 5.5" (7.875" hole) @ 11088' w/ 1590 sx TOC 3200' by Temp + 5.5" NEW 0'-2988'
Circ to Surf.

AOR WELLS

30-015-01769	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE B	#001	Oil	State	Active	J	2-18S-28E	2875'	DOES NOT PENETRATE ✓
30-015-39591	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE B	#005	Oil	State	Active	K	2-18S-28E	3300'	DOES NOT PENETRATE ✓
30-015-39621	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE B	#006	Oil	State	New	J	2-18S-28E	3300' - Prp	DOES NOT PENETRATE ✓
30-015-01774	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE E	#005	Oil	State	Active	G	2-18S-28E	2737'	DOES NOT PENETRATE ✓
30-015-39622	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE E	#007	Oil	State	New	G	2-18S-28E	3300' - Prp	DOES NOT PENETRATE ✓
30-015-01772	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	State	P&A	O	2-18S-28E	n/a	DOES NOT PENETRATE ✓
30-015-01777	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	State	P&A	I	2-18S-28E	2820'	DOES NOT PENETRATE ✓
30-015-24783	[19381] ROBERT H FORREST JR OIL LLC	VAQUERO	#001	Oil	State	Active	P	2-18S-28E	2950'	DOES NOT PENETRATE ✓

Section 1 Wells

30-015-31620 [4323] CHEVRON USA, INC. EMPIRE SOUTH DEEP UNIT #023 Gas State Active E 1-18S-28E 10950'
13.375" (17.5" hole) @ 398' w/ 440 sx Circ; 8.625" (12.25" hole) @ 3099' w/ 1180 sx Circ; 7.0" (7.875" hole) @ 9396' w/ 300 sx TOC 5521' by Calc; 4.5" (6.125" hole) w/ 601 sx -
Attempt Circ with only gray water to pit. Perfs: 10718'-737'

30-015-01768 [214263] PRE-ONGARD WELL OPERATOR PRE-ONGARD WELL #001 Oil State P&A L 1-18S-28E 3416'
DOES NOT PENETRATE

Section 11 Wells

30-015-10781 [214263] PRE-ONGARD WELL OPERATOR PRE-ONGARD WELL #034 Fed P&A B 11-18S-28E 2660'
DOES NOT PENETRATE



C-108 - Item VII.5

Water Analysis - Disposal Zone



Water Analysis

Date: 2/24/2005

2401 Sireley, Artesia NM 88210
 Phone (505) 746-3100 Fax (505) 746-2293

Analyzed For

Westel	State GM	Eddy	New Mexico
--------	----------	------	------------

Sample Source		Sample #	1
Formation	Canyon	Depth	
Specific Gravity	1.880	SG @ 60 °F	1.081
pH	6.30	Sulfides	Not Tested
Temperature (°F)	65	Reducing Agents	Not Tested

Cations

Sodium (Calc)	in Mg/L	9,318	in PPM	9,098
Calcium	in Mg/L	8,800	in PPM	8,328
Magnesium	in Mg/L	348	in PPM	228
Soluble Iron (FE2)	in Mg/L	308.0	in PPM	285

Anions

Chlorides	in Mg/L	24,800	in PPM	22,835
Sulfates	in Mg/L	2,000	in PPM	1,803
Bicarbonates	in Mg/L	185	in PPM	178
Total Hardness (as CaCO3)	in Mg/L	18,000	in PPM	14,272
Total Dissolved Solids (Calc)	in Mg/L	41,844	in PPM	38,813
Equivalent NaCl Concentration	in Mg/L	38,410	in PPM	36,548

Scaling Tendencies

*Calcium Carbonate Index	1,829,864
Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable	
*Calcium Sulfate (Gyp) Index	11,200,000
Below 500,000 Remote / 500,000 - 10,000,000 Possible / Above 10,000,000 Probable	

*This Calculation is only an approximation and is only valid before treatment of a well or several wells after treatment.

Remarks FAX 677-2381

C-108 - Item VII.5

Water Analysis - Source Water - SAN ANDRES

B J Services Water Analysis

Artesia District Laboratory
(505)-746-3140

Date: 6-Nov-00 Test #:
 Company: SDX Resources Well #:
 Lease: Chalk Federal #2 County: El Paso
 State: N.M. Formation: San Andres
 Depth: 2800 Source:

pH:	8.51	Temp (F):	81.5
Specific Gravity:	1.12		

CATIONS	mg/l	meq/l	ppm
Sodium (calc.)	6482	2370.7	4992
Calcium	328	160.1	284
Magnesium	148	120.0	132
Barium	< 25	—	—
Potassium	< 10	—	—
Iron	3	0.1	2

ANIONS	mg/l	meq/l	ppm
Chloride	9300	2023.4	8308
Sulfate	1071	22.3	957
Carbonate	< 1	—	—
Bicarbonate	878	14.4	784
Total Dissolved Solids (calc.)	154120		137807
Total Hardness as CaCO3	14014	280.0	12513

COMMENTS:

Res = 0.0947 @ 81.1 deg.

SCALE ANALYSIS:

CaCO3 Factor 2817807 Calcium Carbonate Scale Probability → Probabl
 CaSO4 Factor 3848800 Calcium Sulfate Scale Probability → Probabl

SDS Plot



C-108 - Item VII.5

Water Analysis - Source Water - DELAWARE



Water Analysis

Date: 11-Jan-05

2700 West County Road, Hobbs NM 88240
 Phone (505) 392-5556 Fax (505) 392-7307

Analyzed For

Devon	Spud 16 State #1	Lee	New Mexico
-------	------------------	-----	------------

Sample Source	Sample	Sample #	1
Formation		Depth	
Specific Gravity	1.186	SG @ 60 °F	1.186
pH	8.88	Sulfides	Absent
Temperature (°F)	65	Reducing Agents	

Cations

Sodium (Calc)	in Mg/L	73,888	in PPM	61,888
Calcium	in Mg/L	34,888	in PPM	28,438
Magnesium	in Mg/L	5,048	in PPM	4,214
Soluble Iron (FE2)	in Mg/L	88.9	in PPM	42

Anions

Chlorides	in Mg/L	188,888	in PPM	157,181
Sulfates	in Mg/L	888	in PPM	488
Bicarbonates	in Mg/L	78	in PPM	65
Total Hardness (as CaCO3)	in Mg/L	188,888	in PPM	88,828
Total Dissolved Solids (Calc)	in Mg/L	381,783	in PPM	282,288
Equivalent NaCl Concentration	in Mg/L	284,733	in PPM	212,888

Scaling Tendencies

*Calcium Carbonate Index 2,884,728

Below 800,000 Remote / 800,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 18,708,888

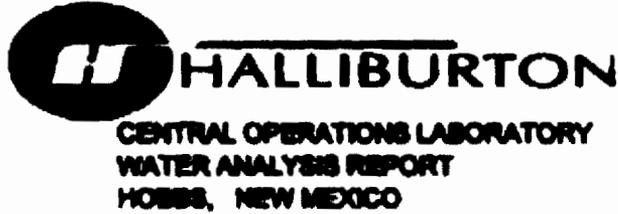
Below 800,000 Remote / 800,000 - 10,000,000 Possible / Above 10,000,000 Probable

*This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.

Remarks rw=.040@63f

C-108 - Item VII.5

Water Analysis - Source Water - MORROW



COMPANY Morco

REPORT DATE DISTRICT W02-126
June 18, 2002
Hobbs

SUBMITTED BY Jim Trelo

WELL Ruger Bl. #1 DEPTH _____ FORMATION _____
COUNTY _____ FIELD _____ SOURCE _____

SAMPLE Morrow Prod. Water

Sample Temp.	84	°				
RESISTIVITY	0.13					
SPECIFIC OR.	1.040					
pH	8.35					
CALCIUM	4.800	mg/L				
MAGNESIUM	6.300	mg/L				
CHLORIDE	24.800	mg/L				
SULFATES	5.000	mg/L				
BICARBONATES	18	mg/L				
SOLUBLE IRON	0	mg/L				
Sodium		mg/L	0	mg/L	0	mg/L
TDS		mg/L	0	mg/L	0	mg/L
OIL GRAVITY	0	°	0	°	0	°

REMARKS _____

MPL = Milligrams per Liter
Resistivity measured in: Ohm-cm

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or persons and employees thereof receiving such report from Halliburton Co.

ANALYST: Mike Amberg

C-108 ITEM VIII – GEOLOGIC INFORMATION

The Wolfcamp formation is a mixed lithology system of light gray-brown, fine to medium crystalline fossiliferous limestone with inter-crystalline vugular porosity including considerable dolomite of medium to fine grains and minor sandstone interbedded with gray shale. Additional porosity can be found when the well bore encounters detrital carbonates which were shed off shelf and foreslope areas and transported down the Wolfcamp paleoslope. The formation thickness varies from about 400 to 500 feet of shales.

The Cisco Formation (Upper Penn) similar to the Wolfcamp is a gray micritic (fine grained) fossiliferous limestone with vugular porosity. The reservoirs in this area are usually limited in size with up dip porosity loss due to shelf margin carbonate build up.

The [Pennsylvanian] Canyon formation consists of similarly medium-grained carbonates, primarily dolomite and porous and permeable sandstone interbedded with shale and is generally 150 to 200 feet in thickness.

There is potential sources of drinking water in the overlying sands occurring at a depth from surface of up to 250 feet. (Note: there are no known domestic water wells within one mile of the proposed SWD well - the State Engineer's record indicated one well in the NW/NW/SW of Section 2, however a on-foot search was unable to locate any such well. Please see affidavit contained herein.) The upper part of the section on average consists of 200 ft of Holocene alluvial deposits of caliche, sand, gravel, and clay. Included in this interval are red sandstone and shale of the Chinle formation and Santa Rosa sandstone and similar deposits of the Dewey Lake formation. These formations are underlain by the Rustler and Salado formations.

There are no known sources of water <10,000 mg/l TDS which underlie the injection zones.

C-108 - Item XI

Water Wells Within One Mile

AFFIRMATIVE STATEMENT

State Engineer's records indicate that there is one water well located in the NW/NW/SW of Section 2. This information was relayed to Mr. Donnie Mathews of Ray Westall Operating, Inc. so that a water sample could be obtained and analysis conducted.

On September 12, 2013, Mr. Mathews conducted a foot search of the QTR/QTR section and found no evidence of an operating or a plugged water well. During the search, a contract pumper was seen in the area. Mr. Mathews was able to communicate with the pumper who stated to Mr. Mathews that he has been working the area for years and has no knowledge of a water well in the area. They again looked to area over as indicated on the map and determined that if the well had existed, it must have been plugged out and there is no indication at surface that would confirm its existence.

This information was relayed to me by Mr. Mathews via a telephone conversation on 9/14/2013.



Ben Stone



New Mexico Office of the State Engineer Active & Inactive Points of Diversion (with Ownership Information)

WR File Nbr	Sub basin	Use	Diversion	Owner	County	POD Number	Code	Grant	Source				X	Y			
									1	2	3	4					
L 06915	L	DOM	3	GERALD P SIMPSON	LE	L 06915			Shallow	1	1	3	02	18S	28E	579195	3626784*

Record Count: 1

PLSS Search:

Section(s): 1, 2, 11, 12 Township: 18S Range: 28E

Sorted by: File Number

*UTM location was derived from PLSS - see Help

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

C-108 ITEM XII – GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.

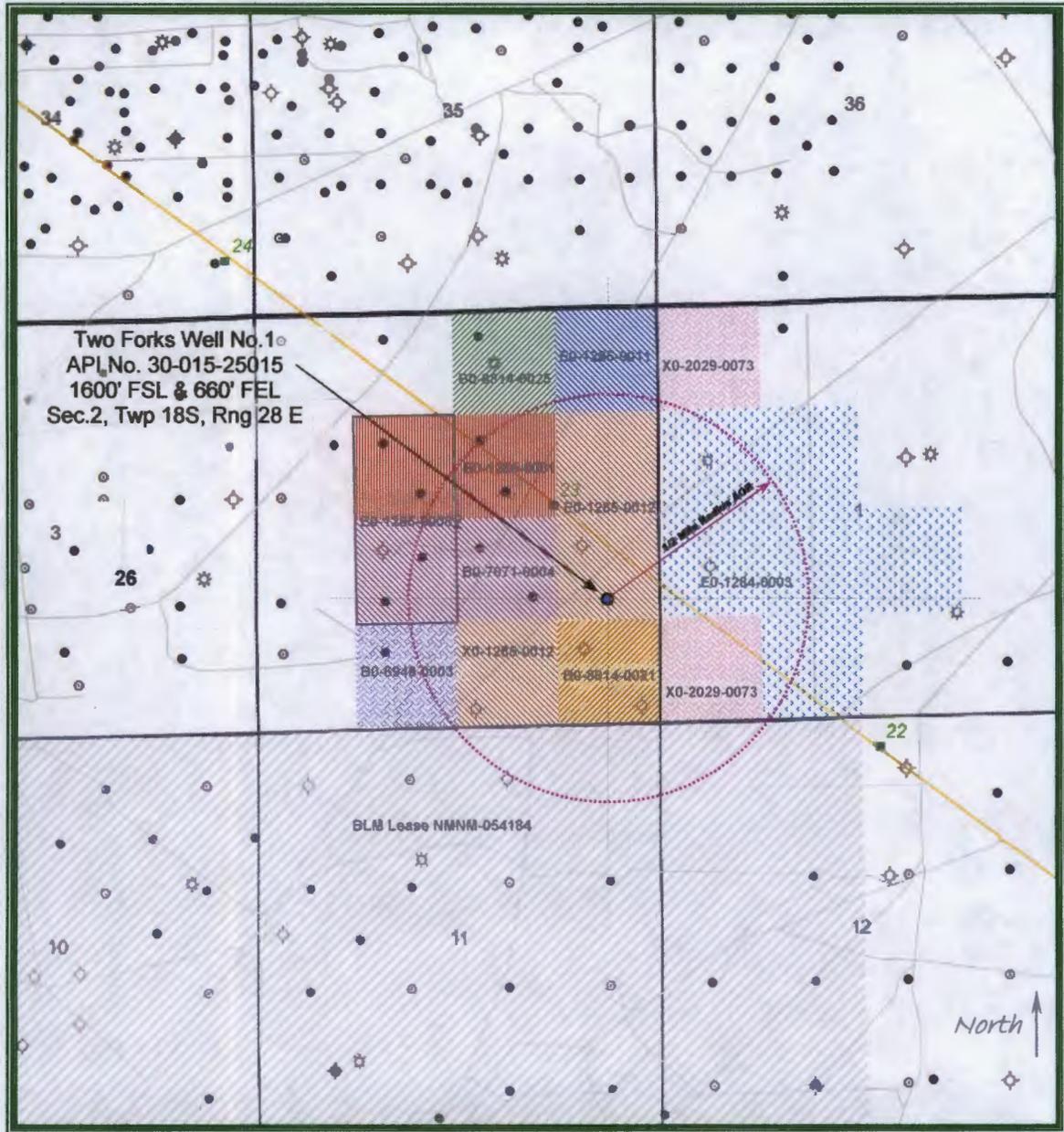


Ben Stone, Partner
SOS Consulting, LLC

Project: Ray Westall Operating, Inc.
Two Forks Well No.2
Reviewed 9/13/2013

Two Forks Well No.1 - Leasehold Plat

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



RAY WESTALL OPERATING, INC.

LEGEND

- | | | | |
|---|--|---|---|
|  | E0-1285-0012 - Olen F. Featherstone II |  | B0-6946-0003 - Jerry Curtis & Ralph Nix |
|  | X0-1285-0011 - Hanson-McBride Petroleum Co. |  | B0-7071-0004 - W.E. Jeffers |
|  | X0-2029-0073 - Oxy USA WTP Ltd., Partnership |  | E0-1285-0008 - Dekalb Energy Company |
|  | E0-1284-0003 - Harvey E. Yates Company |  | E0-1285-0001 - W.E. Jeffers |
|  | B0-8814-0021 - Mark D. Wilson |  | B0-8814-0025 - Marathon Oil Company & SDX Resources |
|  | BLM - NMNM-054184 - ZPZ Delaware, Yates Petroleum, Marathon Oil & Others | | |

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**

SURFACE OWNER

STATE OF NEW MEXICO (FedEx'ed copy)
Oil, Gas and Minerals Division
310 Old Santa Fe Trail
Santa Fe, NM 87504

OFFSET MINERALS LESSEES and OPERATORS (All Notified via USPS Certified Mail)

State Lease E0-1285-0012

Lessee

- 1 OLEN F. FEATHERSTONE II
1717 W. Second St.
Roswell, NM 88202

Operator

RAY WESTALL OPERATING, INC. (Applicant)
P.O. Box 4
Loco Hills, NM 88255

State Lease E0-1285-0011

Lessee

- 2 HANSON-McBRIDE OIL COMPANY
P.O. Box 1515
Roswell, NM 88201

Operator

- 3 ALAMO PERMIAN RESOURCES, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

State Lease X0-2029-0073

Lessee

- 4 OXY, USA WTP LIMITED PARTNERSHIP
Attn: Karen Sinard
P.O. Box 4294
Houston, TX 77210

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

State Lease E0-1284-0003

Lessee

5 HARVEY E. YATES COMPANY
Attn: Jen Atkinson
P.O. Box 1933
Roswell, NM 88202

Operator

6 CHEVRON USA, INC.
Attn: Sandy Stedman-Daniel
P.O. Box 2100
Houston, TX 77252

State Lease B0-8814-0021

Lessee

7 MARK D. WILSON
4501 Green Tree Blvd.
Midland, TX 79707

Operator

8 ROBERT H. FORREST JR OIL, LLC
609 Elora Drive
Carlsbad, NM 88220

State Lease E0-6946-0003

Lessee

9 JERRY CURTIS & RALPH NIX
P.O. Box 617
Artesia, NM 88210

Operator

10 QUANTUM RESOURCES MANAGEMENT, LLC
1401 McKinney St., Suite 2400
Houston, TX 77010

State Lease B0-7071-0004

Lessee

11 W.E. JEFFERS
P.O. Box 1473
Artesia, NM 88211-1473

Operator

ALAMO PERMIAN RESOURCES, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

State Lease E0-1285-0008

- Lessee***
12 DEKALB ENERGY COMPANY
1625 Broadway
Denver, CO 80202

State Lease E0-1285-0001

Lessee
W.E. JEFFERS
P.O. Box 1473
Artesia, NM 88211-1473

Operator
ALAMO PERMIAN RESOURCES, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

State Lease B0-8814-0025

- Lessee***
13 MARATHON OIL COMPANY & SDX RESOURCES MGT, LLC
P.O. Box 22164
Tulsa, OK 74121-2164

Operator
QUANTUM RESOURCES MANAGEMENT, LLC
1401 McKinney St., Suite 2400
Houston, TX 77010

BLM Lease NMNM-054184

- Lessee(s)***
14 ZPZ DELAWARE I, LLC
2000 Post Oak Blvd., Ste. 100
Houston, TX 77056-4497
- 15 YATES PETROLEUM CORPORATION
105 S. 4th Street
Artesia, NM 88210
- 16 KHODY LAND AND MINERALS COMPANY
210 Park Avenue, Ste., 900
Oklahoma City, OK 73102
- 17 MARATHON OIL COMPANY
P.O. Box 3128
Houston, TX 77253-3128

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

OFFSET SURFACE & MINERAL OWNER

- 18 BUREAU OF LAND MANAGEMENT (Notified via USPS Certified Mail)
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

ADDITIONAL NOTICE PROVIDED

- 19 COG OPERATING, LLC
Attn: Jim Bob Burnett
2208 W. Main St.
Artesia, NM 88210

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed original and copy)
1220 S. St. Francis Dr.
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
811 S. First St.
Artesia, NM 88210

NEW MEXICO STATE LAND OFFICE (FedEx'ed copy)
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, NM



September 11, 2013

NOTIFICATION TO INTERESTED PARTIES
via U.S. Certified Mail

To Whom It May Concern:

Ray Westall Operating, Inc., Loco Hills, New Mexico, has made application to the New Mexico Oil Conservation Division to convert for salt water disposal its Two Forks State Well No.2. The proposed commercial operation will be for produced water disposal from area operators. As indicated in the notice below, the well is located in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico.

The published notice states that the bottom of the interval will be no deeper than 10,008 feet. The uppermost top of the interval will be 7054 feet.

Following is the notice published in the Artesia Daily Press, Artesia, New Mexico on May 17, 2013.

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to permit for salt water disposal in its Two Forks State Well No.2. The well, API No.30-015-25015 is located 1600 FSL & 660 FEL in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Wolfcamp, Cisco and Strawn formations through perforations between a maximum applied for top of 7054 feet to maximum depth of 10008 feet. Specific perforated intervals will be determined later. (Further consideration may result in a shallower maximum depth of 9596 feet.) Maximum injection pressure of 1410 psi and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

You have been identified as a party who may be interested as an offset lessee or operator.

You are entitled to a full copy of the application. If so desired, please call or email SOS Consulting, LLC at 903-488-9850, info@sosconsulting.us, and a copy will be expedited to you. If a copy has already been sent to you or your company, we will advise you of that and the address to which it was sent.

Thank you for your attention in this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Ben Stone". The signature is fluid and cursive, with a large initial "B" and "S".

Ben Stone, SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Application File

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)

7012 2210 0002 0335 6501
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518
7012 2210 0002 0335 6518

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

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

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark
Here

Sent To **OLEN F. FEATHERSTONE II**
Street, Apt. No.;
or PO Box No. 1717 W. Second St.
City, State, ZIP+4 Roswell, NM 88202
PS Form 3800, August 2006 See Reverse for Instructions

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark
Here

Sent To **ALAMO PERMIAN RESOURCES,**
Street, Apt. No.;
or PO Box No. 415 W. Wall Street, Suite 500
City, State, ZIP+4 Midland, TX 79701
PS Form 3800, August 2006 See Reverse for Instructions

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark
Here

Sent To **HARVEY E. YATES COMPANY**
Street, Apt. No.;
or PO Box No. P.O. Box 1933
City, State, ZIP+4 Roswell, NM 88202
PS Form 3800, August 2006 See Reverse for Instructions

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

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

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark
Here

Sent To **HANSON-McBRIDE OIL COMPAN**
Street, Apt. No.;
or PO Box No. P.O. Box 1515
City, State, ZIP+4 Roswell, NM 88201
PS Form 3800, August 2006 See Reverse for Instructions

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark
Here

Sent To **OXY, USA WTP LIMITED PARTN**
Street, Apt. No.;
or PO Box No. P.O. Box 4294
City, State, ZIP+4 Houston, TX 77210
PS Form 3800, August 2006 See Reverse for Instructions

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark
Here

Sent To **CHEVRON USA, INC.**
Street, Apt. No.;
or PO Box No. P.O. Box 2100
City, State, ZIP+4 Houston, TX 77252
PS Form 3800, August 2006 See Reverse for Instructions

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts - cont.)

7012 2210 0002 0335 6563
7012 2210 0002 0335 6570
7012 2210 0002 0335 6570
7012 2210 0002 0335 6570
7012 2210 0002 0335 6570
7012 2210 0002 0335 6570

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
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	\$ 6.11

Postmark Here

<i>Sent To</i>	MARK D. WILSON
<i>Street, Apt. No.; or PO Box No.</i>	4501 Green Tree Blvd.
<i>City, State, ZIP+4</i>	Midland, TX 79707
PS Form 3800, August 2006 See Reverse for Instructions	

OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark Here

<i>Sent To</i>	JERRY CURTIS & RALPH NIX
<i>Street, Apt. No.; or PO Box No.</i>	P.O. Box 617
<i>City, State, ZIP+4</i>	Artesia, NM 88210
PS Form 3800, August 2006 See Reverse for Instructions	

OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark Here

<i>Sent To</i>	W.E. JEFFERS
<i>Street, Apt. No.; or PO Box No.</i>	P.O. Box 1473
<i>City, State, ZIP+4</i>	Artesia, NM 88211-1473
PS Form 3800, August 2006 See Reverse for Instructions	

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
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	\$ 6.11

Postmark Here

<i>Sent To</i>	ROBERT H. FORREST JR OIL, LI
<i>Street, Apt. No.; or PO Box No.</i>	609 Elora Drive
<i>City, State, ZIP+4</i>	Carlsbad, NM 88220
PS Form 3800, August 2006 See Reverse for Instructions	

OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark Here

<i>Sent To</i>	QUANTUM RESOURCES MANAC
<i>Street, Apt. No.; or PO Box No.</i>	1401 McKinney St., Suite 2400
<i>City, State, ZIP+4</i>	Houston, TX 77010
PS Form 3800, August 2006 See Reverse for Instructions	

OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.11

Postmark Here

<i>Sent To</i>	DEKALB ENERGY COMPANY
<i>Street, Apt. No.; or PO Box No.</i>	1625 Broadway
<i>City, State, ZIP+4</i>	Denver, CO 80202
PS Form 3800, August 2006 See Reverse for Instructions	

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts - cont.)

7012 2210 0002 0335 6624
U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



Sent To **MARATHON OIL COMPANY & SI**
Street, Apt. No.; or PO Box No. **P.O. Box 22164**
City, State, ZIP+4 **Tulsa, OK 74121-2164**

PS Form 3800, August 2006 See Reverse for Instructions

Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



Sent To **YATES PETROLEUM CORPORA**
Street, Apt. No.; or PO Box No. **105 S. 4th Street**
City, State, ZIP+4 **Artesia, NM 88210**

PS Form 3800, August 2006 See Reverse for Instructions

Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here

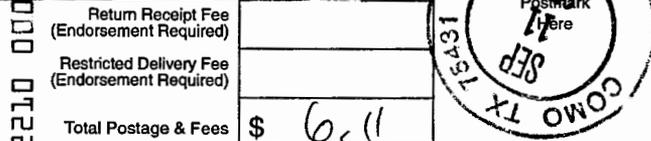


Sent To **MARATHON OIL COMPANY**
Street, Apt. No.; or PO Box No. **P.O. Box 3128**
City, State, ZIP+4 **Houston, TX 77253-3128**

PS Form 3800, August 2006 See Reverse for Instructions

Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



Sent To **COG OPERATING, LLC**
Street, Apt. No.; or PO Box No. **2208 W. Main St.**
City, State, ZIP+4 **Artesia, NM 88210**

PS Form 3800, August 2006 See Reverse for Instructions

7012 2210 0002 0335 6624
U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



Sent To **ZPZ DELAWARE I, LLC**
Street, Apt. No.; or PO Box No. **2000 Post Oak Blvd., Ste. 100**
City, State, ZIP+4 **Houston, TX 77056-4497**

PS Form 3800, August 2006 See Reverse for Instructions

Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



Sent To **KHODY LAND AND MINERALS C**
Street, Apt. No.; or PO Box No. **210 Park Avenue, Ste., 900**
City, State, ZIP+4 **Oklahoma City, OK 73102**

PS Form 3800, August 2006 See Reverse for Instructions

Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



Sent To **BUREAU OF LAND MANAGEME**
Street, Apt. No.; or PO Box No. **620 E. Greene St.**
City, State, ZIP+4 **Carlsbad, NM 88220**

PS Form 3800, August 2006 See Reverse for Instructions

Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	6.11

Postmark
Here



C-108 - Item XIV

Proof of Notice (Legal Notice Publication)

Note: At the time of submission of this C-108 Application Package, the Publisher's Affidavit had not yet been received. Upon receipt, it will immediately be forwarded to OCD Engineering Bureau to be included and made part of this application.

The image below is of the draft provided by Artesia Daily Press staff and includes their Legal Notice No.22720.

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to permit for salt water disposal in its Two Forks State Well No.2. The well, API No.30-015-25015 is located 1600 FSL & 660 FEL in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Wolfcamp, Cisco and Strawn formations through perforations between a maximum applied for top of 7054 feet to maximum depth of 10008 feet. Specific perforated intervals will be determined later. (Further consideration may result in a shallower maximum depth of 9596 feet.) Maximum injection pressure of 1410 psi and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

Published in the Artesia Daily Press, Artesia, N.M., Sept. 13 2013. Legal No 22720.

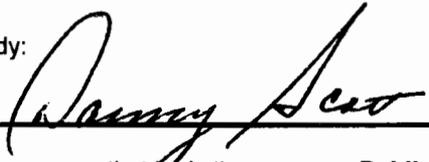
Affidavit of Publication

NO. 22720

STATE OF NEW MEXICO

County of Eddy:

Danny Scott



being duly sworn, says that he is the Publisher

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive weeks/days on the same

day as follows:

- First Publication September 13, 2013
- Second Publication _____
- Third Publication _____
- Fourth Publication _____
- Fifth Publication _____

Subscribed and sworn to before me this

16th day of September 2013



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015



Latisha Romine
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to permit for salt water disposal in its Two Forks State Well No.2. The well, API No.30-015-25015 is located 1600 FSL & 660 FEL in Section 2, Township 18 South, Range 26 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Wolfcamp, Cloco and Strawn formations through perforations between a maximum applied for top of 7054 feet to maximum depth of 10006 feet. Specific perforated intervals will be determined later. (Further consideration may result in a shallower maximum depth of 9598 feet.) Maximum injection pressure of 1410 psi and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)466-9850 or, email info@sosconsulting.us.

Published in the Artesia Daily Press, Artesia, N.M., Sept. 13 2013. Legal No 22720.



C-108 Review Checklist: Received 04/18/13 Add. Request: _____ Reply Date: _____ Suspended: _____ [Ver 10]

PERMIT TYPE: WFX / PMX / SWD Number: 1452 Permit Date: 12/17/13 Legacy Permits/Orders: None

Well No. 2 Well Name(s): Two Forks State

API: 30-0 15-25015 Spud Date: 10/01/84 New or Old: (N) (UIC Class II Primacy 03/07/1982)

Footages 1600 FSL / 660 FEL Lot - Unit I Sec 2 Tsp 18S Rge 28E County Eddy

General Location: 2.15 miles E of Artesia / 2 miles south of intersection of Empire South, Morrow Pool No.: _____

Operator: Ray Westall Operating, LLC Inc. OGRID: 119305 Contact: Ben Stone / Consultant

COMPLIANCE RULE 5.9: Inactive Wells: 1 Total Wells: 6 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes

Well File Reviewed Current Status: P&A'd; former gas prod. - Empire-Morrow / WK in area / casing cut - limited production at 2950

Well Diagrams: NEW: Proposed RE-ENTER: Before Conv. After Conv. Are Elogs in Imaging?: Yes

Planned Rehab Work to Well: New 5 1/2 inch production casing from 2950 to surface; Cement new 5 1/2 to surface / perf based on logs - CIBP to be within 100 of surface

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned ___ or Existing ___ Conductor	—	—	—	—
Planned ___ or Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 / 13 3/8</u>	<u>0 to 467</u>	<u>500</u>	<u>Cir. to Surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Interm Prod	<u>11 / 8 5/8</u>	<u>0 to 2988</u>	<u>1830</u>	<u>Cir. to surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Prod/Interm	<u>5 1/2</u>	<u>Cut to 2950 / 11088-2916H</u>	<u>1590</u>	<u>3200 by Temp Surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Liner/Prod	<u>5 1/2</u>	<u>patch 2950 to 0</u>	<u>(600 sx)</u>	<u>Cir. to surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> OH / PERF	<u>See diagram</u>	<u>7054 to 10008</u>	<u>Inj Length 2954</u>	<u>2900</u>

Injection Stratigraphic Units:	Depths (ft)	Injection or Confining Units	Completion/Operation Details:
Adjacent Unit: Litho. Struc. Por.	—	—	Drilled TD <u>11088</u> PBDT —
Confining Unit: Litho. Struc. Por.	<u>78</u>	<u>Frankford</u>	NEW TD — NEW PBDT <u>10100</u>
Proposed Inj Interval TOP:	<u>7057</u>	<u>Wolfcamp</u>	NEW Open Hole <input type="checkbox"/> or NEW Perfs <input checked="" type="checkbox"/>
Proposed Inj Interval BOTTOM:	<u>1000</u>	<u>Straugh</u>	Tubing Size <u>2 3/8</u> in. Inter Coated? <u>Yes</u>
Confining Unit: Litho. Struc. Por.	—	<u>Atoka</u>	Proposed Packer Depth <u>6904</u> ft
Adjacent Unit: Litho. Struc. Por.	—	—	Min. Packer Depth <u>6954</u> (100-ft limit)
			Proposed Max. Surface Press. <u>410</u> psi
			Admin. Inj. Press. <u>1411</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: 676 B: 860 CLIFF HOUSE NA

FRESH WATER: Formation Alluvial Max Depth 300 Wells? 1 FW Analysis NA HYDROLOGIC AFFIRM By Qualified Person

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

Disposal Interval: Injection Rate (Avg/Max BWPD): -dependent on completion Protectable Waters: NO CAPITAN REEF: thru adj NA

H/C Potential: Producing Interval? Yes Formerly Producing? Yes Method: E Log / Mudlog DST Depleted Other WC & Canyon

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

Penetrating Wells: No. Active Wells 1 Num Repairs? 0 on which well(s)? _____ Diagrams? No

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

NOTICE: Newspaper Date 05/12/2013 Mineral Owner SLO Surface Owner SLO N. Date 09/11/13

RULE 26.7(A): Identified Tracts? Yes Affected Persons: BLM / COG / Featherstone / itansa - McBride Oil Co. / Aigmo Permiar / Oxy Date 09/11/13

Permit Conditions: Issues: Interval - no final completion & flow/reservoir contributions - test interval

Add Permit Cond: Final completion diagram and perf. select / amend SWD; injection survey

Two Forks State #2

30-015-25015

Ray Westal / SWD Appl.

County, Araves Eddy

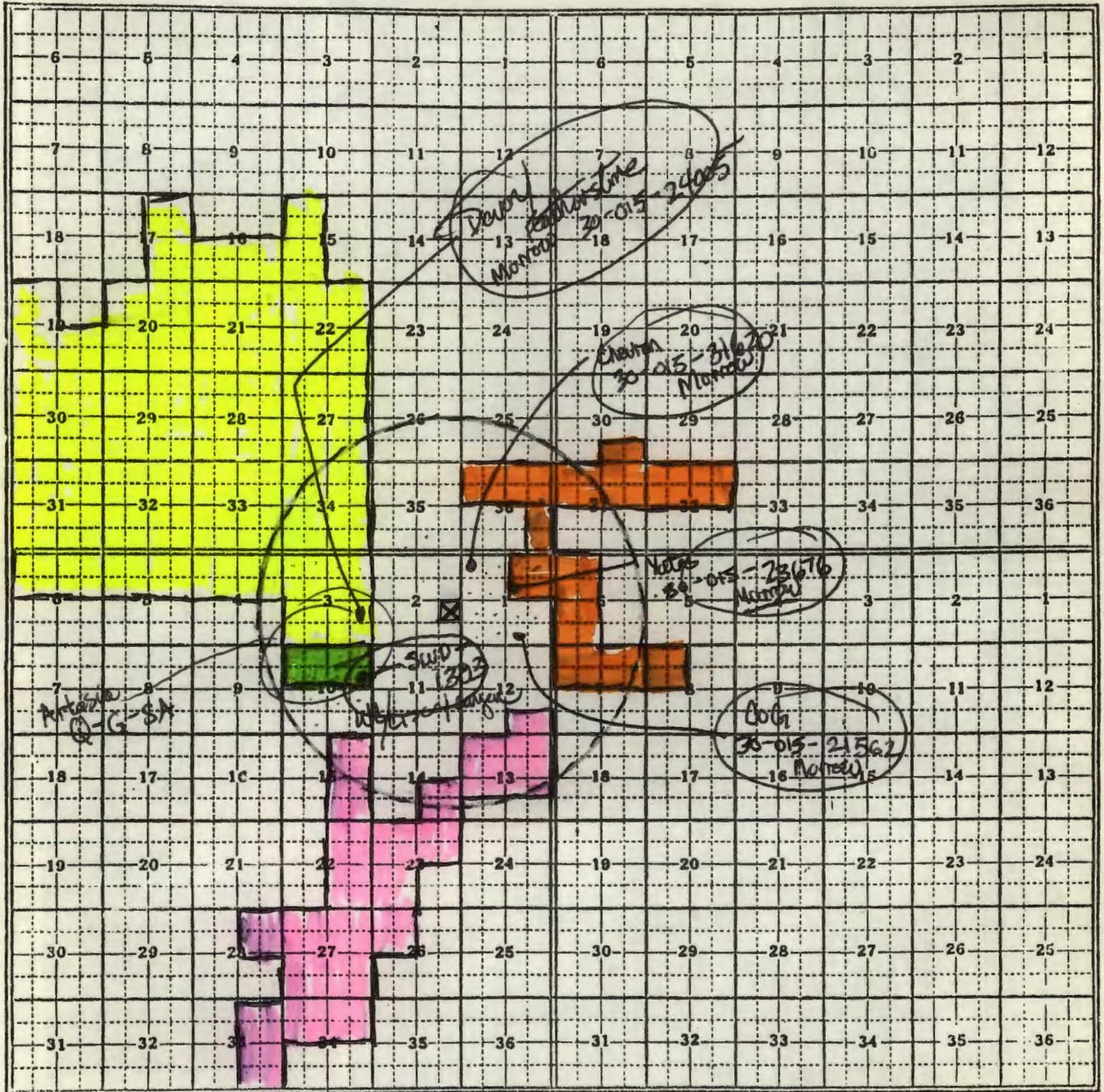
Township 17S Range 28E

Township 17S Range 29E

Township 18S Range 28E

Township 18S Range 29E

Form 104-(Four on Township)



17S

18S

28E Intervals Wolfcamp ●

Cisco ●

Canyon →

Strawn ●

29E WC: Empire, South

Cisco: Illinois Camp / Gas

Upper Penn - Travis ●

Strawn / Atoka / Morrow - Gas