

DATE <u>9/24/12</u>	SUSPENSE	ENGINEER <u>WUT</u>	LOGGED IN	TYPE <u>SWD</u> <u>1366</u>	REF ID <u>PWWJ 1231453513</u>
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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 \_\_\_\_\_

#### [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.

Tommy W. Folsom  
 Print or Type Name

[Signature]  
 Signature

EVP & Director of E&P  
 Title

11/8/12  
 Date

Tommy @ Red Mountain Resources  
 e-mail Address

.com



September 19, 2012

RECEIVED OCD

Certified Return Receipt Requested  
7011 0470 0001 5493 3285

2012 SEP 24 P 12:49

New Mexico Oil Conservation Division  
State Office  
1220 South St. Francis Dr.  
Santa Fe, New Mexico

Re: Madera 25 Federal #1 Application for Salt Water Injection

To Whom It May Concern,

We are submitting our Form C-108, Application for Authorization to Inject for your review and approval. Per state requirements we have notified the surface owners and offset well operators surrounding the captioned well in Sec.25, T-26S, R-34E in Lea County, New Mexico. We have included copies of the letters sent along with the C-108 applications to those parties. Attached to those letters are copies of the postmarked Certified Mail Receipts. Included with our C-108 is our affidavit from the Hobbs Daily News-Sun showing the required legal notice as ran in the paper.

If you have any questions regarding the proposed application please contact me, Tommy W. Folsom at 214.871.0400 (office) or 575.706.2794 (cell).

Sincerely,

Tommy W. Folsom  
Executive VP & Director of Exploration & Production  
RMR Operating, LLC.

cc: NMOCD-Hobbs Field Office

30-025-29808

**RED MOUNTAIN RESOURCES, INC.**

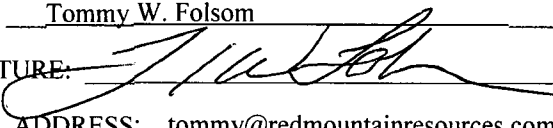
2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

415 WEST WALL STREET, SUITE 1710  
MIDLAND, TX 79701

1720 KALISTE SALOOM ROAD, SUITE D1  
LAFAYETTE, LA 70508

214.871.0400 PHONE  
214.871.0406 FAX

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE: \_\_\_\_\_ Secondary Recovery \_\_\_\_\_ Pressure Maintenance   X   Disposal \_\_\_\_\_ Storage \_\_\_\_\_  
Application qualifies for administrative approval? \_\_\_\_\_ Yes \_\_\_\_\_ No
- II. OPERATOR: RMR Operating LLC.  
ADDRESS: 2515 McKinney Avenue Suite 900 Dallas, Texas 79701  
CONTACT PARTY: Tommy W. Folsom PHONE: 214-871-0400
- 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   X   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: Tommy W. Folsom TITLE: EVP & Director of E&P  
SIGNATURE:  DATE: September 12, 2012  
E-MAIL ADDRESS: tommy@redmountainresources.com
- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: \_\_\_\_\_

### III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

### XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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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.

## INJECTION WELL DATA SHEET

OPERATOR: RMR Operating, LLC.WELL NAME & NUMBER: Madera 25 Federal #1

WELL LOCATION: <u>1980 FSL and 1980 FEL</u>	<u>J</u>	<u>25</u>	<u>26S</u>	<u>34E</u>
FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATICWELL CONSTRUCTION DATASurface CasingHole Size: 26" Casing Size: 20"Cemented with: 2750 sx. *or* \_\_\_\_\_ ft<sup>3</sup>Top of Cement: Surface Method Determined: CirculatedIntermediate CasingHole Size: 17 1/2" Casing Size: 13 3/8"Cemented with: 5100 sx. *or* \_\_\_\_\_ ft<sup>3</sup>Top of Cement: Surface Method Determined: CirculatedProduction CasingHole Size: 12 1/4" Casing Size: 9 7/8" & 9 3/4"Cemented with: 5500 sx. *or* \_\_\_\_\_ ft<sup>3</sup>Top of Cement: Surface Method Determined: CirculatedTotal Depth: 13,463'Injection Interval~~190'~~ feet to Perforated 6885' to 7165'

**INJECTION WELL DATA SHEET**

Tubing Size: 2 7/8" Lining Material: Plastic Coated

Type of Packer: Nickel Plated AS 1 w/ nickel plated on/off valve ( compression, natural, tension )

Packer Setting Depth: 6,785'

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

Additional Data

1. Is this a new well drilled for injection? \_\_\_\_\_ Yes X No

If no, for what purpose was the well originally drilled? The well was originally drilled as a Ellenberger test at 22,133 to 22,466', the Fusselman, Atoka, Straw and Wolfcamp were also produced ( see attached well bore schematic)

2. Name of the Injection Formation: Cherry Canyon Delaware

3. Name of Field or Pool (if applicable): Jabalina S

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. See well Bore Schematic

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: The Delaware Bell Canyon is above and the Delaware Brushy Canyon, Avalon Shale, Bone Springs sands, Wolfcamp, Strawn, Atoka, Morrow, Fusselman, and Ellenberger are below this proposed injection zone.

\_\_\_\_\_  
\_\_\_\_\_

Madera 25 Federal #1

APPLICATION FOR INJECTION SWD

ANSWERS TO FORM C – 108

- V. Map is attached
- VI. No wells have been drilled in the area of review
- VII Attached Data on proposed operation, Including
1. Well bore schematic of current well bore with work history
  2. Well bore schematic of proposed injection well bore.
  3. Proposed workover plan.
  4. The proposed average injection rate 3 BPM, Maximum 5 BPM.
  5. The proposed average injection volume 3000 BPD , Maximum 4000 BPD
  6. The system will be a closed system.
  7. Water sample of injection fluid is attached, the injection fluid is from the Brushy Canyon Delaware.
  8. This zone is not productive of oil or gas from this area. There is no well producing from this zone in the area.
- VIII The injection zone is the Delaware Cherry Canyon, sandstone 18 to 24% porosity the top of Cherry Canyon is 6614' to the Base at 7820'. The geologic name of drinking water is the Dockum aquifer; it is produced from 120' to 700' below the surface in this area. There is no drinkable water below proposed injection zone.
- IX Acid treatment will be pumped to clean up perforation debris from the perforation channels. (See Attached Procedure)
- X Logs for this well are on record
- XI There is no fresh water wells within a mile of the proposed injection well.
- XII I Tommy W. Folsom affirm the available geologic and engineering data has been reviewed and we have found no evidence of open faults or any other hydrologic connection between the proposed disposal zone and any underground sources of drinking water.

XIII The proof of notice is completed and attached.

III Well Data detail:

1 Madera 25 Federal #1  
Unit J Section 25, T-26S, R-34E  
1980' FSL and 1980' FEL  
Lea County, New Mexico

2 Csg Details

Hole size	Csg details	Depth set	Cmt pumped	TOC	Determination
26"	20" 106.5# K-55	1,100'	2,750 sxs	Surface	Cmt Circulated
17 ½"	13 3/8" 68&72# N-80	5,300'	5300 sxs	Surface	Cmt Circulated
12 ¼"	9 7/8 & 9 ¾" 53.5 S-95	13,000'	5500 sxs	Surface	Cmt Circulated
8 ½"	7 ¾" 46.1 LSS-125	12,700 to 18,300'	1300 sxs	TOL	Cmt Circulated
6 ½"	5" 23.75 C-75	18,000 to 22,500'	350 sxs	TOL	Cmt Circulated
7 7/8"	5 ½" 23# (side track)	12,465' to 15,700'	650 sxs	TOL	Cmt Circulated

3. The tubing to be used in SWD will be 2 7/8" 6.5# J-55 eue 8rd the ID will be plastic coated will be set at 6,785'.

4. The packer will be nickel plated 2 7/8" x 9 ¾" AS1 ( compression, neutral, tension ) packer. A open and shut valve will be nickel plated and on top of the packer, a nickel plated on/off tool will be above the valve, and below the plastic coated tbg.

B.

1. The injection formation is the Delaware Cherry Canyon, the pool name is the Jabalina S

2. The injection interval will be perforated from 6,885' to 7,165'. (See attached procedure)

3. The well was originally drilled as a Ellenberger test. (See attached well bore schematic)

4. See plug details on attached well bore schematics.

XIV Proof of Notice Attached



RMR OPERATING, LLC.  
MADERA 25 FEDERAL #1  
Unit J, Section 25, T-26S, R-34E  
1980' FSL and 1980' FEL  
Lea County, New Mexico  
API 30-025-29808  
September 12, 2012

WORKOVER PROCEDURE TO SWD

**CASING:**

20"	163,133,106#	K-55 & N-80	@ 1,044'	Cmt Cir to surface
13 3/8"	72,68#	S-95, N-80 & K-55	@ 5,260'	Cmt Cir to surface
9 3/4" & 9 7/8"	62.8 & 59.2#	S-105, & S-95	@ 13,463'	Cmt Cir to surface

Additional casing is in this well but will not be relative to this workover see attached well bore schematic.

2 3/8" DSS-HT Tbg 5.95# N-80 406 Jts

Perma Packer set at 13,524' with 7Jts 2 3/8" tbg below packer

**Logs:** Borehole Compensated Sonic Log: 2/6/87, 3/24/87, 4/29/87

GL: 3198 KB: 3229 Correction: 31'

**DISCUSSION:**

The Madera 25 Federal #1 is an excellent candidate for an SWD well in this area. The well is at its economic limit in the current producing interval. We have reviewed the well geologically and have defined no additional reservoirs for an economic re-completion. The area has potential development of the Brushy Canyon Delaware horizontal as indicated by the completion of the Madera 24 Federal #2H. The Madera 24 is averaging 195 BOPD 527 MCFD and 376 BWPD at the current time. It has produced a total of 59,873 BO, 88,827 MMCF and 108,658 BW in 270 days.

**PROCEDURE:**

1. Complete State form C-108 and all additional required paper work. File all required paper work to the NMOCD and BLM, gain approval to proceed with conversion to SWD. Adjust procedure as needed to all requirements by NMOCD and BLM.
2. RU slick line and set plug in profile Perma Latch Pkr at 13,524', RD slick line. Load tbg w/ produced water from Madera 24 Fed #2H. Load csg with produced water Madera 24 Fed #2H.
  - a. If a profile is available from review of GW records.
  - b. If profile is not available pump water down tbg and csg and continue procedure.
3. ND production tree and NU 5K hydraulic BOP w/ 2 3/8" and blind rams. Pull up and release from Perma latch packer and POOH w/ 2 3/8" tbg. RU wire line and set plugs as indicated.
  - a. Insure TIW valve is in tbg when pulling up to sting out of pkr. Well could be out of balance and a fluid surge could occur.
  - b. If plug was not set in Perma Packer, set 5 1/2" 23# CIBP at 13,500' and cap with 35' cmt via dump bailer.
  - c. If plug was set in Perma Packer, dump bail 35' cmt on pkr via dump bailer.
  - d. Run Junk basket and gauge ring to top of 5 1/2" liner, run GR CCL log to correlate Depth, TIH and set 97/8" CIBP at 12,465' just above 5 1/2" liner and cap w/ 35' cmt via dump bailer.
4. TIH w/ opened ended tbg and spot 10# salt Gel from 12,430' to 7000'. POOH w/ tbg lay down 5200' of tbg.
5. RU wire line set 97/8" CIBP and set at 7500' and cap with 35' cmt via dump bailer. RU pump truck load and pressure test csg to 1,500 psi and hold on chart for 30 minutes.
6. GIH w/ 4" csg guns at 4 SPF 120 degree phasing with premium charges, correct on depth and perforate as follows:

7,130' to 7,165'	35'	140 holes
7,030' to 7,090'	60'	240 holes
6,968' to 7,012'	44'	176 holes
6,885' to 6,936'	51'	204 holes

7. TIH w/ tbg and spot 3000 gals 15% HCL from 7165' and up. POOH with 15 stands tbg and pressure csg slowly to displace all acid into reservoir.
  8. POOH w/ tbg lay down all 2 3/8" tbg.
  9. Pick up 9 7/8" nickel plated AS1 packer with nickel plated down hole shut off valve. TIH w/ 2 7/8" Plastic Coated tbg and circulate or (displace if well will not circulate) required Bbls of 10# brine water w/ 2GPT corrosion inhibitor and oxygen scavenger down csg to protect backside.
  10. Set the packer at 6,785'  $\pm$  and insure down hole valve is open. NDBOP and NU well head install 3000 psi full open nickel plated surface valve, all ID components of well head are to be plastic coated or nickel plated.
  11. Load back side w/ 10# brine w 3 GPT corrosion treated water. Pressure to 1000 psi on csg and hold for thirty minutes on a chart recorder. RU on tbg and establish rate and conduct a chart recorded step rate test for NMOCD.
- NOTE: Notify NMOCD with sufficient time to witness csg integrity test and step rate test.

#### **BATTERY CONSTRUCTION:**

Set tank containment and set 750 fiberglass gun barrel, 4 – 500 Bbl fiberglass water tanks, set 2 – 210 Bbl steel tanks (210 tanks on lease, clean out, sand blast and coat bottom and 24" up with a flack line coating. Build 3" plastic coated header, lay 4" poly line to gun barrel from header, connect water tanks to gun barrel with 8" water leg and connect gravity oil spill over to 210 Bbl oil tanks. Build a cement slab of sufficient size with a sump to accommodate triplex pump with a Waukesha gas engine. This will be turned to electricity as the infrastructure for this area is developed.

The engine will be run from propane or gas supplied from a nearby well as required. The engine either gas or electric will be started or shut off by a liquid level control switch. The pump area will have a steel building constructed over it w/ overhead garage doors on both ends and manual vents in the ceiling. A 2' earthen containment will be constructed around the entire location and fenced with a locked drive through gate.

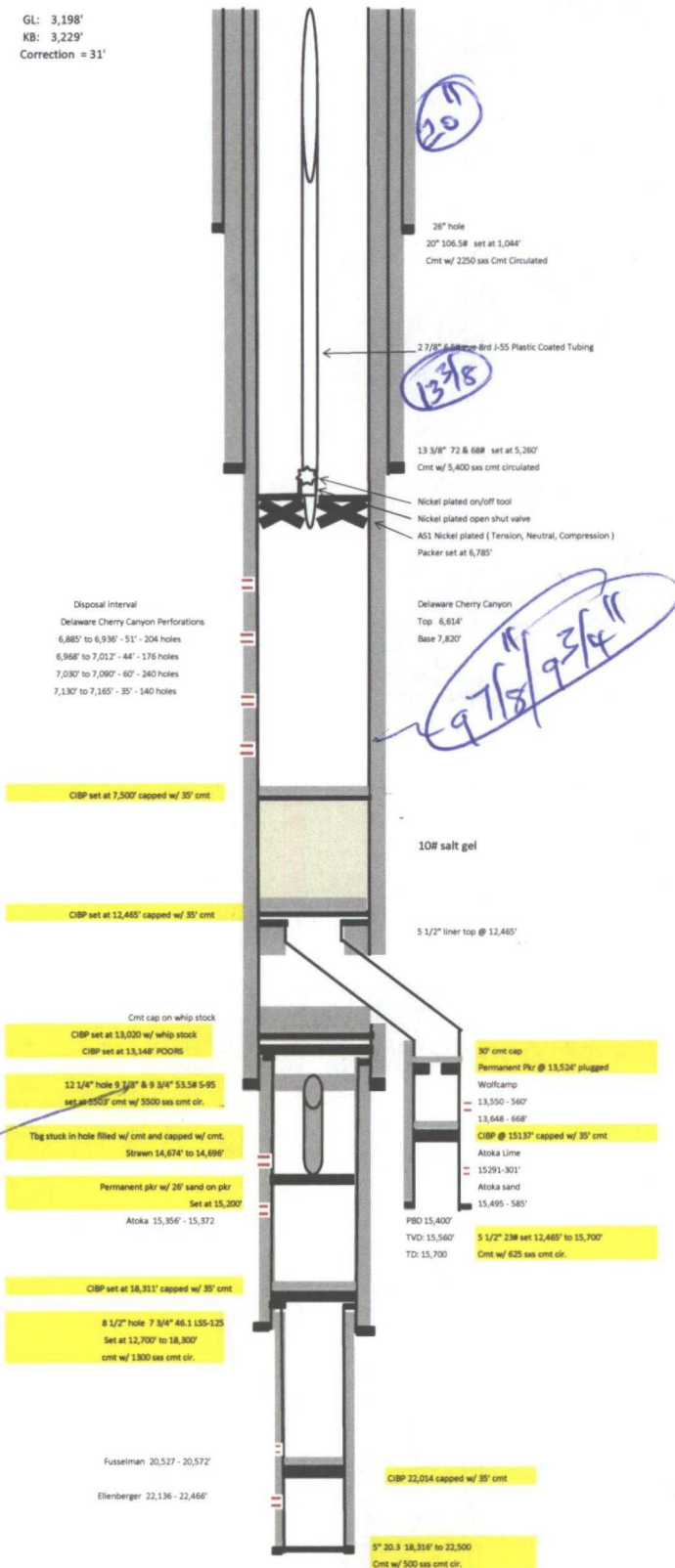
Tommy W. Folsom  
EVP & Director of E and P

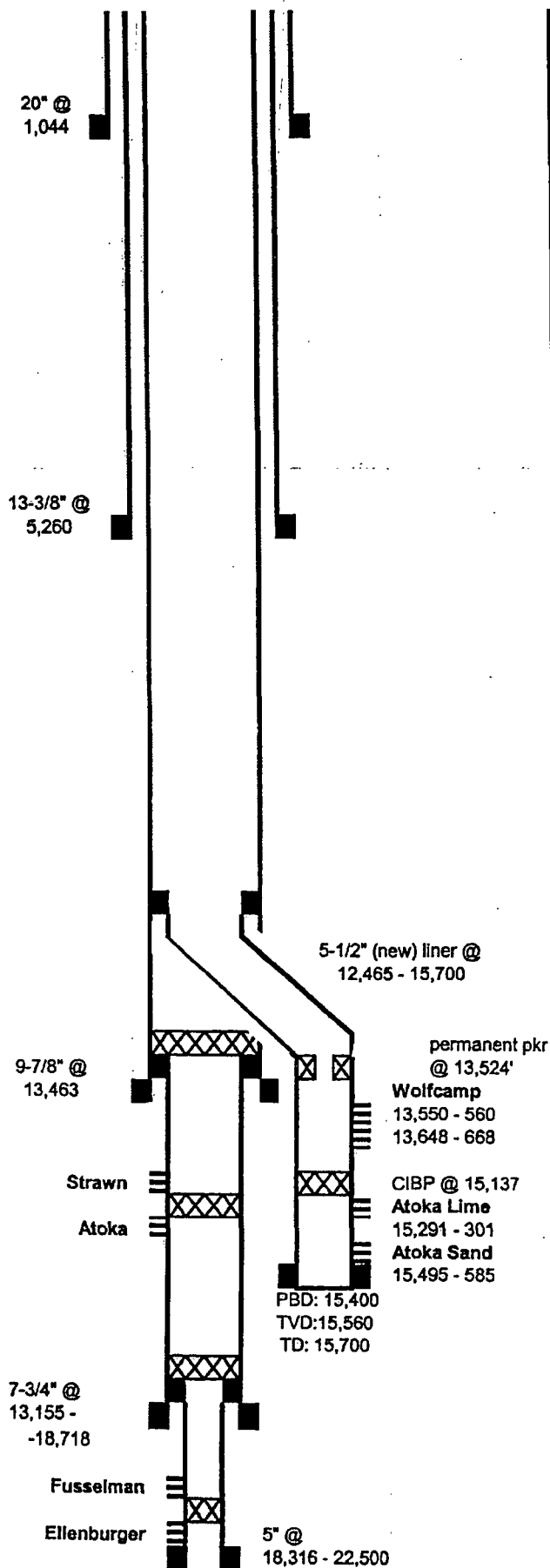
MADERA 25 FEDERAL #1 SWD  
Unit J, Section 25, T-26S, R-34E  
1980' FSL and 1980' FEL  
Lea County, New Mexico

API # 30-025-29808

Well Bore Schematic

GL: 3,198'  
KB: 3,229'  
Correction = 31'





## Madera Federal 25-1

GL: 3,198 Status: Active Producer  
KB: 3,229 Zone: Wolfcamp

Original New TVD Perfs: 13,550-560, and 13,648-668  
TD: 22,500 15,700 15,563  
PBD: 15,400 15,289 API: 30-025-29808

Surface: 1,980 FSL Lse: 013510  
1,980 FEL Field: Wildcat; Wolfcamp (Gas)  
Bottom: 1,741 FSL  
1,251 FEL

Location 26S 34E 25J  
County: Lea, New Mexico

Casing	Wt	Set	Cmt	Hole	TOC	Method
20"	163.00	1,044	2,250		circulated	
13-3/8"	72.68	5,260	5,400		circulated	
9-3/4 & 9-7/8"	63.59	13,463	5,500	12-1/4"	circulated	
7-3/4"	48.10	13,155 - 18,718	850	8-3/4"	circulated	
5"	20.3	18,316 - 22,500	500		circulated	
5-1/2"	23	12,465 - 15,700	625		circulated	

- 30-Dec-92 Drill and complete: Tom Brown Inc. Madera Federal "25" No. 1  
TD @ 22,500  
Perf: 22,136 - 22,466 (Ellenburger).  
Treat: 24,000 gals of KCl & 60,000 gals acid & 1000 MCF N2  
Plug: Set CIBP @ 22,014 with 35' of cement  
Perf: 20,527 - 20,572 (Fusselman)  
Plug: Set retainer @ 20,500 and sqz perfs with 175 sx  
Perf: 20,413 - 20,458 (Fusselman)  
Plug: Set CIBP @ 18,311 with 35' of cement  
Perf: 15,356 - 15,372 (Atoka)  
Treat: 4,000 gals gelled water & 5,000 gals N-Ver-Sperse-O  
Tested: 592 MCFPD & 0 BOPD  
Plug: dumped 26' of sand on permanent packer set @ 15,200  
Perf: 14,674 - 14,696 (Strawn) Well shut in
- 10-Jun-93 Dusty Mac Resources: workover: sidetrack and deviate with 700' offset to encounter Atoka Sand at a higher structure. cemented bottom of tbq and csg with 100 sx. Tag top of cmt inside tbq at 13,205'. Cut tbq at 13,165'. Set BP @ 13,148'. Couldn't shear tools. Set 2nd BP @ 13,020' with whipstock. Milled window in csg. drilled to new TD: 15,700' (TVD: 15,560') PBD: 15,400' liner: 5-1/2" 23# from 12,465 - 15,700 with 625 sx of cement
- 13-Sep-93 Perf: 15,495 - 502 and 15,573 - 585 (Atoka Sand)  
Frac: 2,000 g HCl, 43,000 g 60% methanol foam, 24,000 #  
Plug: Set blanking plug in tbq @ 15,440, Prod pkr @ 15,400'  
Perf: 15,291 - 301 (Atoka Lime)  
Treat: 20,000 gals 20% NEFE HCl Packer @ 15,180
- 4-Feb-94 Producing from Atoka Lime 15,291 - 15,301
- 20-Dec-96 Proposal to recomplete in Strawn (13,940 - 950), or Wolfcamp (13,550 - 670), or Bone Springs (12,530 - 585). AFE withdrawn.
- 24-Mar-97 replaced 3-1/2" & 2-7/8" tbq with 2-3/8" tbq to help unload liquids.  
Treat: 4,000 glas Mod 202-15% HCl and 26 tons CO2
- 6-Aug-97 Transglobe Oil & Gas recompletion: Unable to pull tbq out of packer at 15,182'. Cut tbq at 15,142'. Set CIBP @ 15,137' with 35' of cmt  
Perf: 13,550 - 560 (41 holes) Wolfcamp  
Treat: 2,000 gals 15% HCL & 56 tons CO2 & 30 ball sealers
- 12-Oct-97 Transglobe Oil & Gas workover  
Perf: 13,643' - 13,668' @ 6 SPF Wolfcamp  
set new permanent packer @ 13,524'
- 1-Dec-98 GWDC now operating

18,300' - 22,500'

Weight: 8.9 - 9.2  
Viscosity: 30 - 32  
Filtrate: 10 - 20  
ph: 9 - 11

Will drill out from under 7-3/4" liner with fresh water adding brine water to raise weight. Ph will be closely monitored to determine presence of any H<sub>2</sub>S in Fusselman and/or Ellenburger formations. H<sub>2</sub>S detection equipment will be utilized while drilling this interval of the well.

6. Ten (10) foot drilling samples will be caught from the base of the first intermediate casing (Delaware - 5300') to total depth.

7. Testing, Coring and Logging Programs:

- (a) Twenty four (24) hour mud logging operations will commence at 5300' and continue for the remainder of the well.
- (b) No coring or drill stem testing is planned.
- (c) Electric Logging:

BHC Sonic/GR	5,300' - 1,100'
DLL-MSFL/SP/GR	13,000' - 5,300'
GR/CNL-LDT	13,000' - 5,300'
BHC Sonic/GR	13,000' - 5,300'
DIL-SFL/SP/GR	18,300' - 13,000'
GR/CNL-LDT	18,300' - 13,000'
BHC Sonic/GR	18,300' - 13,000'
DIL-SFL/SP/GR	22,500' - 18,300'
GR/CNL-LDT	22,500' - 18,300'
BHC Sonic/GR	22,500' - 18,300'
Dipmeter	22,500' - 18,300'

8. Abnormal pressures (gradient greater than 0.5 psi/ft.) are expected in the Lower Pennsylvanian formations - Strawn, Atoka, Morrow.
9. The Fusselman and Ellenburger formations may contain Hydrogen Sulfide gas. H<sub>2</sub>S detection, monitoring and safety equipment will be on location and operational prior to drilling out from under 7-3/4" liner at 18,300'. See attached H<sub>2</sub>S Contingency and Evacuation Plan.
10. Auxiliary Equipment:  
Prior to drilling out from under the 9-5/8" casing at 13,000 feet the following pressure detection and gas handling equipment will be installed and operational--  
Flo-Sho, PVT System, Mud Gas Separator, Hydraulic Chokes, Full Opening Safety Valves, Degasser, Drill Scan, U&L Kelly Valves, D.P. Float Valve, Inside BOP.
11. Blowout Preventers and Associated Equipment:
- (a) Surface to 1100' - None
  - (b) 1100' to 5300' - 2,000 psi W.P.
    - 2 - 20" Rams
    - 1 - 20" Hydril MSP
    - 1 - Rotating Head

9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See 19.15.9.9.B NMAC I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.

**Previous Operator**

Signature

Printed

Name.

Title:

Date:

**New Operator**

Signature:

Printed

Name:

Title:

Date

Dennis J. Hendrik  
Dennis Hendrik  
K.P. - Operations  
8-7-12 Phone: (432) 682-9244

Tommy W. Folsom  
Tommy W. Folsom  
EVP Director of E&P  
8-7-2012 Phone: 214-871-0400

**NMOCD Approval**Electronic Signature: Paul Kautz, District 1Date: August 14, 2012

**District I**

1625 N French Dr., Hobbs, NM 88240  
Phone (575) 393-6161 Fax (575) 393-0720

**District II**

811 S First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax (575) 748-9720

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax (505) 334-6170

**District IV**

1220 S St Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3470 Fax (505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**

**Oil Conservation Division**

**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-145

August 1, 2011

Permit 153154

**HOBBS OCD****AUG 18 2012****RECEIVED****Change of Operator****Previous Operator Information**

OGRID: 9338  
Name: GREAT WESTERN DRILLING CO  
Address: 700 W Louisiana  
City, State, Zip: Midland, TX 79701

**New Operator Information**

Effective Date: Effective on the date of approval by the OCD  
OGRID: 281085  
Name: RMR OPERATING, LLC  
Address: 415 W Wall Street  
Suite 1700  
City, State, Zip: Midland, TX 79701

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

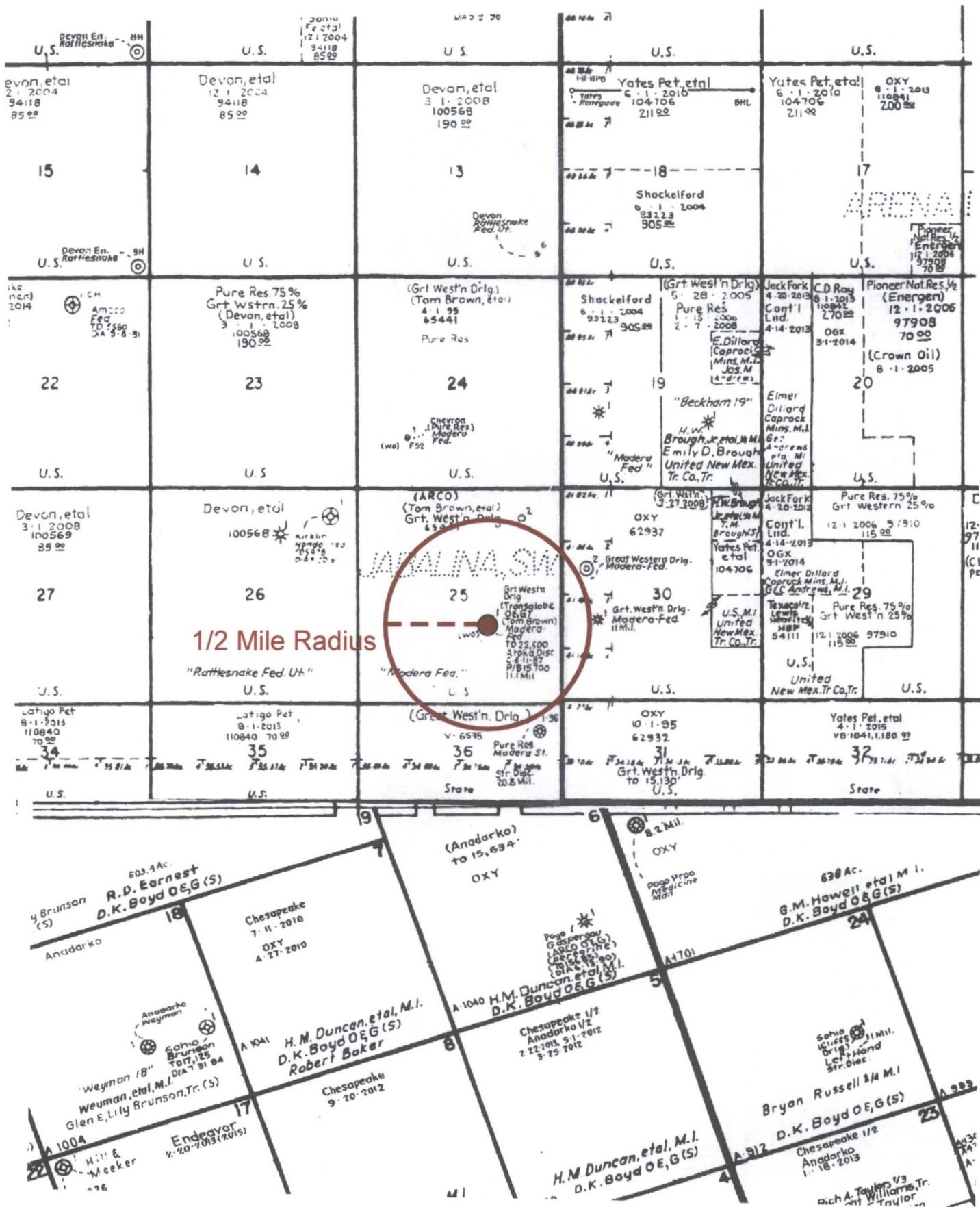
Additionally, by signing below, RMR OPERATING, LLC certifies that it has read and understands the following synopsis of applicable rules

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(i) NMAC

RMR OPERATING, LLC understands that the OCD's approval of this operator change.

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells, and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.





# RMR Operating

Madera Project

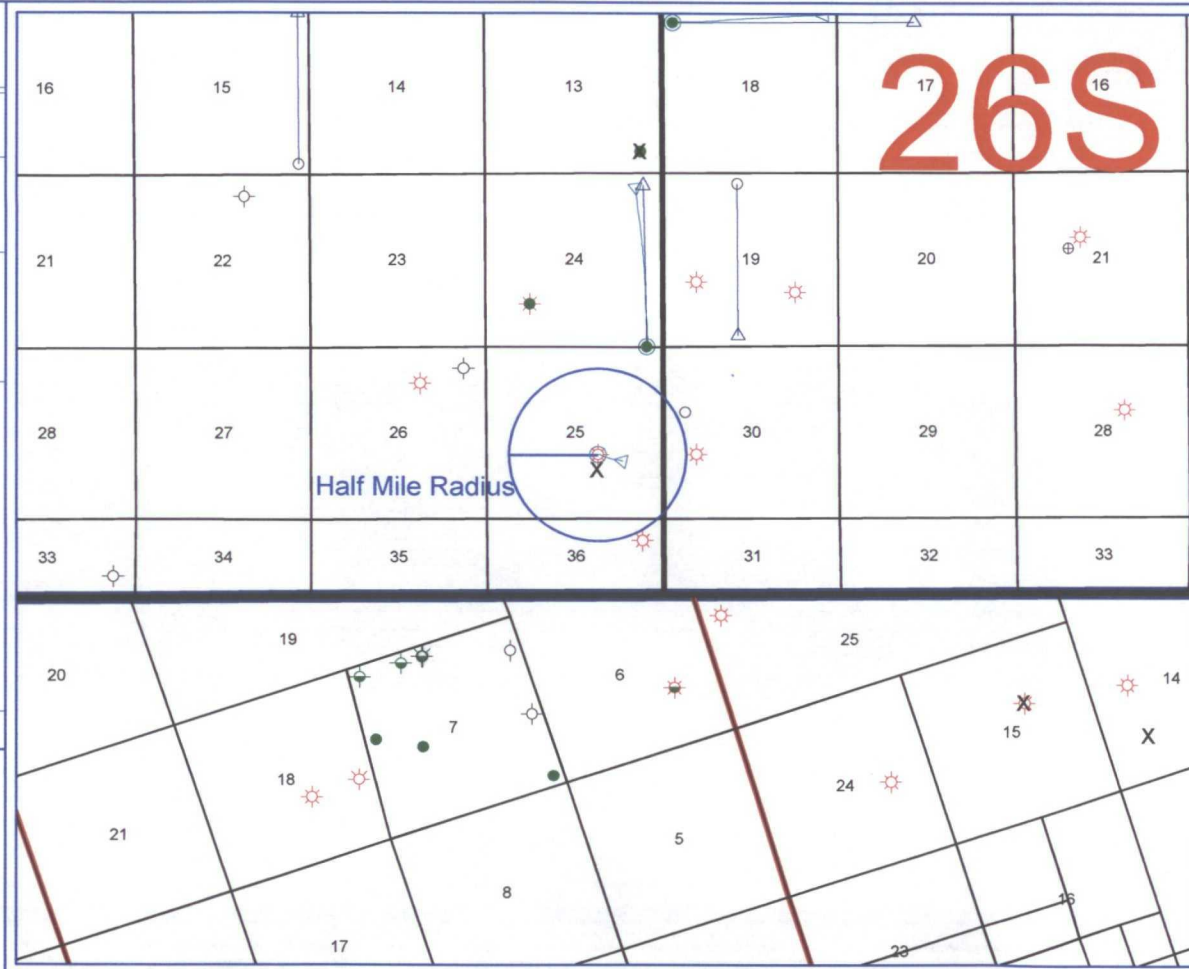
Madera 25 #1 SWD



## WELL SYMBOLS

- Location Only
- Oil Well
- ☼ Gas Well
- Dry Hole
- X Abandoned Location - Permit
- Temporarily Abandoned
- Dry Hole, With Show of Oil
- Dry Hole, With Show of Oil & Gas
- Dry Hole, With Show of Gas
- ⊕ Other (Observation, Service, Disposal)

July 23, 2012



PETRA 7/23/2012 2:38:34 PM

709 W. INDIANA  
MIDLAND, TEXAS 79701  
FAX (432) 682-8819

LABORATORY NO.	412-299
SAMPLE RECEIVED	4-13-12
RESULTS REPORTED	4-27-12

LEASE Madera 24-2H

FIELD OR POOL \_\_\_\_\_  
SECTION \_\_\_\_\_ BLOCK \_\_\_\_\_ SURVEY \_\_\_\_\_ COUNTY Lea STATE NM

Submitted water sample - taken 4-12-12.

Submitted water sample - taken 4-12-12.

NO. 2

NO. 3

NO. 4

REMARKS: Delaware

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.1525			
pH When Sampled				
pH When Received	5.90			
Bicarbonate as HCO <sub>3</sub>	61			
Supersaturation as CaCO <sub>3</sub>				
Undersaturation as CaCO <sub>3</sub>				
Total Hardness as CaCO <sub>3</sub>	47,000			
Calcium as Ca	14,000			
Magnesium as Mg	2,916			
Sodium and/or Potassium	77,142			
Sulfate as SO <sub>4</sub>	398			
Chloride as Cl	151,940			
Iron as Fe	16			
Barium as Ba	0			
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	246,456			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	0.0			
Resistivity, ohm/m at 77° F.	0.051			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				

Additional Determinations And Remarks	This water shows characteristics that compare well with our Delaware records in Lea county.
---------------------------------------	---

Schlumberger

SIMULTANEOUS  
COMPENSATED NEUTRON-  
LITHO DENSITY

COMPANY TOM BROWN INC.

WELL MADERA FEDERAL "25" NO. 1

FIELD WILDCAT

COUNTY LEA STATE NEW MEXICO

LOCATION 1980' FSL &amp; 1980' FEL

Other Services:

DLL  
DIL/SFL  
LSS  
FLLAPI SERIAL NO. SEC. TWP. RANGE  
25 26-S 34-EPermanent Datum: G.L., Elev.: 3198  
Log Measured From K.B., 31 Ft. Above Perm. Datum  
Drilling Measured From K.B.Elev.: K.B. 3229  
D.F. 3228  
G.L. 3198

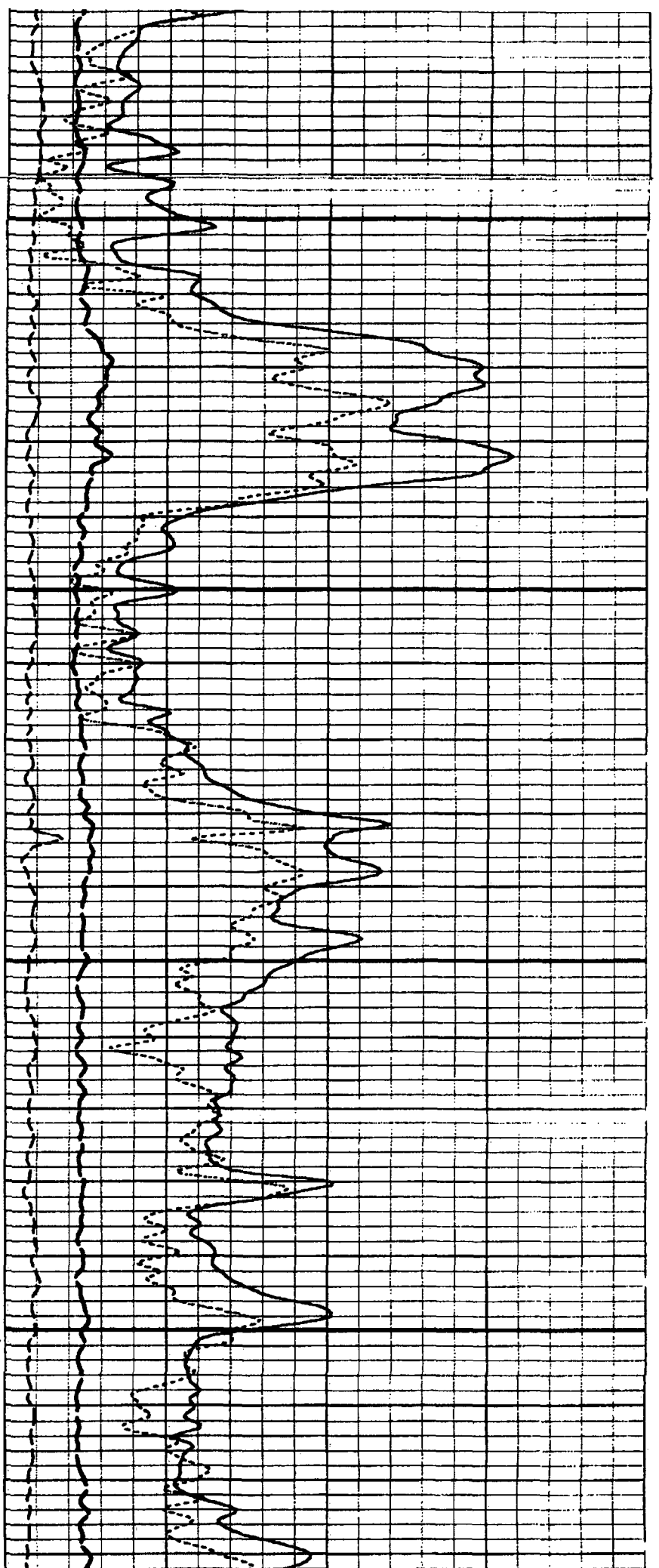
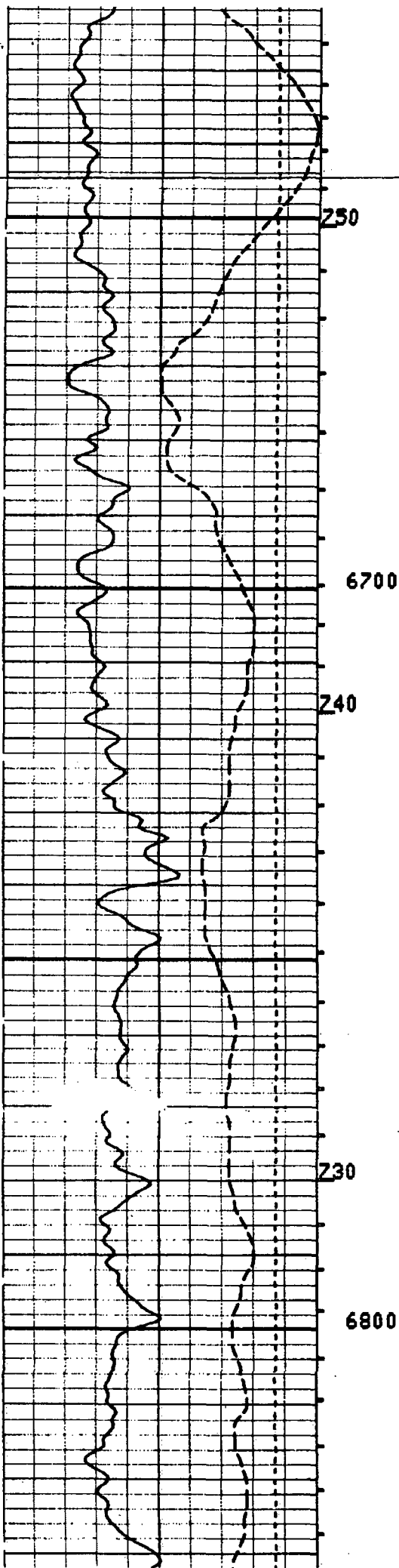
Date	2-6-87	3-24-87	4-29-87	
Run No.	ONE	TWO	THREE	
Depth-Driller	13466	17745	22500	
Depth-Logger	13457	17200	22480	
Btm. Log Interval	13454	17197	22477	
Top Log Interval	50	13300	17000	
Casing-Driller	13 3/8 35260	9 5/8 @ 13470	7 3/4 @ 18718	@
Casing-Logger	5257	13457	18709	
Bit Size	12 1/4	8 3/4	6 1/2	
Type Fluid in Hole	CUT BRINE	::	CUT-BRINE	
Dens.	9.30	29.0	14.90	53.0
Visc.			8.90	28.0
pH	11.0	ml	1.0 ml	11.5 ml
Fluid Loss				
Source of Sample	CIRC. PIT		CIRC. TANK	
Rm @ Meas. Temp.	.091 @ 60 °F	@ °F	.088 @ 80 °F	@ °F
Rmf @ Meas. Temp.	.080 @ 62 °F	@ °F	@ °F	@ °F
Rmc @ Meas. Temp.	@ °F	@ °F	@ °F	@ °F
Source: Rmf   Rmc	MEAS   NA		MEAS	
Rm @ BHT	.034 @ 172 °F	@ 220 °F	.026 @ 290 °F	@ °F
Circulation Stopped	2200 2-5	2300 3-23	0500 4-28	
Logger on Bottom	1230 2-6	1209 3-24	0742 4-29	
Max. Rec. Temp.	172 °F	220 °F	290 °F	°F
Equip. Location	8279 HOBBS	8405 MONA	8405 MONA	
Recorded By	MILLER			
Witnessed By	HANSON	HANSON	HANSON	

The well name, location and borehole reference data were furnished by the customer.

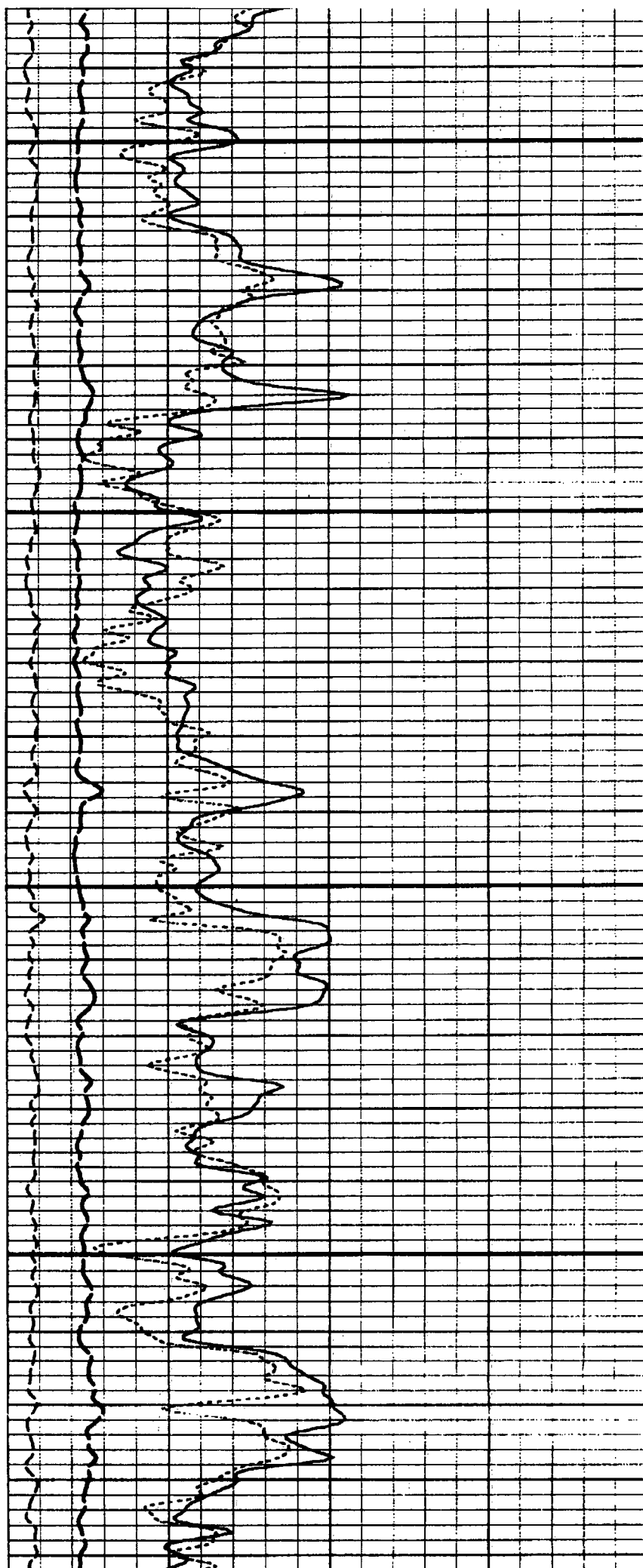
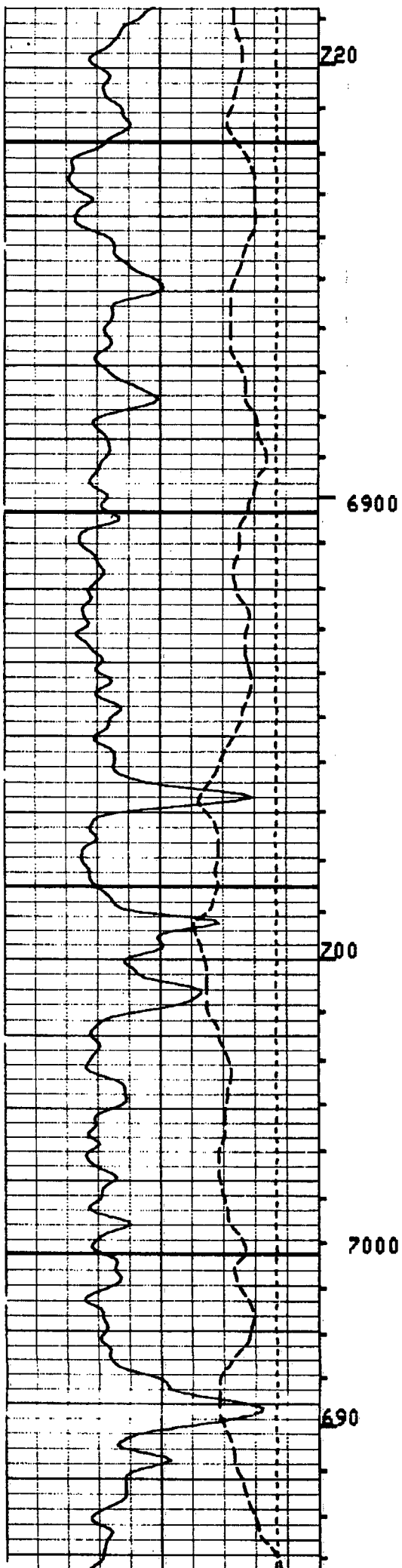
FOLD HERE

RUN NO.	ONE	TWO	THREE	Type Log	Depth	REMARKS:
Service Order No.	335632	477001	477009			
Program Tape No.	28.4A	28.4A	28.4A			
Fluid Level						
EQUIPMENT DATA						
Module						
Telemetry Cart						
Dens. Cart.						
Dens. Skid						
Dens. Sonde						
Dens. Source						
Dens. Calibrator						
Neut. Cart.						
Neut. Source						

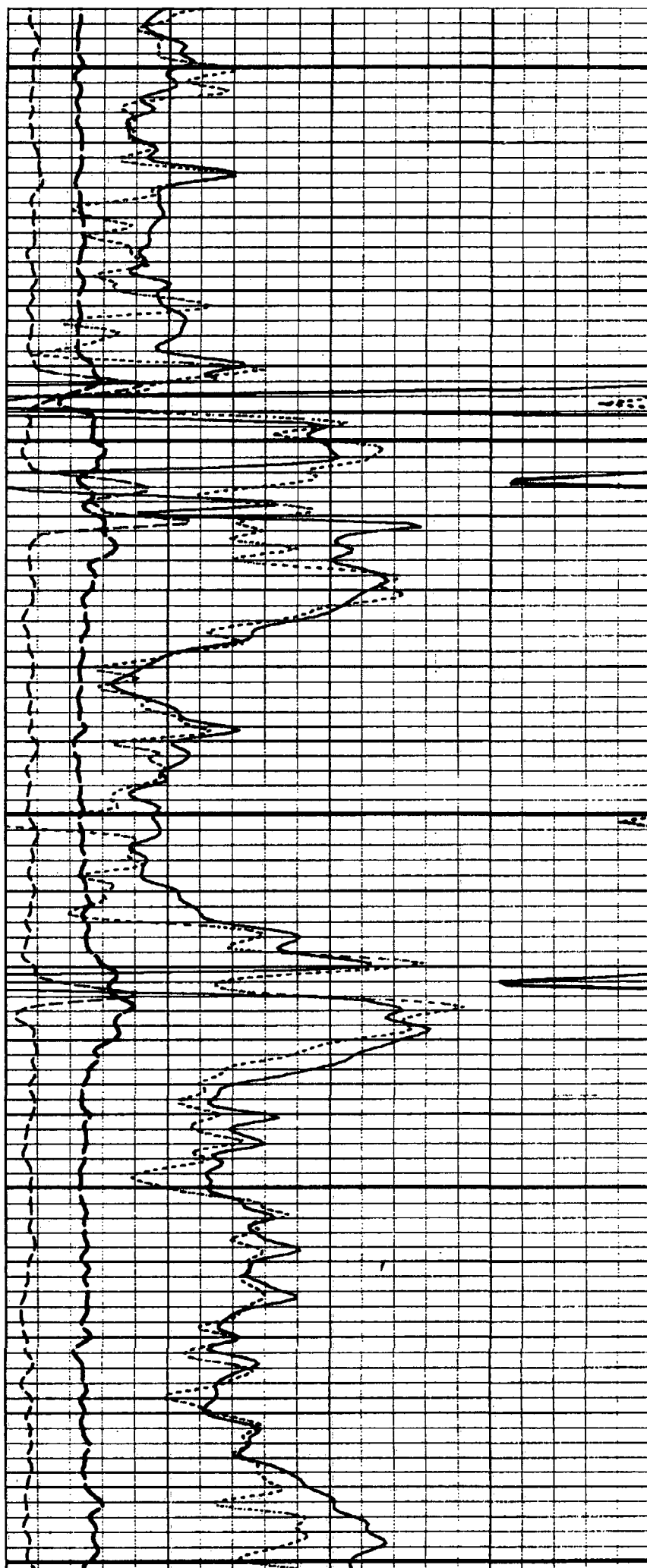
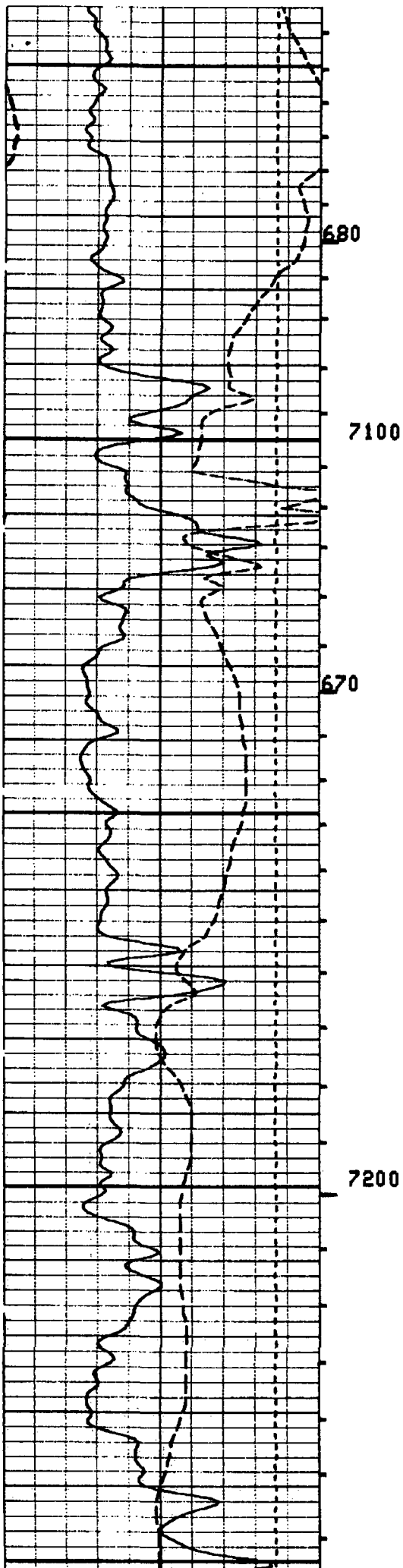
RUN TWO: :: PETROMUL COIL BASED



TGS







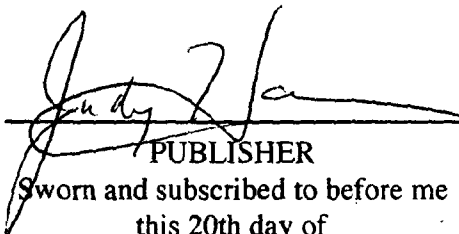
# Affidavit of Publication

State of New Mexico,  
County of Lea.

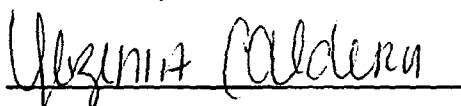
I, JUDY HANNA  
PUBLISHER

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

of 3 issue(s).  
Beginning with the issue dated  
September 18, 2012  
and ending with the issue dated  
September 20, 2012

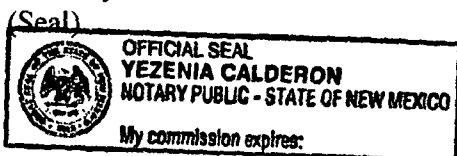
  
PUBLISHER

Sworn and subscribed to before me  
this 20th day of  
September, 2012



Notary Public

My commission expires  
February 28, 2016



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



Legal Notice  
September 18, 19, 20, 2012

RMR Operating, LLC  
2515 McKinney Avenue, Suite 900  
Dallas, Texas 79701

Phone (214) 871-0400

Contact: Tommy W. Folsom, Executive Vice President and  
Director of Exploration & Production

RMR Operating, LLC has filed for Salt Water Disposal  
permit to dispose the produced water from our Madera  
development project on the following well.

RMR Operating, LLC.  
Madera 25 Federal #1  
Unit J, Section 25, T- 26S, R- 34E N.M.P.M.  
1980' FSL and 1980' FEL  
Lea County, New Mexico

The produced water will be disposed into the Delaware  
Cherry Canyon at 6,885' to 7,165', with an estimated  
maximum injection rate of 5 BPM and maximum injection  
pressure of 1000 psi.

Interested parties must file objection or request for hearing  
with the Oil Conversation Division, 1220 South St. Francis  
Dr., Santa Fe, New Mexico 87505, within fifteen (15) days.  
#27581

67109571

00100661

HUNTER KENNEDY  
RED MOUNTAIN RESOURCES, INC.  
2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201



**Legal Notice**  
**September 18, 19, 20, 2012**

RMR Operating, LLC  
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Dallas, Texas 79701

Phone (214) 871-0400

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Dr., Santa Fe, New Mexico 87505, within fifteen (15) days.  
**#27581**

# Advertising Receipt

**Hobbs Daily News-Sun**

201 N Thorp  
P. O. Box 936  
Hobbs, NM 88241

Phone: 575-393-2123

Fax: 575-397-0610

RED MOUNTAIN RESOURCES, INC.  
HUNTER KENNEDY  
2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

**Cust #:** 67109571  
**Ad #:** 00100661  
**Phone:** (214)871-0400  
**Date:** 09/13/2012  
**Ad taker:** C2      **Salesperson:**

**Sort Line:** 27581

**Classification** 672

Description	Start	Stop	Ins.	Cost/Day	Total
07 07 Daily News-Sun	09/18/2012	09/20/2012	3	43.11	129.33
AFF2 Affidavits (Legals)					6.00
BOLD bold					1.00

**SUN PUBLISHING CORP**  
**201 THORP**  
**HOBBS, NM 88240**

BATCH: 428  
S-A-L-E-S D-R-A-F-T  
75998976  
347402866554

REF: 0007  
CD TYPE: MASTERCARD  
TR TYPE: PURCHASE  
DATE: SEP 14, 12 09:20:52

**TOTAL \$145.62\***

ACCT: \*\*\*\*\*2196 EXP: \*\*/\*\*  
AP: 014102  
\*\*\* IMPRINT CARD \*\*\*  
TRAN. 0914MPLOKMH8R

CARDMEMBER ACKNOWLEDGES RECEIPT OF GOODS  
AND/OR SERVICES IN THE AMOUNT OF THE  
TOTAL SHOWN HEREON AND AGREES TO PERFORM  
THE OBLIGATIONS SET FORTH BY THE  
CARDMEMBER'S AGREEMENT WITH THE ISSUER

**Ad Text:**

Legal Notice  
September 18, 19, 20, 2012

RMR Operating, LLC  
2515 McKinney Avenue, Suite 900  
Dallas, Texas 79701

Phone (214) 871-0400

Contact: Tommy W. Folsom, Executive Vice President and Director of  
Exploration & Production

**Payment Reference:**

**Total:** 136.33  
**Tax:** 9.29  
**Net:** 145.62  
**Prepaid:** 0.00

**Total Due:** 145.62

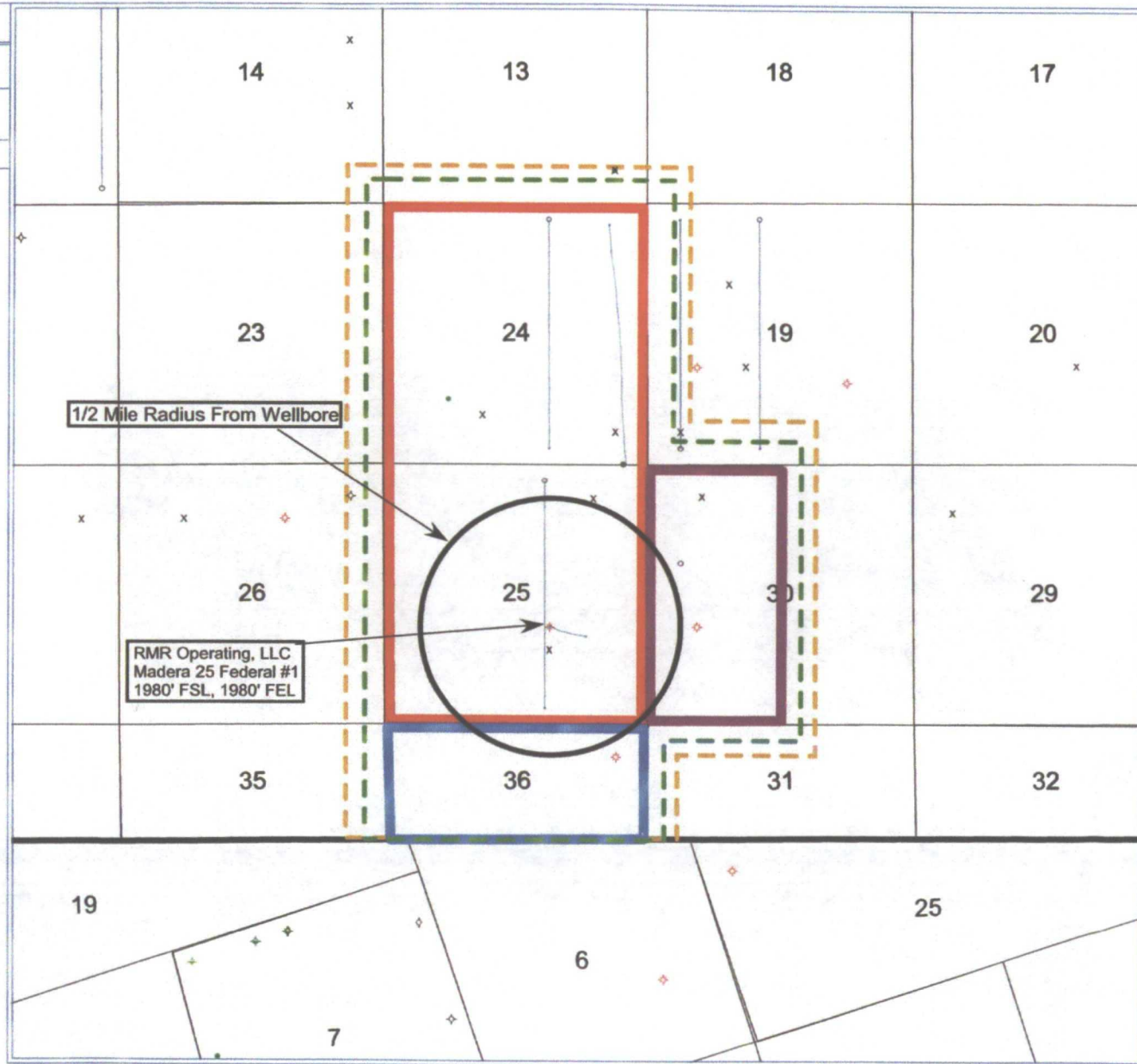
**RMR Operating, LLC**

Madera 25 Federal #1  
Proposed Disposal Well

0 2,025 4,050  
FEET

September 26, 2012

- RMR Operating, LLC
- Great Western Drilling Ltd.
- Chevron U.S.A. Inc.
- Mineral Owner- BLM
- Lessee of Surface-  
Beckham Ranch, Inc.





September 19, 2012

Certified Return Receipt Requested  
7011 0470 0001 5493 3292

New Mexico Oil Conservation Division  
Hobbs Field Office  
1625 N. French Drive  
Hobbs, New Mexico 88240

Re: Madera 25 Federal #1 Application for Salt Water Injection

To Whom It May Concern,

We are submitting our Form C-108, Application for Authorization to Inject for your review and approval. Per state requirements we have notified the surface owners and offset well operators surrounding the captioned well in Sec.25, T-26S, R-34E in Lea County, New Mexico. We have included copies of the letters sent along with the C-108 applications to those parties. Attached to those letters are copies of the postmarked Certified Mail Receipts. Included with our C-108 is our affidavit from the Hobbs Daily News-Sun showing the required legal notice as ran in the paper. We have sent one original and one copy to the NMOCD State Office as required, a copy of the certified letter of which is enclosed.

If you have any questions regarding the proposed application please contact me, Tommy W. Folsom at 214.871.0400 (office) or 575.706.2794 (cell).

Sincerely,

A handwritten signature in black ink, appearing to read 'Tommy W. Folsom', is written over a horizontal line.

Tommy W. Folsom  
Executive VP & Director of Exploration & Production  
RMR Operating, LLC.

cc: NMOCD-Hobbs Field Office

---

RED MOUNTAIN RESOURCES, INC.

2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

415 WEST WALL STREET, SUITE 1710  
MIDLAND, TX 79701

1720 KALISTE SALOOM ROAD, SUITE D1  
LAFAYETTE, LA 70508

214.871.0400 PHONE  
214.871.0406 FAX

REDMOUNTAINRESOURCES.COM

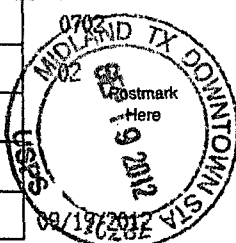
7011 0470 0001 5493 3308

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For delivery information visit our website at [www.usps.com](http://www.usps.com)

MIDLAND-TX 79701 **OFFICIAL USE**

Postage	\$	\$1.70
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$7.00



Sent To Great Western Drilling  
 Street, Apt. No.,  
 or PO Box No. 700 W. Louisiana  
 City, State, ZIP+4 Midland TX 79701

PS Form 3800, August 2006

See Reverse for Instructions

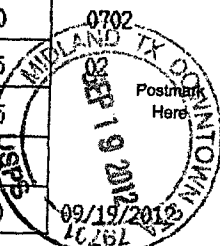
7011 0470 0001 5493 3322

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
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For delivery information visit our website at [www.usps.com](http://www.usps.com)

JAL NM 88252 **OFFICIAL USE**

Postage	\$	\$1.70
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$7.00



Sent To Beckham Ranch  
 Street, Apt. No.,  
 or PO Box No. P.O. Box 1203  
 City, State, ZIP+4 Jal NM 88252

PS Form 3800, August 2006

See Reverse for Instructions

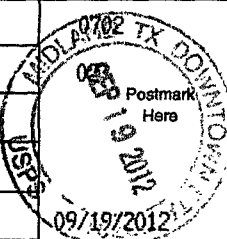
7011 0470 0001 5493 3278

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

For delivery information visit our website at [www.usps.com](http://www.usps.com)

HOUSTON-TX 77002 **OFFICIAL USE**

Postage	\$	\$1.70
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$7.00



Sent To Chevron U.S.A. Inc. - Austin  
 Street, Apt. No.,  
 or PO Box No. 1400 Smith, Rm 43034  
 City, State, ZIP+4 Brown Houston, TX 77002

PS Form 3800, August 2006

See Reverse for Instructions

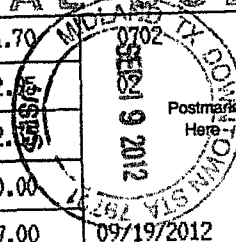
7011 0470 0001 5493 3315

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

For delivery information visit our website at [www.usps.com](http://www.usps.com)

CARLSBAD, NM 88220 **OFFICIAL USE**

Postage	\$	\$1.70
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$7.00



Sent To Bum-Santa Fe Carlsbad  
 Street, Apt. No.,  
 or PO Box No. 6208 Greene  
 City, State, ZIP+4 Carlsbad NM 88220

PS Form 3800, August 2006

See Reverse for Instructions



September 19, 2012

Certified Return Receipt Requested  
7011 0470 0001 5493 3315

Bureau of Land Management  
Carlsbad Field Office  
620 E. Greene St.  
Carlsbad, New Mexico 88220

Re: Madera 25 #1 Application for Salt Water Injection

To Whom It May Concern,

As a Surface Owner or Offset Operator in the vicinity of the Madera 25 Federal #1 well located in Section 25, Township 26 South, Range 34 East, in Lea County, New Mexico, you are hereby being notified of our intent to file Form C-108, Application for Authorization to Inject, to convert the Madera 25 Federal #1 well into a Salt Water Disposal Well. The required notice was published and ran in the Hobbs Daily News- Sun from September 18, 2012 through September 20, 2012. We have attached a copy for your convenience.

Per NMOCD requirements we are notifying you as a Surface Owner or Offset Operator must file any objections or requests for hearing of administrative applications within 15 days from the date this application is being mailed to you. Objections and requests for hearings must be filed with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505.

If you have any questions regarding the proposed application please contact me, Tommy W. Folsom at 214.871.0400.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tommy W. Folsom', is written over a horizontal line.

Tommy W. Folsom  
Executive VP & Director of Exploration & Production  
RMR Operating, LLC.

cc: NMOCD-State Office, Santa Fe  
NMOCD- Hobbs Field Office

RED MOUNTAIN RESOURCES, INC.

2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

415 WEST WALL STREET, SUITE 1710  
MIDLAND, TX 79701

1720 KALISTE SALOOM ROAD, SUITE D1  
LAFAYETTE, LA 70508

214.871.0400 PHONE  
214.871.0406 FAX

REDMOUNTAINRESOURCES.COM



September 19, 2012

Certified Return Receipt Requested  
7011 0470 0001 5493 3322

Beckham Ranch, Inc.  
Attn: Brad Beckham  
P.O. Box 1203  
Jal, New Mexico 88252

Re: Madera 25 #1 Application for Salt Water Injection

Dear Mr. Beckham,

As a Surface Owner or Offset Operator in the vicinity of the Madera 25 Federal #1 well located in Section 25, Township 26 South, Range 34 East, in Lea County, New Mexico, you are hereby being notified of our intent to file Form C-108, Application for Authorization to Inject, to convert the Madera 25 Federal #1 well into a Salt Water Disposal Well. The required notice was published and ran in the Hobbs Daily News- Sun from September 18, 2012 through September 20, 2012. We have attached a copy for your convenience.

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If you have any questions regarding the proposed application please contact me, Tommy W. Folsom at 214.871.0400.

Sincerely,

A handwritten signature in black ink, appearing to read 'T W Folsom', written in a cursive, flowing style.

Tommy W. Folsom  
Executive VP & Director of Exploration & Production  
RMR Operating, LLC.

cc: NMOCD-State Office, Santa Fe  
NMOCD- Hobbs Field Office

RED MOUNTAIN RESOURCES, INC.

2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

415 WEST WALL STREET, SUITE 1710  
MIDLAND, TX 79701

1720 KALISTE SALOOM ROAD, SUITE D1  
LAFAYETTE, LA 70508

214.871.0400 PHONE  
214.871.0406 FAX

REDMOUNTAINRESOURCES.COM



September 19, 2012

Certified Return Receipt Requested  
7011 0470 0001 5493 3308

Great Western Drilling  
Attn: F. Carter Muire  
700 W. Louisiana  
Midland, Texas 79701

Re: Madera 25 #1 Application for Salt Water Injection

Dear Mr. Muire,

As a Surface Owner or Offset Operator in the vicinity of the Madera 25 Federal #1 well located in Section 25, Township 26 South, Range 34 East, in Lea County, New Mexico, you are hereby being notified of our intent to file Form C-108, Application for Authorization to Inject, to convert the Madera 25 Federal #1 well into a Salt Water Disposal Well. The required notice was published and ran in the Hobbs Daily News- Sun from September 18, 2012 through September 20, 2012. We have attached a copy for your convenience.

Per NMOCD requirements we are notifying you as a Surface Owner or Offset Operator must file any objections or requests for hearing of administrative applications within 15 days from the date this application is being mailed to you. Objections and requests for hearings must be filed with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505.

If you have any questions regarding the proposed application please contact me, Tommy W. Folsom at 214.871.0400.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tommy W. Folsom', written in a cursive style.

Tommy W. Folsom  
Executive VP & Director of Exploration & Production  
RMR Operating, LLC.

cc: NMOCD-State Office, Santa Fe  
NMOCD- Hobbs Field Office

RED MOUNTAIN RESOURCES, INC.

2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

415 WEST WALL STREET, SUITE 1710  
MIDLAND, TX 79701

1720 KALISTE SALOOM ROAD, SUITE D1  
LAFAYETTE, LA 70508

214.871.0400 PHONE  
214.871.0406 FAX





September 19, 2012

Certified Return Receipt Requested  
7011 0470 0001 5493 3278

Chevron U.S.A. Inc.  
Attn: Austin Brown  
1400 Smith, Room #43034  
Houston, Texas 77002

Re: Madera 25 #1 Application for Salt Water Injection

Dear Mr. Brown,

As a Surface Owner or Offset Operator in the vicinity of the Madera 25 Federal #1 well located in Section 25, Township 26 South, Range 34 East, in Lea County, New Mexico, you are hereby being notified of our intent to file Form C-108, Application for Authorization to Inject, to convert the Madera 25 Federal #1 well into a Salt Water Disposal Well. The required notice was published and ran in the Hobbs Daily News- Sun from September 18, 2012 through September 20, 2012. We have attached a copy for your convenience.

Per NMOCD requirements we are notifying you as a Surface Owner or Offset Operator must file any objections or requests for hearing of administrative applications within 15 days from the date this application is being mailed to you. Objections and requests for hearings must be filed with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505.

If you have any questions regarding the proposed application please contact me, Tommy W. Folsom at 214.871.0400.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. W. Folsom', written over a horizontal line.

Tommy W. Folsom  
Executive VP & Director of Exploration & Production  
RMR Operating, LLC.

cc: NMOCD-State Office, Santa Fe  
NMOCD- Hobbs Field Office

RED MOUNTAIN RESOURCES, INC.

2515 MCKINNEY AVENUE, SUITE 900  
DALLAS, TX 75201

415 WEST WALL STREET, SUITE 1710  
MIDLAND, TX 79701

1720 KALISTE SALOOM ROAD, SUITE D1  
LAFAYETTE, LA 70508

214.871.0400 PHONE  
214.871.0406 FAX

## Jones, William V., EMNRD

---

**From:** Tommy Folsom <tommy@redmountainresources.com>  
**Sent:** Wednesday, September 26, 2012 2:03 PM  
**To:** Jones, William V., EMNRD  
**Cc:** Katie Valencia  
**Subject:** RE: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Mr. Jones,

I have attached a copy of a certified return receipt from when we sent the change of operator to the BLM. The change of operator was excepted by the state, and we were told by Great Western they sent the change to the BLM. We called the BLM and they indicated that they had never received one so we sent it to them. We will get these issues handled and let you know as soon as we do.

Tommy W. Folsom  
Executive VP & Director of E&P  
415 West Wall Suite 1310  
Midland, Texas 79701  
Office 214-871-0400  
Cell 575-706-2794  
[tommy@redmountainresources.com](mailto:tommy@redmountainresources.com)

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---

**From:** Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]  
**Sent:** Wednesday, September 26, 2012 2:20 PM  
**To:** Tommy Folsom  
**Subject:** FW: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Here you go.  
Just call them and let me know what you work out.

---

**From:** Ingram, Wesley W [<mailto:wingram@blm.gov>]  
**Sent:** Monday, September 24, 2012 6:56 PM  
**To:** Jones, William V., EMNRD  
**Subject:** RE: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Will,

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BUM-Carlsbad  
620 E. Greene St.  
Carlsbad, NM 88220

2. Article Number

(Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]*

☒ Agent

☐ Addressee

B. Received by (Printed Name)

*Richard S. [Signature]*

C. Date of Delivery

*7/20/12*

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7011 0470 0001 5493 3346

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



TAKE PRIDE  
IN AMERICA

RECEIVED OCD

2012 SEP 25 P 12:45

IN REPLY REFER TO:

3162.3-2 (P0220)

SEP 24 2012

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

Re: Madera 25 Federal #1 SWD

The BLM will object to the proposed salt water disposal well for the following reasons.

1. RMR is not the current operator of this well according to BLM records. No change of operator has been submitted to the BLM State Office or the Field Office as required by NTL 89-1.
2. The operator shall provide economics verifying that the well cannot produce in paying quantities.

Once the objections have been answered, the operator will be required to meet the following during the conversion process:

1. BLM will require modifications to the plug back procedure to meet BLM standards.
2. Operator will test the injection zone to verify no production in paying quantities.

If you have any questions regarding this approval, please contact Wesley W. Ingram, Supervisory Petroleum Engineer at (575) 234-5982.

Sincerely,

Wesley W. Ingram  
Supervisory Petroleum Engineer  
Bureau of Land Management  
Carlsbad Field Office

cc: RMR Operating, LLC



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

[www.blm.gov/nm](http://www.blm.gov/nm)



IN REPLY REFER TO:

3162.3-2 (P0220)

2012 NOV -7 P 1:48

NOV 01 2012

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

Re: Madera 25 Federal #1 SWD

RMR Operating LLC has submitted the necessary paperwork to become the approved operator of this well.

In addition, RMR Operating LLC has submitted the economics for the well that indicate that it cannot be produced in paying quantities.

As a result, the BLM CFO will remove their objections to the conversion of this well to a salt water disposal well. The operator will still be responsible for setting the additional plugs and testing the proposed injection formation. These items will be addressed in the Conditions of Approval that will be attached to the operator's sundry requesting conversion to a salt water disposal well.

If you have any questions regarding this approval, please contact Wesley W. Ingram, Supervisory Petroleum Engineer at (575) 234-5982.

Sincerely,

Wesley W. Ingram  
Supervisory Petroleum Engineer  
Bureau of Land Management  
Carlsbad Field Office

cc: RMR Operating, LLC

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Monday, September 24, 2012 5:54 PM  
**To:** 'tommy@redmountainresources.com'  
**Cc:** Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Gonzales, Elidio L, EMNRD; Wesley\_Ingram@blm.gov  
**Subject:** Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808  
Cherry Canyon perforated from 6885 to 7165 feet  
**Attachments:** EddyNM\_NASH\_53\_SWD.pdf

Hello Mr. Folsom,  
Just received your application and reviewed it.

- Protested 9/24/12*
- a. Please send to my attention the form "Administrative Application Checklist" (first unnumbered form on the OCD web site under Forms)
  - b. Let me know who is the surface owner of the well site. — *BLM (9/24/12)*
  - c. There were several parties notified but you didn't say what tracts of land each of these parties control. Attached is an example of one way to convey this information. The definition of "affected persons" is in OCD Rule 26 and is more complete than on Form C-108.
  - d. The OCD has no logs on file over this depth range for this well and the well file reports that logs were run. Please send copies of your logs to our District Geologist in Hobbs, Mr. Paul Kautz. His contact info is on the OCD web site.
  - e. I see other, deeper wells are planned within ½ mile of this well. Are the cement programs for those wells designed to cover the Cherry Canyon interval?

*P. BLM Protest (withdrawn 11/7/12)*

Thank You for the Application

William V. Jones, P.E.  
505-476-3448W 505-476-3462F  
Engineering Bureau, Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Tuesday, September 25, 2012 3:58 PM  
**To:** 'Katie Valencia'  
**Cc:** Kautz, Paul, EMNRD  
**Subject:** RE: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet  
**Attachments:** EddyNM\_NASH\_53\_SWD.pdf

Hello Katie,

Let me know if you cannot open this attachment. Basically the idea is the applicant must identify the legal descriptions of the separately owned tracts, and for each tract, tell us who "controls" that tract of minerals – and those parties must be noticed according to the OCD Rules.

Please work with Paul Kautz, our geologist in Hobbs, for sending the logs – I think you must send the OCD hard copies (which is unfortunate).

I am copying Paul on this email,

We received a protest letter from the BLM, so be sure and get its concerns addressed. I cannot proceed administratively in issuing a permit until we get a retraction-of-protest letter from the BLM. Your attorney should be guiding you on this as there are legal avenues.

Regards,

Will Jones

---

**From:** Katie Valencia [<mailto:katie@redmountainresources.com>]

**Sent:** Tuesday, September 25, 2012 10:23 AM

**To:** Jones, William V., EMNRD

**Subject:** Fwd: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Hi Mr. Jones,

You sent Tommy Folsom an email with items needed to complete RMR Operating's SWD application for the Madera 25 Federal #1. You sent him an example PDF which he forwarded to me but when I try to open the attachment it says there is an error. Could you please resend me the following attachment you sent to him dated 9/25/12 entitled EddyNM\_Nash\_53\_swd.pdf. Also in your email you require a copy of the logs. We only have digital copies of the two logs, will those be acceptable to send via email or does the OCD require a hard copy?

Thank you for help in this matter.

~katie

**Jones, William V., EMNRD**

---

**From:** Katie Valencia <katie@redmountainresources.com>  
**Sent:** Thursday, September 27, 2012 2:23 PM  
**To:** Jones, William V., EMNRD  
**Subject:** RE: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet  
**Attachments:** Madera25swd\_rmroperating\_001.pdf

Mr. Jones,

I just wanted to let you know we are sending the logs to Paul Kautz today. He will most likely have them by Monday. I wanted to go ahead and return to you our map that shows who controls the tracts surrounding the Madera 25 Federal #1 within a ½ mile radius as required by the C-108. Please let me know if you need anything further with this.

~katie

*Katie Valencia*

**Office Manager- Midland Field Office**

**Red Mountain Resources**

**415 W. Wall Street Suite 1310 \*\*Our Midland office has changed\*\***

**Midland, Texas 79701**

**Office 214-871-0400**

**Fax 214-871-0406**

**Katie@redmountainresources.com**

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---

**From:** Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]

**Sent:** Tuesday, September 25, 2012 4:58 PM

**To:** Katie Valencia

**Cc:** Kautz, Paul, EMNRD

**Subject:** RE: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Hello Katie,

Let me know if you cannot open this attachment. Basically the idea is the applicant must identify the legal descriptions of the separately owned tracts, and for each tract, tell us who "controls" that tract of minerals – and those parties must be noticed according to the OCD Rules.



Please work with Paul Kautz, our geologist in Hobbs, for sending the logs – I think you must send the OCD hard copies (which is unfortunate).

I am copying Paul on this email,

We received a protest letter from the BLM, so be sure and get its concerns addressed. I cannot proceed administratively in issuing a permit until we get a retraction-of-protest letter from the BLM. Your attorney should be guiding you on this as there are legal avenues.

Regards,

Will Jones

---

**From:** Katie Valencia [<mailto:katie@redmountainresources.com>]

**Sent:** Tuesday, September 25, 2012 10:23 AM

**To:** Jones, William V., EMNRD

**Subject:** Fwd: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Hi Mr. Jones,

You sent Tommy Folsom an email with items needed to complete RMR Operating's SWD application for the Madera 25 Federal #1. You sent him an example PDF which he forwarded to me but when I try to open the attachment it says there is an error. Could you please resend me the following attachment you sent to him dated 9/25/12 entitled EddyNM\_Nash\_53\_swd.pdf. Also in your email you require a copy of the logs. We only have digital copies of the two logs, will those be acceptable to send via email or does the OCD require a hard copy?

Thank you for help in this matter.

~katie

*Katie Valencia*

**Office Manager- Midland Field Office**

**Red Mountain Resources**

**415 W. Wall Street Suite 1310 \*\*Our Midland office has changed\*\***

**Midland, Texas 79701**

**Office 214-871-0400**

**Fax 214-871-0406**

**Katie@redmountainresources.com**

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## Jones, William V., EMNRD

---

**From:** Jones, William V., EMNRD  
**Sent:** Thursday, November 08, 2012 9:42 AM  
**To:** 'tommy@redmountainresources.com'; Katie Valencia (katie@redmountainresources.com)  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Hello Tommy and Katie,  
I got a retraction letter today of the BLM protest – so that is no longer an issue.

Looking through the other requested items, I can't find the answer to "a." and "e."  
You could scan and email item "a." and just send a reply to "e." and we will be set.

Regards,

Will Jones

---

**From:** Jones, William V., EMNRD  
**Sent:** Monday, September 24, 2012 5:54 PM  
**To:** 'tommy@redmountainresources.com'  
**Cc:** Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Gonzales, Elidio L, EMNRD; [Wesley Ingram@blm.gov](mailto:Wesley_Ingram@blm.gov)  
**Subject:** Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Hello Mr. Folsom,  
Just received your application and reviewed it.

- a. Please send to my attention the form "Administrative Application Checklist" (first unnumbered form on the OCD web site under Forms)
- b. Let me know who is the surface owner of the well site.
- c. There were several parties notified but you didn't say what tracts of land each of these parties control. Attached is an example of one way to convey this information. The definition of "affected persons" is in OCD Rule 26 and is more complete than on Form C-108.
- d. The OCD has no logs on file over this depth range for this well and the well file reports that logs were run. Please send copies of your logs to our District Geologist in Hobbs, Mr. Paul Kautz. His contact info is on the OCD web site.
- e. I see other, deeper wells are planned within ½ mile of this well. Are the cement programs for those wells designed to cover the Cherry Canyon interval?

Thank You for the Application

William V. Jones, P.E.  
505-476-3448W 505-476-3462F  
Engineering Bureau, Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## **Jones, William V., EMNRD**

---

**From:** Tommy Folsom <tommy@redmountainresources.com>  
**Sent:** Thursday, November 08, 2012 10:11 AM  
**To:** Jones, William V., EMNRD; Katie Valencia  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** RE: Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808  
Cherry Canyon perforated from 6885 to 7165 feet  
**Attachments:** AAC.pdf

The new wells proposed to drill in this area, cement program is designed to cover this area in the Cherry Canyon.  
The AAC is attached

Tommy W. Folsom  
Executive VP & Director of E&P  
415 West Wall Suite 1310  
Midland, Texas 79701  
Office 214-871-0400  
Cell 575-706-2794  
[tommy@redmountainresources.com](mailto:tommy@redmountainresources.com)

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---

**From:** Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]  
**Sent:** Thursday, November 08, 2012 10:42 AM  
**To:** Tommy Folsom; Katie Valencia  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** Disposal application from RMR Operating, LLC: Madera 25 Federal #1 30-025-29808 Cherry Canyon perforated from 6885 to 7165 feet

Hello Tommy and Katie,  
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Looking through the other requested items, I can't find the answer to "a." and "e."  
You could scan and email item "a." and just send a reply to "e." and we will be set.

Regards,

Will Jones

---

**From:** Jones, William V., EMNRD  
**Sent:** Monday, September 24, 2012 5:54 PM  
**To:** 'tommy@redmountainresources.com'  
**Cc:** Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Gonzales, Elidio L, EMNRD; [Wesley Ingram@blm.gov](mailto:Wesley_Ingram@blm.gov)

## Injection Permit Checklist (11/15/2010)

WFX \_\_\_\_\_ PMX \_\_\_\_\_ SWD 1366 Permit Date 11/9/12 UIC Qtr (01N/D)# Wells 1 Well Name(s): MADERA 25 Federal #1 Spud 12/30/86API Num: 30-025-29808 Spud Date: ~~12/30/86~~ New/Old: N (UIC primacy March 7, 1982)Footages 1980 FSL/FEL Unit J Sec 25 Tsp 265 Rge 34E County LEAGeneral Location: 2.6 mi N. of STOO LINEOperator: RMR OPERATIONS LLC Contact Tommy W. FolsomOGRID: 281085 RULE 5.9 Compliance (Wells) 0/18 (Finan Assur) 0 IS 5.9 OK? OKWell File Reviewed ✓ Current Status: OLD ELLENBURGER TEST (Now WCOLLIDION)Planned Work to Well: Recomplete (PLUG BACK)Diagrams: Before Conversion ✓ After Conversion ✓ Elogs in Imaging File: Same (1987)

Well Details:	Sizes		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
	Hole.....	Pipe				
New ___ Existing <u>✓</u> Surface	<u>26</u>	<u>20</u>	<u>1100'</u>		<u>2150</u>	<u>CIRC</u>
New ___ Existing <u>✓</u> Interm	<u>17 1/2</u>	<u>13 3/8</u>	<u>5300'</u>		<u>5100</u>	<u>CIRC</u>
New ___ Existing <u>✓</u> LongSt	<u>12 1/4</u>	<u>9 7/8 / 9 1/4</u>	<u>13,463'</u>		<u>3500</u>	<u>CIRC</u>
New ___ Existing ___ Liner			<u>(13,463 TD)</u>			
New ___ Existing ___ OpenHole			<u>(22,466 OLD TD)</u>			

## Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	<u>5380</u>	<u>Del</u>	<u>✓</u>
	<u>6614</u>	<u>Cherry C.</u>	<u>✓</u>
Injection TOP:	<u>6785</u>	<u>Cherry C.</u>	Max. PSI <u>1377</u> OpenHole ___ Perfs <u>✓</u>
Injection BOTTOM:	<u>7165</u>		Tubing Size <u>2 7/8</u> Packer Depth <u>6785</u>
Formation(s) Below	<u>7820</u>	<u>Brushy C.</u>	<u>✓</u>
	<u>9449</u>	<u>B.S.</u>	<u>✓</u>

Capitan Reef? \_\_\_ (Potash? \_\_\_ Noticed? \_\_\_) WIPP? \_\_\_ Noticed? \_\_\_ Salado Top/Bot (160-270) Cliff House? \_\_\_Fresh Water: Depths: 120'-700' Formation DOCKUM Wells? 0 Analysis? \_\_\_ Affirmative Statement ✓Disposal Fluid Analysis? ✓ Sources: Brushy C.Disposal Interval: Analysis? ✓ Production Potential/Testing: NOT ProductionNotice: Newspaper Date 9/18/12 Surface Owner BLM Mineral Owner(s) ✓RULE 26.7(A) Affected Persons: Beckman Ranch / BLM / Oakwater / ChemAOR: Maps? ✓ Well List? ✓ Producing in Interval? 0 Wellbore Diagrams? ✓.....Active Wells 0 Repairs? \_\_\_ Which Wells? —.....P&A Wells 0 Repairs? \_\_\_ Which Wells? —

Issues:

Request Sent \_\_\_\_\_ Reply: \_\_\_\_\_