

ABOVE THIS LINE FOR DIVISION USE ONLY

* No Coversheet/
requested & submitted

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



Chevron protested

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 _____

*Nadel & Gussman Permian
Kyle 34 Federal No. 1
30-015-31311*

*Bell Canyon and
Cherry Canyon*

[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

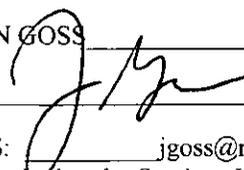
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[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.

JASON GOSS		ENGINEER	6/17/2015
Print or Type Name	Signature	Title	Date
		JGOSS@NAGUSS.COM	
		e-mail Address	

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ xxx _____ Disposal _____ Storage
Application qualifies for administrative approval? _____ xxx _____ Yes _____ No
- II. OPERATOR: _____ NADEL AND GUSSMAN PERMIAN, LLC _____
ADDRESS: _____ 601 N. MARIENFELD SUITE 508 MIDLAND TX 79701 _____
CONTACT PARTY: _____ JASON GOSS _____ PHONE: _____ 432-682-4429 _____
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes _____ XXX _____ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *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: _____ JASON GOSS _____ TITLE: _____ ENGINEER _____
SIGNATURE: _____  _____ DATE: _____ 4/21/2015 _____
E-MAIL ADDRESS: _____ jgoss@naguss.com _____
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

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

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

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

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

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

XIV. PROOF OF NOTICE

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

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

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

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

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Additional Questions on C-108

VII.

1. Proposed average and maximum daily rate and volume of fluids to be injected;

Average 250 BWPD, Max 10,000 BWPD

2. Whether the system is open or closed;

Open System

3. Proposed average and maximum injection pressure;

Average 300 PSI, Max 600 PSI

4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and;

The water is compatible

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.

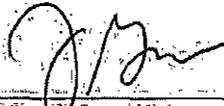
The proposed disposal interval is located in the Delaware Mountain Group – Bell Canyon Formation. Injection interval is sand/shale sequences. This Permian age horizon is 3,760' thick in this area. The top of the Delaware formation is at a depth of about 2,510' with the base at a depth of about 6,270' at the top of the Bone Spring Lime. There are no fresh water zones underlying the proposed injection zone. Usable water depth is from surface to the base of the Rustler/top of salt at 350'.

IX. Describe the proposed stimulation program, if any.

15,000 gallons 15% HCL acid job with packer

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.

Nadel and Gussman Permian, L.L.C. has reviewed and examined available geologic and engineering data in the area of interest for the Kyle 34 Federal #1 SWD and have found no evidence of faults or other hydrologic connections between the Delaware disposal zone and the underground sources of drinking water.



Jason Goss, Engineer

III. WELL DATA

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

Kyle 34 Federal #1, Sec. 34-T24S-R28E, 660' FNL & 860' FEL, Eddy County, New Mexico

(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.

Casing Size	Setting Depth	Sacks of Cement	Hole Size	Top of Cement	Determined
13-3/8"	399'	485	17-1/2"	Surface	Circulate
9-5/8"	4,150'	1,660	12-1/4"	Surface	Circulate
5-1/2"	12,200'	1,420	8-3/4"	7,050'	CBL

(3) A description of the tubing to be used including its size, lining material, and setting depth.

3-1/2" OD, Internally Plastic Coated Tubing set @ 2,650'

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Weatherford Arrow set 1X injection packer, nickel plated with on/off tool.

Set within 50-100 feet above top Delaware perforations

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.

Delaware – Bell Canyon

Pool Name: SWD (Delaware)

(2) The injection interval and whether it is perforated or open-hole:

2,700' to 3,487' (Perforated)

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

The well was originally drilled as an Atoka – Wolfcamp gas 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.

Atoka Perfs, 11,806' – 11,978', plugged 8/2008; CIBP set at 11,800' with 35' of Cement

Wolfcamp Perfs, 10,636' – 10,652', Squeezed with 100 sacks H neat.

Penn Perfs, 11,010' – 11,018', Squeezed with 100 sacks h neat

Cisco Perfs, 11,334' – 11,458', Propose to set CIBP above top perf with cement at 10,600'

Canyon Perfs, 11,538' – 11,632'

(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.

Next Higher: None / Next Lower: Delaware/ Lower Cherry Canyon at 4,810'

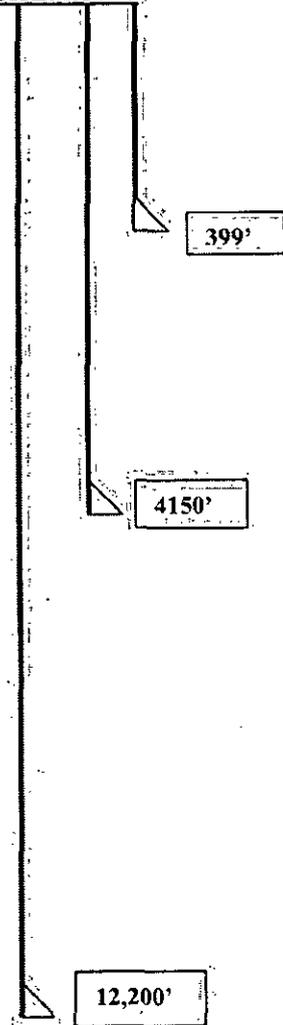
INJECTION WELL DATA SHEET

OPERATOR: NADEL AND GUSSMAN PERMIAN, LLC

WELL NAME & NUMBER: KYLE 34 FEDERAL #1

WELL LOCATION: 660' FNL, 860' FEL FOOTAGE LOCATION A UNIT LETTER 34 SECTION 24S TOWNSHIP 28E RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17.5" Casing Size: 13-3/8"
Cemented with: 485 sx. or ft^3
Top of Cement: SURFACE Method Determined: CIRCULATED

Intermediate Casing

Hole Size: 12.25 Casing Size: 9-5/8"
Cemented with: 1660 sx. or ft^3
Top of Cement: SURFACE Method Determined: CIRCULATE

Production Casing

Hole Size: 8-3/4" Casing Size: 5-1/2"
Cemented with: 1420 sx. or ft^3
Top of Cement: 7050' Method Determined: CBL

Total Depth: SURFACE

Injection Interval

3400'
2,700-3,487 feet to

PERFORATED

INJECTION WELL DATA SHEET

Tubing Size: 3.5", 9.3# J-55 Lining Material: Internally plastic coated

Type of Packer: Weatherford Arrow Set IX Injection Packer

Packer Setting Depth: 50ft above top perf

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

Additional Data

1. Is this a new well drilled for injection? Yes XXX No

If no, for what purpose was the well originally drilled? ATOKA - WOLFCAMP GAS WELL

TD: 12,200 VERTICAL WELL

2. Name of the Injection Formation: DELAWARE-BELL CANYON/~~UPPER CHERRY~~

3. Name of Field or Pool (if applicable): WILLOW LAKE

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. YES, ATOKA 11,806' - 11,978', PLUG

BACK 8-2008: CIBP SET AT 11,800 WITH 35' OF CEMENT. WOLFCAMP PERFS: 10,636' - 10,652', SQUEEZED W/ 100 SACKS H NEAT. PENN: 11,010-018 SQUEEZED W/ 100 SACKS H NEAT. CISCO PERFS: 11,334' - 11,458' CANYON PERFS 11,538' - 11,632'

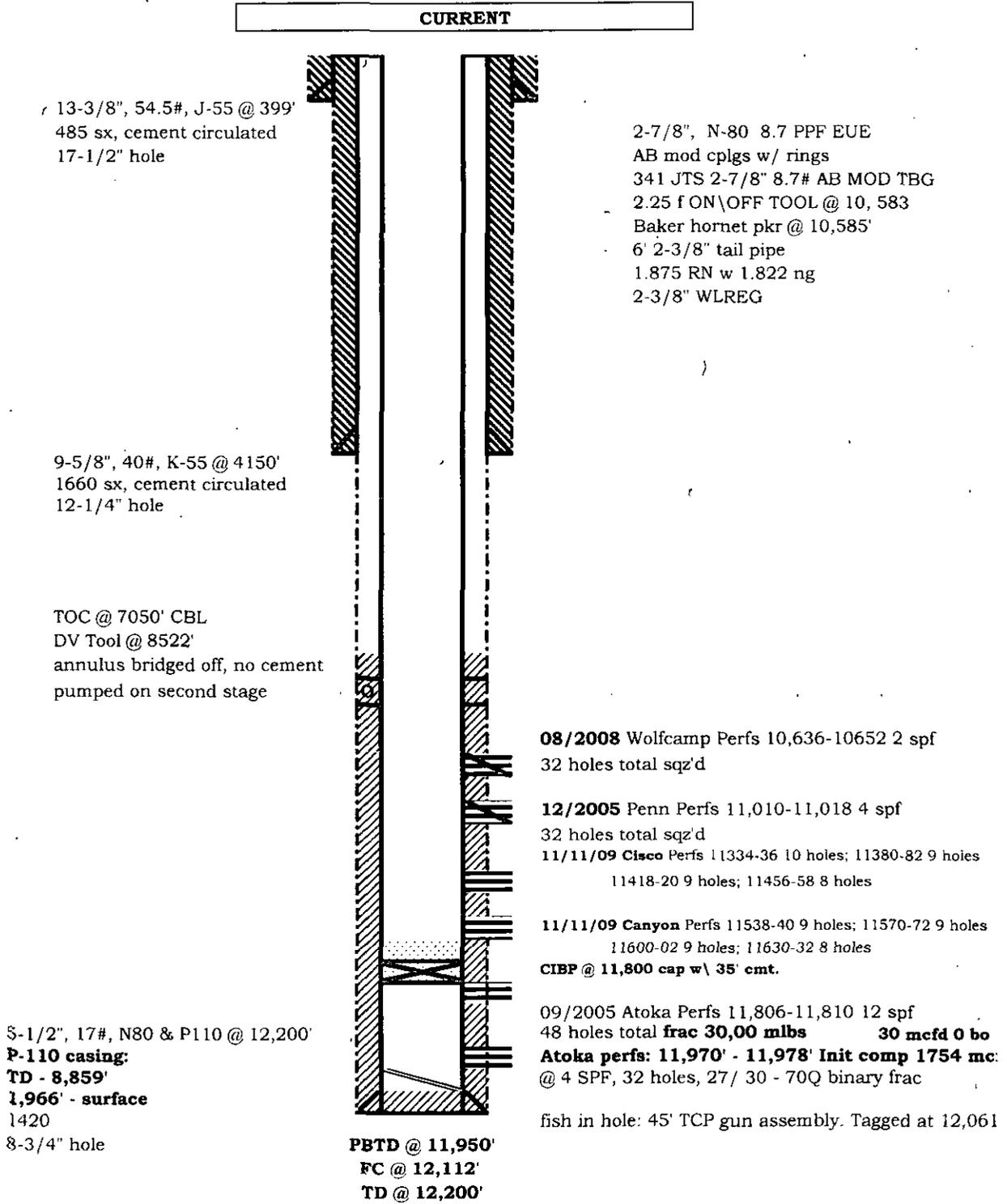
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

BELOW: DELAWARE 4810, BONE SPRING 8200, WOLFCAMP, ATOKA, MORROW, PENN, CISCO, CANYON

NADEL AND GUSSMAN PERMIAN

KYLE 34 Federal #1
660' FNL, 860' FEL, Unit A, Sec 34, 24S, 28E, Eddy County, NM
API # 30 - 015 - 31311

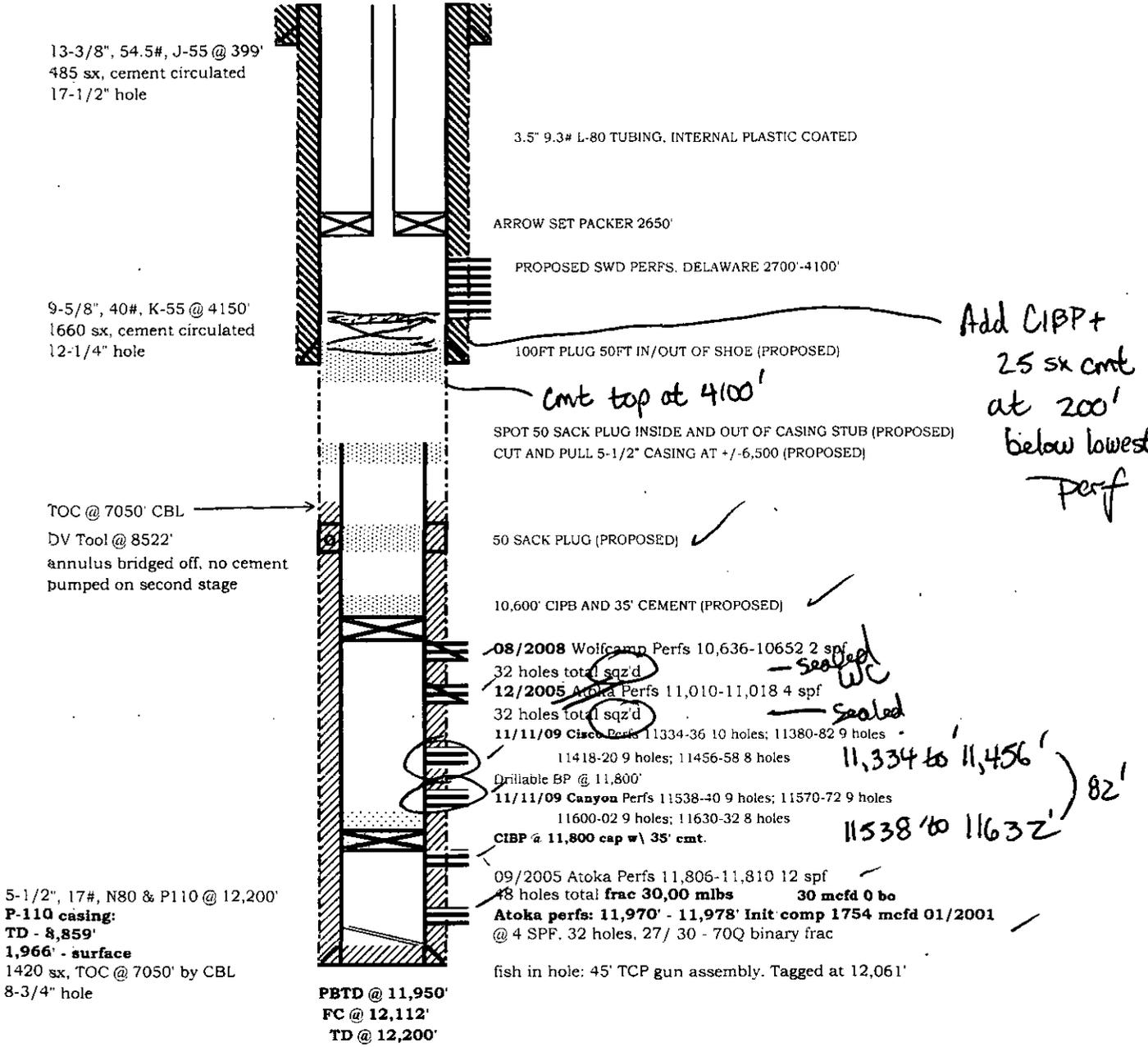
Elev: 3001', KB = 301'



KYLE 34 Federal #1
660' FNL, 860' FEL, Unit A, Sec 34, 24S, 28E, Eddy County, NM
API # 30 - 015 - 31311

Elev: 3001', KB = 301'

PROPOSED SWD INJECTION 4/6/2015



Kyle 34 Federal #1 – Proposed Conversion Procedure

Plan to plug back well to complete in Delaware as Injector pending NMOCD disposal approval.

1. Unset production packer and pull packer.
2. Wireline set CIBP at 10,600' and dump 35ft cement. Uppermost perfs (Wolfcamp 10,636-52')
3. Spot 50 sack plug across DV tool
4. Cut and pull 5-1/2" casing at 6,500ft
5. Spot 50 sack plug across casing stub at 6,200ft
6. Spot 100ft plug, 50ft in and out of Intermediate casing shoe at 4,150ft. Tag plug verify depth.
7. Perforate intermediate casing from 2700ft – 3487ft. Run injection tubing and packer to 2650ft. stimulate with acid.
8. Circulate packer fluid, set packer and run Packer/casing annulus integrity test.

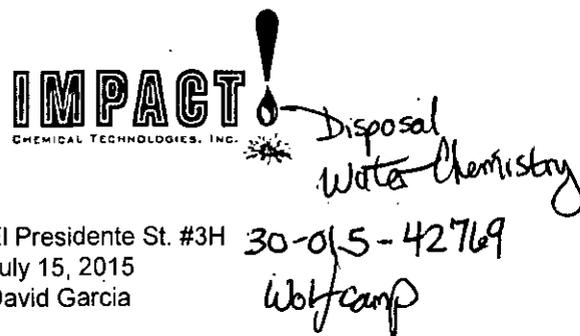
Formation Tops

Rustler	Surface
Salado/ Top Salt	1774'
Base Salt	2311'
Delaware Mountain Group / Bell Canyon	2510'
Cherry Canyon	3420'
Brushy Canyon	4900'
Bone Spring Lime	6270'
Avalon Shale	6597'
- Bone Spring 1 st Sand	7226'
Bone Spring 2 nd Sand	8000'
Bone Spring 3 rd Sand	9170'
Wolfcamp	9741' ✓
<i>Penn</i>	
<i>Strawn</i>	11,404
<i>Strawn (lime)</i>	11,542
	11,796
	<i>Cisco Canyon</i>
<i>Atoka (Sand)</i>	11,964
<i>Morrow</i>	12,096

2670 vs.
2510



Impact Water Analysis Analytical Report



Company: Nadel & Gussman
 Source: Wellhead
 Number: 45813
 County:

Location: El Presidente St. #3H
 Date Sampled: July 15, 2015
 Account Manager: David Garcia
 Foreman:

30-015-42769

ANALYSIS	mg/L	EQ. WT.	MEQ/L
1. pH	6.70		
2. Specific Gravity 60/60 F	1.067		
3. Hydrogen Sulfide	10.2 PPM		
4. Carbon Dioxide	120.0 PPM		
5. Dissolved Oxygen	ND		
6. Hydroxyl (OH ⁻)	0	/ 17.0 =	0.00
7. Carbonate (CO ₃ ⁻²)	0	/ 30.0 =	0.00
8. Bicarbonate (HCO ₃ ⁻)	244	/ 61.1 =	3.99
9. Chloride (Cl ⁻)	57,987	/ 35.5 =	1,633.44
10. Sulfate (SO ₄ ⁻²)	664	/ 48.8 =	13.61
11. Calcium (Ca ⁺²)	2,792	/ 20.1 =	138.91
12. Magnesium (Mg ⁺²)	389	/ 12.2 =	31.92
13. Sodium (Na ⁺)	34,045	/ 23.0 =	1,480.21
14. Barium (Ba ⁺²)	2.71		
15. Total Iron (Fe)	7.92		
16. Manganese	0.51		
17. Strontium	594.40		
18. Total Dissolved Solids	<u>96,727</u>		
19. Resistivity @ 75 °F (calculated)	0.082	Ω-m	

20. CaCO₃ Saturation Index

@ 80 °F	-0.3041
@ 100 °F	0.0059
@ 120 °F	0.2659
@ 140 °F	0.6259
@ 160 °F	0.9759

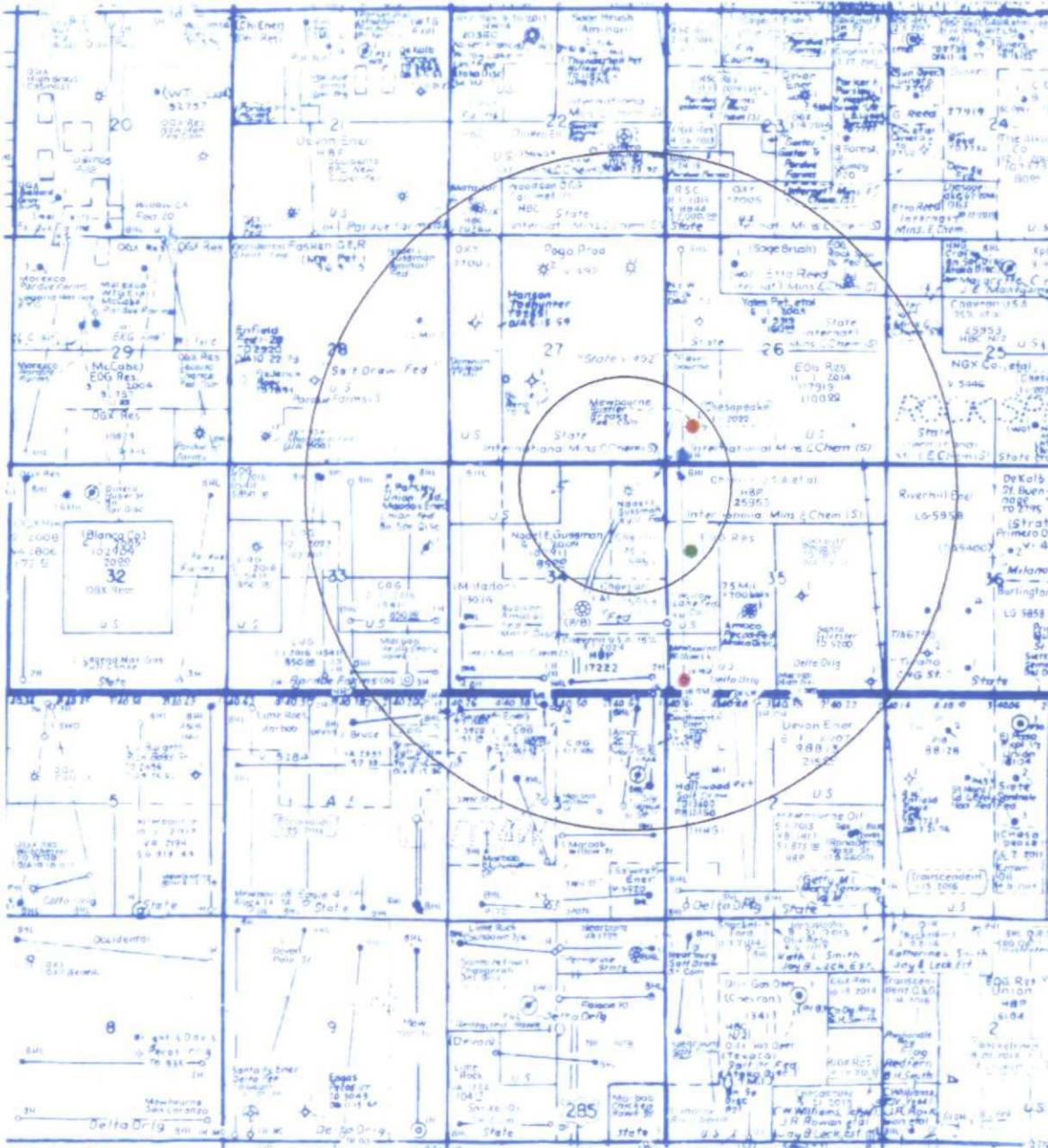
PROBABLE MINERAL COMPOSITION				
COMPOUND	EQ. WT.	X	MEQ/L	= mg/L
Ca(HCO ₃) ₂	81.04		3.99	323
CaSO ₄	68.07		13.61	926
CaCl ₂	55.50		121.31	6,733
Mg(HCO ₃) ₂	73.17		0.00	0
MgSO ₄	60.19		0.00	0
MgCl ₂	47.62		31.92	1,520
NaHCO ₃	84.00		0.00	0
NaSO ₄	71.03		0.00	0
NaCl	58.46		1,480.21	86,533

21. CaSO₄ Supersaturation Ratio

@ 70 °F	0.2391
@ 90 °F	0.2384
@ 110 °F	0.2406
@ 130 °F	0.2438
@ 150 °F	0.2469

Analyst: Sylvia Garcia

Date: July 17, 2015



Section 35, T24S, R28E:

- **Willow Lake "35" MD Federal Com #1H**
Mewbourne Oil Company
P.O. Box 5270
Hobbs, NM 88241
- **Willow Lake "35" Federal Com #1**
Mewbourne Oil Company
P.O. Box 5270
Hobbs, NM 88241

Section 26, T24S, R28E:

- **Rustler Breaks 26 W2MD Fee Com #1H (Permitted not drilled)**
Mewbourne Oil Company
P.O. Box 5270
Hobbs, NM 88241
- **Rustler Breaks 26 Fee Com #1**
Mewbourne Oil Company
P.O. Box 5270
Hobbs, NM 88241

WELLS INSIDE AREA REVIEW OF Kyle 34 Federal #1

** 3 wells inside area of review that penetrate the Delaware Formation

Well	Type	Date drill	Location	Depth	Completion	Status
Willow Lake 35 #1H	Horizontal Oil well	5/24/2013	T-24-S, R-28-E, Sec 35 330' FSL, 370' FWL UL M, Eddy Co. NM	12,790' MD 8,291' TVD	2nd Bone SPG 9,070' - 9,115'	Active see diagram
Willow Lake 35 Fed #1	Vertical gas well	6/3/2002	T-24-S, R-28-E, Sec 35 1980' FSL, 660' FWL UL L, Eddy Co. NM	12,170 MD/TVD	Atoka 11940-54	Active See Diagram
Rustler Breaks 26 Fee Com #1	-Vertical gas well	9/27/2002	T-24-S, R-28-E, Sec 26 900' FSL, 660' FWL UL M, Eddy Co. NM	12,118 MD/TVD	Atoka 11,888-96	Active See Diagram

9 5/8" casing & cement over interval

WILLOW LAKE 35 FEDERAL #1
1980' FNL, 660' FWL, Unit E, Sec 35, 24S, 28E, Eddy County, NM
API # 30 - 015 - 32306

Elev: 2971'

MEWBOURNE OIL COMPANY

Current ATOKA

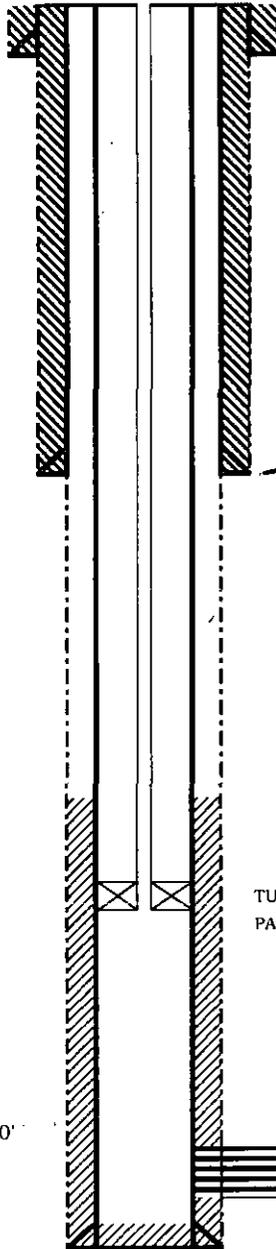
13-3/8", 54.5#, H-40 @ 409'
550 sx, cement circulated
17-1/2" hole

9-5/8", 40#, N-80 @ 5030'
1810 sx, cement circulated
12-1/4" hole

TOC @ 9786' CBL

5-1/2", 17#, N80 & P110 @ 12,170'
P-110 and N-80 Casing:
TD - 12,170'

915 sx Cement
8-3/4" hole



Injection interval ended

TUBING: 2-7/8" TO 11,940'
PACKER SET AT 11,630'

Atoka perms: 11,940' - 11,954' Init comp 09/2002

TD @ 12,200'

Rustler Breaks 26 Fee Com #1
 900' FSL, 660' FWL, Unit M, Sec 26, 24S, 28E, Eddy County, NM
 API # 30 - 015 - 32400

Elev: 2954'

MEWBOURNE OIL COMPANY

Current ATOKA

13-3/8", 54.5#, H-40 @ 325'
 400 sx, cement circulated
 17-1/2" hole

*Injection
 Interval
 cemented*

9-5/8", 40#, N-80 @ 4628'
 1450 sx, cement circulated
 12-1/4" hole

TOC: Estimated/Calculated 4000ft ✓

DV Tool at 8952
 Circulated cement on 1st stage
 1st stage 700 sacks
 2nd stage 950 sacks total
 lead 850 sx, 2.0 yield
 tail 100 sx, 1.18 yield

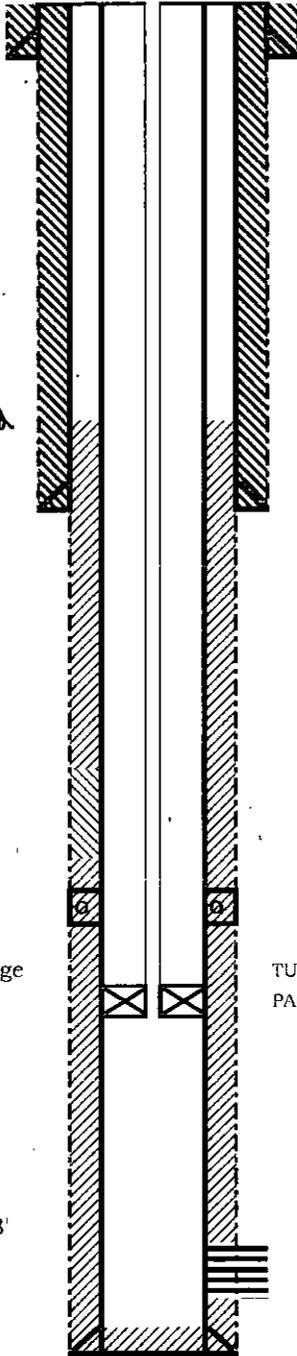
TUBING: 2-7/8" TO 11,777'
 PACKER SET AT 11,760'

5-1/2", 17#, N80 & P110 @ 12,118'

12,118'

1650 sx Cement total
 8-3/4" hole

Atoka perms: 11,888' - 11,896' Init comp 11/2002



TD @ 12,118'

Willow Lake 35 Fed Com #1H
 330' FSL, 370' FWL, Unit M, Sec 35, 24S, 28E, Eddy County, NM
 API # 30 - 015 - 38106

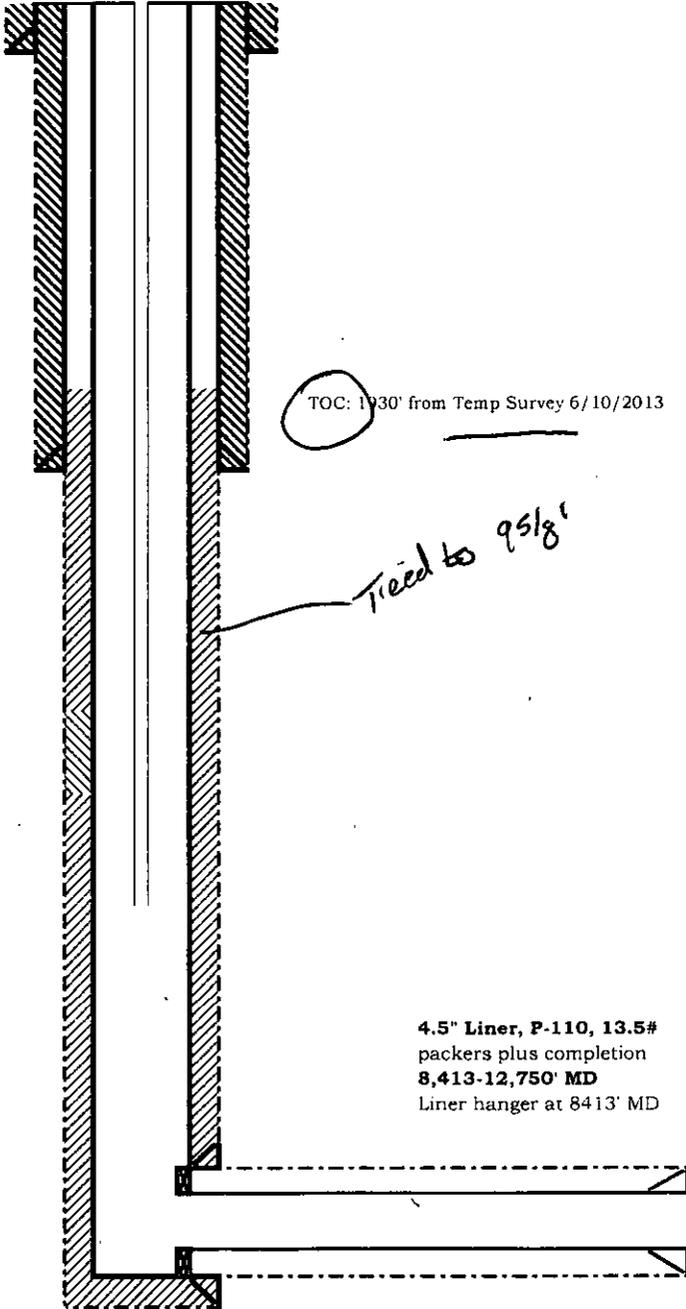
Elev: 2981'

MEWBOURNE OIL COMPANY

Current Bone Spring

13-3/8", 54.5#, H-40 @ 650'
 700 sx, cement circulated
 17-1/2" hole

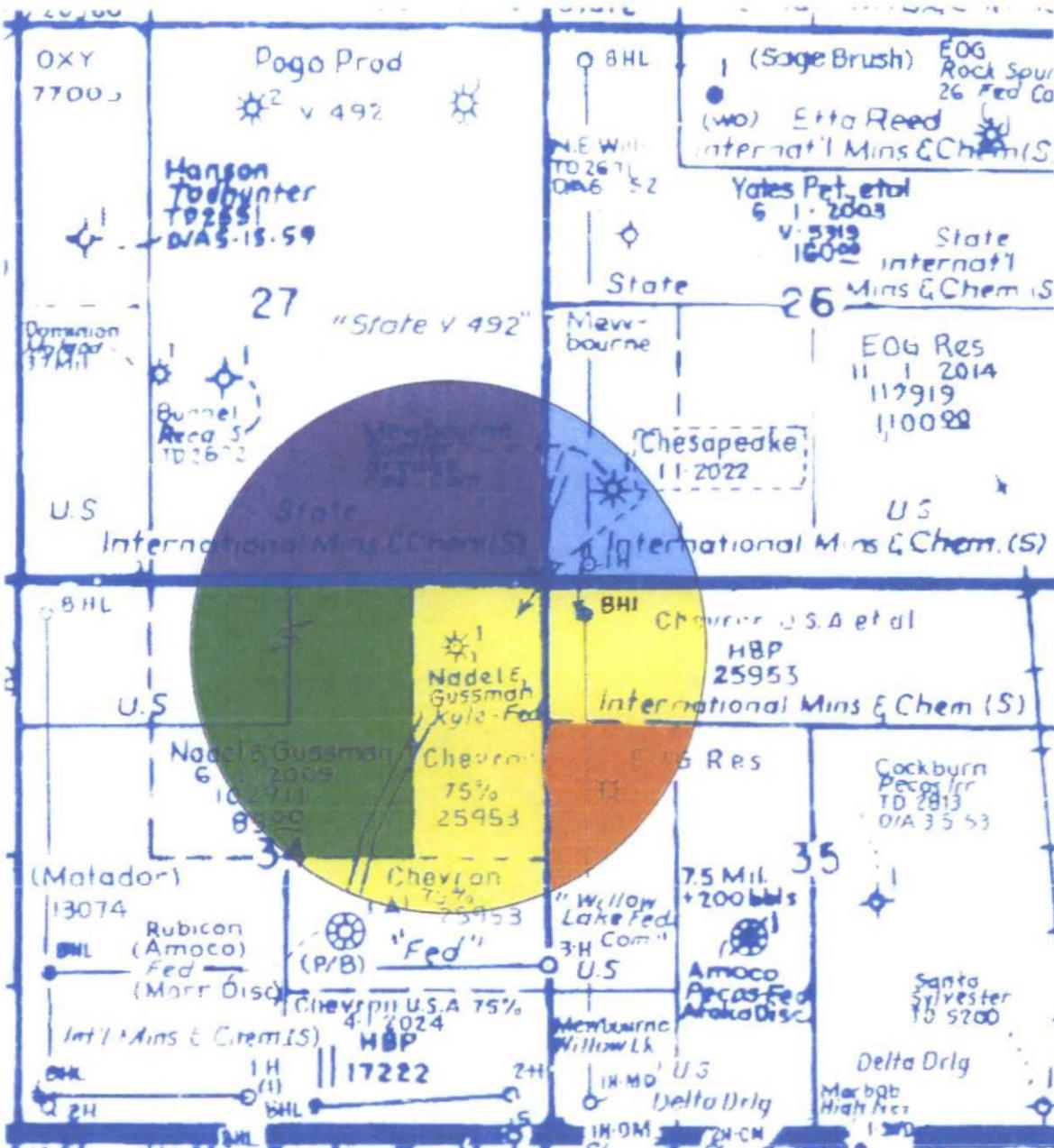
9-5/8", 40#, N-80 @ 2600'
 1256 sx, cement circulated
 12-1/4" hole



7" P-110, 26# Casing **8648'**
 1100 sacks, TOC 1930'
 8-3/4" hole

4.5" Liner, P-110, 13.5#
 packers plus completion
8,413-12,750' MD
 Liner hanger at 8413' MD

TD 12,790' MD
TVD 8,291'



Section 34, T24S, R28E:

- **NMNM 25953**
Chevron USA Inc/RKC Inc (Lessee)
- **NMNM 102911**
Nadel and Gussman Permian, L.L.C. (Lessee)

Section 27, T24S, R28E:

- **V0-492-0001**
Oxy USA Inc. (Lessee)

Section 26, T24S, R28E:

- **Fee**
Mewbourne Oil Company (Operator)

Section 35, T24S, R28E:

- **NMNM 25953**
Chevron USA Inc/RKC Inc (Lessee)
- **NMNM 93197**
Energex Co (Lessee)

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite 508

Midland, TX 79701

Office: (432) 682-4429

Fax: (432) 682-4325

RECEIVED OCD

2015 APR 27 P 3: 04

April 21, 2015

Surface Owner / Offset Operators

Re: Notification of Application for Authorization to Inject
Kyle 34 Federal #1 SWD Well

Ladies and Gentlemen:

Nadel and Gussman Permian, LLC is seeking administrative approval to utilize its Kyle 34 Federal #1 (API – 30-015-31311) as a Salt Water Disposal well. As required by the New Mexico Oil Conservation Division Rules, we are notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is required unless you have questions or objections.

<u>Well:</u>	Kyle 34 Federal #1
<u>Proposed Disposal Zone:</u>	Delaware Formation (from 2,700' - 4,100')
<u>Location:</u>	660' FNL & 860' FEL, Sec. 34, T24S, R28E, Eddy Co., NM
<u>Applicants Name:</u>	Nadel and Gussman Permian, LLC
<u>Applicants Address:</u>	601 N. Marienfeld, Suite 508, Midland, Texas 79701

This application for water disposal well will be filed with the New Mexico Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Conservation Division address is 1220 South St. Francis Dr., Santa Fe, NM 87505. And their phone number is 505-476-3460.

Please call me if you have any questions at 432-682-4429.

Sincerely,



Jason Goss

DISTRIBUTION LIST

Scott Branson
P.O. Box 1502
Carlsbad, NM 88221

Surface

Mewbourne Oil Company
P.O. Box 5270
Hobbs, NM 88241

Oxy USA Inc.
P.O. Box 27570
Houston, TX 77227-7570

Energex Co
100 N. Pennsylvania
Roswell, NM 88201

Chevron USA, Inc.
1400 Smith St.
Houston, TX 77002-7327

RKC Inc.
1527 Hillside Rd.
Fairfield, CT 06490

State of New Mexico
District II
811 S. First St.
Artesia, NM 88210

State of New Mexico
1220 South St. Francis Dr.
Santa Fe, NM 87505

Split-estate / Fed minerals (leaseable)

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 7014 0510 0002 3592 8562

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.82

Notification App.
 for Authorization
 to Inject
 Kyle 34 Fed #1
 SWP Well
 APR 22 2015

Sample
 Scott Branson
 PO Box 1502
 Carlsbad, NM 88221
 PS Form 3800, August 2006 See Reverse for instructions

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.
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1. Article Addressed to:

Scott Branson
 PO Box 1502
 Carlsbad, NM 88221

APR 28 2015

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Karen Palt* Agent Addressee

B. Received by (Printed Name)
 Karen Palt

C. Date of Delivery
 4/28/15

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



2. Article Number 7014 0510 0002 3592 8562
 (Transfer from service #)

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Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.82

Notification App.
 for Authorization
 to Inject
 Kyle: 34 Fed #1
 SWP well
 APR 22 2015

Mewbourne Oil Company
 PO Box 5270
 Hobbs, NM 88241
 PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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- 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:

Mewbourne Oil Company
 PO Box 5270
 Hobbs, NM 88241

MAY 04 2015

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 [Signature] Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery
[Signature] 4-30-15

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

APR 30 2015

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number: 7014 0510 0002 3592 8579
 (Transfer from *se*)

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Certified Fee	3.30	
Return Receipt Fee (Endorsement Required)	2.70	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.82	

Oxy USA Inc.
 PO Box 27570
 Houston, TX 77227-7570
 PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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- 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:

Oxy USA Inc.
 PO Box 27570
 Houston, TX 77227-7570

MAY 26 2015

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
[Signature]

B. Received by (Printed Name) *J. B. BROWN*

C. Date of Delivery

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service lab) 7014 0510.0002 3592 8586

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Certified Fee	3.30	
Return Receipt Fee (Endorsement Required)	2.70	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.82	

7014 0510 0002 3592 8616

To: **Chevron USA, Inc.**
 Street: **1400 Smith Street**
 City/State: **Houston, TX 77002-7327**

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ 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. 	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; padding: 10px;"> Chevron USA, Inc. 1400 Smith Street Houston, TX 77002-7327 </p> <p style="text-align: right; font-weight: bold; font-size: 1.2em;">MAY 12 2015</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number <i>(Transfer from service it)</i></p>	<p style="text-align: center; font-weight: bold; font-size: 1.2em;">7014 0510 0002 3592 8616</p>

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Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.82

Notification App.
 for Authorization
 to Inject
 Kyle 34 Fed #1
 SVD

APR 27 2015

Sent **RKC Inc.**
 Street, Apt. No. or P.O. No. **1527 Hillside Road**
 City, State, Zip+4 **Fairfield, CT 06490**

PS Form 3800, August 2006 See Reverse for Instructions

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:

**RKC Inc.
 1527 Hillside Road
 Fairfield, CT 06490**

MAY 20 2015

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 X *[Signature]* Addressee

B. Received by (Printed Name) **R KRAL** C. Date of Delivery **5-13-15**

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

2. Article Number: **7014 0510 0002 3592 8623**
 (Transfer from service label)

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Certified Fee	3.30	
Return Receipt Fee (Endorsement Required)	2.70	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 7.82	

Sent to
State of New Mexico
 Street Apt. No.
1220 South St. Francis Drive
 City, State, ZIP+4
Santa Fe, NM 87505

PS Form 3800, August 2006 See Reverse for Instructions

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:

State of New Mexico
 1220 South St. Francis Drive
 Santa Fe, NM 87505

MAY 06 2015

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
[Signature]

B. Received by (Printed Name) Agent Addressee
S. MITZ

C. Date of Delivery
 APR 27 2015

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7014 0510 0002 3592 8647**

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7014 0510 0002 3592 8630

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Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.82

Notification Affirmation
 Authorization to Inject
 Here
 Kyle 34 Fed #1
 SWS
 APR 22 2015

State of New Mexico District II
 811 S. First St.
 Artesia, NM 88210
 PS Form 3800, August 2006 See Reverse for Instructions

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:
 State of New Mexico
 District II
 811 S. First Street
 Artesia, NM 88210
 APR 28 2015

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
[Signature]
 B. Received by (Printed Name) Agent Addressee
 Kyle 34 Fed #1
 C. Date of Delivery
 4/29/15
 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

2. Article Number: 7014 0510 0002 3592 8630
(Transfer from service #)

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7014 0510 0002 3592 8609

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

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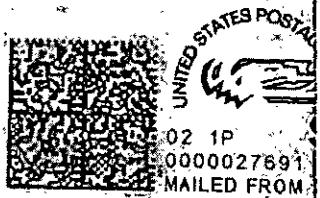
Postage	\$ 1.82
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.82

Notification App.
for Authentication
to Inset
Kyle 34 Fed #1
SWD
APR 22 2015

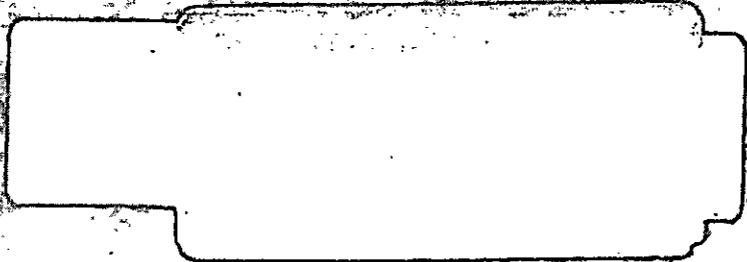
Sender's Name: **Energex CO**
Street No. or P.O. No.: **100 N. Pennsylvania**
City, State, ZIP: **Roswell, NM 8820**
PS Form 3800, August 2006 See Reverse for Instructions

CERTIFIED MAIL™

7014 0510 0002 3592 8609



PERM601 797012045-1N 05/08/15



in LLC
OS

AS



C-108 Review Checklist: Received 04/28/15 Add. Request: Protested / Chevron Reply Date: 06/24/15 Suspended: — [Ver 15]

ORDER TYPE: WFX/PMX/SWD Number: 1569 Order Date: 8/3/2015 Legacy Permits/Orders: None

Well No. 1 Well Name(s): Kyle 34 Federal

API: 30-0 15-31311 Spud Date: 10/01/2000 New or Old: New (UIC Class II Primacy 03/07/1982)

Footages 660 FM/860 FEL Lot — or Unit A Sec 34 Tsp 24S Rge 28E County Eddy

General Location: 4 miles S of Malaga along US285 Pool: ① Salt Draw, Atoka ② Salt Draw, Wolfcamp No.: 84415E 97721

BLM 100K Map: Carlsbad Operator: Nadel and Gussman Permian LLC OGRID: 155615 Contact: Jason Goss

COMPLIANCE RULE 5.9: Total Wells: 181 Inactive: 3 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes Date: 08/03/15

WELL FILE REVIEWED Current Status: Wolfcamp producer (gas) → Perm producer (gas) 2010; 10 to 23 Mcf gas
List 4 months 2015

WELL DIAGRAMS: NEW: Proposed or RE-ENTER: Before Conv. After Conv. Logs in Imaging: GR-BN-SDL/LED-LB-MCL

Planned Rehab Work to Well: Place CIBP at 10600+cmt; 50% cmt at DV tool; cut & pull 5 1/2 casing; RFT
50 sack on RFT; spot 100 ft plug on stubborn bottom of 5 1/2; perf & set tubing

Well Construction Details	Sizes (in)		Setting Depths (ft)		Cement	Cement Top and
	Borehole / Pipe				(SZ) or Cf	Determination Method
Planned <input type="checkbox"/> or Existing <input checked="" type="checkbox"/> Surface	17 1/2	13 3/8	0 to 399	Stage Tool	485	Car to surface
Planned <input type="checkbox"/> or Existing <input checked="" type="checkbox"/> Intern/Prod	12 1/4	9 5/8	0 to 4150	None	1660	Car to surface
Planned <input type="checkbox"/> or Existing <input checked="" type="checkbox"/> Intern/Prod	8 3/4	5 1/2	0 to 12200	DV@8522	1420	7050' / CBL
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Prod/Liner	—	—	—	—	—	NO cmt above DV
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Liner	—	—	—	—	—	—
Planned <input checked="" type="checkbox"/> or Existing <input checked="" type="checkbox"/> OH / PERF	5 1/2	WC Cisco Packer	# 2700 - 3407	Int Length 700'	Completion/Operation Details:	
Injection Lithostratigraphic Units:			Depths (ft) Injection or Confining Units		Tops	
Adjacent Unit: Litho. Struc. Por.					Drilled TD <u>12200</u> PBDT <u>10910</u> → <u>11340</u>	
Confining Unit: Litho. Struc. Por.	+190		Salado		NEW TD <u>4150</u> NEW PBDT <u>(Perfs added)</u> <u>3600</u> CIBP	
Proposed Inj Interval TOP:	2700		Bell Canyon		2510	
Proposed Inj Interval BOTTOM:	3407		Cherry Canyon		3420	
Confining Unit: Litho. Struc. Por.	+1500		Brushy/Lambda		4900	
Adjacent Unit: Litho. Struc. Por.			Bone Spring		6270	

AOR: Hydrologic and Geologic Information

POTASH: R-111-P No Noticed? NA BLM Sec Ord 16 WIPP No Noticed? NA Salt/Salado T: 1774 B: 2311 NW: Cliff House fm

FRESH WATER: Aquifer Shallow alluvial Max. Depth 300' HYDRO AFFIRM STATEMENT By Qualified Person

NMOSE Basin: Carlsbad CAPITAN REEF: thru adj NAC No. Wells within 1-Mile Radius? 0 FW Analysis NA

Disposal Fluid: Formation Source(s) Wolfcamp/Bone Spring Analysis? Yes On Lease Operator Only or Commercial

Disposal Int: Inject Rate (Avg/Max BWPD): 250/10000 Protectable Waters? Probable NO-sample System: Closed or Open

HC Potential: Producing Interval? No Formerly Producing? No Method: Logs/DST/P&A/Other 2-Mile Radius Pool Map

AOR Wells: 1/2-M Radius Map? Yes Well List? Yes Total No. Wells Penetrating Interval: 3 Horizontals? 1

Penetrating Wells: No. Active Wells 3 Num. Repairs? 0 on which well(s)? — Diagrams? Yes

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

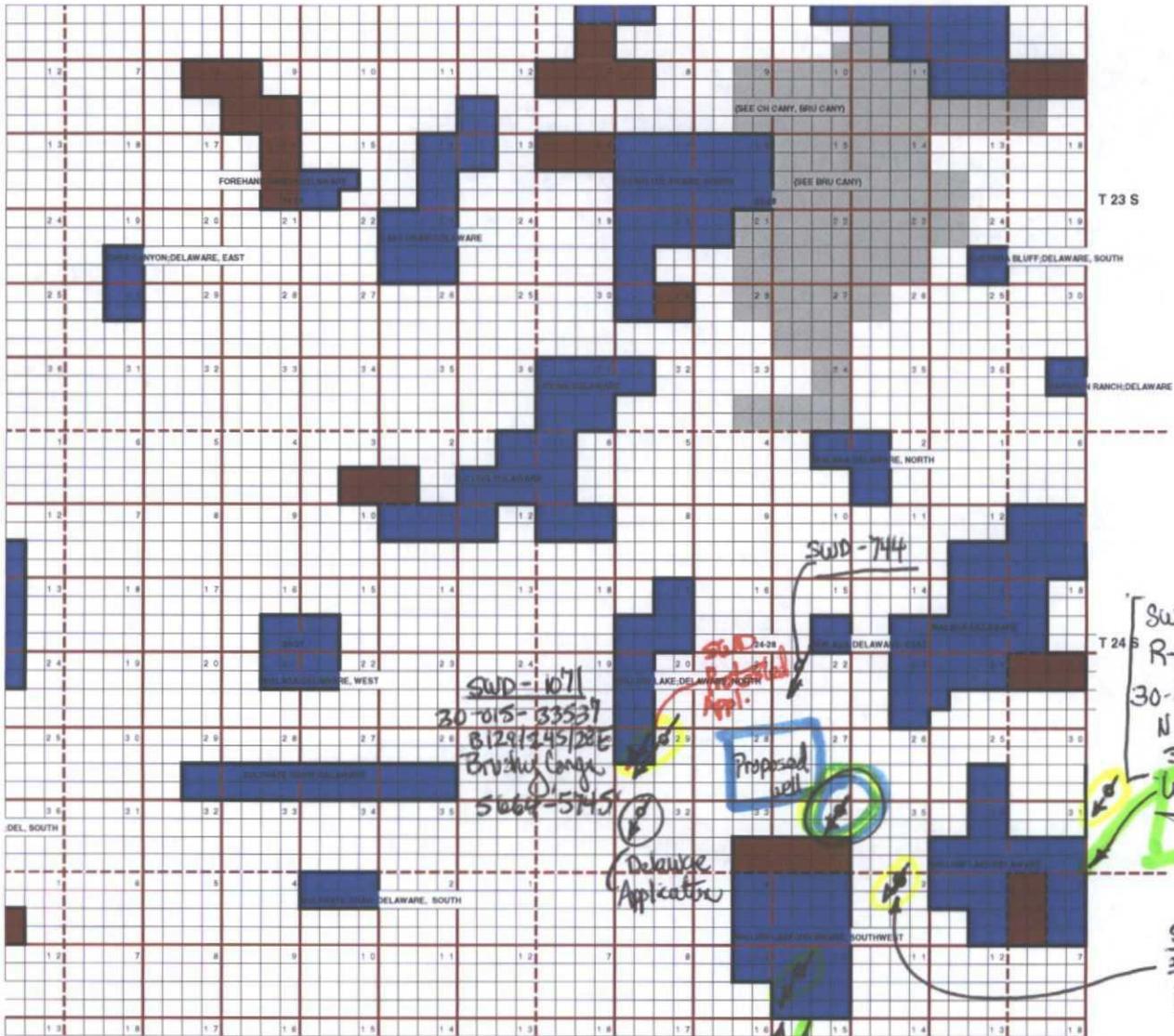
NOTICE: Newspaper Date 04/16/2015 Mineral Owner Federal Surface Owner Fee - Branson N. Date 04/21/15

RULE 26.7(A): Identified Tracts? Yes Affected Persons: Scott Branson / Mewbourne / Chevron / OXY / RKC / Energen Date 04/22/15

Order Conditions: Issues: * Protest [reduction in interval]; adjacent horizontal prod. in Cherry Canyon

Add Order Cond: Pull bottom of interval out of Cherry Canyon fm; add CIBP within 200' of injection interval; water chemistry of formation

Kyle 34 Federal No.1
C-108 Application



SWD-1332
30-015-30229 / Chaparral 10 No.1
F/Sec 10/ 25S/28E
Brushy C. - 5050' to 5860'

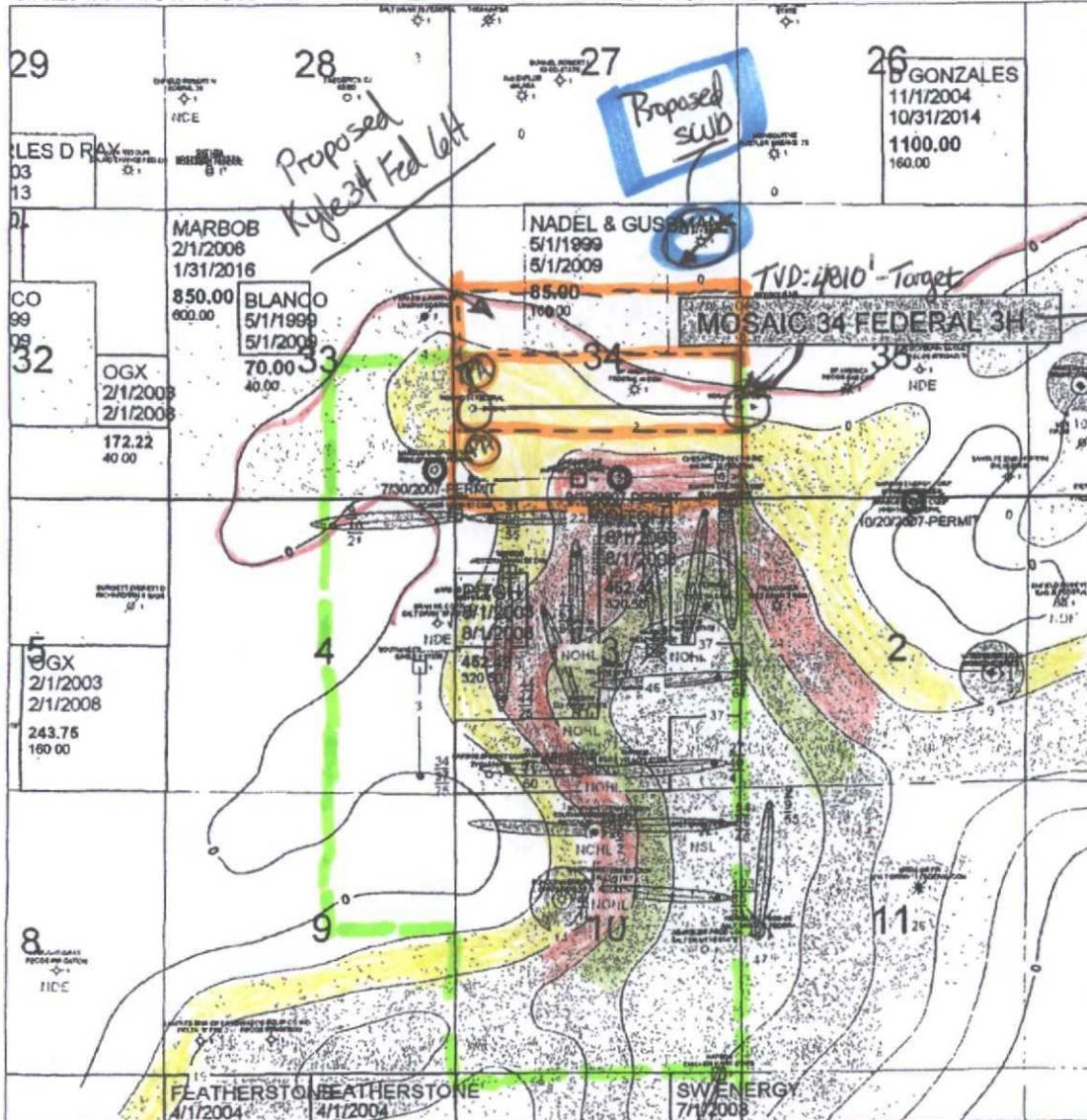
Willow Lake; SW Pool
Cherry Conger &
Brushy Conger Production
Brushy & Bone Spring

SWD - (Protested)
R-13151-A
MWS state No.1
30-015-23888
N/Sec 30/ 24S/29E
3600' - 4915'
Willow Lake
Pool

SWD-1095
30-015-35602
High Net Fed No.1
5200 to 800

Willow Lake, Delaware; SW Pool

CHERRY CANYON "WILLOW LAKE" NET SAND 14% ISOPACH CI = 10'



**DRILLING AND OPERATIONS PLAN
NADEL AND GUSSMAN PERMIAN, L.L.C.
KYLE 34 FEDERAL #6H**

Surface: 2310' FNL & 150' FEL, UL H
BHL: 2310' FNL & 330' FWL, UL E
Sec 34, T-24-S, R-28-E
Eddy County, New Mexico.

- 1. Geological Surface Formation: Permian and Quaternary Alluvium.
- 2. Horizontal Oil well. No pilot hole, depth to Fresh Water 200'. Elevation 2,987' GL

3. TOPS OF IMPORTANT GEOLOGICAL MARKERS: TVD

Rustler	surface
Top Salt	1774'
BX (base salt)	2311'
Delaware Mountain Group	2510'
Bell Canyon	2633'
Cherry Canyon	3470'
Cherry Canyon Target	4810'
Brushy Canyon	5036'

4. Estimated Depth of Anticipated/Possible Water, Oil or Gas:

Rustler/Castile	0-200'	Fresh Water from WAIDS database
Delaware Mtn. Group	2510'	Oil, gas and water
Bell Canyon	2633'	Oil, gas and water
Cherry Canyon	3470'	Oil, gas and water

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water will be protected by setting 13 3/8" casing at 400' and circulating cement back to surface, all other intervals will be isolated by the 9 5/8" intermediate and 5-1/2" production casing.

JAN 27 2009

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires: July 31, 2010

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well Oil Well Gas Well Dry Other

b. Type of Completion New Well Work Over Deepen Plug Back Diff. Resvr.
Other _____

2. Name of Operator: CHESAPEAKE OPERATING, INC. Contact: LINDA GOOD
E-Mail: linda.good@chk.com

3. Address: OKLAHOMA CITY, OK 73154-0496 3a. Phone No. (include area code) Ph: 405-935-4275

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface: NESW 1670FSL 25FWL
At top prod interval reported below: Sec 34 T24S R28E Mer NMP
At total depth: NWSW 1630FSL 318FWL

5. Lease Serial No. NMNM13074

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

8. Lease Name and Well No. MOSAIC 34 FEDERAL 3H

9. API Well No. 30-015-36001-00-S1

10. Field and Pool, or Exploratory WILLOW LAKE

11. Sec., T., R., M., or Block and Survey or Area Sec 34 T24S R28E Mer NMP

12. County or Parish EDDY 13. State NM

14. Date Spudded 10/04/2008 15. Date T.D. Reached 11/03/2008 16. Date Completed D & A Ready to Prod. 12/10/2008 17. Elevations (DF, KB, RT, GL)* 3003 GL

18. Total Depth: MD 9665 TVD 4828 19. Plug Back T.D.: MD 9602 TVD 4765 20. Depth Bridge Plug Set: MD TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each) CPD CNLDDL 22. Was well cored? No Yes (Submit analysis)
Was DST run? No Yes (Submit analysis)
Directional Survey? No Yes (Submit analysis)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17.500	13.375 H-40	40.0		642		700		0	
12.250	9.625 J-55	36.0		2600		885		0	
8.750	5.500 N-80	17.0		9665		1950		2100	
17.500	13.375 H-40	40.0	0	642		700		0	
12.250	9.625 J-55	36.0	0	2600		885		0	
7.875	5.500 N-80	17.0	0	9665		1950		2100	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2.875	4430							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) DELAWARE			5348 TO 5904		30	open
B)			5348 TO 6619		60	OPEN
C)			6020 TO 6619		30	open
D)			6778 TO 7361		30	open

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material
5348 TO 5904	gal B Frac 25 X-Link gel, w/ 300080# 20/40 white sand, 50000# 20/40 super LC
6020 TO 6619	gal B Frac 25 X-Link gel, w/ 300000# 20/40 white sand, 59820# 20/40 super LC
6778 TO 7361	gal B Frac 25 X-Link gel, w/ 300000# 20/40 white sand, 49040# 20/40 super LC
6778 TO 7361	FRAC W/182,094 GAL B FRAC 25 X-LINK GEL, 300,000# 20/40 WHITE SD. (SEE REMARKS FOR REMAINDER PERFS)

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity	Gas Gravity	Production Method
			→						ACCEPTED FOR RECORD
Choke Size	Tbg Press Flwg SI	Csg Press	24 Hr Rate	Oil BBL	Gas MCF	Water BBL	Gas Oil Ratio	Well Status	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity	Gas Gravity	Production Method
			→						JAN 25 2009
Choke Size	Tbg Press Flwg SI	Csg Press	24 Hr Rate	Oil BBL	Gas MCF	Water BBL	Gas Oil Ratio	Well Status	BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

(See Instructions and spaces for additional data on reverse side)
ELECTRONIC SUBMISSION #66556 VERIFIED BY THE BLM WELL INFORMATION SYSTEM
** BLM REVISED **

Accepted for record - NMOCD

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr API	Gas Gravity	Production Method
Choke Size	Tbg Press Flwg SI	Csg Press	24 Hr Rate →	Oil BBL	Gas MCF	Water BBL	Gas Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr API	Gas Gravity	Production Method
Choke Size	Tbg Press Flwg SI	Csg Press	24 Hr Rate →	Oil BBL	Gas MCF	Water BBL	Gas Oil Ratio	Well Status	

29 Disposition of Gas (Sold, used for fuel, vented, etc.)
UNKNOWN

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
BASE OF SALT WILLOW LAKE	2603 4922	3628 9665	LIMESTONE SAND/SILT/SHALE		

32. Additional remarks (include plugging procedure):

LOGS ARE BEING SENT VIA UPS OVERNIGHT TO JERRY FANT.

#44 CONT'D:

9085-9559: 300,500# 20/40 WHITE SAND, TAILING W/49,800# 20/40 SUPER LC.

8276-8859: TAILING W/50,000# 20/40 SUPER LC.

7491-7999: TAILING W/51,080# 20/40 SUPER LC.

6778-7361: TAILING W/49,040# 20/40 SUPER LC.

33. Circle enclosed attachments:

- | | | | |
|---|--------------------|---------------|-----------------------|
| 1. Electrical/Mechanical Logs (1 full set req'd.) | 2. Geologic Report | 3. DST Report | 4. Directional Survey |
| 5. Sundry Notice for plugging and cement verification | 6. Core Analysis | 7. Other | |

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions).

Electronic Submission #66556 Verified by the BLM Well Information System.
For CHESAPEAKE OPERATING, INC., sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 01/22/2009 (09KMS0697SE)

Name (please print) LINDA GOOD Title SR. REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission) Date 01/22/2009

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** REVISED ** REVISED ****

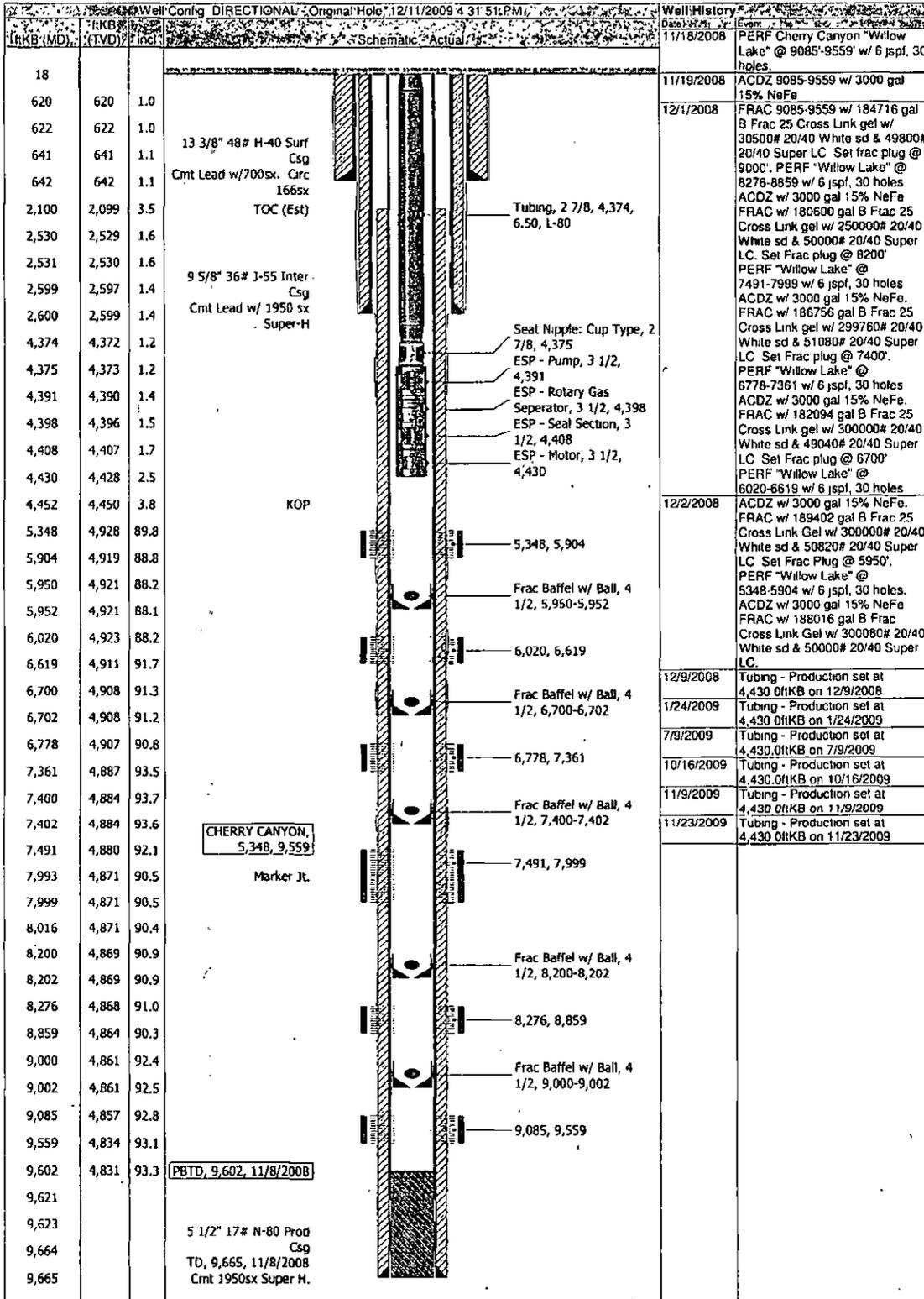


Current Wellbore Schematic with Survey Tracks

MOSAIC 34 FEDERAL 3H

Field: SE EDDY PROJECT - WILLOW LAKE PROSPECT
 County: EDDY
 State: NEW MEXICO
 Elevation: GL 2,987.00 KB 3,005.00
 KB Height: 18.00
 Location: SEC 34, 24S-28E, 1670 FSL & 25 FEL

Spud Date: 10/4/2008
 Initial Compl. Date:
 API #: 3001536001
 CHK Property #: 616369
 1st Prod Date: 12/15/2008
 PBTD: Original Hole - 9602.0
 TD: 9,665.0





New Mexico Office of the State Engineer

Active & Inactive Points of Diversion

(with Ownership Information)

(R=POD has been replaced and no longer serves this file, (quarters are 1=NW 2=NE 3=SW 4=SE)
 C=the file is closed) (quarters are smallest to largest) (NAD83 UTM in meters)

WR File Nbr	Sub basin	Use	Diversion	Owner	County	POD Number	Code	Grant	(acre ft per annum)		Source	Q q q				X	Y
									6416	4		4	4	Sec	Tws		
<u>C 01264</u>		EXP		0 GUY A. REED	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 01265</u>	CUB	EXP		0 GUY A. REED	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03158</u>	C	PRO		0 NEARBURG PRODUCTING	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03250</u>	C	PRO		0 PATTERSON DRILLING COMPANY	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03315</u>	C	PRO		0 CORKY GLENN	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03358</u>	C	STK		3 SCOTT BRANSON	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 03359</u>	C	PRO		0 CORKY GLENN	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 03376</u>	C	PRO		0 RIO TANKS FASLINE INC	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 03391</u>	C	PRO		0 RIO TANKS FASLINE INC.	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 03423</u>	C	STK		3 SCOTT BRANSON	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03425</u>	C	PRO		0 BOBCO PRODUCTION CO	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03466</u>	C	PRO		0 O.G.X. RESOURCES	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03473</u>	C	PRO		0 SCOTT BRANSON	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03474</u>	C	PRO		0 SCOTT BRANSON	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03475</u>	C	PRO		0 SCOTT BRANSON	ED	<u>C 01265</u>			Shallow	2	4	1	26	24S	28E	543749	3561658
<u>C 03485</u>	C	PRO		0 SCOTT BRANSON	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 03486</u>	C	PRO		0 SCOTT BRANSON	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116
<u>C 03487</u>	C	PRO		0 SCOTT BRANSON	ED	<u>C 03358</u>	POD1		Shallow	1	4	1	26	24S	28E	588416	3562116

(R=POD has been replaced and no longer serves this file, (quarters are 1=NW 2=NE 3=SW 4=SE)
 C=the file is closed) (quarters are smallest to largest) (NAD83 UTM in meters)

WR File Nbr	Sub basin	Use	Diversion	Owner	County	POD Number	Code Grant	Source	q q q			X	Y			
									6416	4	Sec			Tws	Rng	
C 03683	C	PRO	0	SCOTT BRANSON	ED	C 03683 POD1		2	4	1	26	24S	28E	588786	3561952	
C 03685	C	PRO	0	SCOTT BRANSON	ED	C 03683 POD1		2	4	1	26	24S	28E	588786	3561952	
						C 03685 POD1		2	4	1	26	24S	28E	588786	3561952	
C 03742	C	PRO	0	CONCHO OIL & GAS	ED	C 03358 POD1	Shallow	1	4	1	26	24S	28E	588416	3562116	
C 03743	C	PRO	0	CONCHO OIL & GAS	ED	C 03358 POD1	Shallow	1	4	1	26	24S	28E	588416	3562116	
C 03744	C	PRO	0	CONCHO OIL & GAS	ED	C 03358 POD1	Shallow	1	4	1	26	24S	28E	588416	3562116	
C 03833	C	DOL	3	SCOTT BRANSON	ED	C 03833 POD1	NON	Shallow	2	1	2	26	24S	28E	589014	3562545

Record Count: 25

POD Search:

POD Basin: Carlsbad

PLSS Search:

Section(s): 26, 27, 34, 35 Township: 24S Range: 28E

Sorted by: File Number

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.

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Tuesday, May 12, 2015 2:51 PM
To: Jason Goss (jgoss@naguss.com)
Cc: Jordan L. Kessler (JKessler@hollandhart.com); McMillan, Michael, EMNRD; Dawson, Scott, EMNRD; Jones, William V, EMNRD; Michael Feldewert (mfeldewert@hollandhart.com)
Subject: Protest of Application to Inject -

RE: Kyle 34 Federal No. 1 (API 30-015-31311) Sec 34, T. 24 S., R. 28 E., NMPM, Eddy County.

Mr. Goss:

OCD was notified through counsel that Chevron USA, Inc. is protesting this application (within the 15-day period) for approval of a salt water disposal well. This party is identified as an affected person for the location being considered in the application. Therefore, you are being notified that if Nadel & Gussman Permian, LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The application will be retained by OCD, but suspended from further administrative review. Please contact OCD once you have made a decision regarding the application within the next 30 days. If the protest remains after 30 days, OCD will initiate the process for the application to be reviewed at hearing. Please call/e-mail me with any questions regarding this matter. PRG

Contact Information:

Michael Feldewert, Attorney
Holland & Hart
110 N. Guadalupe, Suite 1
Santa Fe, NM 87501
Phone: 505.988.4421
E-mail: mfeldewert@hollandhart.com

Phillip R. Goetze, P.G.
Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462
phillip.goetze@state.nm.us

Goetze, Phillip, EMNRD

From: Jason Goss <jgoss@naguss.com>
Sent: Wednesday, June 24, 2015 7:50 AM
To: McMillan, Michael, EMNRD
Cc: Goetze, Phillip, EMNRD; Sarah Presley
Subject: RE: Kyle 34 Federal Well No. 1

Mr. McMillan,

We have reached an agreement with Chevron for a lower most perforation in the Kyle #1 to be 3,487'. We have made those changes to the permit and will be sending shortly.

Thanks!

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Tuesday, April 28, 2015 4:10 PM
To: Jason Goss
Cc: Goetze, Phillip, EMNRD
Subject: RE: Kyle 34 Federal Well No. 1

Mr. Goss:

We will also need the following information.

What pools (zones) will be injected into the well? You will need to provide analysis for the wells.

You will need analysis of the disposal zone also.

Michael McMillan

From: McMillan, Michael, EMNRD
Sent: Tuesday, April 28, 2015 2:10 PM
To: 'jgoss@naguss.com'
Subject: Kyle 34 Federal Well No. 1

Mr. Goss:

We received your application today.

We need the following information, before we can process your application

- Administrative application checklist
- Return receipts for the operators, surface, and mineral interest owners.
- *Affirmative statement signed by yourself or a geologist stating that there is no evidence of open faults between the disposal zone and any underground sources of drinking water (part XII of the Application for Authorization to inject)*
- Economic analysis of the well, because based on OCD records, it is currently producing from the Salt Draw Atoka and Salt Draw Wolfcamp pools.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division

1220 South St. Francis Dr., Santa Fe NM 87505

O: 505.476.3448 F. 505.476.3462

Michael.mcmillan@state.nm.us

Goetze, Phillip, EMNRD

From: Jason Goss <jgoss@naguss.com>
Sent: Monday, July 27, 2015 8:32 AM
To: Goetze, Phillip, EMNRD
Subject: FW: Kyle 34 Federal #1 SWD

Mr. Goetze,

See below, our agreement with Chevron.

Thanks

From: Delach, Amber Tarr [mailto:ATarr@chevron.com]
Sent: Thursday, June 04, 2015 9:25 AM
To: Jason Goss
Subject: RE: Kyle 34 Federal #1 SWD

Thanks, Jason.

Amber Tarr Delach
Land Representative

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
Direct: 713-372-9877
Fax: 1-844-382-3721
Email: atarr@chevron.com

From: Jason Goss [mailto:jgoss@naguss.com]
Sent: Tuesday, June 02, 2015 3:40 PM
To: Delach, Amber Tarr
Subject: RE: Kyle 34 Federal #1 SWD

Amber,

NGP proposes to inject in the Kyle #1 no deeper than the top of the Cherry Canyon at 3,487' MD (-468' SS). I will amend the permit and send it to the OCD and you. Thanks!

Thanks Jason

From: Delach, Amber Tarr [mailto:ATarr@chevron.com]
Sent: Friday, May 29, 2015 8:59 AM
To: Jason Goss
Cc: Harmon Murphy; Scott Grifo; Laning, James B
Subject: RE: Kyle 34 Federal #1 SWD

Jason,

If you'll just e-mail an updated proposal, that should suffice.

Thanks,

Amber Tarr Delach
Land Representative

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
Direct: 713-372-9877
Fax: 1-844-382-3721
Email: atarr@chevron.com

From: Jason Goss [<mailto:jgoss@naguss.com>]
Sent: Thursday, May 28, 2015 2:49 PM
To: Delach, Amber Tarr
Cc: Harmon Murphy; Scott Grifo
Subject: RE: Kyle 34 Federal #1 SWD

Amber,

Thank you. Please let me know if you need anything further in order to rescind the protest.

Thanks again Jason

From: Delach, Amber Tarr [<mailto:ATarr@chevron.com>]
Sent: Thursday, May 28, 2015 12:08 PM
To: Jason Goss
Cc: Harmon Murphy; Michael Matteucci; Scott Grifo; Laning, James B; Bosell, Benjamin L
Subject: RE: Kyle 34 Federal #1 SWD

Jason,

They pick the top of the Cherry Canyon at 3,487' MD (-468' SS). Please let me know if you have any questions, or need additional information.

Thanks,

Amber Tarr Delach
Land Representative

Delaware Basin - New Mexico
Chevron North America Exploration and Production Company
1400 Smith St.
Houston, TX 77002
Direct: 713-372-9877
Fax: 1-844-382-3721
Email: atarr@chevron.com

From: Jason Goss [<mailto:jgoss@naguss.com>]
Sent: Thursday, May 28, 2015 8:39 AM
To: Delach, Amber Tarr

Cc: Harmon Murphy; Michael Matteucci; Scott Grifo
Subject: Kyle 34 Federal #1 SWD

Amber,

NGP agrees to Chevron's proposal of the lowermost perf for SWD at the top of the Cherry Canyon in Section 34. Can you provide me the depth of the top of the Cherry Canyon based on your teams depth pick?

Thanks!

Jason Goss
Nadel and Gussman Permian
432-682-4429 office