

DATE IN 2/15/08	SUSPENSE	ENGINEER W. Seay	LOGGED IN 2/15/08	TYPE SWD	APP NO. PKR0804655793
--------------------	----------	---------------------	----------------------	-------------	--------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



J.F. McADAMS
2/12/08
#3

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.

Eddie W Seay
Print or Type Name

Eddie W Seay
Signature

Agent
Title

2/12/2008
Date

seay04@leaco.net
e-mail Address

RECEIVED
2008 FEB 15 PM 12 28

RECEIVED

2008 FEB 21 PM 2 37

February 19, 2008

NMOCD Engineering
ATTN: Will Jones
1220 S. Saint Francis Drive
Santa Fe, NM 87504

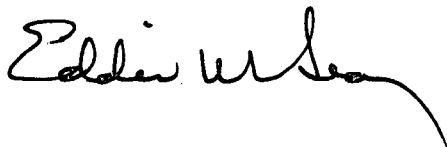
RE: J.F. McAdams
Brooks Fed. #3
C-108 Application

Mr. Jones:

Find attached a corrected copy for the above listed application. There was a correction in part VII. Sorry for the error.

If you have any questions, please call.

Thanks,



Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: J.F. McAdams
ADDRESS: P.O. Box 755 Hobbs, NM 88240
CONTACT PARTY: Tony McAdams PHONE: 575-872-2982
- 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: Eddie W. Seay TITLE: Agent
SIGNATURE: Eddie W. Seay DATE: 2-12-08
E-MAIL ADDRESS: seay04@leaco.net
- * 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: _____

ATTACHMENT TO APPLICATION C-108

Brooks Federal #3

Unit O, Sect. 7, Tws. 20 S., Rng. 33 E.

API: 30-025-01711

Lea Co., NM

III. WELL DATA

- A.
 - 1) See injection well data sheets and attached schematics.
 - 2) See injection well data sheets and attached schematics.
 - 3) 2" plastic coated tubing.
 - 4) Baker tension packer.
- B.
 - 1) Injection formation is the Yates.
 - 2) Injection interval 2910' to 3025'.
 - 3) Well was drilled as a producer.
 - 4) The next higher producing zone is the base of salt at approximately 2620'.
The next lower producing zone is the 7 Rivers at approximately 3050'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

- VII. McAdams proposes to re-complete the above listed well. Clean out well bore, and complete in open hole section from 2910' to 3025'. Run 2" plastic coated tubing with 3 1/2" packer and set at approximately 2810'.

- 1) Plan to inject approximately 750 bpd of produced water from McAdams own operation and surrounding production.
- 2) Closed system.
- 3) Average injection pressure should be approximately 500# to 700# or whatever limit OCD allows.
- 4) Analysis attached, only produced water from formation in this area.
- 5) Water from offset production and surrounding area.

- VIII. In the area of the proposed disposal area, the Yates and 7 Rivers formation overlies the Capitan Reef. The Yates formation ranges in thickness from 250 to 260 feet thick. The main pay for the Salt Lake; Yates Pool consists of fine grained sandstones in the middle and lower Yates formation. In the Salt Lake; Yates area the 7 Rivers formation ranges in thickness from 150 to 200 feet thick. The 7 Rivers formation consists of fine to

~~in thickness from 150 to 200 feet thick. The 7 Rivers formation consists of fine to~~
medium crystalline low permeability dolomites with interbedded sandstones. The 7 Rivers is productive in some of the interbedded sandstones in the upper 40 feet of the 7 Rivers. From 1 mile West of the disposal area, the 7 Rivers is approximately 200 feet thick and thins 2 miles East of the disposal area to approximately 100 feet thick over a high in the Capital Reef. Two miles South of the disposal area the 7 Rivers pinches out against the Reef.

There is no fresh water found for this area.

IX. ACID AS NEEDED.

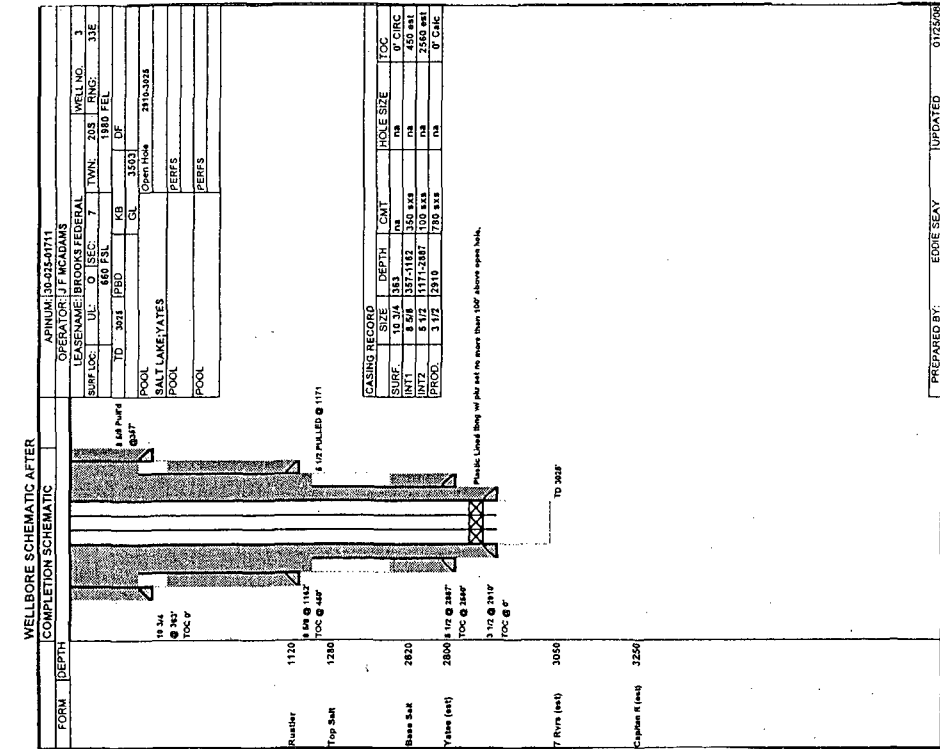
X. PREVIOUSLY SUBMITTED TO OCD.

XI. ATTACHED.

XII. I, Eddie W. Seay, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zones and any underground source of drinking water pertaining to this well.

XIII. ATTACHED.

OPERATOR J.F. McAdams LEASE Brooks Federal API: 30-025-01711
 WELL NO. #3 14015 1980/E SECTION 7 TOWNSHIP 20 RANGE 33
 FOOTAGE LOCATION



Well Construction Data

Surface Casing

Size 10 3/4 Cemented with SX

TOC Circ feet determined by

Hole Size NA

Intermediate Casing

Size 8 5/8 - 5 1/2 Cemented with SX

TOC 3 1/2 - 367 - 1122 feet determined by

Hole Size NA

Long String

Size 3 1/2 Cemented with 780 SX

TOC Circ feet determined by

Hole Size NA

Total Depth 3025'

Injection Interval

2910' feet to 3025' feet
 (perforated or open-hole) Indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2" Lining Material: IPC
 Type of Packer: Robert Tension
 Packer Setting Depth: 2825'
 Other Type of Tubing/Casing Seal (if applicable): NONE

Additional Data

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

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

Oil & Gas Production

2. Name of the Injection Formation: Yates

3. Name of Field or Pool (if applicable): Salt Lake Yates

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. NONE


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

No oil & gas zone above - only salt
The 7 Rivers is below at 3050'

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01711	
FORM	DEPTH	OPERATOR: J F MCADAMS	
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>10 3/4 @ 363' TOC 0'</p> <p>Rustler 1120</p> <p>8 5/8 @ 1162' TOC @ 450'</p> <p>Top Salt 1280</p> <p>Base Salt 2620</p> <p>Yates (est) 2800</p> <p>7 Rvrs (est) 3050</p> <p>Capitan R (est) 3250</p> </div> <div style="width: 45%;"> <p>8 5/8 Pull'd @ 357'</p> <p>5 1/2 PULLED @ 1171</p> <p>TD 3025'</p> </div> </div>		LEASENAME: BROOKS FEDERAL WELL NO. 3	
		SURF LOC: UL: 0 SEC: 7 TWN: 20S RNG: 33E	
		660 FSL 1980 FEL	
		TD 3025 PBD KB DF	
		GL 3503	
		POOL SALT LAKE; YATES Open Hole 2910-3025	
POOL PERFS			
POOL PERFS			

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	10 3/4	363	na	na	0' CIRC
INT1	8 5/8	357-1162	350 sxs	na	450 est
INT2	5 1/2	1171-2887	100 sxs	na	2560 est
PROD.	3 1/2	2910	780 sxs	na	0' Calc



WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC		APINUM: 30-025-01711	
FORM	DEPTH	OPERATOR: J F MCADAMS	
		LEASENAME: BROOKS FEDERAL	
		WELL NO. 3	
		SURF LOC:	UL: 0 SEC: 7 TWN: 20S RNG: 33E
		660 FSL 1980 FEL	
		TD 3025	PBD KB DF
		GL 3503	
		POOL SALT LAKE; YATES	
		Open Hole 2910-3025	
		POOL PERFS	
		POOL PERFS	

10 3/4 @ 363' TOC 0'

8 5/8 @ 1162' TOC @ 450'

5 1/2 @ 2887' TOC @ 2560'

3 1/2 @ 2910' TOC @ 0'

TD 3025'

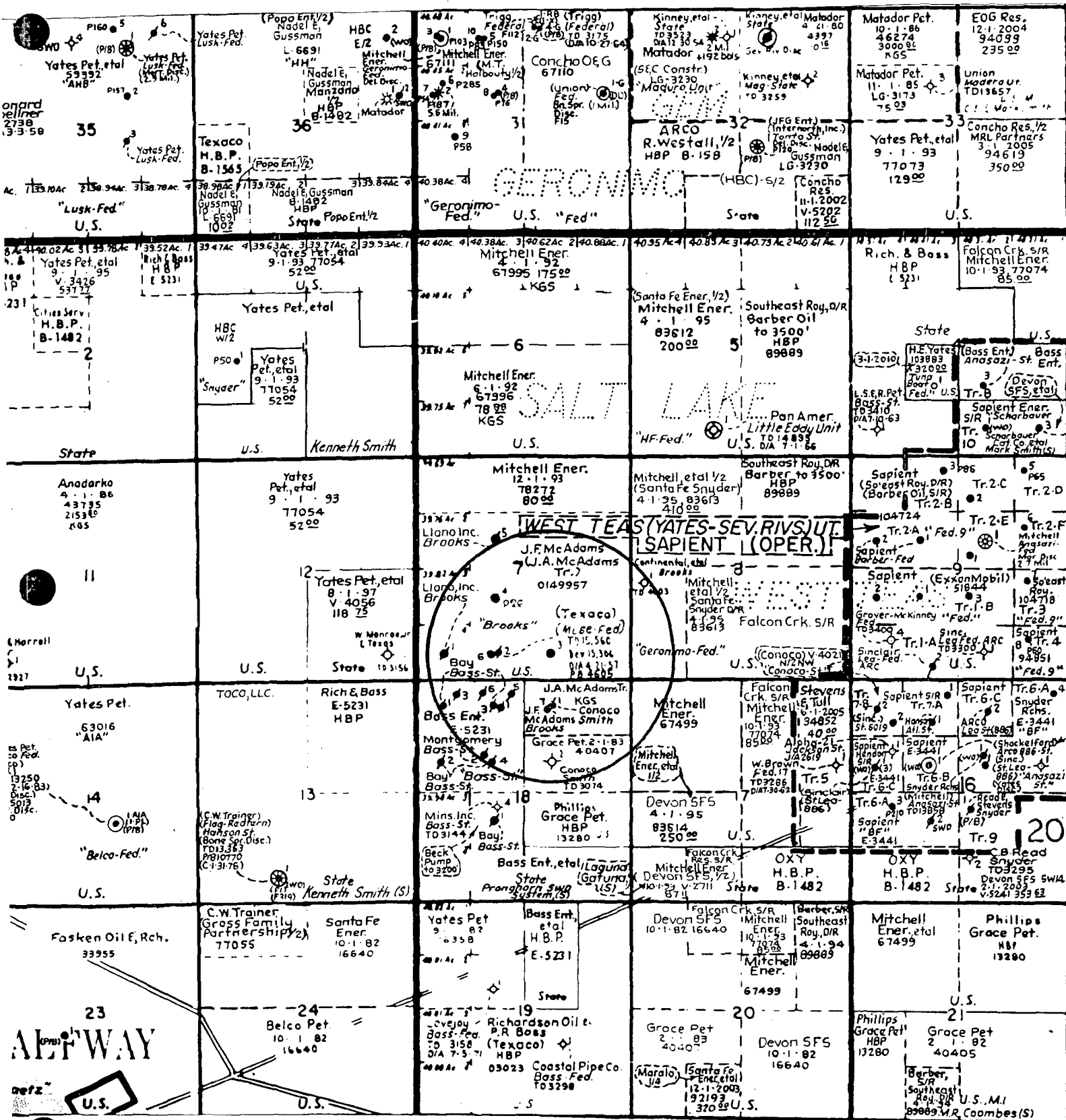
8 5/8 Pull'd @ 357'

5 1/2 PULLED @ 1171

Plastic Lined tbng w/ pkr set no more than 100' above open hole.

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	10 3/4	363	na	na	0' CIRC
INT1	8 5/8	357-1162	350 sxs	na	450 est
INT2	5 1/2	1171-2887	100 sxs	na	2560 est
PROD.	3 1/2	2910	780 sxs	na	0' Calc

AFTER



DISPOSAL WELL

30-025-01711 BROOKS FEDERAL

3 J F MCADAMS

O 7 20 S 33 E 660 S 1980 E

5280 5280

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STATUS	CO	LAND	U/I	SEC	TWN	RNG	N/S	E/W	Distance
30-025-01708	BROOKS 7 FEDERAL	1	RANDALL F MONTGOMERY	3110	O	P&A	LEA	F	M	7	20 S	33 E	660 S	660 W	2640 ✓
30-025-01710	BROOKS 7 FEDERAL	2	RANDALL F MONTGOMERY	3075	O	P&A	LEA	F	N	7	20 S	33 E	660 S	1980 W	1320 ✓
30-025-01712	BROOKS FEDERAL	4	J F MCADAMS	3064	O	A	LEA	F	K	7	20 S	33 E	1980 S	2000 W	1852 ✓
30-025-01713	BROOKS FEDERAL	6	J F MCADAMS	15560	O	A	LEA	F	N	7	20 S	33 E	660 S	1926 W	1374 ✓
30-025-01749	SMITH FEDERAL 18	1	LLANO INC	3034	O	P&A	LEA	F	B	18	20 S	33 E	660 N	1980 E	1320 ✓
30-025-01750	SMITH FEDERAL 18	2	PRE-ONGARD OPERATOR	3074	O	P&A	LEA		G	18	20 S	33 E	1980 N	1980 E	2640 ✓
30-025-01753	WELCH STATE	3	BAY PETROLEUM CORP	3099	O	P&A	LEA	S	C	18	20 S	33 E	660 N	1980 W	1866 ✓
30-025-20328	BASS STATE	1	MINERALS INC	3100	O	P&A	LEA	S	C	18	20 S	33 E	660 N	2080 W	1797 ✓
30-025-21293	BASS STATE	3	MINERALS INC	3120	O	P&A	LEA	S	O	18	20 S	33 E	330 N	990 W	2513 ✓
30-025-25172	BROOKS FEDERAL	5	J F MCADAMS	3034	O	A	LEA	F	B	18	20 S	33 E	660 N	2010 E	1320 ✓
30-025-27903	BASS STATE	5	BEP CO, LP	3056	O	P&A	LEA	S	C	18	20 S	33 E	330 N	2310 W	1400 ✓
30-025-28128	BASS STATE	6	BEP CO, LP	3079	O	P&A	LEA	S	C	18	20 S	33 E	330 N	1650 W	1924 ✓

COMPLETION SCHEMATIC

PREPARED BY:	EDDIE SEAY	UPDATED	01/25/08
--------------	------------	---------	----------

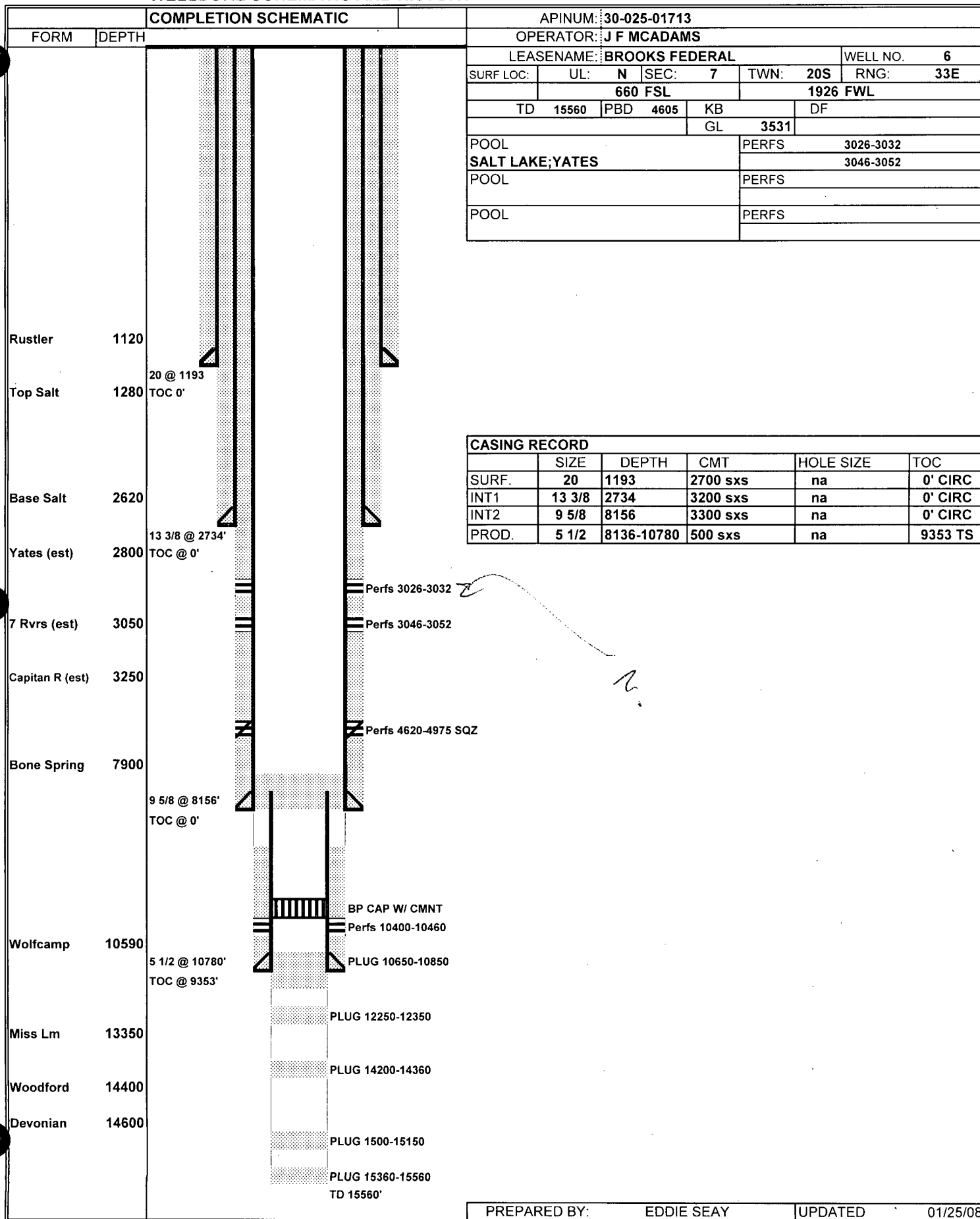
WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01710																																							
FORM	DEPTH	OPERATOR: RANDALL F MONTGOMERY																																							
		LEASENAME: BROOKS 7 FEDERAL		WELL NO. 2																																					
		SURF LOC:	UL: N	SEC: 7	TWN: 20S	RNG: 33E																																			
		660 FSL		1980 FWL																																					
		TD 3075	PBD	KB	DF																																				
				GL																																					
		POOL SALT LAKE; YATES		Open Hole 2910-3075																																					
POOL		PERFS																																							
POOL		PERFS																																							
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>10 3/4</td> <td>Pulled</td> <td>Mudded in</td> <td>na</td> <td>na</td> </tr> <tr> <td>INT1</td> <td>7</td> <td>400-1137</td> <td>50 sxs</td> <td>na</td> <td>1040 est</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>1520-2910</td> <td>225 sxs</td> <td>na</td> <td>1550 est</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	10 3/4	Pulled	Mudded in	na	na	INT1	7	400-1137	50 sxs	na	1040 est	PROD.	5 1/2	1520-2910	225 sxs	na	1550 est						
CASING RECORD																																									
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																																				
SURF.	10 3/4	Pulled	Mudded in	na	na																																				
INT1	7	400-1137	50 sxs	na	1040 est																																				
PROD.	5 1/2	1520-2910	225 sxs	na	1550 est																																				
<p style="text-align: center;">10 3/4 SET @ 631' NO CEMENT MUDDIED IN. PULLED PRIOR TO P&A.</p>																																									

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01712																																							
FORM	DEPTH	OPERATOR: J F MCADAMS																																							
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>10 @ 661</p> <p>Rustler 1132</p> <p>Top Salt 1275</p> <p>Base Salt 2620</p> <p>Yates (est) 2800</p> <p>7 Rvrs (est) 3050</p> <p>Capitan R (est) 3250</p> </div> <div style="width: 45%;"> <p>10" Pull @ 602'</p> <p>5 1/2 PULLED @ 1520</p> <p>TOC @1550 est</p> <p>5 1/2 @ 2907'</p> <p>TOC @ 0'</p> <p>PBTD 3054'</p> <p>TD 3064'</p> </div> </div>		LEASENAME: BROOKS FEDERAL		WELL NO. 4																																					
		SURF LOC: UL: K SEC: 7 TWN: 20S RNG: 33E		1980 FSL 2000 FWL																																					
		TD 3064 PBD 3054 KB		DF																																					
		GL		Open Hole 2907-3054																																					
		POOL SALT LAKE; YATES		PERFS																																					
		POOL		PERFS																																					
POOL		PERFS																																							
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="text-align: left;">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>10</td> <td>602-661</td> <td>na</td> <td>na</td> <td>na</td> </tr> <tr> <td>INT1</td> <td>8 5/8</td> <td>Pulled</td> <td>Mudded In</td> <td>na</td> <td>na</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>1520-2910</td> <td>225 sxs</td> <td>na</td> <td>0'</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	10	602-661	na	na	na	INT1	8 5/8	Pulled	Mudded In	na	na	PROD.	5 1/2	1520-2910	225 sxs	na	0'						
CASING RECORD																																									
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																																				
SURF.	10	602-661	na	na	na																																				
INT1	8 5/8	Pulled	Mudded In	na	na																																				
PROD.	5 1/2	1520-2910	225 sxs	na	0'																																				
<p>10" SET @ 661' PULLED @ 602'</p> <p>8 5/8 Set @ 1130' PULLED</p>																																									
<p>✓</p>																																									
		PREPARED BY: EDDIE SEAY		UPDATED 01/25/08																																					

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01749																										
FORM	DEPTH	OPERATOR: LLANO INC																										
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>10 3/4 @ 617 TOC None</p> <p>Rustler 1094</p> <p>8 5/8 @ 1115' TOC @ 1040'</p> <p>Top Salt 1250</p> <p>Base Salt 2595</p> <p>Yates (est) 2775</p> <p>5 1/2 @ 2908' TOC @ 2588'</p> <p>7 Rvrs (est) 3035</p> <p>Capitan R (est) 3250</p> </div> <div style="width: 45%;"> <p>PLUG 0-17</p> <p>PLUG 150-226</p> <p>8 5/8 Pull @ 540'</p> <p>PLUG 25sx @ 900' 5 1/2 PULLED @ 900 TOC @ 952 est</p> <p>PLUG 1100-1200</p> <p>TOC @ 2588 est</p> <p>PLUG 2950-3034'</p> <p>TD 3034'</p> </div> </div>	<p>LEASENAME: SMITH FEDERAL 18</p> <p>WELL NO. 1</p>		<p>SURF LOC: UL: B SEC: 18 TWN: 20S RNG: 33E</p> <p>660 FNL 1980 FEL</p>		<p>TD 3034 PBD KB DF</p> <p>GL</p>																							
	<p>POOL SALT LAKE; YATES</p> <p>POOL</p> <p>POOL</p>		<p>Open Hole 2908-3034</p> <p>PERFS</p> <p>PERFS</p>																									
	<p>CASING RECORD</p>																											
	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>10 3/4</td> <td>617</td> <td>Mudded in</td> <td>na</td> <td>na</td> </tr> <tr> <td>INT1</td> <td>8 5/8</td> <td>540-1115</td> <td>50 sxs</td> <td>na</td> <td>952 est</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>900-2908</td> <td>100 sxs</td> <td>na</td> <td>2588 est</td> </tr> </tbody> </table>			SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	10 3/4	617	Mudded in	na	na	INT1	8 5/8	540-1115	50 sxs	na	952 est	PROD.	5 1/2	900-2908	100 sxs	na	2588 est		
		SIZE	DEPTH	CMT	HOLE SIZE	TOC																						
	SURF.	10 3/4	617	Mudded in	na	na																						
	INT1	8 5/8	540-1115	50 sxs	na	952 est																						
	PROD.	5 1/2	900-2908	100 sxs	na	2588 est																						
	<p>✓</p>																											

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01750	
FORM	DEPTH	OPERATOR: PRE-ONGARD OPERATOR	
		LEASENAME: SMITH FEDERAL 18	
		WELL NO. 2	
		SURF LOC: UL: G SEC: 18 TWN: 20S RNG: 33E	
		1980 FNL 1980 FEL	
		TD 3074 PBD 3050 KB DF	
		GL	
		POOL SALT LAKE; YATES	
POOL		Open Hole na	
POOL		PERFS	
POOL		PERFS	
POOL		PERFS	

CASING RECORD							
	SIZE	DEPTH		CMT		HOLE SIZE	TOC
SURF.	na	na	na	na	na	na	na
INT1	na	na	na	na	na	na	na
PROD.	na	na	na	na	na	na	na

Rustler

Top Salt

Base Salt

Yates (est)

7 Rvrs (est) 3045

Capitan R (est) 3250

TD 3074'

OCD well file ONLINE consists of only one page and is partially illegible Oil Conservation Scout Report. The only info readable is a completion in May 1942 and a total depth of 3074' with a PBD of 3050'. This well is 2640' or 1/2 mile from the Proposed Disposal Well.

PREPARED BY: EDDIE SEAY	UPDATED: 01/25/08
-------------------------	-------------------

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01753																																					
FORM	DEPTH	OPERATOR: BAY PETROLEUM CORP																																					
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>PLUG 0-10'</p> </div> <div style="width: 50%;"> <p>PULL 8 5/8 @ 419'</p> <p>TOC @ 1060 est</p> <p>PULLED 7" @ 1154 PLUG 1152-1200</p> <p>TOC @ 2892 est</p> <p>7 @ 3031' TOC @ 2892''</p> <p>PLUG 2980-3099'</p> <p>TD 3099'</p> </div> </div>		LEASENAME: WELCH STATE WELL NO. 3																																					
		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">SURF LOC:</td> <td style="width: 25%;">UL: C</td> <td style="width: 25%;">SEC: 18</td> <td style="width: 25%;">TWN: 20S</td> <td style="width: 20%;">RNG: 33E</td> </tr> <tr> <td colspan="3" style="text-align: center;">660 FNL</td> <td colspan="2" style="text-align: center;">1980 FWL</td> </tr> <tr> <td>TD</td> <td>3099</td> <td>PBD</td> <td>KB</td> <td>DF</td> </tr> <tr> <td colspan="3"></td> <td>GL</td> <td></td> </tr> </table>		SURF LOC:	UL: C	SEC: 18	TWN: 20S	RNG: 33E	660 FNL			1980 FWL		TD	3099	PBD	KB	DF				GL																	
		SURF LOC:	UL: C	SEC: 18	TWN: 20S	RNG: 33E																																	
		660 FNL			1980 FWL																																		
		TD	3099	PBD	KB	DF																																	
					GL																																		
POOL SALT LAKE; YATES		Open Hole 3031-3099																																					
POOL		PERFS																																					
POOL		PERFS																																					
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>8 5/8</td> <td>1114</td> <td>25 sxs</td> <td>na</td> <td>1060 est</td> </tr> <tr> <td>INT1</td> <td></td> <td></td> <td></td> <td>na</td> <td></td> </tr> <tr> <td>PROD.</td> <td>7</td> <td>1154-3031</td> <td>50 sxs</td> <td>na</td> <td>2892 est</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	8 5/8	1114	25 sxs	na	1060 est	INT1				na		PROD.	7	1154-3031	50 sxs	na	2892 est						
CASING RECORD																																							
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																																		
SURF.	8 5/8	1114	25 sxs	na	1060 est																																		
INT1				na																																			
PROD.	7	1154-3031	50 sxs	na	2892 est																																		
<p>Rustler 1104</p> <p>Top Salt 1245</p> <p>Base Salt 2590</p> <p>Yates (est) 2770</p> <p>7 Rvrs (est) 3030</p> <p>Capitan R (est) 3250</p>																																							

COMPLETION SCHEMATIC

COMPLETION SCHEMATIC		APINUM: 30-025-20328	
FORM	DEPTH	OPERATOR: MINERALS INC	

LEASENAME: BASS STATE

WELL NO. 1

SURF LOC:	UL: C	SEC: 18	TWN: 20S	RNG: 33E
660 FNL			2080 FWL	
TD 3100	PBD	KB	DF	
		GL	3525	

POOL SALT LAKE; YATES	PERFS	3058-3072 SQZ
	PERFS	2916-2981 SQZ
	PERFS	3002-3018
POOL	PERFS	

PLUG 0-2960' 500 sxs

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	9 5/8	1130	410 sxs	12 1/4	0' CIRC
PROD.	7	2880	430 sxs	8 3/4	0' CIRC
LNR1.	4 1/2	2849-3100	35 sxs	6 1/8	2849

PERFS 2916-2981 SQZ W/ CMNT

RTR @ 2960 SQZ W/ 50 sxs

PERFS 3002-3018

PERFS 3058-3072 SQZ W/ CMNT

TD 3100'

PREPARED BY: EDDIE SEAY

UPDATED: 01/15/08

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-21293																																	
FORM	DEPTH	OPERATOR: MINERALS INC																																	
		LEASENAME: BASS STATE		WELL NO. 3																															
		SURF LOC:	UL: D	SEC: 18	TWN: 20S	RNG: 33E																													
		330 FNL		990 FWL																															
		TD 3120	PBD	KB 3533	DF																														
				GL																															
		POOL SALT LAKE; YATES		<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="text-align: left;">PERFS</td><td style="text-align: left;">3096-3112</td></tr> <tr><td style="text-align: left;">PERFS</td><td style="text-align: left;">3032-3065</td></tr> <tr><td style="text-align: left;">PERFS</td><td style="text-align: left;">2946-3019</td></tr> </table>				PERFS	3096-3112	PERFS	3032-3065	PERFS	2946-3019																						
PERFS	3096-3112																																		
PERFS	3032-3065																																		
PERFS	2946-3019																																		
POOL		PERFS																																	
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>9 5/8</td> <td>1119</td> <td>295 sxs</td> <td>12 1/4</td> <td>0' CIRC</td> </tr> <tr> <td>PROD.</td> <td>7</td> <td>2749</td> <td>435 sxs</td> <td>8 3/4</td> <td>0' CIRC</td> </tr> <tr> <td>LNR1.</td> <td>4 1/2</td> <td>2720-3120</td> <td>35 sxs</td> <td>6 1/4</td> <td>2720</td> </tr> </tbody> </table>						CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	9 5/8	1119	295 sxs	12 1/4	0' CIRC	PROD.	7	2749	435 sxs	8 3/4	0' CIRC	LNR1.	4 1/2	2720-3120	35 sxs	6 1/4	2720
CASING RECORD																																			
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																														
SURF.	9 5/8	1119	295 sxs	12 1/4	0' CIRC																														
PROD.	7	2749	435 sxs	8 3/4	0' CIRC																														
LNR1.	4 1/2	2720-3120	35 sxs	6 1/4	2720																														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>9 5/8</td> <td>1119</td> <td>295 sxs</td> <td>12 1/4</td> <td>0' CIRC</td> </tr> <tr> <td>PROD.</td> <td>7</td> <td>2749</td> <td>435 sxs</td> <td>8 3/4</td> <td>0' CIRC</td> </tr> <tr> <td>LNR1.</td> <td>4 1/2</td> <td>2720-3120</td> <td>35 sxs</td> <td>6 1/4</td> <td>2720</td> </tr> </tbody> </table>						CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	9 5/8	1119	295 sxs	12 1/4	0' CIRC	PROD.	7	2749	435 sxs	8 3/4	0' CIRC	LNR1.	4 1/2	2720-3120	35 sxs	6 1/4	2720
CASING RECORD																																			
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																														
SURF.	9 5/8	1119	295 sxs	12 1/4	0' CIRC																														
PROD.	7	2749	435 sxs	8 3/4	0' CIRC																														
LNR1.	4 1/2	2720-3120	35 sxs	6 1/4	2720																														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>9 5/8</td> <td>1119</td> <td>295 sxs</td> <td>12 1/4</td> <td>0' CIRC</td> </tr> <tr> <td>PROD.</td> <td>7</td> <td>2749</td> <td>435 sxs</td> <td>8 3/4</td> <td>0' CIRC</td> </tr> <tr> <td>LNR1.</td> <td>4 1/2</td> <td>2720-3120</td> <td>35 sxs</td> <td>6 1/4</td> <td>2720</td> </tr> </tbody> </table>						CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	9 5/8	1119	295 sxs	12 1/4	0' CIRC	PROD.	7	2749	435 sxs	8 3/4	0' CIRC	LNR1.	4 1/2	2720-3120	35 sxs	6 1/4	2720
CASING RECORD																																			
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																														
SURF.	9 5/8	1119	295 sxs	12 1/4	0' CIRC																														
PROD.	7	2749	435 sxs	8 3/4	0' CIRC																														
LNR1.	4 1/2	2720-3120	35 sxs	6 1/4	2720																														

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-25172			
FORM	DEPTH	OPERATOR: J F MCADAMS			
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Rustler 1180</p> <p>Top Salt 1260</p> <p>Base Salt 2613</p> <p>Yates 2793</p> <p>7 Rvrs (est) 3050</p> <p>Capitan R (est) 3250</p> </div> <div style="width: 45%;"> <p>10 3/4 @ 1200' TOC 0'</p> <p>7 @ 2707' TOC @ 0'</p> <p>4 1/2 @ 3034' TOC @ 2608'</p> </div> </div>		LEASENAME: BROOKS FEDERAL		WELL NO. 7	
		SURF LOC: UL: B SEC: 18		TWN: 20S RNG: 33E	
		330 FNL		990 FWL	
		TD 3034 PBD		KB DF 3513	
		GL 3511			
		POOL SALT LAKE; YATES		PERFS 3010-3030	
POOL		PERFS			
POOL		PERFS			

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	10 3/4	1200	500 sxs	12 1/4	0' CIRC
PROD.	7	2707	500 sxs	8 3/4	0' CIRC
LNR1.	4 1/2	2608-3034	75 sxs	6 1/4	2608

4 1/2 LNR TOP @ 2608'

PERFS 3010-3030

TD 3034'

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-27903				
FORM	DEPTH	OPERATOR: BEPCO LP				
<div style="position: relative; height: 600px;"> <div style="position: absolute; top: 0; right: 0; text-align: right;">PLUG 10 sxs</div> <div style="position: absolute; top: 300px; left: 10px;">Rustler 1111</div> <div style="position: absolute; top: 340px; left: 10px;">Top Salt 1182 8 5/8 @ 1102' TOC @ 0'</div> <div style="position: absolute; top: 415px; left: 10px;">Base Salt 2640</div> <div style="position: absolute; top: 465px; left: 10px;">Yates 2796</div> <div style="position: absolute; top: 530px; left: 10px;">5 1/2 @ 2900' TOC @ 0'</div> <div style="position: absolute; top: 580px; left: 10px;">7 Rvrs 3032</div> <div style="position: absolute; top: 655px; left: 10px;">Capitan R (est) 3250</div> <div style="position: absolute; top: 275px; left: 420px;">PLUG 200 sxs 625-2714 TAG @ 625'</div> <div style="position: absolute; top: 455px; left: 400px;">CIBP @ 2714</div> <div style="position: absolute; top: 605px; left: 380px;">TD 3056'</div> </div>		LEASENAME: BASS STATE		WELL NO. 5		
		SURF LOC: UL: C SEC: 18 TWN: 20S RNG: 33E		330 FNL 2310 FWL		
		TD 3056 PBD		KB 3528 DF		
				GL 3524		
		POOL SALT LAKE; YATES				Open Hole 2900-3056
		POOL				PERFS
POOL				PERFS		

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1102	600 sxs	12 1/4	0' CIRC
PROD.	5 1/2	2900	750 sxs	7 7/8	0' CIRC

PREPARED BY: EDDIE SEAY

UPDATED

01/15/08

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-28128					
FORM	DEPTH	OPERATOR: BEPCO LP					
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>PLUG 10 sxs</p> <p>PLUG 25 sxs 301-401</p> <p>PLUG 180 sxs 639-2700'</p> <p>PLUG 50 sxs 2762-3079</p> <p>TD 3079'</p> </div> <div style="width: 45%;"> <p>POOL SALT LAKE; YATES</p> <p>POOL</p> <p>POOL</p> </div> </div>		LEASENAME: BASS STATE		WELL NO. 6			
		SURF LOC: UL: C SEC: 18		TWN: 20S RNG: 33E			
		330 FNL		1650 FWL			
		TD 3079 PBD		KB 3540 DF			
		GL 3524					
		Open Hole 3022-3079					
		PERFS					
		PERFS					

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1114	535 sxs	12 1/4	0' CIRC
PROD.	5 1/2	3022	860 sxs	7 7/8	0' CIRC

Rustler	1106	8 5/8 @ 1114'	TOC 0'						
Top Salt	1178								
Base Salt	2653								
Yates	2806								
		5 1/2 @ 3022'	TOC @ 0'						
7 Rvrs	3048								
Capitan R (est)	3250								

<u>POOL</u>	<u>LOCATION</u>	<u>CHLORIDES</u>
Dean Permo Pennsylvanian	↓ 5-16-37	44,730
Dean Devonian	↓ 35-15-36	19,525
Denton Wolfcamp	↓ 2-15-37	37,275
Denton Devonian	↓ 26-14-37	37,062
South Denton Wolfcamp	↓ 26-15-37	54,315
South Denton Devonian	↓ 36-15-37	34,080
Medicine Rock Devonian	↓ 15-15-38	39,760
Little Lucky Lake Devonian	↓ 29-15-30	23,288
Wantz Abo	↓ 26-21-37	132,770
Crosby Devonian	↓ 18-25-37	58,220
Scarborough Yates Seven Rivers	↓ 7-26-37	3,443 (Reef)
Teague Simpson	↓ 34-23-37	114,665
Teague Ellenburger	↓ 34-23-37	120,345
Rhodes Yates Seven Rivers	↓ 27-26-37	144,485
House San Andres	↓ 11-20-38	93,365
House Drinkard	↓ 12-20-38	49,700
South Leonard Queen	↓ 24-26-37	115,375
Elliott Abo	↓ 8-21-38	55,380
Scharb Bone Springs	↓ 5-19-35	30,601
EK Queen	↓ 13-18-34	41,890
East EK Queen	↓ 22-18-34	179,630
Maljamar Grayburg San Andres	↓ 22-17-32	46,079
Maljamar Paddock	↓ 27-17-32	115,375
Maljamar Devonian	↓ 22-17-32	25,418
Salt Lake Yates	↓ 7-20-33	6,781 (Reef)
Teas Yates Seven Rivers	↓ 11-20-33	22,152 (Reef?)

J.F. McADAMS

February 12, 2008

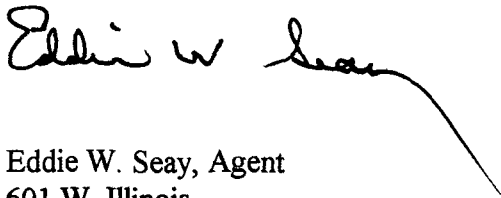
RE: Brooks Federal. #3
Unit O, Sect. 7, T. 20 S., R. 33 E.
API #30-025-01711

Dear Sir:

In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, you are being provided a copy of the C-108, Application for Authorization to Inject in to the above captioned well.

Any questions about the permit can be directed to Eddie W. Seay, (575)392-2236. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days from the date received. The OCD address is 1220 S. Saint Francis Drive, Santa Fe, NM 87504, (505)476-3440.

Thank you,

A handwritten signature in black ink that reads "Eddie W. Seay". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

LEASE OWNERS AND OFFSETS

LAND OWNER:

Bureau of Land Management
620 E. Greene St.
Carlsbad, NM 88220

OFFSETS:

None

~~WRONG~~
- Mitchell
- Bone
- MORTIC POTANT

7007 2560 0000 4575 3025

U.S. Postal Service™		
CERTIFIED MAIL™ RECEIPT		
(Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
CARLSBAD NM 88220		
OFFICIAL USE		
Postage	\$ 1.65	0640
Certified Fee	\$2.65	
Return Receipt Fee (Endorsement Required)	\$2.15	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.45	
Bureau of Land Management		
620 E. Greene St.		
Carlsbad, NM 88220		
PS Form 3800, August 2006 See Reverse for Instructions		

Postmark Here
FEB 12 2008
HOBBS NM 88240

7007 2560 0000 4575 3094

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 114
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 594
Sent To: Mitchell Energy	
Street, Apt. No. or PO Box No.: Box 4000	
City, State, ZIP+4: Spring, TX 76367	
PS Form 3800, August 2006 See Reverse for Instructions	

MONUMENT NM
Postmark Here
APR 22 2008
USPS - 88265

Yates

7007 2560 0000 4575 3100

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 114
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 594
Sent To: Bass Enterprise	
Street, Apt. No. or PO Box No.: Box 2760,	
City, State, ZIP+4: Desta Dr., Suite 3700 Midland, TX 79701	
PS Form 3800, August 2006 See Reverse for Instructions	

MONUMENT NM
Postmark Here
APR 22 2008
USPS - 88265

Yates

7007 2560 0000 4575 3087

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 114
Certified Fee	265
Return Receipt Fee (Endorsement Required)	215
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 594
Sent To: Mosaic Potash	
Street, Apt. No. or PO Box No.: Box 71	
City, State, ZIP+4: Carlsbad, NM 88220	
PS Form 3800, August 2006 See Reverse for Instructions	

MONUMENT NM
Postmark Here
APR 22 2008
USPS - 88265

Potash owner

LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, J.F. McAdams, P.O. Box 755, Hobbs, NM 88241, is filing a C-108, Application for Salt Water Disposal. The well being applied for is the Brooks Federal #3, API 30-025-01711, located in Unit O, Section 7, Township 20 South, Range 33 East, Lea Co., NM. The injection formation is the Yates from 2800' to 3025' below surface. Expected maximum injection rate is 750 bpd., and the expected maximum injection pressure is 500 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575)392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505)476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Affidavit of Publication

STATE OF NEW MEXICO)

) ss.

COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOV-**

INGTON LEADER and not in any supplement thereof, for

one (1) day, beginning with the issue of
February 2, 2008 and ending with the issue
of February 2, 2008.

And that the cost of publishing said notice is the sum of
\$ 22.09 which sum has been (Paid) as
Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 6th day of
February 2008.

Debbie Schilling

Debbie Schilling

Notary Public, Lea County, New Mexico

My Commission Expires June 22, 2010

LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, J.F. McAdams, P.O. Box

755, Hobbs, NM 88241, is filing a C-108, Application for Salt Water Disposal. The well being applied for is the Brooks Federal #3, API 30-025-01711, located in Unit O, Section 7, Township 20 South, Range 33 East, Lea Co., NM. The injection formation is the Yates from 2800' to 3025' below surface. Expected maximum injection rate is 750 bpd., and the expected maximum injection pressure is 500 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575) 392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505) 476-3440, 1220 South Saint Francis Drive, Santa Fe, NM, 87504, within fifteen (15) days.

Published in the Lovington Leader February 2, 2008.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIPLICATE
(Other instructions
verse side)Form approved.
Budget Bureau No. 42-B1424.
5. LEASE DESIGNATION AND SERIAL NO.

NM 0149957

6. IF INDIAN, ACHOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Smith Federal "18"

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Salt Lake

11. SEC., T., R., S. OR BLK. AND
SURVEY OR AREA

18-20-S-33-E NMPM

12. COUNTY OR PARISH 13. STATE

Lee N.M.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)1. OIL WELL ☒ GAS WELL ☐ OTHER

2. NAME OF OPERATOR

Llano, Inc.

3. ADDRESS OF OPERATOR

P. O. Box 1320, Hobbs, New Mexico 88240

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface660' FNL & 1980' FEL, Section 18, T-20-S, R-33-E,
NMPM Survey, Lea County, New Mexico.

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

3500' DF

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

(NOTE: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting and proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

11-12-75 Rigged up unit. Attempted to pull 10-3/4" csg. Casing parted.

11-13-75 Recovered 73' of 10-3/4" csg.

11-14-75 Ran 2-3/8" tbg. to 226', unable to go below 226' to set plug at 350-450' interval. Received verbal permission from Mr. R. A. Brown, U.S.G.S., to set plug at 226'. Set 50 SX cmt plug at 226' - 150'. Spotted 6 SX aqua gel from 150' to 114'. Set 50 SX cmt plug from 114-17'.

11-15-75 Ran 17' of 10-3/4 csg. cmt w/15 SX from 17' to surface. Set dry hole marker and cleaned location.

18. I hereby certify that the foregoing is true and correct

SIGNED

Manager,
Operations and Construction

DATE 11/17/75

(This space for Federal or State office use)

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

APPROVED

NOV 26 1975
ARTHUR R. BROWN
DISTRICT ENGINEER

*See Instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIPLI
(Other instructions on re-
verse side)Form approved.
Budget Bureau No. 42-R1424.

5. LEASE ASSIGNMENT NO. SERIAL NO.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Smith Federal #18

9. WELL NO. 1

10. FIELD AND POOL OR WILDCAT
Salt Lake11. SEC., T., R., M., OR B.E. AND
SURVEY OR AREA
18-20S-3E-NMPH
33E12. COUNTY OR PARISH 13. STATE
Lea NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL ☒ GAS WELL ☐ OTHER ☐
2. NAME OF OPERATOR
Llano, Inc.
3. ADDRESS OF OPERATOR
P. O. Box 1320, Hobbs, New Mexico 88240
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface
660' FNL & 1980' FEL, Section 18, T20S, R33E,
NMPH Survey, Lea County, New Mexico
14. PERMIT NO.
15. ELEVATIONS (Show whether DF, RT, GR, etc.)
3500' DF

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT

ALTERING CASING

SHOOTING OR ACIDIZING

ABANDONMENT*

(Other)

(NOTE: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Captioned well was reentered 8-13-62. Removed 15 SX plug at surface. Cleaned out hole to 550'. Attempted to reenter 8 5/8" csg. Failed to reenter 8 5/8". Shut well in.

The engineering and economic study reveal the possibilities of attempting a completion in the Yates formation to be nil.

Llano, Inc. proposes to:

1. Set 15 SX plug at surface.
2. Erect dry hole marker.

- AMENDMENT: 1. Place additional 50 sack plug in interval 350 to 450 feet.
2. Place 50 sack surface plug instead of 15 sack plug.

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE

Manager of:
Operations & Construction

9-3-75

DATE

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

APPROVED
AMENDED
NOV 7 1975
ARTHUR R. DEAN
DISTRICT ENGINEER

Page 2 Form 9-331a Dated June 13, 1956 Ewell H. Mase, Jr. Federal Well #1

Total Depth 15,000'

Please note the following changes made in order to comply with rules and regulations concerning drilling in a Potash Area.

Additional Formations Expected

Anhydrite	1110'
Salt	1250'
Base of Salt	2600'

Change in Casing Program

1150' of 20" casing 81# & 94# to be set at 1150' with 1000 sacks of cement.

2730' of 13-3/8" casing, 48#, 54.5#, 61#, and 68#, to be set at 2730' with 3200 sacks of cement.

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, April 15, 2008 2:56 PM
To: 'seay04@leaco.net'
Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD; Brooks, David K., EMNRD
Subject: SWD Application on behalf of J.F. McAdams: Brooks Federal #3 (30-025-01711) Yates Formation open hole, 2910 to 3025 feet

Hello Eddie:

After a review of this application, I have the following questions and requests:

1) Commission Order R-2261 authorized re-entry of several wells in this area, requiring casing to be installed and cemented to surface, and when the wells were abandoned again, to comply with the Potash order as to method of abandonment. Please research the wellfiles and send a summary of what happened with these wells since the date of this order.

2) Rule 701B(2) is the latest notice rule. Please verify that McAdams is the operator or lessee within the Yates formation in the:

- a) W/2 SW/4 of Section 8
- b) NW/4 NW/4 of Section 17
- c) N/2 of Section 18
- d) S/2, S/2 N/2 of Section 7

If anyone else controls the minerals in those areas, please notice them, and let me know.

3) Send a notice to the nearest Potash leaseholder or get a waiver - we have been requiring this of all applicants wishing to inject in the R-111-P Potash Area.

4) Send a statement discussing the effects on the Brooks Federal #4, 5, and 6 of the intended injection into this well. Will it be beneficial or cause waste? Any offset or nearby examples of this situation?

5) There does not seem to be any elogs scanned in for any wells in Section 7 and yet these wells are operated by McAdams. Please send copies of elogs for these wells to the Hobbs district for scanning.

6) The application says that McAdams needs this well for its own operation and for surrounding production. Due to the proximity of the Potash and the Reef, this well's injection may be limited in the permit to the volumes removed from McAdams production of the Yates within the S/2 of Section 7 and the N/2 of Section 18. So the injected water would equal the produced water in this area - and the reservoir pressure would not increase. Please let your client know this and ask him to set this to hearing if McAdams cannot live with that stipulation. At hearing, McAdams could make a case for increased allowable.

Thank You,

William V. Jones PE
 New Mexico Oil Conservation Division
 1220 South St. Francis
 Santa Fe, NM 87505
 505-476-3448

*4/15 sent email
 4/15 Cancel From RBP
 4/25 Received FWR*

4/15/2008

April 23, 2008

RECEIVED

2008 APR 25 PM 4 19

NMOCD Engineering
ATTN: Will Jones
1220 S. St. Francis Drive
Santa Fe, NM 87505

*Release
7 May 8*

RE: J.F. McAdams
Brooks Fed #3 (30-025-01711)
C-108 Application, Additional Request

Mr. Jones:

Find attached information as you requested pertaining to the above listed application.

- 1) R-2261 gave permission to Randall Montgomery to re-enter wells in the Salt Lake Pool, run liners and circulate cement.

Well Smith 18 #1 re-entry was attempted, but could not get below 550 ft., well was P & A.

Well Brooks 7 #1 and #2, intents to re-enter were filed, but no work was performed per file.

Well Brooks 7 #3 and #4 were re-entered, liners were run and cemented per order. (Copy of order and well schematics attached)

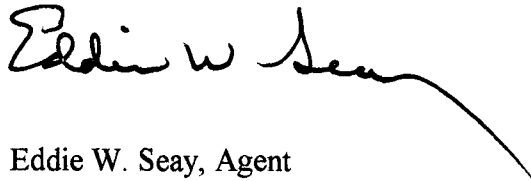
- 2) The parcels of land listed are all federal minerals, BLM was notified. McAdams has rights to Yates in the parcels in section 7. Bass Enterprises has the mineral lease in section 18, and Mitchell Energy has minerals in section 8. (See attached certified notices)
- 3) The potash leasee is Mosaic Potash. (See certified attachment)
- 4) By allowing McAdams to convert the #3 well to SWD, it will make the marginal producing wells more economical to produce. At present, the trucking and disposal of produced water has to go approximately thirty miles, the fuel charges are staggering.

Onsite disposal will prolong having to P & A wells and will allow oil to be produced which would otherwise be left in place and wasted.

- 5) I have reviewed the logs at OCD Hobbs, Paul Kautz has the logs on microfilm, please call him to verify.
- 6) McAdams can live with just injecting his produced waters from the Yates. No hearing will be necessary.

I hope this will help in the review process of my clients application. If you need additional information, please call.

Sincerely,

A handwritten signature in black ink, appearing to read "Eddie W. Seay". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

cc: McAdams

Injection Permit Checklist 2/8/07

SWD Order Number 1124 **Dates:** Division Approved _____ District Approved _____

Well Name/Num: BROOKS Fed #3 **Date Spudded:** < 1948

API Num: (30-) 025-01711 **County:** Lea

Footages 660 FSL/1980 FEL **Sec** 7 **Tsp** 20 S **Rge** 33E

Operator Name: J.F. McADAMS **Contact** Eddie Seay TENNY McADAMS

Operator Address: P.O. Box 755 Hollis, NM 88240

Current Status of Well: Injection **Planned Work:** SWD **Inj. Tubing Size:** 2" @ 2810'

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	10 3/4"			CIRC
Intermediate	8 7/8" = 5 1/2"	7' @ 171'		
Production	3 1/2"	3' @ 2910' 780 SX		CIRC
Last DV Tool				
Open Hole/Liner	9 1/2" RE-entry	8 7/8" cut @ 351' TO 1161'		
Plug Back Depth	5 1/2" TO P @ 1171'			

Diagrams Included (Y/N): Before Conversion ✓ After Conversion ✓

Checks (Y/N): Well File Reviewed ✓ ELogs in Imaging None

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash	1280-2630'		
Capitan Reef			
Cliff House, Etc:	2630 = Tansill		
Formation Above	2800' Yds. =		
Top Inj Interval	2910		
Bottom Inj Interval	3025		
Formation Below	3050' 7 RYRS or 3030'		
	3250 Reef.		

Private & Commercial
Potash Reef area
982 R-2261
 PSI Max. WHIP
Yes Open Hole (Y/N)
 Deviated Hole (Y/N)

Fresh-Water: Depths: None Wells(Y/N) _____ Analysis Included (Y/N): _____ Affirmative Statement Yes

Salt Water Analysis: Injection Zone (Y/N/NA) _____ DispWaters (Y/N/NA) ✓ Types: _____

Notice: Newspaper(Y/N) ✓ Surface Owner BLM Mineral Owner(s) _____

Other Affected Parties: None

AOR/Repairs: NumActiveWells _____ Repairs? _____ Producing in Injection Interval in AOR Yes just below

AOR Num of P&A Wells _____ Repairs? _____ Diagrams Included? _____ RBDMS Updated (Y/N) _____

Well Table Adequate (Y/N) _____ AOR STRs: Sec _____ Tsp _____ Rge _____ UIC Form Completed (Y/N) ✓

New AOR Table Filename _____ Sec _____ Tsp _____ Rge _____ This Form completed ✓

Conditions of Approval: Sec _____ Tsp _____ Rge _____ Data Request Sent Yes 4/15/08

will inj #1 & #2 J.F. McAdams Brooks Fed #3 prod.?

" " " J.F. McAdams #3 prod.?

With owner 10/25/04 Sec 8? and 10/25/04

AOR Required Work: _____

Required Work to this Well: Notice Minerals, Inc (14969)

no logs on any well in Sec 7