

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
2/15/08
#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

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2008 FEB 15 PM 12 28

[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 *Eddie W Seay* Agent 2/12/2008
 Print or Type Name Signature Title Date
 seay_04@leaco.net
 e-mail Address

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2008 FEB 21 PM 2 37

February 19, 2008

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

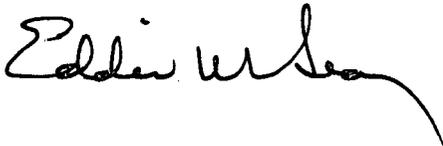
RE: J.F. McAdams
Brooks Fed. #3
C-108 Application

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.

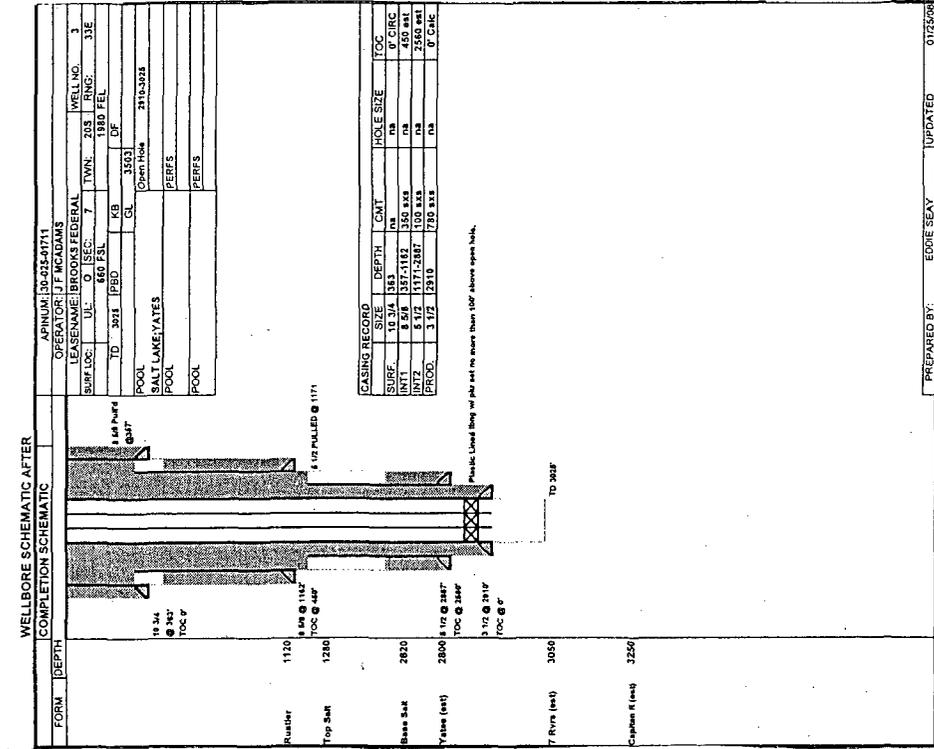
XII. I, Eddie W. Seay, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zones and any underground source of drinking water pertaining to this well.

XIII. ATTACHED.

OPERATOR J.F. McAdams LEASE Brooks Federal API: 20-025-01711

WELL NO. # 3 160/S 1980/E SECTION 7 TOWNSHIP 20 RANGE 33

FOOTAGE LOCATION



Well Construction Data

Surface Casing

Size 10 3/4 Cemented with _____ SX.

TOC C&E feet determined by _____

Hole Size N/A

Intermediate Casing

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

TOC 367 - 1122 feet determined by _____

Hole Size N/A

Long String

Size 3 1/2 Cemented with 780 S&S SX.

TOC C&E feet determined by _____

Hole Size N/A

Total Depth 3025'

Injection Interval

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

PREPARED BY: EDDIE SEAY UPDATED: 01/25/2009

INJECTION WELL DATA SHEET

Tubing Size: 2" Lining Material: IPC
 Type of Packer: Robert Tension
 Packer Setting Depth: 2225'
 Other Type of Tubing/Casing Seal (if applicable): NONE

Additional Data

1. Is this a new well drilled for injection? Yes No
 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 of 3050'

WELLBORE SCHEMATIC AND HISTORY

| 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 |
| | | 660 FSL | | | RNG: 33E |
| | | TD 3025 | | PBD | KB |
| | | | | GL 3503 | DF |
| | | POOL | | | Open Hole 2910-3025 |
| | | SALT LAKE; YATES | | | |
| | | 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 |

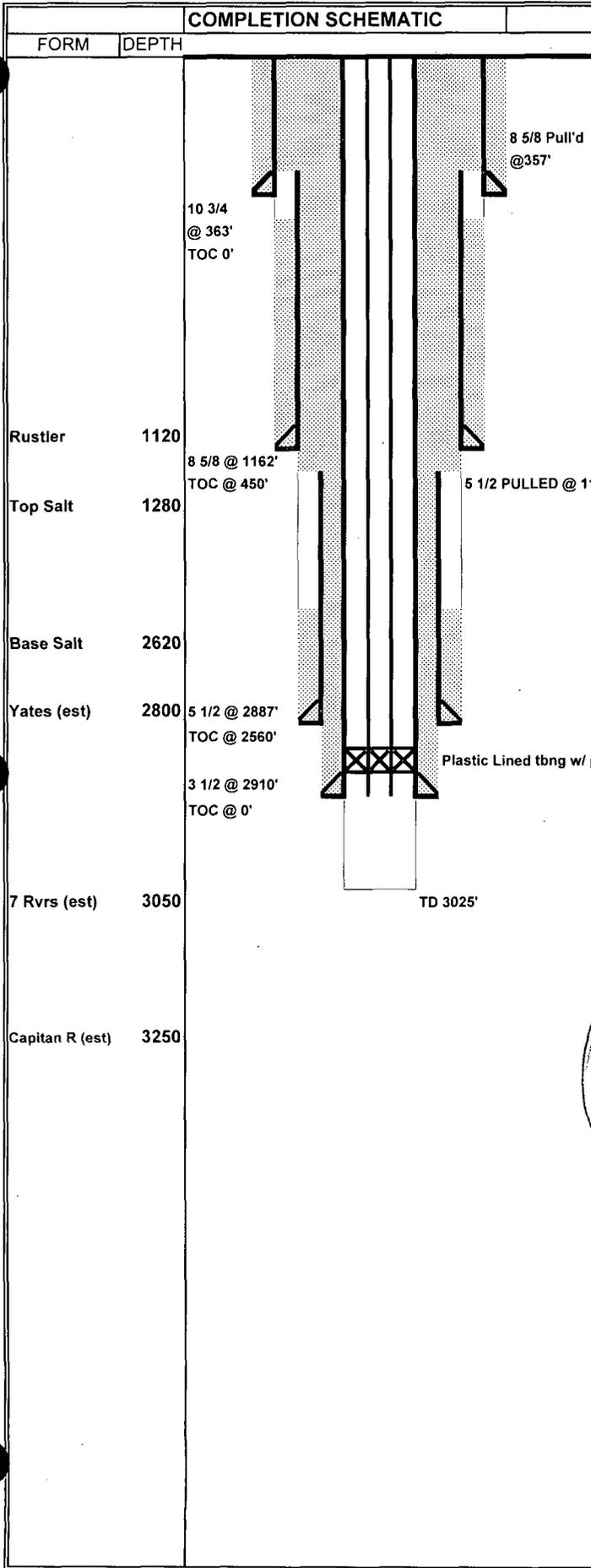
| FORMATION | DEPTH | LOG | REMARKS |
|-----------------|-------|-----|------------------------------|
| Rustler | 1120 | | 8 5/8 Pull'd @357' |
| Top Salt | 1280 | | 8 5/8 @ 1162' TOC @ 450' |
| Base Salt | 2620 | | 5 1/2 PULLED @ 1171 |
| Yates (est) | 2800 | | 5 1/2 @ 2887' TOC @ 2560' |
| | | | 3 1/2 @ 2910' TOC @ 0' |
| 7 Rvrs (est) | 3050 | | TD 3025' |
| Capitan R (est) | 3250 | | |

Before

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

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC



| | |
|---------------------------|--------------------------------|
| APINUM: 30-025-01711 | |
| 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 | Open Hole 2910-3025 |
| SALT LAKE; YATES | |
| POOL | PERFS |
| POOL | PERFS |

| | 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 |

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

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/L | 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 | BEPCO, LP | 3056 | O | P&A | LEA | S | C | 18 | 20 S | 33 E | 330 N | 2310 W | 1400 ✓ |
| 30-025-28128 | BASS STATE | 6 | BEPCO, LP | 3079 | O | P&A | LEA | S | C | 18 | 20 S | 33 E | 330 N | 1650 W | 1924 ✓ |

WELLBORE SCHEMATIC AND HISTORY

| COMPLETION SCHEMATIC | | APINUM: 30-025-01708 | | | |
|----------------------|-------|--------------------------------|---------|------------|---------------------|
| FORM | DEPTH | OPERATOR: RANDALL F MONTGOMERY | | | |
| | | LEASENAME: BROOKS 7 FEDERAL | | WELL NO. 1 | |
| | | SURF LOC: | UL: M | SEC: 7 | TWN: 20S |
| | | | 660 FSL | | RNG: 33E |
| | | | 660 FWL | | |
| | | TD 3110 | PBD | KB | DF |
| | | | GL | | |
| | | POOL SALT LAKE; YATES | | | Open Hole 2906-3110 |
| | | POOL | | | PERFS |
| | | POOL | | | PERFS |
| | | PLUG 0-50 | | | |
| | | PLUG 470-570 | | | |
| | | 8 5/8 Pull @520' | | | |
| | | TOC @ 700 est | | | |
| Rustler | 1104 | PLUG 1100-1200 | | | |
| | | 8 5/8 @ 1130' | | | |
| | | TOC @ 700' | | | |
| Top Salt | 1276 | | | | |
| | | 5 1/2 PULLED @ 1710 | | | |
| | | PLUG 1660-1770 | | | |
| | | TOC @2010 est | | | |
| Base Salt | 2620 | | | | |
| | | 5 1/2 @ 2906' | | | |
| | | TOC @ 2010' | | | |
| Yates (est) | 2800 | PLUG 3000-3110' | | | |
| | | TD 3110' | | | |
| 7 Rvrs (est) | 3040 | | | | |
| Capitan R (est) | 3250 | | | | |

| CASING RECORD | | | | | |
|---------------|--------|-----------|-----------|-----------|----------|
| | SIZE | DEPTH | CMT | HOLE SIZE | TOC |
| SURF. | 10 3/4 | Pulled | Mudded in | na | na |
| JNT1 | 8 5/8 | 520-1130 | 150 sxs | na | 700 est |
| PROD. | 7 | 1710-2906 | 100 sxs | na | 2010 est |

10 3/4 SET @ 628' NO CEMENT MUDDED IN. PULLED PRIOR TO P&A.

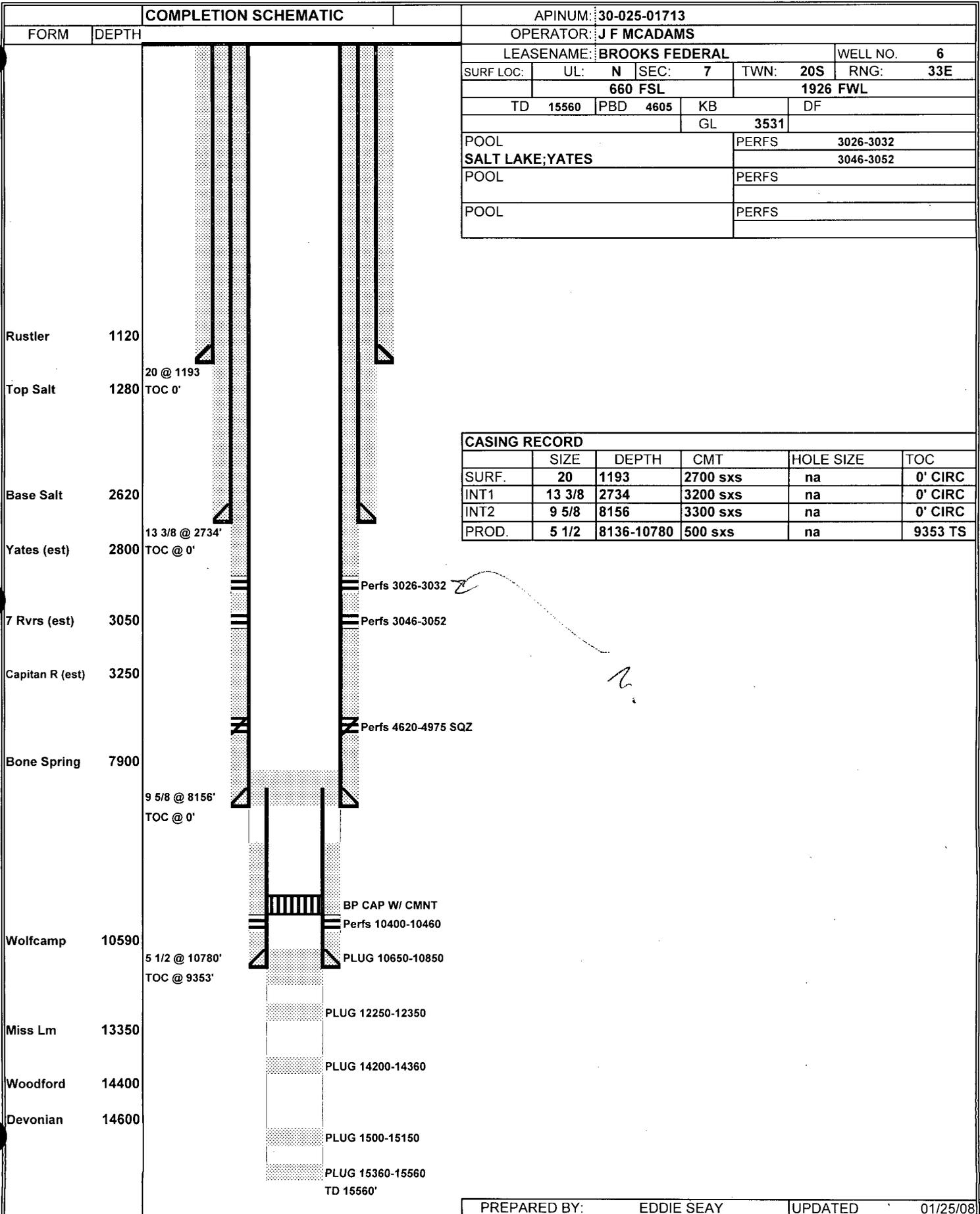
WELLBORE SCHEMATIC AND HISTORY

| 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 | |
| | | | | GL | | DF | |
| | | | | POOL SALT LAKE; YATES | | Open Hole 2910-3075 | |
| | | POOL | | PERFS | | | |
| | | POOL | | PERFS | | | |
| Rustler | 1110 | PLUG 0-50 | | | | | |
| | | PLUG 350-450 8 5/8 Pull @400' | | | | | |
| | | TOC @ 1040 est | | | | | |
| Top Salt | 1275 | PLUG 1100-1200 | | | | | |
| | | 7 @ 1137' TOC @ 1040' | | | | | |
| | | 5 1/2 PULLED @ 1520 | | | | | |
| Base Salt | 2619 | TOC @ 1550 est | | | | | |
| | | 5 1/2 @ 2910' | | | | | |
| Yates (est) | 2800 | TOC @ 1550' | | | | | |
| | | PLUG 2950-3075' | | | | | |
| 7 Rvrs (est) | 3050 | TD 3075' | | | | | |
| Capitan R (est) | 3250 | | | | | | |

| 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 |

10 3/4 SET @ 631' NO CEMENT MUDDIED IN. PULLED PRIOR TO P&A.

WELLBORE SCHEMATIC AND HISTORY



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

WELLBORE SCHEMATIC AND HISTORY

| COMPLETION SCHEMATIC | | APINUM: 30-025-01749 | | | |
|--|-------|----------------------|-----------------------------|-------|---------------------|
| FORM | DEPTH | OPERATOR: LLANO INC | | | |
| <p>10 3/4 @ 617 TOC None</p> <p>Rustler 1094</p> <p>Top Salt 1250</p> <p>Base Salt 2595</p> <p>Yates (est) 2775</p> <p>7 Rvrs (est) 3035</p> <p>Capitan R (est) 3250</p> | | PLUG 0-17 | LEASENAME: SMITH FEDERAL 18 | | WELL NO. 1 |
| | | PLUG 150-226 | SURF LOC: | UL: B | SEC: 18 |
| | | 8 5/8 Pull @ 540' | 660 FNL | | TWN: 20S |
| | | | 1980 FEL | | RNG: 33E |
| | | | TD 3034 | PBD | KB |
| | | | | GL | DF |
| | | | POOL SALT LAKE; YATES | | Open Hole 2908-3034 |
| | | | POOL | | PERFS |
| | | | POOL | | PERFS |
| | | | PLUG 25sx @ 900' | | |
| | | 5 1/2 PULLED @ 900 | | | |
| | | TOC @ 952 est | | | |
| | | PLUG 1100-1200 | | | |
| | | TOC @ 2588 est | | | |
| | | 8 5/8 @ 1115' | | | |
| | | TOC @ 1040' | | | |
| | | PLUG 2950-3034' | | | |
| | | TD 3034' | | | |

| | 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 |

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 | |
| | | Open Hole na | |
| | | POOL PERFS | |
| | | POOL PERFS | |
| Rustler | | | |
| Top Salt | | | |
| Base Salt | | | |
| Yates (est) | | | |
| 7 Rvrs (est) | 3045 | TD 3074' | |
| Capitan R (est) | 3250 | | |

| 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 |

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.



WELLBORE SCHEMATIC AND HISTORY

| 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 |

| Rustler | 1102 | | |
|-----------------|------|---------------------------|--|
| Top Salt | 1200 | 9 5/8 @ 1130' TOC 0' | |
| Base Salt | 2630 | | |
| Yates | 2788 | | |
| 7 Rvrs | 3031 | 7 @ 2880' TOC @ 0' | |
| Capitan R (est) | 3250 | 4 1/2 @ 3100' TOC @ 2849' | |

PLUG 0-2960' 500 sxs

PERFS 2916-2981 SQZ W/ CMNT

RTR @ 2960 SQZ W/ 50 sxs

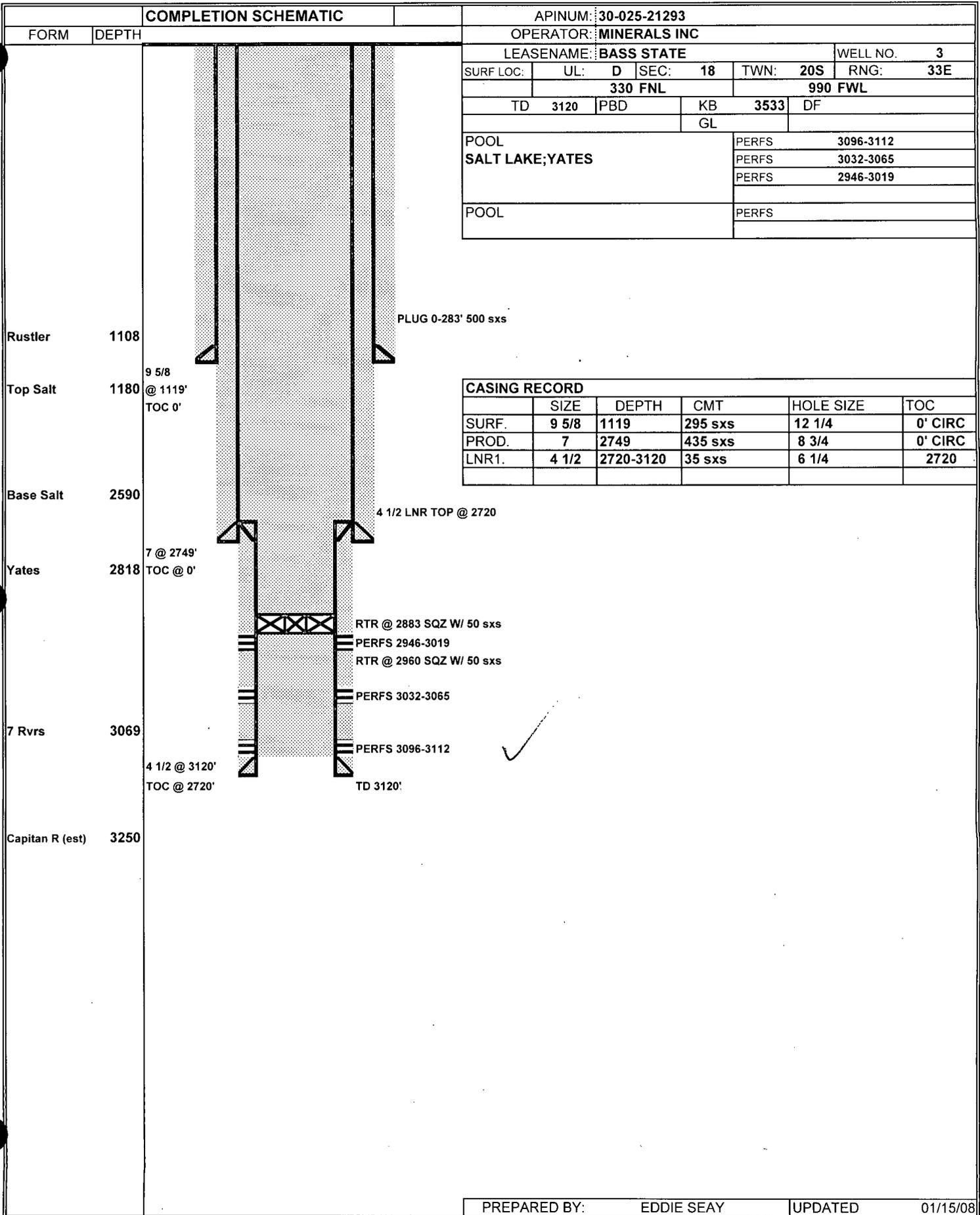
PERFS 3002-3018

PERFS 3058-3072 SQZ W/ CMNT

TD 3100'

| CASING RECORD | | | | | |
|---------------|-------|-----------|---------|-----------|---------|
| | 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 |

WELLBORE SCHEMATIC AND HISTORY



COMPLETION SCHEMATIC

| FORM | DEPTH |
|-----------------|-------|
| Rustler | 1108 |
| Top Salt | 1180 |
| Base Salt | 2590 |
| Yates | 2818 |
| 7 Rvrs | 3069 |
| Capitan R (est) | 3250 |

| | | | |
|------------------------|-------|-----------------|------------|
| APINUM: 30-025-21293 | | | |
| 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 | | PERFS 3096-3112 | |
| | | PERFS 3032-3065 | |
| | | PERFS 2946-3019 | |
| POOL | | PERFS | |

| 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 |

PLUG 0-283' 500 sxs

9 5/8 @ 1119' TOC 0'

4 1/2 LNR TOP @ 2720

7 @ 2749' TOC @ 0'

RTR @ 2883 SQZ W/ 50 sxs
PERFS 2946-3019

RTR @ 2960 SQZ W/ 50 sxs
PERFS 3032-3065

PERFS 3096-3112

4 1/2 @ 3120' TOC @ 2720'

TD 3120'

WELLBORE SCHEMATIC AND HISTORY

| COMPLETION SCHEMATIC | | APINUM: 30-025-25172 | |
|----------------------|-------|---|--|
| FORM | DEPTH | OPERATOR: J F MCADAMS | |
| | | 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 |

| LITHOLOGY | DEPTH | CMT | CMT | CMT | CMT |
|-----------------|-------|----------------|-------------|-----------------------|----------|
| Rustler | 1180 | | | | |
| Top Salt | 1260 | 10 3/4 @ 1200' | TOC @ 0' | | |
| Base Salt | 2613 | | | | |
| Yates | 2793 | 7 @ 2707' | TOC @ 0' | | |
| 7 Rvrs (est) | 3050 | 4 1/2 @ 3034' | TOC @ 2608' | 4 1/2 LNR TOP @ 2608' | TD 3034' |
| Capitan R (est) | 3250 | | | | |

WELLBORE SCHEMATIC AND HISTORY

| COMPLETION SCHEMATIC | | APINUM: 30-025-27903 | | | |
|----------------------|-------|----------------------------------|-------|---------|---------------------|
| FORM | DEPTH | OPERATOR: BEPCO LP | | | |
| | | 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 |
| | | PLUG 10 sxs | | | |
| | | PLUG 200 sxs 625-2714 TAG @ 625' | | | |
| Rustler | 1111 | | | | |
| Top Salt | 1182 | 8 5/8 @ 1102' | | | TOC @ 0' |
| Base Salt | 2640 | | | | |
| Yates | 2796 | | | | CIBP @ 2714 |
| | | 5 1/2 @ 2900' | | | TOC @ 0' |
| 7 Rvrs | 3032 | | | | |
| Capitan R (est) | 3250 | | | | TD 3056' |

| 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 |
| | | | | | |
| | | | | | |

WELLBORE SCHEMATIC AND HISTORY

| COMPLETION SCHEMATIC | | APINUM: 30-025-28128 | | | |
|----------------------|-------|------------------------|---------|---------------------|----------|
| FORM | DEPTH | OPERATOR: BEPCO LP | | | |
| | | LEASENAME: BASS STATE | | WELL NO. 6 | |
| | | SURF LOC: | UL: C | SEC: 18 | TWN: 20S |
| | | 330 FNL | | RNG: 33E | |
| | | TD 3079 | PBD | KB 3540 | DF |
| | | | GL 3524 | | |
| | | POOL SALT LAKE; YATES | | Open Hole 3022-3079 | |
| | | POOL | | PERFS | |
| | | POOL | | PERFS | |
| | | PLUG 180 sxs 639-2700' | | | |
| Rustler | 1106 | | | | |
| Top Salt | 1178 | 8 5/8 @ 1114' | | | |
| | | TOC 0' | | | |
| Base Salt | 2653 | | | | |
| Yates | 2806 | | | | |
| | | PLUG 50 sxs 2762-3079 | | | |
| | | 5 1/2 @ 3022' | | | |
| | | TOC @ 0' | | | |
| 7 Rvrs | 3048 | | | | |
| | | TD 3079' | | | |
| Capitan R (est) | 3250 | | | | |

| 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 |
| | | | | | |
| | | | | | |

| <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

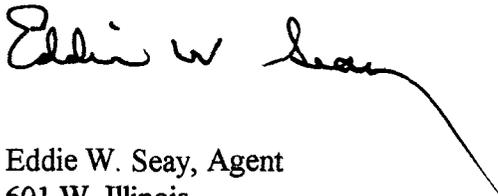
RE: Brooks Federal. #3
Unit O, Sect. 7, T. 20 S., R. 33 E.
API #30-025-01711

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,



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
- Mosaic Pottery

7007 2560 0000 4575 3025

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(Domestic Mail Only; No Insurance Coverage Provided)

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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

7007 2560 0000 4575 3094

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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

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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,
 Desta Dr., Suite 3700
 City, State, ZIP+4: 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™
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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 SURVEY

SUBMIT IN TRIPLICATE
(Other instructions
verse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

NM 0149957

6. IF INDIAN, CLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Smith Federal "18"

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT

Salt Lake

11. SEC., T., R., 34th 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 surface

660' 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

La Moody

TITLE

Manager,

Operations and Construction DATE 11/17/75

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

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 SURVEY

SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE ASSIGNMENT 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 Lake

11. SEC., T., R., M., OR BEG. AND
SURVEY OR AREA
18-20S-3E-NMPM
33E

12. 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,
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:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON*

SHOOTING OR ACIDIZING

ABANDONMENT*

REPAIR WELL

CHANGE PLANS

(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

Manager of:
Operations & Construction

9-3-75

SIGNED

J. A. Moody

TITLE

DATE

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
AMENDED
NOV 7 1975
ARTHUR B. DEAN
DISTRICT ENGINEER

*See Instructions on Reverse Side

1150' 10" 1000

825 MI 10:41

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 RBDA
 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)

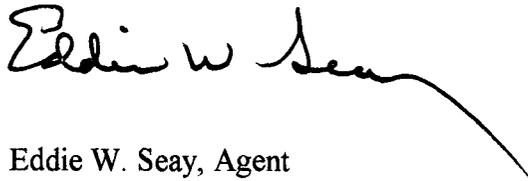
- 2) The parcels of land listed are all federal minerals, BLM was notified. McAdams has rights to Yates in the parcels in section 7. Bass Enterprises has the mineral lease in section 18, and Mitchell Energy has minerals in section 8. (See attached certified notices)
- 3) The potash leasee is Mosaic Potash. (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 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
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: Producing Planned Work: SWD Inj. Tubing Size: 2" @ 2810'

11238 0/4 Rule = OK 5/14/08
FA = OK

| | Hole/Pipe Sizes | Depths | Cement | Top/Method |
|-----------------|--------------------|----------------------------|--------|------------|
| Surface | 10 3/4" | | | CIRC |
| Intermediate | 8 7/8" = 5 1/2" | → pulled → @ 171' | | |
| Production | 3 1/2" | 3025' 2910' 780 SX | | CIRC |
| Last DV Tool | | | | |
| Open Hole/Liner | 9 1/2" RE-seal | 8 3/8" cut @ 351' TO 1161' | | |
| Plug Back Depth | 5 1/2" TAP @ 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 #wt J.F. McAdams Brooks Fed #3 prod.?
Wto owner @ 25w/4 Sec 8? and other?

AOR Required Work: _____

Required Work to this Well: notice Minerals, etc (14969)