

11/04/03 11/19/03 SWD LR PLR0330834744 SWD

AMERICAN INLAND RESOURCES CO., LLC
24 SMITH ROAD
SUITE 500
MIDLAND, TX 79705
432-685-0981
October 31, 2003

WVI

RECEIVED

NOV 03 2003

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

OIL CONSERVATION
DIVISION

Re: Request for Administrative Approval
For Expansion of Salt Water Disposal.
Federal 20 #5
1980 FSL & 1980 FWL
20-13S-33E
Lea County, NM

Gentlemen:

Please find attached an application for the referenced well to expand the existing SWD project (Ref. Administrative Order SWD-891) to include the Bough 'C' zone. Upon initial disposal into the Abo zone, it was determined that the Abo zone would not adequately accept the volume of water we are currently injecting, due to a tighter than expected nature of the formation. We intend, upon approval by the OCD, to remove the cast iron bridge plug at 9642' and dispose into the perfs 9720'-9817' in addition to the Abo perfs 8890'-8910'. The Bough 'C' zone was initially abandoned in 1986 due to uneconomical production. All attachments to the C-108 are attached. With these documents in hand, American Inland Resources Co., LLC respectfully requests that this application be approved at your earliest convenience.

Thank you,

Michael D. Prichard

Michael D. Prichard
Operations Engineer

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: American Inland Resources Co., LLC
ADDRESS: P.O. Box 50938; Midland, TX 79710
CONTACT PARTY: Michael D. Prichard PHONE: (432) 685-0981
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project: X Yes No
If yes, give the Division order number authorizing the project SWD-891
- 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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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: Michael D. Prichard TITLE: Operations Engineer
SIGNATURE: Michael D. Prichard DATE: 10-31-2003
- * 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 circumstance of the earlier submittal. Submitted information July 10, 2003 with original request to dispose/convert Federal 20 #5.
- DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

FEDERAL 20 #5

EXPAND SWD TO INCLUDE BOUGH 'C'

NMOCD Form C-108 Sections VII through XII

VII. Data on proposed operation

1. Proposed average injection rate: 500 BWPD
Proposed maximum injection rate: 800 BWPD
2. The system will be a closed system.
3. Proposed average injection pressure: 500 PSI
Proposed maximum injection pressure: 1500 PSI
4. The proposed injection fluid will be re-injected produced water.
5. NA, zone is productive of oil and/or gas within one mile of the well.

VIII. The proposed disposal interval is located in the Bough C. This Permian age horizon is nearly 240 feet thick in this area. The top of the Bough C formation is at a depth of approximately 9700 feet with the base at a depth of 10000 feet. The Ogallala is the only source of drinking water in the area and the base is found at approximately 300 feet.

IX. The existing perforations (9720' – 9817') will be acidized with approximately 1000 Gallons of 15% HCl.

X. It is assumed well logs were sent to the Oil Conservation Division at that time by the original operator.

XI. There are no fresh water wells of record within one mile of the proposed injection well.

XII. An examination of this area has determined there are no open faults or other hydrologic connection between the disposal zone and any underground drinking water.

XIII. "Proof of Notice"

Copies of the return receipts will be sent as soon as they have been returned. The C-108 applications were mailed to offset lease holders and the surface owner of record on October 31, 2003 via certified mail. If additional information is needed, please advise.

Side 1

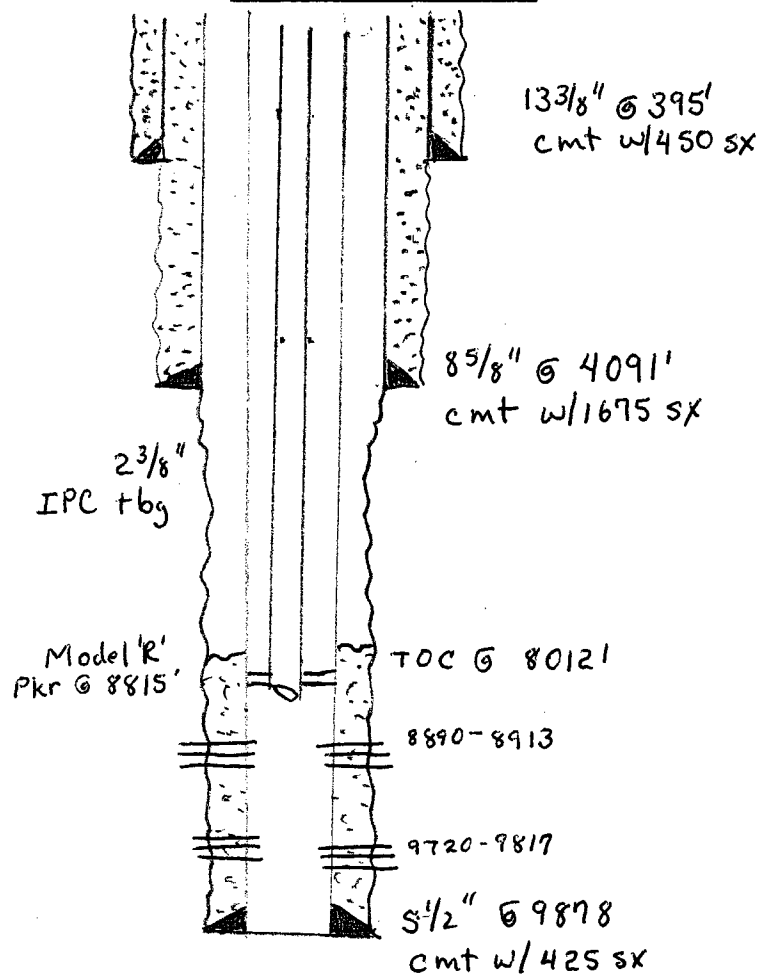
INJECTION WELL DATA SHEET

OPERATOR: American Inland Resources Company, LLC

WELL NAME & NUMBER: Federal 20 #5

WELL LOCATION: 1980 FSL and 1980 FWL	K	20	13-S	33-E
FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17-1/2" Casing Size: 13-3/8"
Cemented with: 450 sx. or ft³
Top of Cement: surface Method Determined: visual

Intermediate Casing

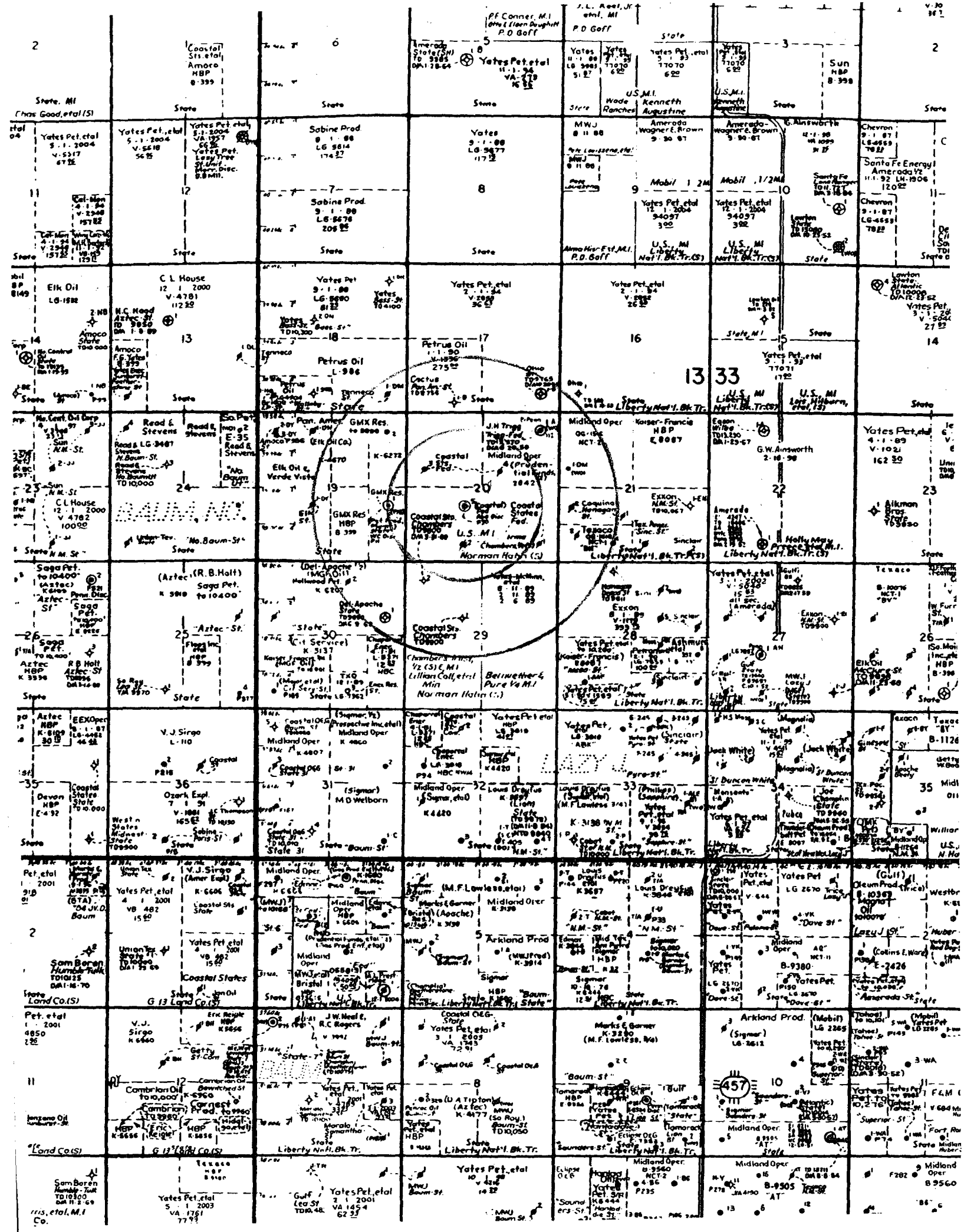
Hole Size: 11" Casing Size: 8-5/8"
Cemented with: 1675 sx. or ft³
Top of Cement: surface Method Determined: visual

Production Casing

Hole Size: 7-7/8" Casing Size: 5-1/2"
Cemented with: 425 sx. or ft³
Top of Cement: 8012' Method Determined: calculated
Total Depth: 9878'

Injection Interval

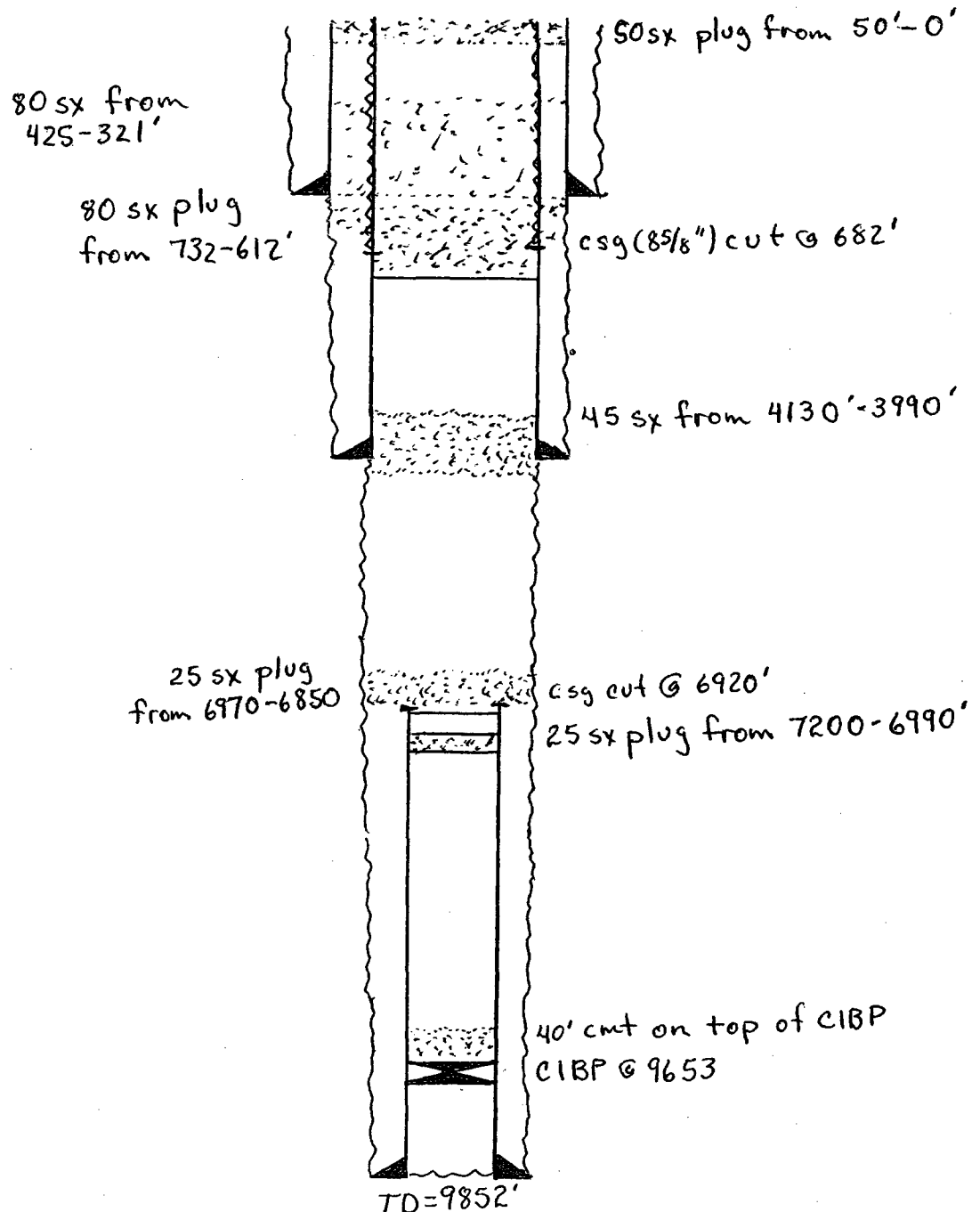
8890 feet to 9817
(Perforated or Open Hole: indicate which)



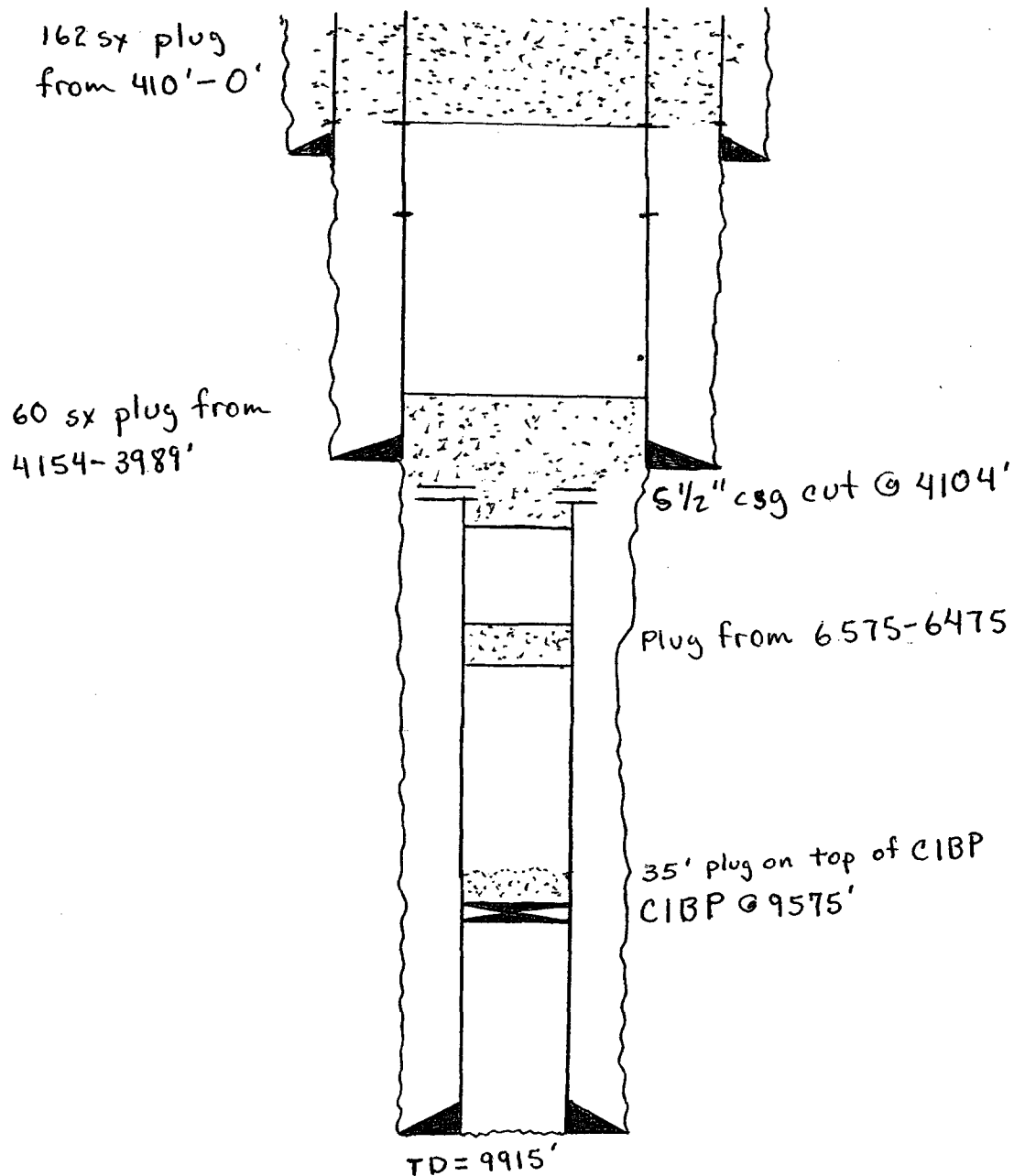
VI.

Lease	Well No.	Operator	Status	Footage	U/L	Sec	Twnshp	Range	Date Completed	Total Depth	Surface Casing	Set	Sacks Cmt.	Intermediate Casing	Set	Sacks Cmt.	Production Casing	Set	Sacks Cmt.	Perfs	Method Completed
State 19	1	Tipton O&G	Active-Prod	1980 FSL & 660 FEL	I	19	13-S	33-E	10/23/68	9815	11-3/4"	358	325	8-5/8"	4100	400	5-1/2"	9815	400	9734-9747	500 gal 15% acid
Federal 20	2	Coastal States	P&A	660 FSL & 1980 FWL	N	20	13-S	33-E	9/17/68	9865	13-3/8"	362	400	8-5/8"	4080	300	5-1/2"	9852	300	9736-9746	500 gal acid
Federal 20	3	Coastal States	P&A	1930 FNL & 660 FWL	E	20	13-S	33-E	12/17/68	9915	13-3/8"	362	400	8-5/8"	4080	400	5-1/2"	9915	200	9777-9782	3000 gal acid
Federal 20	4	Coastal States	P&A	2080 FNL & 2080 FEL	G	20	13-S	33-E	1/26/69	9852	13-3/8"	375	400	8-5/8"	4075	300	5-1/2"	9854	200	9713-9732	2000 gal acid

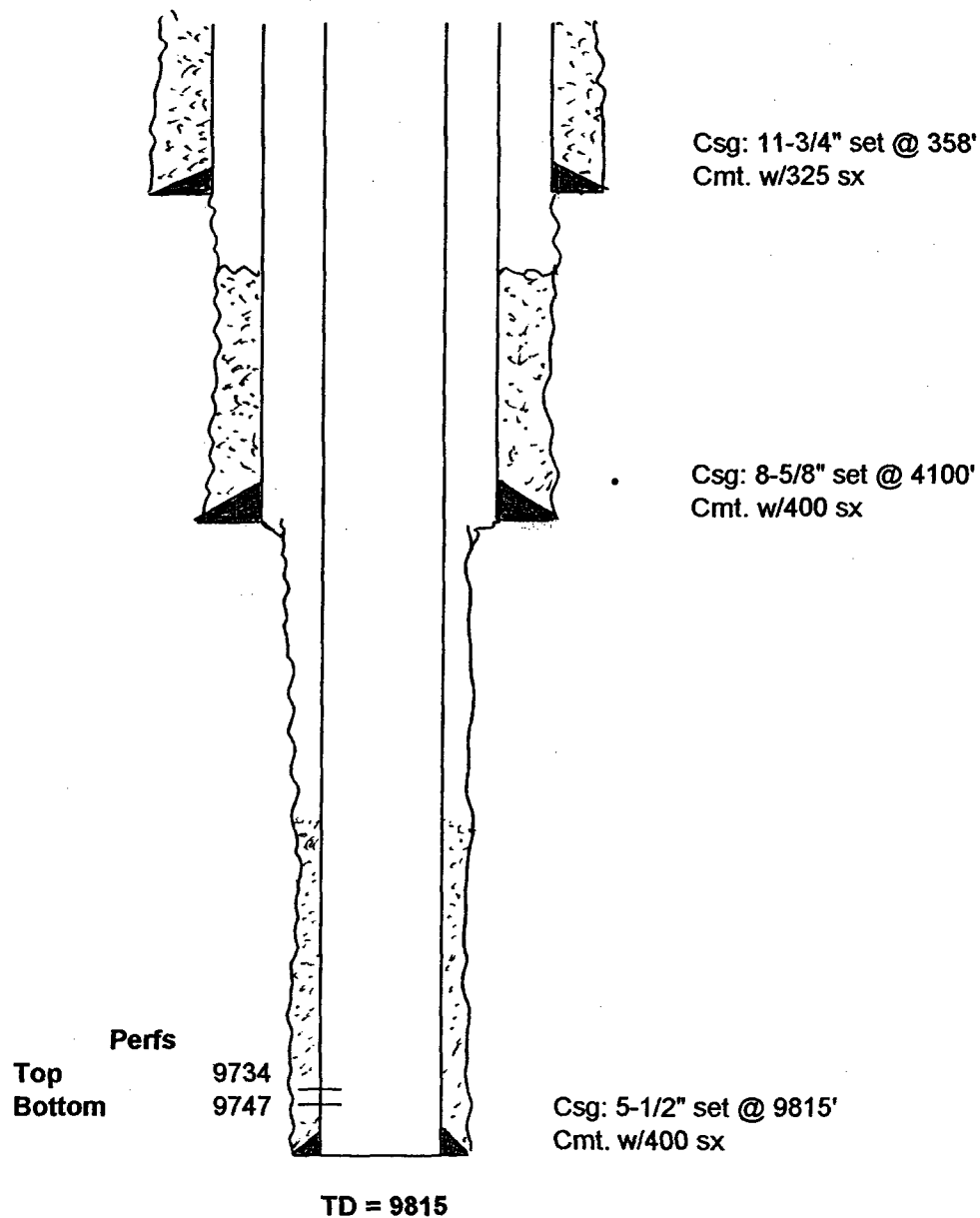
Well Statu: P&A Date 7/21/03
Lease: Federal 20 Well No. 4 Operator Coastal Oil & Gas Corp
Location 2080' FNL & 2080' FEL Sec. 20 U/L G
Survey T-13-S, R-33-E County Lea State NM
Elevation 4259.5' GL Remarks Spudded 12/28/68, Completed 1/26/69, IPF 335 bopd, 50 bwpd, 245 mcfpd



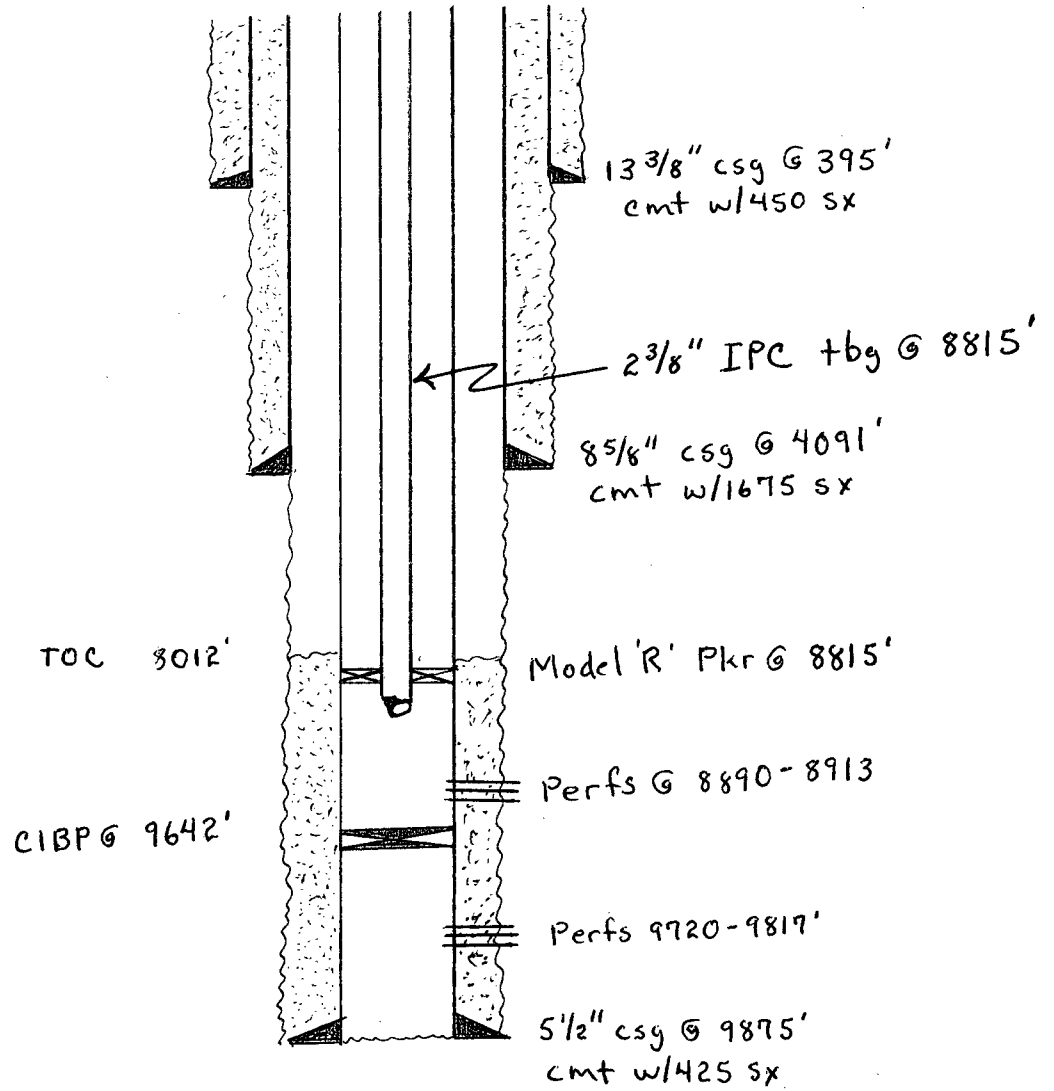
Well Status P&A Date 7/21/03
Lease: Federal 20 Well No. 3 Operator Coastal Oil & Gas Corp
Location 1930' FNL & 660' FWL Sec. 20 U/L E
Survey T-13-S, R-33-E County Lea State NM
Elevation 4258.2' GL Remarks Spudded 11/17/68, Completed 12/17/68, IPF 287 bopd, 50 bwpd, 210 mcfpd



Lease: State 19 #1 Well No. 1 Operator Tipton Oil & Gas Acquisitions, Inc.
Location 1980 FSL & 660 FEL Sec. 19 U/L I
Survey T-13-S, R-33-E County Lea State TX



**FEDERAL 20 #5 SWD: PRE-COMPLETION
WELLBORE SCHEMATIC**



AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

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

of 1
_____ weeks.

Beginning with the issue dated

October 21 2003

and ending with the issue dated

October 21 2003

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 21st day of

October 2003

Tommy M. Spawes

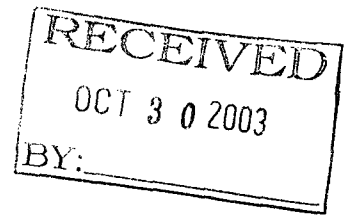
Notary Public.

My Commission expires

(Seal)

11/27/04

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



LEGAL NOTICE
October 21, 2003

Legal Notice

American Inland Resources Co., LLC wishes to make public its request for administrative approval of an application for authorization to inject water into the Bough 'C' formation in its Federal 20 #5 well, located 1980' FSL and 1980' FWL of Section 20, T-13-S, R-33-E, Lea, County, NM. The proposed interval of injection is through perms 9720-9817. The purpose of this well is to dispose of produced water from its Baum (U. Penn) Field wells operated by American Inland Resources Co., LLC. The anticipated maximum injection rate is 600 bwpd and the maximum injection pressure is 1000 psi.

Parties interested in filing objections or requests for a hearing concerning this matter must do so within fifteen (15) days at the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87504.

Additional information concerning this application can be obtained by contacting:

Michael Prichard
Operations Engineer
American Inland
Resources Co., LLC
P.O. Box 50938
Midland, TX 79710
432-685-0981

#20198

67100824000

02567288

American Inland Resources Comp
P.O. Box 50938
MIDLAND, TX 79710

RECEIVED

NOV 17 2003

OIL CONSERVATION
DIVISION

AMERICAN INLAND RESOURCES CO., LLC

24 SMITH ROAD

SUITE 500

MIDLAND, TX 79705

432-685-0981

November 14, 2003

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87504

Re: Request for Administrative Approval
For Expansion of SWD .
Federal 20 #5
1980 FSL & 1980 FWL
20-13S-33E
Lea County, NM

Dear Sir or Madam:

Please find attached return receipts from all offset operators and the surface owner regarding American Inland Resources request to expand the Federal 20 #5 SWD to include the Bough 'C' zone. This should complete all necessary information to the OCD. If additional information should be required, please contact me at the above address or phone number.

Sincerely,

Michael D. Prichard

Michael D. Prichard
Operations Engineer

SENDER: COMPLETE THIS SECTION

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

Article Addressed to:

Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

COMPLETE THIS SECTION ON DELIVERY

- A. Signature [Signature] ☒ Agent ☐ Addressee
- B. Received by (Printed Name) [Signature] C. Date of Delivery 11-30-03
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label) 7000 0520 0021 3171 9040

PS Form 3811, August 2001

Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

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

Article Addressed to:

Mr. Norman Hahn
1609 N. Main
Jayton, TX 79528

COMPLETE THIS SECTION ON DELIVERY

- A. Signature [Signature] ☒ Agent ☐ Addressee
- B. Received by (Printed Name) [Signature] C. Date of Delivery 11-3-03
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number

(Transfer from service label) 7000 0520 0021 3171 9033

PS Form 3811, August 2001

Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

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

Article Addressed to:

Yates Petroleum Corp.
104 S. 4th Street
Artesia, NM 88210

COMPLETE THIS SECTION ON DELIVERY

- A. Signature [Signature] ☒ Agent ☐ Addressee
- B. Received by (Printed Name) [Signature] C. Date of Delivery NOV 10 2003
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label) 7000 0520 0021 3171 9019

PS Form 3811, August 2001

Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

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

Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

- A. Signature [Signature] ☒ Agent ☐ Addressee
- B. Received by (Printed Name) [Signature] C. Date of Delivery NOV 10 2003
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label) 7000 0520 0021 3171 9002

PS Form 3811, August 2001

Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Tipton Oil & Gas Acquisitions
P.O. Box 1234
Lovington, NM 88260

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent ☐ Addressee

B. Received by (Printed Name) Lynn Tipton C. Date of Delivery

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

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label) 7000 0520 0021 3171 9026

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-911/1-040