app in originally 10/14/09

PTGW 092875-4983

SWD-1215 as of 4/13/10

RECEIVED
2009 OCT 9 AM 10 52

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
OIL PRODUCERS
325 NORTH ST. PAUL*SUITE 4300
DALLAS, TEXAS 7520

OFFICE: 432-550-8887
FAX: 432-366-0743

Susp 10/8/09

October 6, 2009

JCT "24" Federal Well No. 1
Well was drilled in '47

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

RE: J. Cleo Thompson
JCT Federal 24 Lease
Well No. 001
Lea County, New Mexico

Ladies and Gentlemen:
Enclosed you will find the following information and our request to inject produced water into the above well into a formation not productive of oil or gas.

1. Original and a copy of Form C-108. (A copy was sent to the District Office)
2. Map that identifies all wells and leases within 2 miles and a ½-mile radius circle defining the area of review.
3. Tabulation of wells within the area of review.
4. Schematic of P&A'd well within area of review.
5. Data on the proposed operation
6. Injection water analysis and formation water analysis
7. Proposed wellbore schematic with appropriate geological data on aquifers, isolating mechanism,
8. No stimulation program anticipated.
9. Appropriate logs
10. Chemical analysis from 2 water wells in the area
11. Geological statement concerning hydrologic connection
12. Proof of Notice
    a. Copy of certified letters and receipt of same from surface owner and each lease-hold operator within ½-mile of the well.
    b. Copy of newspaper legal notice and affidavit of same.

If additional information is required, please contact Carole Stevens at 432/550-8887 or by email at carolestevens@cableone.net.

Sincerely,

Carole K. Stevens
Engineer

JCTOCDletter

STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
SANTA FE, NEW MEXICO 87505

Form C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE : _____ Secondary Recovery _____ Pressure Maintenance __X__ Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No

II. OPERATOR: THOMPSON, J. CLEO

ADDRESS : P. O. BOX 12577, ODESSA, TX 79768

CONTACT PARTY : JIM STEVENS PHONE : (432)550-8887

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? _____ 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 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: J. E. STEVENS TITLE: OPERATIONS MANAGER

SIGNATURE: J E Stevens DATE: 08/19/2009

E-MAIL ADDRESS: jstevens@jcleo.com

* If the information required under Sections VI, VHI, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

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

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

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement,.and how such top was determined.

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

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

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

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

(1) The name of the injection formation and, if applicable, the field or pool name.

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

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

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

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

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

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505 within 15 days.

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

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

Side 1

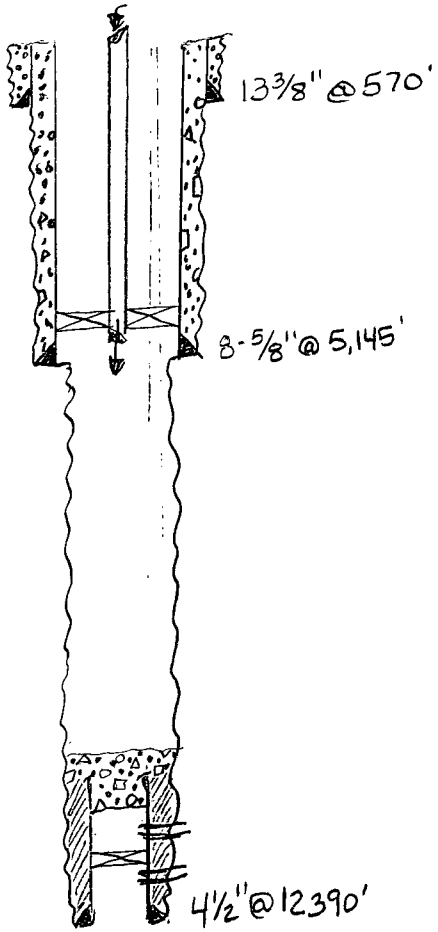
INJECTION WELL DATA SHEET

OPERATOR: THOMPSON, J. CLEO

WELL NAME & NUMBER: JCT FEDERAL 24 WELL NO. 001

WELL LOCATION:	438' FNL & 860.4' FEL	A	24	T9S	R37E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

* PROPOSED * ***WELLBORE SCHEMATIC***



* Propose to cut and pull csg @ 10,000'
Plug w/ 200' cement.

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17-1/2" Casing Size: 13-3/8" @ 570'

Cemented wtih: 500 sx. *or* - ft^3

Top of Cement: SURFACE Method Determined: CIRCULATED

Intermediate Casing

Hole Size: 11" Casing Size: 8-5/8" @ 5,145'

Cemented with: 1,700 sx. *or* - ft^3

Top of Cement: SURFACE Method Detemined: CIRCULATED

Production Casing

Hole Size: 7-7/8" Casing Size: 4-1/2" @ 12,390'

Cemented with: 630 sx. *or* - ft^3

Top of Cement: 10,000' Method Determined: CBL

Total Depth: 12,390'

Injection Interval

5,145' feet to ~~9,800'~~ 5,940' after LOG analysis

(Peforated or Open Hole indicated which)

INJECTION WELL DATA SHEET

Tubing Size: 2-3/8" Lining Material: PLASTIC

Type of Packer: ARROWSET 1X

Packer Setting Depth: 5,135'

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

Additional Data

1. Is This a new well drilled for injection? _____Yes __X__No

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

2. Name of the Injected Formation: GLORIETTA (5632'),TUBB (6970'),WOLFCAMP (8934'),PENN (9700')

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

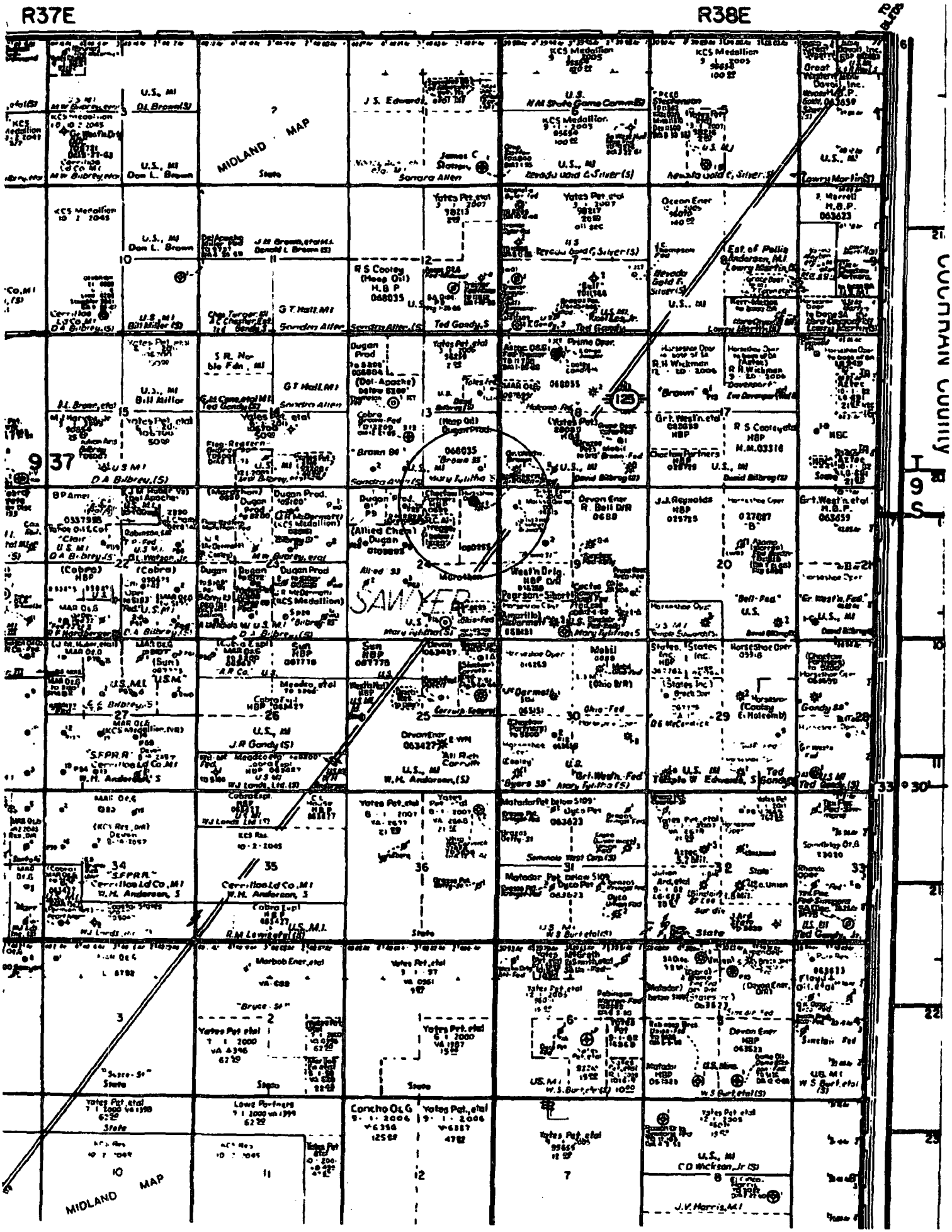
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

   ATOKA 11,662'-11,682 & 11,708' - 11,726' WILL BE BENEATH 200' CEMENT PLUG

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injected zone in this area: SAWYER SAN ANDRES 4,915 - 5,011'

THOMPSON, J. CLEO
JCT FEDERAL 24 WELL NO. 1
API NO. 30-025-38569
A-24-9S-37E

Average Injection Rate:	300 BPD
Max Injection Rate:	1,000 BPD
Est. Project Life Injection Volume:	3,650,000 Barrels
System:	Closed
Average Injection Pressure:	1500 psi
Max. Injection Pressure:	2500 psi
Source of Injected Fluid:	Devonian


R37E
R38E
MIDLAND MAP
MIDLAND MAP
SAWYER
T 9 S
U.S., MI
D A Bilbrey,(S)
Bill Miller
Don L. Brown
Ted Gandy,S
Sandra Allen
W.H. Anderson,S
J.R Gandy (S)
Cerrillos Ld Co.,MI
S.F.P.R.
Mary Lythia S
Tedd W Edwards, S
J.V. Harris,MI
C.D Wickson,Jr (S)
W.S Burt,etal(S)
Lowry Martin(S)
David Bilbrey(S)
Ted Gandy Jr.
Dan Tarpley(S)
Jerry Allen(S)
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Brown Fed
Ohio Fed
Amoco Fed
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Gandy 970
Gandy 971
Gandy 972
Gandy 973
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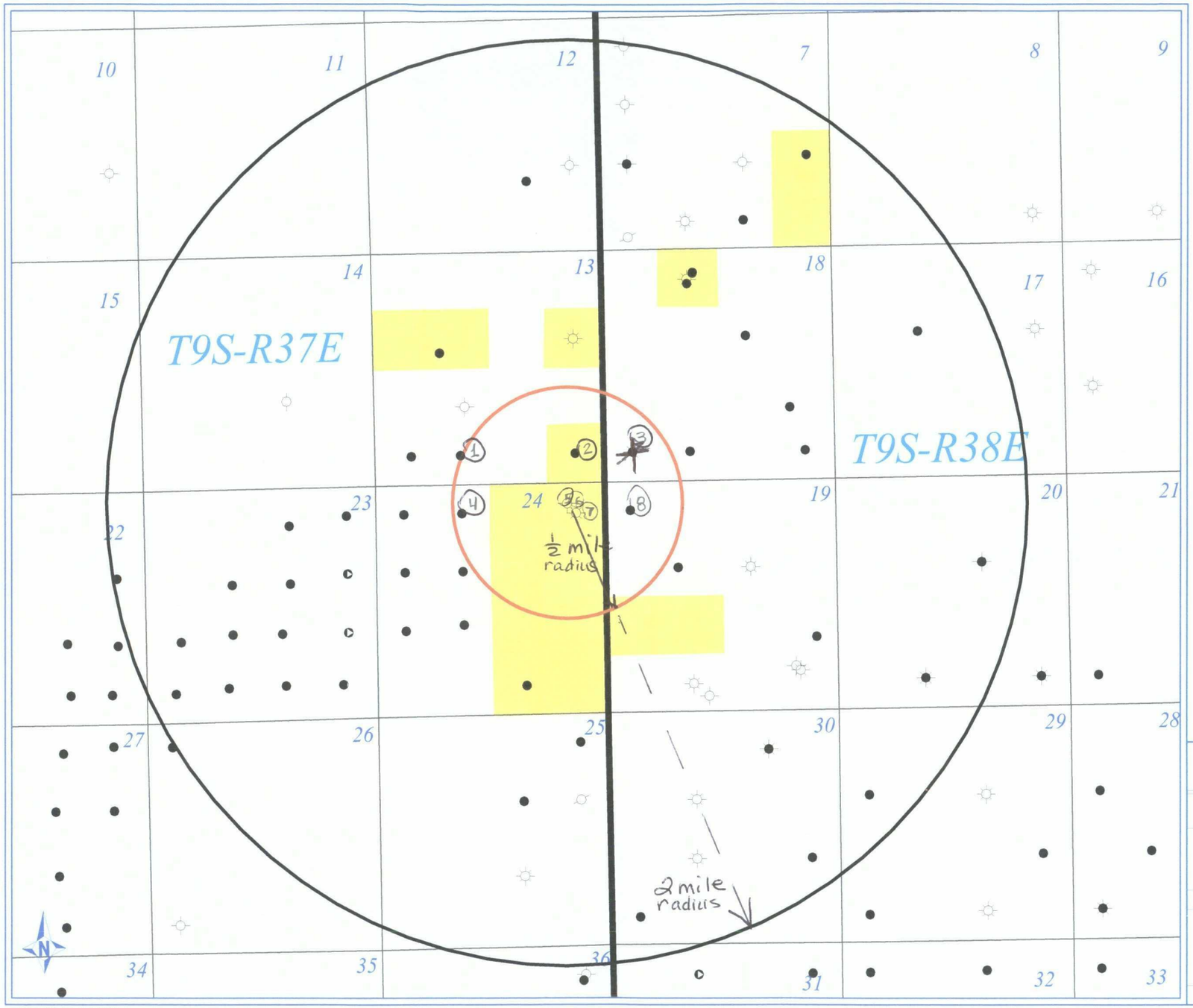
Gandy 998
Gandy 999
Gandy 1000



Numbers @ well symbol correspond to "Key Well No." on Table of wells.

J. Cleo Thompson

JCT Federal 24-1 Hearing

All Wells

Lea County, New Mexico

By: JDRB

0 3,000

FEET

June 3, 2009 1:38 PM

PETRA 6/3/2009 1:38:27 PM

Thompson. J. Cleo
JCT 24 Federal Well No. 001
A-24-9S-37E
Lea County, NM

Table of Wells Within
Half (1/2) Mile Radius

Key Well No.

1. **BROWN 84 WELL NO. 001**
N-13-9S-37E
8-5/8" @ 415'
4-1/2' @ 5099'
Drilled: 01/1971
Producing San Andres Oil Well

Dugan Production
30-025-23881
660' FSL & 1980' FWL

TD: 5100'

2. **BROWN 35 WELL NO. 001**
P-13-9S-37E
8-5/8" @ 414'
4-1/2' @ 5020'
Drilled: 08/1965
Producing San Andres Gas Well

Dugan Production
30-025-21234
660' FSL & 660' FEL

TD: 5020'

3. **PRE-ONGARD WELL NO. 001**
M-18-9S-38E
10-3/4" @ 292'
5-1/2" @ 4955'
Drilled: Dec-48
Plugged San Andres Well (Schematic Attached)

Great Western Drilling Co.
30-025-07060
660' FSL & 660' FWL

TD: 4982'

4. **BROWN 93 WELL NO. 001**
C-24-9S-37E
8-5/8" @ 425'
4-1/2" @ 5050'
Drilled: Dec-71
Producing San Andres Well

Dugan Production
30-025-23975

TD: 5050'

5. **JCT FEDERAL 24 WELL NO. 001**
WELL OF INTEREST

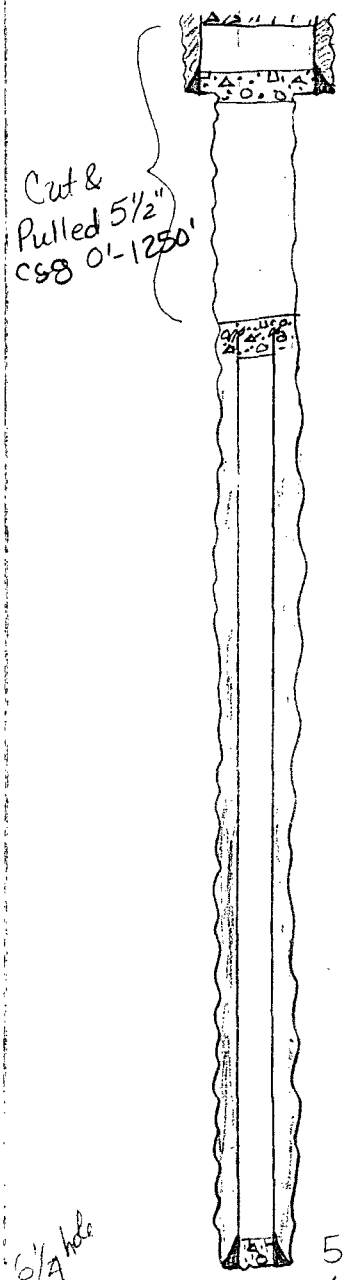
6. **AIKMAN 24 FEDERAL WELL NO. 001**
A-24-9S-37E
NO WELL, DRILLING PERMIT EXPIRED

30-025-33976

7. **AIKMAN FEDERAL WELL NO. 001** — Cobra Oil & Gas/Element Petroleum
A-24-9S-37E — 30-025-04976
8-5/8" @404' — 660' FNL & 660' FEL
4-1/2" @ 5014'
DRILLED: Dec – 60 — TD: 5025'
Producing San Andres Gas Well

8. **BROWN 51 WELL NO. 001** — Orbit Petroleum
D-18-9S-38E — 30-025-07061
13-3/8" @ 323' — 660' FNL & 528' FWL
7" @ 4925'
4-1/2" @ 4969'
Drilled: Jan – 47 — TD: 5002'
SI San Andres Well
NOTE: OCD has requested P&A by 03/15/2008. No further information is available.

Pre-Ongard #1
30-025-07060
M-18-9S-37E



Plug 4: 50' cmt. 0'-50'

Plug 3: 100' CMT @ casing seat

Shot off csg @ 1250'. Pulled csg
Plug 2: 1200'-1350'

Plug 1: CMT Plug
4850'-4982'

Permian Treating Chemicals, Inc.
WATER ANALYSIS REPORT

SAMPLE

Oil Co. : **J. Cleo Thompson**
Lease : **Fed 7**
Well No.: **#1** Devonian
Location:
Attention:

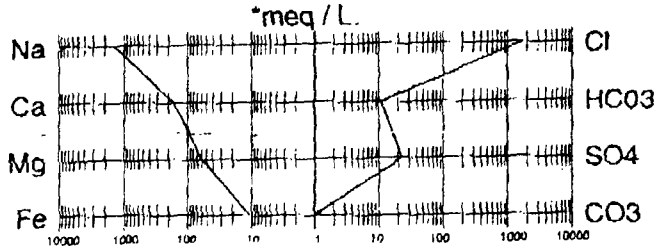
Date Sampled : **17-December-2007**
Date Analyzed: **26-December-2007**
Lab ID Number: **Dec2607.002- 1**
Salesperson :
File Name : **Dec2607.002**

ANALYSIS

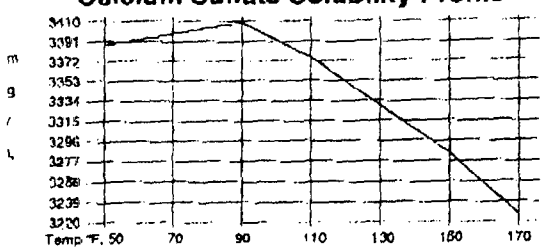
1.	Ph			6.190		
2.	Specific Gravity 60/60 F.			1.080		
3.	CACO3 Saturation Index		@ 80F	-0.246	Negligible	
			@140F	0.674	Moderate	
				MG/L.	EQ. WT.	*MEQ/L
	Dissolved Gasses					
4.	Hydrogen Sulfide			Not Present		
5.	Carbon Dioxide			Not Determined		
6.	Dissolved Oxygen			Not Determined		
	Cations					
7.	Calcium	(Ca++)		3,174	/ 20.1 =	157.91
8.	Magnesium	(Mg++)		700	/ 12.2 =	57.38
9.	Sodium	(Na+)	(Calculated)	32,754	/ 23.0 =	1,424.09
10.	Barium	(Ba++)		Not Determined		
	Anions					
11.	Hydroxyl	(OH-)		0	/ 17.0 =	0.00
12.	Carbonate	(CO3=)		0	/ 30.0 =	0.00
13.	Bicarbonate	(HCO3-)		633	/ 61.1 =	10.36
14.	Sulfate	(SO4=)		1,100	/ 48.8 =	22.54
15.	Chloride	(Cl-)		56,987	/ 35.5 =	1,605.27
16.	Total Dissolved Solids			95,348		
17.	Total Iron	(Fe)		191.00	/ 18.2 =	10.49
18.	Manganese	(Mn++)		Not Determined		
19.	Total Hardness as CaCO3			10,810		
20.	Resistivity @ 75 F. (Calculated)			0.099 Ohm · meters		

LOGARITHMIC WATER PATTERN

*meq / L.



Calcium Sulfate Solubility Profile



PROBABLE MINERAL COMPOSITION

COMPOUND	*meq/L	X	EQ. WT.	=	mg/L.
Ca(HCO3)2	10.36		81.04		840
CaSO4	22.54		68.07		1,534
CaCl2	125.01		55.50		6,938
Mg(HCO3)2	0.00		73.17		0
MgSO4	0.00		60.19		0
MgCl2	57.38		47.62		2,732
NaHCO3	0.00		84.00		0
NaSO4	0.00		71.03		0
NaCl	1,422.88		58.46		83,182

* milliequivalents per Liter

Kevin Byrne

Kevin Byrne, Analyst

Glorietta

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Well R J BYERS 001
API = 3002507907
Formation = GLO
Field = GARRETT EAST

Instructions:

Click For general information about this sample.

Click For scale calculation pages (Stiff-Davis or Oddo Tomson methods).

Click To select **this water sample** for water mixing. It will lead to the main page, and add the sample ID to the mixing table.

Click 664 Click the hyperlinked sample number to make a .csv for that sample, **or** select several check boxes and click Submit for multiple samples

The ions are in (mg/L) units.

	SampleID	T	R	S	SO4	CL	CO3	HCO3	K	Na	Ca	Mg
☐	4264	16S	39E	29	3550	13300	null	1880	null	null	null	null
☐	4398	16S	39E	29	3025	11770	null	878	null	null	null	null

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech APRAC

Wolfcamp

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Well PHILLIPS STATE 001
API = 3002503659
Formation = WOLF
Field = CINDY

Instructions:

Click For general information about this sample.

Click For scale calculation pages (Stiff-Davis or Oddo Tomson methods).

Click To select **this water sample** for water mixing. It will lead to the main page, and add the sample ID to the mixing table.

Click 664 Click the hyperlinked sample number to make a .csv for that sample, or select several check boxes and click Submit for multiple samples

The ions are in (mg/L) units.

	SampleID	T	R	S	SO4	CL	CO3	HCO3	K	Na	Ca	Mg
☐	5458	11S	36E	22	875	47400	null	354	null	null	null	null
☐	2267	11S	36E	22	361	73370	null	171	null	null	null	null

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech APRC

Penn

NM WAIDS

DATA MAPS HOME SCALE CORROSION

Water Samples for Well ODC C 002
API = 3002504945
Formation = PENN
Field = ALLISON

Instructions:

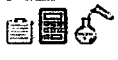
Click  For general information about this sample.

Click  For scale calculation pages (Stiff-Davis or Oddo Tomson methods).

Click  To select **this water sample** for water mixing. It will lead to the main page, and add the sample ID to the mixing table.

Click 664 Click the hyperlinked sample number to make a .csv for that sample, **or** select several check boxes and click Submit for multiple samples

The ions are in (mg/L) units.

	SampleID	T	R	S	SO4	CL	CO3	HCO3	K	Na	Ca	Mg
☐	4819 	09S	37E	04	460	71000	null	273	null	null	null	null

☐ SELECT/DESELECT ALL

Submit

JCT Federal 24 #1

30-025-38569

Lea County
Sec. 24. T9S R37E

Water Zone 0-270'
Lea County Basin Extension

13-3/8" @ 570'
500 SXS Toc : Circ

ISOLATING MECHANISH
Rustler 2290'- 2930'
640' of solid Anhydrite & Shale/Anhydrite Mix

San Andres @ ~ 4920' - 5010'

8-5/8" @ 5,145'
1700 SXS Toc: circ

Glorietta @ 5632'
Dolomite, Sand, Shale

Tubb @ 6970'
Dolomite, Shale, Sand

Requested Inj. Zone
5145'-9800'

Wolfcamp @ 8934'
Chert, Lime, Dolomite, Shale

Penn @ 9,680'
Lime, shale

PROPOSED
200' CMT CAP

Atoka Perfs
11662-11682,
CIBP @ 11700
Atoka Perfs
11708'-11726'

Devonian 12,288'

4-1/2" @ 12,390'
630 SKS, TOC@ 10,000 (CBL)

Permian Treating Chemicals, Inc.
WATER ANALYSIS REPORT

SAMPLE

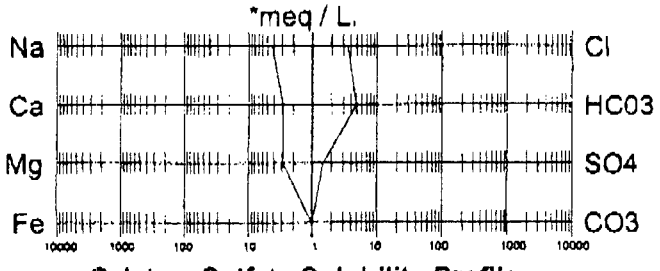
Oil Co. : **J. Cleo Thompson**
Lease : **Federal 24**
Well No.: **# 1** Fresh water well
Location:
Attention: East of Fed 24 #1 approx 250 yards

Date Sampled : **28-March-2008**
Date Analyzed: **01-April-2008**
Lab ID Number: **Apr0108.002- 1**
Salesperson :
File Name : **Apr0108.002**

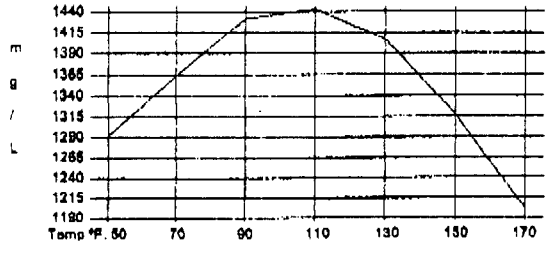
ANALYSIS

1.	Ph			7.640		
2.	Specific Gravity 60/60 F.			1.008		
3.	CACO3 Saturation Index	@ 80F		0.772	Moderate	
		@140F		1.372	Severe	
	Dissolved Gasses			MG/L.	EQ. WT.	*MEQ/L
4.	Hydrogen Sulfide			Not Present		
5.	Carbon Dioxide			Not Determined		
6.	Dissolved Oxygen			Not Determined		
	Cations					
7.	Calcium	(Ca++)		54	/ 20.1 =	2.69
8.	Magnesium	(Mg++)		33	/ 12.2 =	2.70
9.	Sodium	(Na+)	(Calculated)	93	/ 23.0 =	4.04
10.	Barium	(Ba++)		6	/ 68.7 =	0.09
	Anions					
11.	Hydroxyl	(OH-)		0	/ 17.0 =	0.00
12.	Carbonate	(CO3=)		0	/ 30.0 =	0.00
13.	Bicarbonate	(HCO3-)		281	/ 61.1 =	4.60
14.	Sulfate	(SO4=)		70	/ 48.8 =	1.43
15.	Chloride	(Cl-)		120	/ 35.5 =	3.38
16.	Total Dissolved Solids			657		
17.	Total Iron	(Fe)		3.00	/ 18.2 =	0.16
18.	Manganese	(Mn++)		Not Determined		
19.	Total Hardness as CaCO3			269		
20.	Resistivity @ 75 F. (Calculated)			2.645 Ohm · meters		

LOGARITHMIC WATER PATTERN



Calcium Sulfate Solubility Profile



PROBABLE MINERAL COMPOSITION

COMPOUND	*meq/L	X	EQ. WT.	=	mg/L.
Ca(HCO3)2	2.69		81.04		218
CaSO4	0.00		68.07		0
CaCl2	0.00		55.50		0
Mg(HCO3)2	1.91		73.17		140
MgSO4	0.79		60.19		48
MgCl2	0.00		47.62		0
NaHCO3	0.00		84.00		0
NaSO4	0.55		71.03		39
NaCl	3.38		58.46		198

* milliequivalents per Liter

Kevin Byrne, Analyst

Permian Treating Chemicals, Inc.
WATER ANALYSIS REPORT

SAMPLE

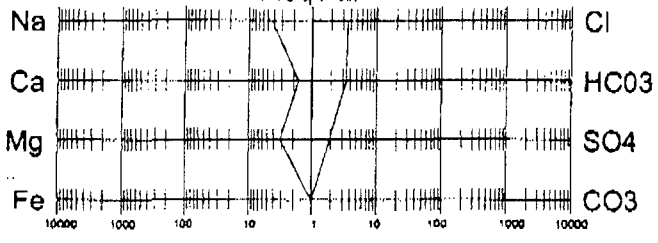
Oil Co. : **J. Cleo Thompson**
Lease : **Federal 24**
Well No.: **# 2** Fresh water well
Location: South East of Fed 24 #1
Attention: approx 1/2 mile

Date Sampled : **28-March-2008**
Date Analyzed: **01-April-2008**
Lab ID Number: **Apr0108.002- 2**
Salesperson :
File Name : **Apr0108.002**

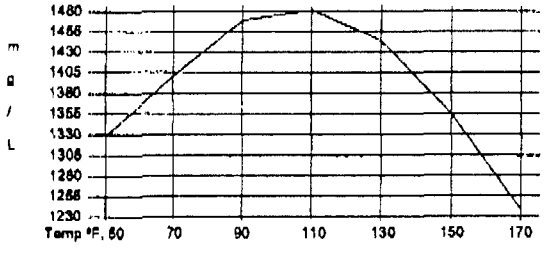
ANALYSIS

1.	Ph			8.450		
2.	Specific Gravity 60/60 F.			1.005		
3.	CACO3 Saturation Index	@ 80F		1.185	Moderate	
		@140F		1.785	Severe	
	Dissolved Gasses			MG/L.	EQ. WT.	*MEQ/L
4.	Hydrogen Sulfide			Not Present		
5.	Carbon Dioxide			Not Determined		
6.	Dissolved Oxygen			Not Determined		
	Cations					
7.	Calcium	(Ca++)		31	/ 20.1 =	1.54
8.	Magnesium	(Mg++)		35	/ 12.2 =	2.87
9.	Sodium	(Na+)	(Calculated)	94	/ 23.0 =	4.09
10.	Barium	(Ba++)		Below 10		
	Anions					
11.	Hydroxyl	(OH-)		0	/ 17.0 =	0.00
12.	Carbonate	(CO3=)		17	/ 30.0 =	0.00
13.	Bicarbonate	(HCO3-)		199	/ 61.1 =	3.26
14.	Sulfate	(SO4=)		90	/ 48.8 =	1.84
15.	Chloride	(Cl-)		120	/ 35.5 =	3.38
16.	Total Dissolved Solids			569		
17.	Total Iron	(Fe)		1.50	/ 18.2 =	0.08
18.	Manganese	(Mn++)		Not Determined		
19.	Total Hardness as CaCO3			221		
20.	Resistivity @ 75 F. (Calculated)			2.637 Ohm · meters		

LOGARITHMIC WATER PATTERN



Calcium Sulfate Solubility Profile



PROBABLE MINERAL COMPOSITION

COMPOUND	*meq/L	X	EQ. WT.	=	mg/L.
Ca(HCO3)2	1.54		81.04		125
CaSO4	0.00		68.07		0
CaCl2	0.00		55.50		0
Mg(HCO3)2	1.71		73.17		125
MgSO4	1.15		60.19		69
MgCl2	0.00		47.62		0
NaHCO3	0.00		84.00		0
NaSO4	0.69		71.03		49
NaCl	3.38		58.46		198

* milliequivalents per Liter

Kevin Byrne, Analyst

J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.
117 WEST YUKON RD. ODESSA, TEXAS 79768-2577

Monday, August 17, 2009

JCT Federal 24 #1
Section 24, T9S-R37E
Lea County, New Mexico

To whom it may concern:

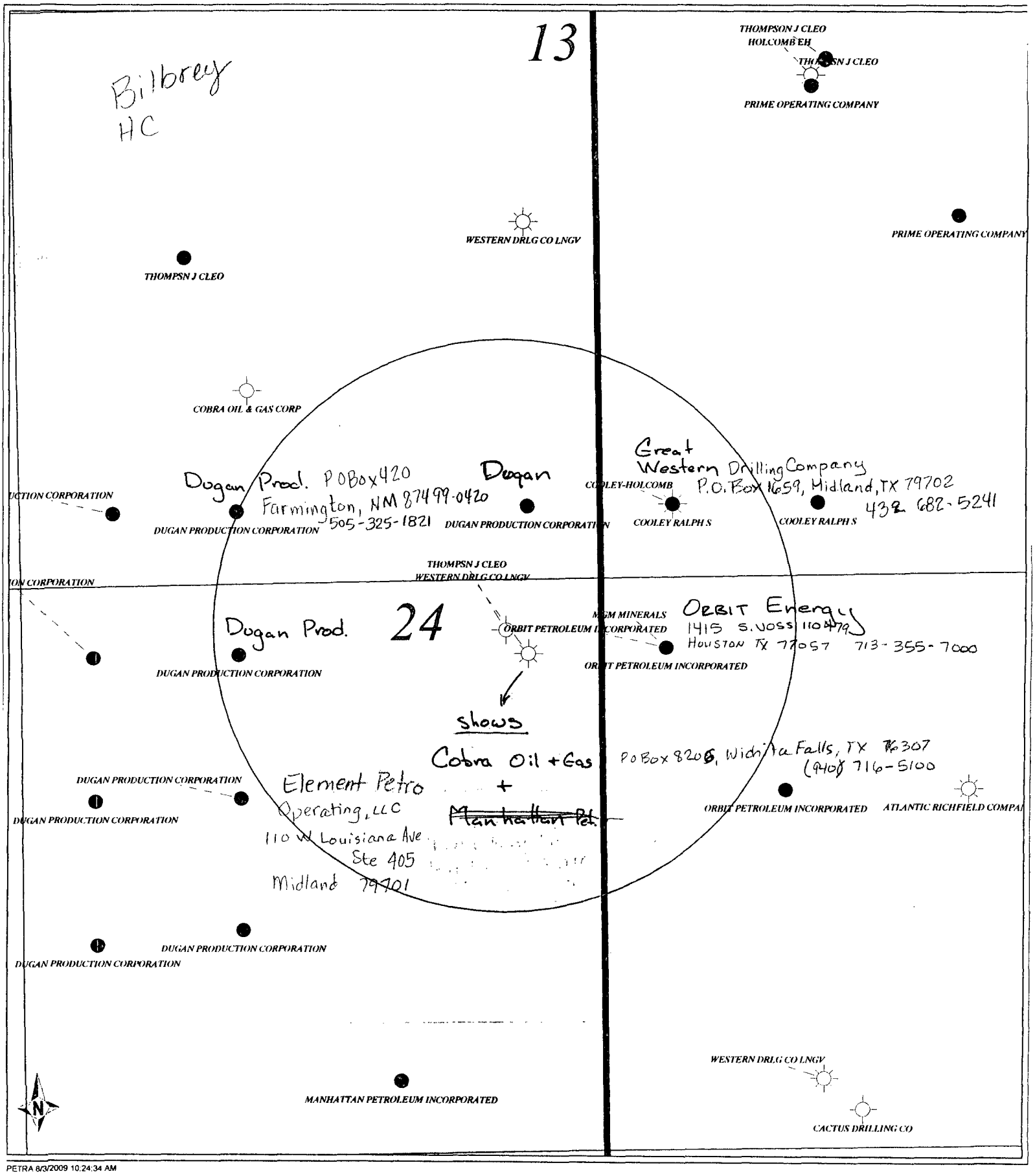
I was asked to review all geologic data to determine if there was any evidence of hydrologic communication between the injection interval and known drinking water. After this review, I see no evidence of possible communication.

We have access to a confidential 3-D seismic survey and there are no indications of any faults that connect the injection interval, 5,145' – 9,800', with shallower zones, specifically the San Andres at 4,920' and the Lea County Basin Extension from surface to approximately 270'. There are multiple large shale zones and evaporitic sections that will also prohibit communication.

If you have any further questions regarding this review, please feel free to call me at 432-550-8887.

Sincerely:

Jeff Bryden
Exploration Manager
J. Cleo Thompson
Texas PG #3673
(w) 432-550-8887
(c) 432-661-0171



PETRA 8/3/2009 10:24:34 AM

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

September 23, 2009

Cobra Oil & Gas
P O Box 8206
Wichita Falls, Texas 76307

RE: JCT FEDERAL 24 WELL NO. 1
WATER INJECTION APPLICATION

Dear Ladies and Gentlemen:
It is the intention of J. Cleo Thompson to convert the above mentioned well to water disposal. As part of the injection application with the New Mexico Oil Conservation Division, we are obligated to furnish to you a copy of our application, which you will find enclosed.

If you have any questions, please don't hesitate to call at the above number, or feel free to email me at carolestevens@cableone.net.

Sincerely,

Carole K. Stevens
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.

1. Article Addressed to:
Cobra Oil & Gas
Attn: Darcy
P.O. Box 8206
Wichita Falls, TX
76307

COMPLETE THIS SECTION ON DELIVERY

A. Signature x Darcy McGill ☐ Agent ☐ Addressee

B. Received by (Printed Name) Darcy McGill C. Date of Delivery 9/29/09

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

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandis
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 2680 0002 1890 2901

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1

Due to an error by the United States Post Office, this letter is being resent. Please note, the original letter was sent August 19, 2009.

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

August 19, 2009

Great Western Drilling Company
P O Box 1659
Midland, Texas 79702-1659

RE: JCT FEDERAL 24 WELL NO. 1
WATER INJECTION APPLICATION

Dear Ladies and Gentlemen:
It is the intention of J. Cleo Thompson to convert the above mentioned well to water disposal. As part of the injection application with the New Mexico Oil Conservation Division, we are obligated to furnish to you a copy of our application, which you will find enclosed.

If you have any questions, please don't hesitate to call at the above number, or feel free to email me at carolestevens@cableone.net.

Sincerely,

Carole K. Stevens
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.

1. Article Addressed to:
Great Western Drilling Co.
P.O. Box 1659
Midland, TX 79702-1659

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X D. Bell ☑ Agent ☐ Addressee

B. Received by (Printed Name) D. Bell C. Date of Delivery 8/21

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

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

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7009 1410 0000 6261 2241

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

August 19, 2009

Mr. David Bilbrey
HC 65
Box 55
Crossroads, New Mexico 88114

RE: JCT FEDERAL 24 WELL NO. 1
WATER INJECTION APPLICATION

Dear Mr. Bilbrey:
It is the intention of J. Cleo Thompson to convert the above mentioned well to water disposal. As part of the injection application with the New Mexico Oil Conservation Division, we are obligated to furnish to you a copy of our application, which you will find enclosed.

If you have any questions, please don't hesitate to call at the above number, or feel free to email me at carolestevens@cableone.net.

Sincerely,

Carole K. Stevens
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.

1. Article Addressed to:
Mr. David Bildrey
HC 65
BOX 55
Crossroads, NM 88114

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

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

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

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7009 1410 0000 6261 2227

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.

WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

August 19, 2009

Element Petroleum, LLC
110 W Louisiana Suite 405
Midland, Texas 79701

RE: JCT FEDERAL 24 WELL NO. 1
WATER INJECTION APPLICATION

Dear Ladies and Gentlemen:
It is the intention of J. Cleo Thompson to convert the above mentioned well to water disposal. As part of the injection application with the New Mexico Oil Conservation Division, we are obligated to furnish to you a copy of our application, which you will find enclosed.

If you have any questions, please don't hesitate to call at the above number, or feel free to email me at carolestevens@cableone.net.

Sincerely,

Carole K. Stevens
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.

1. Article Addressed to:
Element Petroleum, LLC
110 W. Louisiana
Ste. 405
Midland, Tx 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) Jeff Lamar
C. Date of Delivery 8-20-09

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

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

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7009 1410 0000 6261 2234

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

August 19, 2009

Dugan Production
P O Box 420
Farmington, New Mexico 87499-0420

RE: JCT FEDERAL 24 WELL NO. 1
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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dugan Production
P.O. Box 420
Farmington, NM
87499-0420

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Tom Dugan ☐ Agent ☐ Addressee

B. Received by (Printed Name) Tom Dugan C. Date of Delivery 8-25-09

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

420

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) 7009 1410 0000 6261 2265

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.

WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

August 19, 2009

Orbit Energy
1415 South Voss 110479
Houston, Texas 77057

RE: JCT FEDERAL 24 WELL NO. 1
WATER INJECTION APPLICATION

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1. Article Addressed to:

Orbit Energy
1415 S. VOSS 110479
Houston, TX 77057

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Turquoise Stanfield ☐ Agent ☐ Addressee

B. Received by (Printed Name) Turquoise Stanfield
C. Date of Delivery 8/24/09

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

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7009 1410 0000 6216 2258

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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 Advertisting 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 LOVINGTON LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of August 22, 2009 and ending with the issue of August 22, 2009.

And that the cost of publishing said notice is the sum of $36.27 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 3rd day of September 2009

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2010

LEGAL NOTICE
NOTICE OF
APPLICATION FOR
FLUID INJECTION
WELL PERMIT

J. Cleo Thompson, 325 N St. Paul, Suite 4300, Dallas, TX 75201 is applying to the New Mexico Oil and Gas Conservation Division for a permit to dispose of produced salt water by well injection into a formation that is not known to be productive of oil or gas.

The applicant proposes to dispose of salt water into the Glorietta formation; Tubb formation; Wolfcamp formation; and Penn formation at a depth of 5,632 feet to 9,800 feet in the JCT 24 Federal Well No. 001 located 438' FNL & 860' FEL, Unit Letter "A", Section 24, Township 9S, Range 37E in the Sawyer Field, Lea County, New Mexico.

Requests for a public hearing from persons who can show they are adversely affected or requests for further information concerning any aspect of the application should be submitted, in writing within fifteen days of publication to the Oil and Gas Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505.

Published in the Lovington Leader August 22, 2009.

D 6RID

11181

Jones, William V., EMNRD

From: Wesley_Ingram@blm.gov
Sent: Thursday, November 12, 2009 12:11 PM
To: carolestevens@cableone.net
Cc: Jones, William V., EMNRD
Subject: Re: Large Open Hole Injection Interval

Carole,

I have been looking at the JCT Federal 24 Well #1 request for the large open hole injection interval and have the following comments.

An interval of that length does not fit the BLM criteria for open hole areas in a plugged well, which would result in this project requiring a variance.
The BLM allows a maximum of 2000' between plugs in open hole.
Therefore, to improve the chance of approval, an injection survey (tracer/temperature/pressure) would be required.
Then the survey can be reviewed to determine the best approach to allow injection in this well.
If the project is approved for the entire length, injection surveys would be required (possibly yearly).

In reviewing the data on wells in this area, the majority of the production has been in the San Andres formation.
There are some instances of production in the Atoka and Morrow formations.
Apparently, this well did not indicate any shows below the Glorietta and to the Penn formations.
Would you please confirm this? It doesn't appear that a mud logger was on location.
The operator would need to provide a detailed review of wells in this township and the one to the east to confirm that no hydrocarbon zones are in the injection zones of interest.

The following determinations were made based on a permitted injection pressure of 0.22 psi/ft.

Injection at 5632' at an initial injection pressure of 0.22 psi/ft using 9.0 ppg produced water would result in a pressure at the formation of 3875 psig. This results in a fracture gradient of 0.69.

Using the same process for the Tubb at 6970' will result in a pressure at the formation of 4795 psig. The fracture gradient is 0.69. However, the fracture gradient for the Glorietta will now increase to 0.74.

Using the same process for the Wolfcamp at 8934' will result in a pressure at the formation of 6147 psig. The fracture gradient is 0.69. However, the fracture gradient for the Glorietta will now increase to 0.82 and the Tubb will be 0.75.

Using the same process for the Penn at 9680' will result in a pressure at the formation of 6660 psig. The frac gradient is 0.69. However, the fracture gradient for the Glorietta will now increase to 0.85, the Tubb will be 0.77 and the Wolfcamp will be 0.71.

Therefore, it will be necessary to confirm that the fracture gradient for these formations would be able to withstand these pressures. If not, the standard injection pressure limitation would have to be reduced for the lower zones. In addition, these pressure regimes would have to be reevaluated for any request to increase injection pressure.

Thanks, Wesley

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, November 19, 2009 12:36 PM
To: 'carolestevens@cableone.net'; 'jstevens@jcleo.com'
Cc: 'Wesley_Ingram@blm.gov'; Ezeanyim, Richard, EMNRD; Hill, Larry, EMNRD; Warnell, Terry G, EMNRD
Subject: Disposal application from J Cleo Thompson: JCT 24 Fed #1 30-025-38569 Open hole interval: 5145 to 9800 Lower San Andres through Upper Penn

Hello:
After reviewing your application I have some comments and questions:

1. First of all, Thank You for submitting a thorough and easy to read application – it is nice when we get one such as this.

2. The big open hole interval is the primary concern of OCD (and of BLM as I understand it), the OCD has rarely approved one with this big an interval and always have required tracer/temp surveys within 6 months and periodically thereafter in order to ensure disposal is not rounding the intermediate casing shoe or going below the bottom plug and also to see which intervals are actually being charged with foreign waters. The trouble is, even though this is required, our records indicate that operators are not complying with this requirement – so it takes time for legal and compliance action that could have been spent elsewhere.

3. The only nearby producing formations that I can find within this interval are the Upper Penn which is within about 3 miles. The Wolfcamp has been another target and bailout interval in some other Devonian producing areas and the Wolfcamp oil and Wolfcamp gas has also been horizontal drilling targets many miles away. You sent porosity logs which were not too promising for porosity over this proposed interval. Assume you also have laterologs over this interval?

    a. Would you please send a standard digital computer log analysis using all available logs over this proposed disposal interval.
    b. and also send a copy of the Mudlog over this interval (if Mudloggers were on site for these depths).
    c. Drill time plot over this interval – as long as it is easily available from modern digital drill records and not included in the Mudlog. I assume the old geolograph is no longer the standard while drilling.

4. Send your engineering comments as to:
    a. Well productivity by formation or depth
    b. Well suitability for injection and which intervals are predicted to be most permeable.
    c. Whether you would be willing to exclude the deeper depths – such as below the Wolfcamp.
    d. Whether J. Cleo Thompson would actually run the required tracer/temp survey(s) if it were a requirement.

Thank You,

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

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, November 25, 2009 10:18 AM
To: 'carolestevens@cableone.net'
Cc: 'Wesley Ingram'; Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD; Kautz, Paul, EMNRD
Subject: RE: JCT Federal 24 #1

Carol:
I would like this much better.
As I understand it, the intended open hole would include the San Andres, Glorieta, Paddock, and Blinebry (or Yeso section)?
And it would exclude the Tubb, Drinkard, Abo, Wolfcamp and the upper Penn formations that were originally proposed?

We still may require some due diligence on the hydrocarbon evaluation of the open hole section and an injection survey (after the well catches some pressure on the surface) – but you may have a mudlog and should have the LAS log files and a log analysis program and injection surveys are not hard to run.

We'll wait to see what Wesley has to say?

Thanks for this,

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

From: Carole Stevens [mailto:carolestevens@cableone.net]
Sent: Wednesday, November 25, 2009 10:45 AM
To: Jones, William V., EMNRD
Cc: 'Wesley Ingram'
Subject: JCT Federal 24 #1

Good Morning. J. Cleo THompson (JCT) has proposed to pull casing on this well and convert the 4500' of open hole to injection. This proposal was met with some hesitation by both NMOCD and BLM. Having re-grouped our thoughts and desires, JCT would like to propose that we still cut and pull casing at TOC on the 5-1/2" casing, which is down around 10,000' (CBL). Then we propose to set the required 100' cement plugs every 2,000' from the top of the cut casing to about 7,000' and request an injection interval from the base of the intermediate casing (5145') to the top of the plug. If this proposal sets better with both NMOCD and BLM, please respond back to me what I need to do to move ahead with this new proposal. As always, I can be reached to (432) 550-8887.

Have a great Thanksgiving.

-Carole Stevens

Jones, William V., EMNRD

From: Kautz, Paul, EMNRD
Sent: Wednesday, November 25, 2009 7:45 PM
To: Jones, William V., EMNRD
Subject: RE: JCT Federal 24 #1

Will

They are not including all of the Yeso. The Paddock & Blinebry is Upper Yeso.

They are excluding Tubb - Middle Yeso and the Drinkard - Lower Yeso

Paul

From: Jones, William V., EMNRD
Sent: Wed 11/25/2009 10:17 AM
To: carolestevens@cableone.net
Cc: 'Wesley Ingram'; Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD; Kautz, Paul, EMNRD
Subject: RE: JCT Federal 24 #1

Carol:
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-Carole Stevens

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, December 02, 2009 2:56 PM
To: 'carolestevens@cableone.net'
Cc: 'Wesley Ingram'; Kautz, Paul, EMNRD; Hill, Larry, EMNRD; Warnell, Terry G, EMNRD
Subject: RE: JCT Federal 24 #1

Hello Carol:
Would you please send a quick log hydrocarbon evaluation of this proposed open hole disposal interval from 5,145 feet to approx 7,000 feet and a copy of the mudlog or drill-time plot over this interval? Our geologist, Paul in Hobbs tells me this new interval includes the San Andres, Glorieta, and upper Yeso (Paddock and Blinebry).

Pending this, and unless Wesley objects, I can most likely recommend approval of the disposal application. We would ask you to run a log after disposal begins to determine where, vertically the water enters the wellbore. If the well is on a vacuum, it will be approximate, but still give some information.

Regards,

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

From: Carole Stevens [mailto:carolestevens@cableone.net]
Sent: Wednesday, November 25, 2009 10:45 AM
To: Jones, William V., EMNRD
Cc: 'Wesley Ingram'
Subject: JCT Federal 24 #1

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Have a great Thanksgiving.

-Carole Stevens

Jones, William V., EMNRD

From: Wesley_Ingram@blm.gov
Sent: Wednesday, December 02, 2009 3:41 PM
To: Jones, William V., EMNRD
Cc: carolestevens@cableone.net; Hill, Larry, EMNRD; Kautz, Paul, EMNRD; Warnell, Terry G, EMNRD; Wesley Ingram
Subject: RE: JCT Federal 24 #1

Will and Carole,

A quick review of the wells in the area indicate that the proposed injection zone from the San Andres to the upper Yeso should be okay.
The other San Andres production in the area is above the setting depth of the 8-5/8" casing on this well and therefore injection should not affect that production.

I am in agreement that a log will be necessary to determine actual depth of water injection.
The BLM will want to review the plug back program as a plug every 2000' may not meet our requirements for plugging different formations.
In addition, these are not 100' plugs, but 100' plus 10% for each thousand feet. A plug at 7000' is required to be 170' in length and a minimum of 25 sacks.

Thanks, Wesley

"Jones, William V., EMNRD" <William.V.Jones@state.nm.us>		To
	<carolestevens@cableone.net>	
		cc
12/02/2009 02:56 PM	"Wesley Ingram" <Wesley_Ingram@nm.blm.gov>, "Kautz, Paul, EMNRD" <paul.kautz@state.nm.us>, "Hill, Larry, EMNRD" <larry.hill@state.nm.us>, "Warnell, Terry G, EMNRD" <TerryG.Warnell@state.nm.us>	
		Subject
	RE: JCT Federal 24 #1	

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William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448
From: Carole Stevens [mailto:carolestevens@cableone.net]
Sent: Wednesday, November 25, 2009 10:45 AM
To: Jones, William V., EMNRD
Cc: 'Wesley Ingram'
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Have a great Thanksgiving.

-Carole Stevens

Jeff Bryden

From: Lance Smith [smithl@midland.oilfield.slb.com]
Sent: Tuesday, December 08, 2009 9:25 AM
To: jbryden@jcleo.com
Subject: ELAN on JCT Fed 24-1
Attachments: J_Cleo_JCT_Federal_24-1_PEX_ELAN_5000_7000_LAS_PDS.zip

Jeff,

Three major intervals stick out as potential injection/water zones in my opinion. These zones are in good hole and in dolomites with good porosity and perm.

The interval around them have bad hole so I'd be concerned about hydraulic isolation. I do not see a bond log that we did anywhere in the archives. The data quality was horrible due to hole conditions, I tried to flag the bad hole and I reconstructed RHOB & DT is those intervals with the help of transit times and the resistivity. Regular GR only, so clay volume may be underestimated and some sands may be more silt that what it suggests. Rw of 0.15 at FT at 7000' seems reasonable to me and no major oil zones discovered, but some minor ones that looks curious (6950, 6450, 5470).

The 3 primary zones that contain separate lobes of porosity & perm within them are:

6284-6384 (3 zones),

6500-6560 (3 zones),

& 6825-6920 (5 zones).

I'm send over 3 prints to you. The actual distribution has 10 other partners including J Cleo in Ozona & Dallas. Let me know if anyone else wants it and I'll make it happen.

Lance Smith

Principal Petrophysicist

Schlumberger OFS-DCS USSW

Midland, TX (432) 571-4637 Direct

(432) 238-1021 Cell

<<...>>

J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR.
OIL PRODUCERS
325 NORTH ST. PAUL • SUITE 4300
DALLAS, TEXAS 75201

OFFICE: 214-953-1177
FAX: 214-969-7433

February 11, 2010

Re: J. Cleo Thompson JCT Fed 24-1
Sec 24, T9S – R37E
Lea County, New Mexico

I was asked to evaluate the shallow formations in the J Cleo Thompson JCT Federal 24-1. Due to rough hole conditions, I decided to contract the work out to Schlumberger. After their analysis, they determined there were no major producing zones in the shallow formations. This corresponds with the lack of shallow production from any of these formations in the area.

The log analyst does believe there are several zones where water can be injected. I fully believe we have adequate conditions to turn this well into a successful water injection well.

If you have any further questions regarding this injection proposal, please feel free to call me at 432-550-8887.

Sincerely,

Jeff Bryden

Exploration Manager
J. Cleo Thompson
Odessa, Texas
W:432-550-8887
Email: jbryden@jcleo.com

Jones, William V., EMNRD

From: Carole Stevens [carolestevens@cableone.net]
Sent: Monday, February 15, 2010 10:12 AM
To: carolestevens@cableone.net; Jones; William; V.; Jones, William V., EMNRD
Cc: 'Wesley Ingram'; Kautz; Paul; Kautz, Paul, EMNRD; Hill; Larry; Hill, Larry, EMNRD; Warnell; Terry; G; Warnell, Terry G, EMNRD
Subject: RE: JCT Federal 24 #1

Dear All - I found the file for the JCT Federal 24 #1 lying in a pile and finally got the peices put together. Will, I did get the hydrocarbon log put together and will send it to you today with comments from the geologist. Wesley - I will look for a second copy and send it to you as well. Additionally, we will plug back as need be. Let me know what you want and I'll get it done - we aim to please. Sorry to have dropped the ball, but it's up and running again. Thanks - Carole

On Thu Dec 2 15:56 , "Jones, William V., EMNRD" sent:

Hello Carol:
Would you please send a quick log hydrocarbon evaluation of this proposed open hole disposal interval from 5,145 feet to approx 7,000 feet and a copy of the mudlog or drill-time plot over this interval? Our geologist, Paul in Hobbs tells me this new interval includes the San Andres, Glorieta, and upper Yeso (Paddock and Blinebry).

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Have a great Thanksgiving.

-Carole Stevens

J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
WEST TEXAS DIVISON OFFICE
P. O. Box 12577
Odessa, Texas 79768
(432)550-8887

February 15, 2010

William V. Jones, PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

RE: JCT FEDERAL 24 #1
CONVERT TO WATER INJECTION

Dear Mr. Jones:
Enclosed with this letter is the hydrocarbon log you requested and comments from our geologist. JCT is committed to converting this well to injection after recovering the 4-1/2" casing. I am sending a copy to Wesley Ingram, BLM as well. Let's all keep in touch and get this project done.

Thanks for your patience waiting on the log; your time is much appreciated.

Sincerely,

Carole K. Stevens
Engineer

RECEIVED OCD
2010 FEB 18 P 2:12

Cc: Mr. Wesley Ingram
Bureau of Land Management
620 E. Greene
Carlsbad, NM 88220

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, March 01, 2010 10:28 AM
To: 'carolestevens@cableone.net'
Subject: JCT Federal 24 #1 Log Analysis

Hello Carole:
Would you send a short discussion of what you folks believe the effect of open hole injection into this well would be on the following three "curious" intervals that Schumberger identified (possible moveable hydrocarbons):

6950
6450
5470

Did this log analysis change your mind about whether to keep to the plan to inject "open hole" or change the plan to cement existing pipe and perforate it for disposal?

Has JCT totally given up on any hydrocarbon recovery in this well or from those three intervals in this vicinity?

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

From: Carole Stevens [mailto:carolestevens@cableone.net]
Sent: Thursday, February 25, 2010 9:27 AM
To: Jones; William; V.; Jones, William V., EMNRD
Subject: RE: JCT Federal 24 #1

Good Morning - Did you received the hydrocarbon log I sent to you concerning this well? Where do we stand on it now?

-Carole

On Thu Nov 25 11:17 , 'Jones, William V., EMNRD' sent:

Carol:
I would like this much better.
As I understand it, the intended open hole would include the San Andres, Glorieta, Paddock, and Blinebry (or Yeso section)?
And it would exclude the Tubb, Drinkard, Abo, Wolfcamp and the upper Penn formations that were originally proposed?

We still may require some due diligence on the hydrocarbon evaluation of the open hole section and an injection survey (after the well catches some pressure on the surface) â€" but you may have a mudlog and should have the LAS log files and a log analysis program and injection surveys are not hard to run.

WeR17;ll wait to see what Wesley has to say?

Thanks for this,

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

From: Carole Stevens [mailto:carolestevens@cableone.net]
Sent: Wednesday, November 25, 2009 10:45 AM
To: Jones, William V., EMNRD
Cc: 'Wesley Ingram'
Subject: JCT Federal 24 #1

Good Morning. J. Cleo THompson (JCT) has proposed to pull casing on this well and convert the 4500' of open hole to injection. This proposal was met with some hesitation by both NMOCD and BLM. Having re-grouped our thoughts and desires, JCT would like to propose that we still cut and pull casing at TOC on the 5-1/2" casing, which is down around 10,000' (CBL). Then we propose to set the required 100' cement plugs every 2,000' from the top of the cut casing to about 7,000' and request an injection interval from the base of the intermediate casing (5145') to the top of the plug. If this proposal sets better with both NMOCD and BLM, please respond back to me what I need to do to move ahead with this new proposal. As always, I can be reached to (432) 550-8887.

Have a great Thanksgiving.

-Carole Stevens

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, April 12, 2010 11:40 AM
To: 'carolestevens@cableone.net'; 'jstevens@jcleo.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal application from J Cleo Thompson: JCT Federal 24 #1 30-025-38569

Hello Carole: (Resending this – I probably sent to the wrong email...)

Would you send a short discussion of what you folks believe the effect of open hole injection into this well would be on the following three "curious" intervals that Schumberger identified (possible moveable hydrocarbons):

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505-476-3448

Jones, William V., EMNRD

From: Carole Stevens [carolestevens@cableone.net]
Sent: Tuesday, April 13, 2010 10:23 AM
To: Jones; William; V.; Jones, William V., EMNRD
Subject: RE: Disposal application from J Cleo Thompson: JCT Federal 24 #1 30-025-38569

Will-

This is from the BOSS's mouth: Despite what the Schlumberger log shows, which always tend to be optimistic (kind of like why the size expense cloths on the small side), JCT does not believe these zones to be productive and there is no commercial production for MILES around us. Our injection will only affect about a 1/2 mile radius around us, which push comes to shove and someone else finds a larger zone, the injection may help by pressuring it up. In conclusion, JCT strongly feels there are no commercial recoverable reserves in these zones.

As always, I appreciate the work you do. Now I also appreciate your tax dollars as well, since this is the first year in many I'M GETTING A RETURN!!!!!

-Carole

On Mon Apr 12 15:30 , 'Jones, William V., EMNRD' sent:

OK
Sorry to bug you folks – it is Monday morning and was going through my pile of correspondence. I have a STACK of pending C-108's that got stranded for some reason or other and this one is very close to resolution.

I hope you make the decision on this one to run pipe and perforate – but understand the cost and the chance it would miss the best disposal interval.

Tonight I will be doing taxes so our government can give some needy "too big to fail" company some more money.

Regards,

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

From: Carole Stevens [mailto:carolestevens@cableone.net]
Sent: Monday, April 12, 2010 4:13 PM
To: Jones; William; V.; Jones, William V., EMNRD
Subject: Re: Disposal application from J Cleo Thompson: JCT Federal 24 #1 30-025-38569

I have received this email - just thought I'd let you know so you don't stay up all night wondering! :-)

I've sent it on to Geology and the boss, will get back to you shortly.

-Carole

On Mon Apr 12 12:40 , 'Jones, William V., EMNRD' sent:

Hello Carole: (Resending this – I probably sent to the wrong email...)

Would you send a short discussion of what you folks believe the effect of open hole injection into this well would be on the following three "curious" intervals that Schumberger identified (possible moveable hydrocarbons):

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Injection Permit Checklist (8/14/09)

Case ________ R-________ SWD 1215 WFX______ PMX______ IPI______ Permit Date 4/13/10 UIC Qtr (A/M/J)

Wells 1 Well Name: JCT "24" Fed #1

API Num: (30-) 025-38569 Spud Date: 2007 New/Old: N (UIC primacy March 7, 1982)

Footages 438 FNL/860 FEL Unit A Sec 24 Tsp 9S Rge 37E County Lea

Operator: J. CLEO, THOMPSON Contact JIM E. STEVENS

OGRID: 1181 RULE 5.9 Compliance (Wells) 0/63 (Finan Assur)________

Operator Address: P.O. Box 12577, ODESSA, TX 79768

Current Status of Well: Perm Prod Test

Planned Work to Well: CUT & Pull 4 1/2 @ 10,000', set plug Planned Tubing Size/Depth: 2 3/8 @ 5135'

	Sizes Hole.......Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing ✓ Surface	17 1/2 13 3/8	570	500	CIRC
Existing ✓ Intermediate	11 8 5/8	5145	1700	CIRC
Existing ✓ Long String	7 7/8 4 1/2	12390	630	10,000 CBL

DV Tool ______________ Liner ___ Open Hole ______________ Total Depth 12390

Well File Reviewed ________________

Diagrams: Before Conversion____ After Conversion ✓ Elogs in Imaging File: ________________

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)		PAY	
Above (Name and Top) 4/5	4915-5dn	San Andres	
Injection...... Interval TOP:	5145	5632 Glorieta 6970 Tubb	
~~Injection.......... Interval BOTTOM:~~	~~9800~~	8934 WC 9680 Penn	
Below (Name and Top)	11652	ATOKA	

Sawyer

1029 PSI Max. WHIP

Open Hole (Y/N)

~~Deviated Hole?~~

6,940'

5145 / 1029

Sensitive Areas: ~~Capitan Reef~~ ~~Cliff House~~ Salt Depths 2365' — ~2,400

....~~Potash Area (R-111-P)~~ ~~Potash Lessee~~ ~~Noticed?~~

Fresh Water: Depths: 0-270' Wells ✓ Analysis? ✓ Affirmative Statement ✓

Disposal Fluid Sources: Perm Analysis?

Disposal Interval Production Potential/Testing/Analysis Analysis: Done WITH LOG analysis

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

RULE 26.7(A) Affected Parties: Grand Western / Devon Prod / Cobra Oil / Orbit Energy / Element Petr

Area of Review: Adequate Map (Y/N) ✓ and Well List (Y/N) ✓

Active Wells 0 Num Repairs — Producing in Injection Interval in AOR —

..P&A Wells 0 Num Repairs — All Wellbore Diagrams Included? —

Questions to be Answered:

Run inj Tmp/Tag Survey at this [illegible]

Required Work on This Well: ________________ Request Sent ______ Reply: ______

AOR Repairs Needed: ________________ Request Sent ______ Reply: ______

________________ Request Sent ______ Reply: ______

in Sanger – SA

~~[illegible]~~ allein
UPPer Perm ≈ 3 miles NW –

other well Logic gov ~~Aole~~

Peter
Carlin
Neur Permian/Prod/Perm
MUDLOG
Post ign Survey