

April 20, 2011



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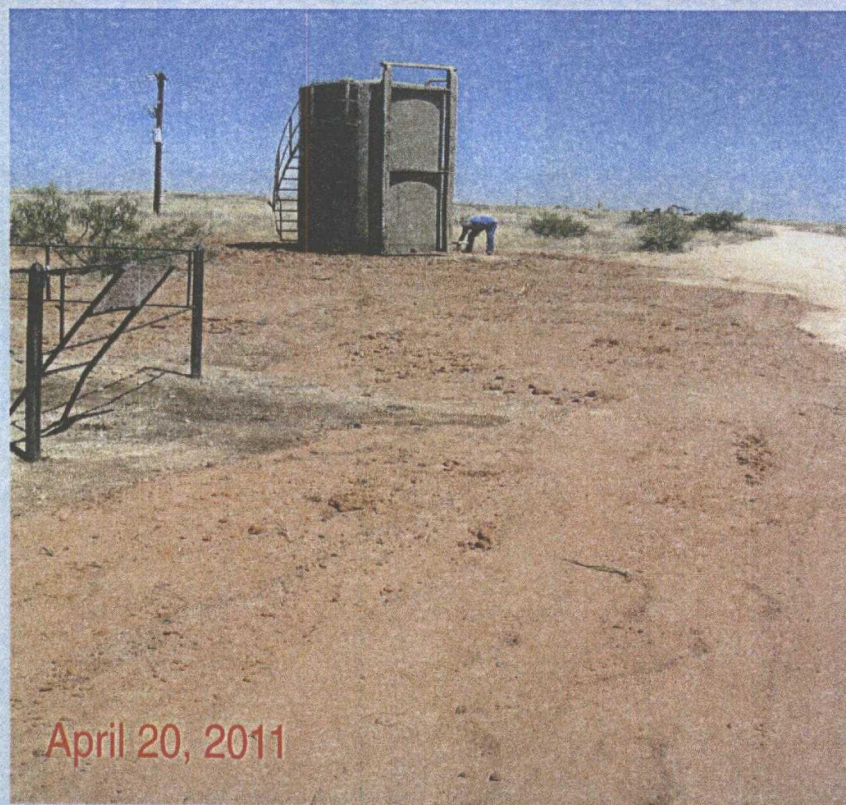


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OCD Hearing Notes

McDonnold  
Exhibit A

1. The Langlie Jack #12, 14, 17 were successfully repaired and MIT pressure tested 5/2010. The #4 failed and was disconnected upon failure.

On 3/22/2011 E. L. Gonzales notified us by phone that we were improperly injecting, because he showed no record of the wells being repaired and re-tested.

C-103s and charts were emailed to him describing the work done in 5/2010. On 3/24/11 original C-103s and charts were mailed.

On 5/25/11 I inquired as to why the reports and charts sent on 3/24/11 were not on the computer and was informed that they were not approved because they were not signed by an OCD representative and were old.

On 6/6/11 new C-103s were submitted to conduct MITs again. On 6/16/11 #12 and 14 subsequent C-103s and charts were emailed to Mr. Gonzales and the originals were mailed.

Also on 6/16/11 C-103 and CLEZ were submitted on the #17. A successful MIT was performed on 6/20/11. C-103, chart and CLEZ were submitted 7/1/11.

2. C-115s were amended to show no injection into #4, 12, 14, 17 for 4/2010, and no injection into the #4 from 4/2010 to present.
3. Reports filed.
4. OCD was holding 3 single well cash bonds for wells that didn't require bonds. On 5/17/11 I requested that the bonds be released by the OCD. Upon receipt of notice that the bonds had been released, I submitted forms CBA & SCB to issue a lien for a cash bond on the State A-16.
5. Cline Federal was placed back on production 5/9/11. C-103s and C-104 were filed on 6/2/11. Bobby Stearns with J&B Well Servicing in Crossroads, NM was retained to P&A several wells including the Bay Federal #3, Red Cloud #2 and State A-16 #1. Mr. Stearns acknowledged to the OCD via email on 6/6/11 that the P&As are scheduled for 8/2011. Bay Federal #3 3160-5 was submitted on 6/3/11. Red Cloud and State A-16 C-103s were submitted on 7/1/11, before and after schematics, and CLEZ forms were submitted on 7/5/11.