

HOLLAND & HART LLP



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New Mexico Board of Legal Specialization  
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April 2, 2012

**VIA HAND DELIVERY**

Jami Bailey, Director  
Oil Conservation Division  
New Mexico Department of Energy  
Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED OOD  
2012 APR - 5 P 3: 09  
Case 148-34

**Re: Application of Cobalt Operating, LLC for authorization to injection produced water, Lea County, New Mexico.**

Dear Ms. Bailey:

Enclosed in triplicate is the Application for Authorization to Inject (Form C-108) filed by Cobalt Operating, LLC, as well as a copy of a legal advertisement. Applicant requests that this matter be placed on the May 10, 2012, Examiner docket.

Sincerely,

Michael H. Feldewert

**Holland & Hart LLP**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ♻️

CASE 14834:

**Application of Cobalt Operating, LLC for authorization to inject produced water, Lea County, New Mexico.** Applicant in the above-styled cause seeks authorization to inject produced water into the Strawn formation, SWD; Strawn Pool (Pool Code 96188), through the Consolidated State Well No. 3 (API 30-025-29711) located 660 feet from the North line and 2128 feet from the West line of Section 9, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. This well is located approximately 8 miles southeast of Lovington, New Mexico.



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

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

*Case 14834*

ABOVE THIS LINE FOR DIVISION USE ONLY

**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

Cobalt Operating, LLC  
 Consolidated State 3  
 30-0125-29711

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

2012 APR -2 P 3:09  
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[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.

Print or Type Name

Signature

Title

Date

BRIAN WOOD  
 (505) 466-8120  
 FAX 466-9682

CONSULTANT

3-13-12

e-mail Address

brian@permitswest.com

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: \_\_\_\_\_ Secondary Recovery \_\_\_\_\_ Pressure Maintenance XXX Disposal \_\_\_\_\_ Storage  
Application qualifies for administrative approval? \_\_\_\_\_ Yes \_\_\_\_\_ No

II. OPERATOR: COBALT OPERATING, LLC  
ADDRESS: 3001 NORTH BIG SPRING, SUITE 207, MIDLAND, TX 79705  
CONTACT PARTY: BRIAN WOOD (PERMITS WEST, INC.) PHONE: 505 466-8120

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 XXX 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: CONSOLIDATED STATE 3

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.).
- 30-025-29711

\*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).

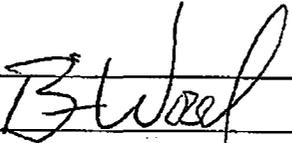
\*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: BRIAN WOOD TITLE: CONSULTANT

SIGNATURE:  DATE: MARCH 12, 2012

E-MAIL ADDRESS: brian@permitswest.com

\* 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: \_\_\_\_\_

### 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 the 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, New Mexico 87505, within 15 days.

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

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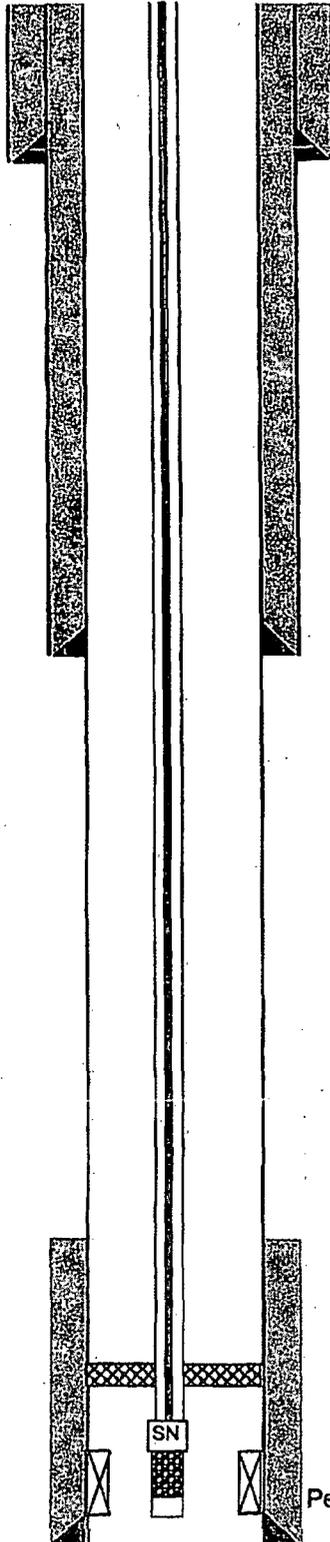
**NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.**



EXISTING WELL BORE

**Consolidated State #3**  
**660 FNL & 2128 FWL**  
**Sec. 9 - T17S-R37E**  
**Lea County, New Mexico**

Drilled 4/86



13 3/8" csg set @ 673' ← 398'  
 1' guide shoe  
 41.8' 61# / H-40 csg  
 1 float insert  
 363.78' 48#/ft. H-40 csg  
 Cmt: 250 sx lite w/ 2% CaCl + 100sx class "C"  
 circ'd 39 sx excess cement

8 5/8" csg set @ 4285'  
 1' guide shoe  
 38.88' 32# K-55  
 1.5' float collar  
 1856.22' 32# K-55  
 2395.42' 24# K-55  
 Cmt: 1450 lite + 200 sx class "C"  
 circ'd 147 sx.

Perf: 10944-960 w/ 4 jsfp (66 total holes)  
 Acidized w/ 1000 gal. 15% NeFe

5 1/2" csg set @ 11,300'  
 1.6' float shoe  
 42.29' 20#/ft. LT&C (plain)  
 1.50' float collar  
 177.92 20#/ft. LT&C (plain)  
 276.76' 20#/ft. LT&C (ruff coat)  
 10,792' : 8.12' 20#/ft. LT&C - marker joint

Perfs: 10,944'-960' w/ 4 JSPF

TD @ 11,300      PBD @ 11,261

11/87: Put well on pump  
 24' 2x1 1/16x24' RHBC pump w/ 1x10 GA  
 2' 1 7/8x2' Norris 78 Pony rod  
 500' 20 7/8x25' Norris 78 rods  
 7375' 295 3/4x25' Norris 78 rods  
 3050' 122 7/8x25' Norris 78 rods  
 26' 1 1/4x26' pol. Rod w/ 1.5"x16' liner

2/90: Acidized w/5000 gal.  
 Dowell SXE 15% oil invert acid

5/94: Pump stuck  
 RIH w/ same rod configuration  
 Polish rod 7/8"x25' Norris 90

10/95: Pulled all rod and pump out of hole  
 and laid down.

INJECTION WELL DATA SHEET

Tubing Size: 2-3/8" N-80 9.3# Lining Material: INTERNAL PLASTIC COATED

Type of Packer: ARROW AS-1X

Packer Setting Depth: 10,844' - 10,894'

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

Additional Data

1. Is this a new well drilled for injection? (DISPOSAL) \_\_\_\_\_ Yes XXX No

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

ORIGINALLY DRILLED AS A SHIPP; STRAWN OIL WELL.

2. Name of the Injection Formation: STRAWN

3. Name of Field or Pool (if applicable): SWD; STRAWN (POOL CODE 96188)

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. ONLY PERFORATED IN THE STRAWN

EXISTING STRAWN PERFS: 10,944' - 10,960'

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

OVER: WOLFCAMP (8,733'), ABO (8,504'), TUBB (7,710'),

SAN ANDRES (4,875'), & YATES (3,172')

UNDER: ATOKA (11,080')

COBALT OPERATING, LLC  
CONSOLIDATED STATE 3  
660' FNL & 2128' FWL SEC. 9, T. 17 S., R. 37 E.  
LEA COUNTY, NEW MEXICO

PAGE 1

30-025-29711

I. Purpose is to convert an existing 11,300' deep Strawn oil well to a salt water disposal well. Disposal will be in the Strawn (10,944' - 11,075'). This is the SWD; Strawn Pool (NMOCD pool code 96188).

II. Operator: Cobalt Operating, LLC (OGRID #286255)  
Operator phone number: (432) 682-8686  
Operator address: 3001 North Big Spring, Suite 207  
Midland, TX 79705  
Contact for Application: Brian Wood (Permits West, Inc.)  
Phone: (505) 466-8120

III. A. (1) Lease: New Mexico State Land Office lease E0-8563-0004  
Lease Size: 480 acres (see Exhibit A for C-102 and map)  
Closest Lease Line: 512'  
Lease: N2NE4 & N2SW4 Section 8 and W2 Section 9, T 17 S, R 37 E  
Surface Owner: New Mexico State Land Office

A. (2) Surface casing (13-3/8", 48# & 61#) was set in 1986 at 398' in a 17-1/2" hole. Casing was cemented to the surface with 250 sacks Pacesetter® light with 2% CaCl<sub>2</sub> followed by 100 sacks Class C with 2% CaCl<sub>2</sub>. Circulated 39 sacks excess.

Intermediate casing (8-5/8", 24# & 32#) was set at 4,283' in an 12-1/4" hole. Casing was cemented to the surface with 1,450 sacks Pacesetter® light with 15 pounds per sack salt and 1/4 pound per sack cello flake followed by 200 sacks Class C with 2% CaCl<sub>2</sub>. Circulated 147 sacks excess.

Production casing (5-1/2", N-80, L T & C, 17# & 20#) was set at 11,300' (TD) in a 7-7/8" hole and cemented to 4,600' with 1,535 sacks in 2 stages. Cement baskets were set at 10,352' and 10,359' and a DV tool was set at 8,423'.

First stage was cemented with 260 sacks Pacesetter® light Class H with 6% KCl + 0.6% CF-2 + 0.4% TF-4 + 1/4 pound per sack cello flake (= 12.7 pounds per gallon & 2.0 cubic feet per sack) and 375 sacks Class H with 3% KCl + 0.8% CF-2 + 0.4% TF-4 + 1/4 pound per sack cello flake (= 15.6 pounds per gallon & 1.18 cubic feet per sack).

Second stage was cemented with 800 sacks Pacesetter® light Class C with 6% KCl + 0.6% CF-2 + 0.4% TF-4 + 1/4 pound per sack cello flake (= 12.7 pounds per gallon & 2.0 cubic feet per sack) and 100 sacks Class C (= 14.8 pounds per gallon & 1.32 cubic feet per sack).

- A. (3) Tubing will be 2-3/8", N-80, 9.3#, and internally plastic coated. Setting depth will be  $\approx$ 10,920'. (Disposal interval will be 10,944' - 11,075'.)
- A. (4) An Arrow AS-1X packer will be set between 10,844' and 10,894' (50' to 100' above the highest proposed perforation of 10,944').
- B. (1) Injection zone will be the Strawn limestone, which is part of the SWD; Strawn Pool (NMOCD pool code number 96188). Estimated fracture gradient is  $\approx$ 0.7 psi per foot.
- B. (2) Injection interval will be 10,944' to 11,075'. All of the well bore is cased.
- B. (3) The well was spudded in 1986 and proposed for plugging and abandonment in 1999 and 2003. The well has produced 1,576 barrels of oil and 100,105 Mcf of gas from 10,944' - 10,960' in the Shipp; Strawn (#55695) oil pool. However, there has been no oil production after 1998, an average of just 76 Mcf of gas per month in 2011, and only 5 Mcf for all of January, 2012 (see Exhibit B).

- B. (4) The well was perforated with 66 0.33" shots between 10,944' - 10,960. The well will additionally be perforated from 10,960' to 11,075' with 2 shots per foot. Shot diameter = 0.40".
- B. (5) The next higher potential oil or gas zone is the Wolfcamp. Closest (1.5 miles southeast) Wolfcamp producer is in the Humble City; Wolfcamp Pool at the Bureaucrat AGV 1 (30-025-30767). Potential oil or gas zones above the Wolfcamp (from deep to shallow) include:

Bone Spring (4.1 miles SE at a now plugged wildcat in Section 25)  
Abo (1 mile southwest in the Midway; Abo Pool in Section 17)  
Tubb (1.5 miles north in the Lovington; Tubb Pool in 33-16s-37e)  
Paddock (1 mile NW in the Lovington; Paddock Pool in Section 5)  
San Andres (2.2 mi. west in Lovington; Grayburg-San Andres Pool in Sec. 7)  
Yates (8 miles south in Eumont; Yates-& Rivers-Queen Pool in 28-18s-37e)

Closest (1,217' east) past Strawn producer is the New Mexico Ex State 2 (30-025-29440). It produced from the Strawn before being converted to a Strawn; SWD. Closest (1,764' northwest) current Strawn producer is Chesapeake's Bubba 4 State Com 1 (30-025-37420).

Lower potential oil or gas zones (from shallow to deep) are the Atoka (Shipp; Atoka Pool produced 5,504' northeast at the Simmons Estate 1 (30-025-30177) in Section 3) and Morrow (closest is 7 miles northwest in 17-16s-36e).

IV. This is not an expansion of an existing injection project. It is disposal only.

V. Exhibit C shows 9 wells (2 producing oil + 5 plugged & abandoned oil + 1 water disposal + 1 plugged water supply well) within a half mile radius. State Engineer records indicate the water supply well was 137' west of the Consolidated State 3 well head. No evidence of the water well was found during

a November 17, 2011 field inspection. State records indicate the 120' deep water well was drilled in 1953 and plugged in 1954.

Exhibit D shows 163 existing wells (36 producing oil or gas + 97 plugged & abandoned + 9 water injectors or disposals + 21 water wells) within a two mile radius.

Exhibit E shows all leases and lessors (only State and fee) within a one-half mile radius. Exhibit F shows all leases and lessors (only State and fee) within a two mile radius. Details on the leases within a one half mile radius are:

<u>T. 17 S., R. 37 E.</u>	<u>Lessor</u>	<u>Lease Number</u>	<u>Lessee</u>
W2SE4 & SESE Section 4	fee	fee	Cimarex
SESW Section 4	NMSLO	BO-2517-0000	ConocoPhillips
N2SW4 Section 4	NMSLO	E0-8636-0001	ConocoPhillips
SWSW Section 4	NMSLO	VB-0665-0001	Chesapeake
SESE Section 5	fee	fee	Chesapeake
SENE Section 8	fee	fee	Cobalt
NENE Section 8	NMSLO	E0-8563-0004	Roemer
NE4 Section 9	NMSLO	VB-1354-0001	Chesapeake
NWSE Section 9	NMSLO	VB-2033-0001	Texland

VI. Seven of the nine wells that are within a half mile penetrated the Strawn. Five of those seven Strawn wells have been plugged and abandoned. Of the remaining two Strawn wells, one is an active SWD; Strawn well (1,228' east) and the other is an active Strawn oil well (1,768' northwest). See Exhibit G for a tabulation of the well histories and diagrams of the five plugged wells that penetrated the Strawn.

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-025-</u>	<u>T. 17 S., R. 37 E.</u>	<u>ZONE(S)</u>	<u>STATUS</u>	<u>TD</u>	<u>DISTANCE</u>
Frisbie & Yancy	water supply	(NMSEO L 02327)	NENW Section 9	Ogallala	P & A	120'	137'
Sinclair	State 335	05431	330 FN & 2310 FE Section 9	Wildcat; Paddock	P & A	6500	908'
Dakota	NM Ex State 2	29440	330 FN & 1980 Fe Section 9	SWD; Strawn	SWD	11300	1228'

COBALT OPERATING, LLC  
 CONSOLIDATED STATE 3  
 660' FNL & 2128' FWL SEC. 9, T. 17 S., R. 37 E.  
 LEA COUNTY, NEW MEXICO

30-025-29711

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-025-</u>	<u>T. 17 S., R. 37 E.</u>	<u>ZONE(S)</u>	<u>STATUS</u>	<u>TD</u>	<u>DISTANCE</u>
Tipperary	Jons 4 State	28806	560 FS & 1650 FW Section 4	Shipp; Strawn	P & A	11336	1312'
Pennzoil	Viersen 3	29829	150 FS & 2080 FE Section 4	Shipp; Strawn	P & A	11240	1344'
Chesapeake	Bubba 4 State	37420	731 FS & 1043 FW Section 4	Shipp; Strawn	Oil	11195	1768'
Fasken	Consolidated 1	27183	2310 FN & 330 FW Section 9	Midway; Devonian	P & A	11073	2453'
Cimarex	Viersen 2	29445	1300 FS & 1650 FE Section 4	Shipp; Strawn	P & A	11281	2469'
Exxon	NM EX State 1	29367	330 FN & 660 FE Section 9	Midway; Abo Humble City; Wolfcamp Shipp; Strawn	P & A	11412	2523'
Chevron	Lea State 1	29640	2086 FS & 2086 FW Section 4	Shipp; Strawn	P & A	11250	2750'

- VII. 1. Average injection rate will be  $\approx$ 1,500 bwpd.  
 Maximum injection rate will be  $\approx$ 2,000 bwpd.
2. System will be closed. Cobalt has an existing pipeline to the well.
3. Average injection pressure will be  $\approx$ 1,000 psi  
 Maximum injection pressure will be  $\approx$ 2,188 psi (= 0.2 psi/foot x 10,944' (highest perforation)).
4. Water source will be produced water only from Cobalt wells. Cobalt currently has 2 wells, both are in 8-17s-37e. One well is a Strawn oil well (Hale State 1Y is in the Midway; Strawn Pool). The other well (Warren 2) was once a Midway; Strawn producer, but is now a Midway; Devonian oil well. A summary of closest analyses in the WAIDS data base from Strawn (Exhibit H) and Devonian (Exhibit I) wells follows.
- No compatibility problems have been reported from Dakota's New Mexico Ex State 2 (30-025-29440). That Strawn disposal well is 1,228 east at 330 FNL & 1980 FEL Section 9. Over 270,624 barrels barrels have been disposed into it since 2007.

	<u>Strawn</u>	<u>Devonian</u>
Barium	0.679	-
Bicarbonate	423.454	999.0
Calcium	2,175.33	1,097.0
Carbonate	0	-
Chloride	43,455.7	15,643.0
Hydrogen Sulfide	2.092	-
Iron	41.301	-
Magnesium	458.969	1,077.0
Potassium	141.653	-
Sodium	24,921.8	-
Strontium	270.262	-
Sulfate	430.723	2,337.0
Total Dissolved Solids	69,174.1	29,118.5

5. There has been Strawn production from 16 wells (see Exhibit J) within one mile. Seven of the wells have since been plugged and abandoned, one (30-025-26953) had the Strawn squeezed and is now a Devonian producer, seven are Strawn producing oil wells, and one has been converted to a salt water disposal well. The Consolidated State 3 is 1,980' inside the Shipp; Strawn Pool and 2,128' west of the Midway; Strawn Pool (see Exhibit J).

VIII. The Strawn Formation consists of limestone with interbedded shale. It is 146' thick in this well. Closest possible underground source of drinking water above the proposed disposal interval is the Ogallala Formation at the surface. There are 2 salt zones and at least 10,309' of separation between the bottom of the Ogallala and the top of the Strawn. Exhibit K shows nearby water wells.

State engineer records indicate there was one well 137' west of the Consolidated State 3 and a second well is 5,300' northeast. Neither water well could be found during a November 17 field inspection. The closer well was drilled to 120' in 1953 and plugged in 1954. The other well was drilled to 90' in 1953.

A third well, not in the State Engineer's records, was found during the inspection. It is a windmill that is 3,264' east. A sample was collected. Its analysis is in Exhibit K.

No underground source of drinking water is below the proposed disposal interval. Produced water is currently being disposed into the Strawn at a well (30-025-29440) 1,228' east and was disposed into the Abo at a well (30-025-20267) 8,383' southwest.

Formation tops are:

Ogallala = 0'  
Salt = 625'  
Anhydrite = 2,030'  
Yates = 3,172'  
San Andres = 4,875'  
Glorieta = 6,366'  
Tubb = 7,710'  
Abo = 8,504'  
Wolfcamp = 8,733'  
Strawn = 10,934'  
Atoka = 11,080'  
Total Depth: 11,300'

- IX. The well will be stimulated with acid to clean out scale or fill.
- X. Compensated neutron litho density, dual Induction/SFL, and dip meter logs were run and are on file NMOCD.
- XI. Based on a field inspection and a review of the State Engineer's records, there is only one water well (see VIII. on PAGE 6) within a one mile radius.
- XII. Cobalt is not aware of any geologic or engineering data which may indicate the Strawn is in hydrologic connection with any underground sources of water. Eight Strawn salt water disposal wells have been approved in New Mexico.

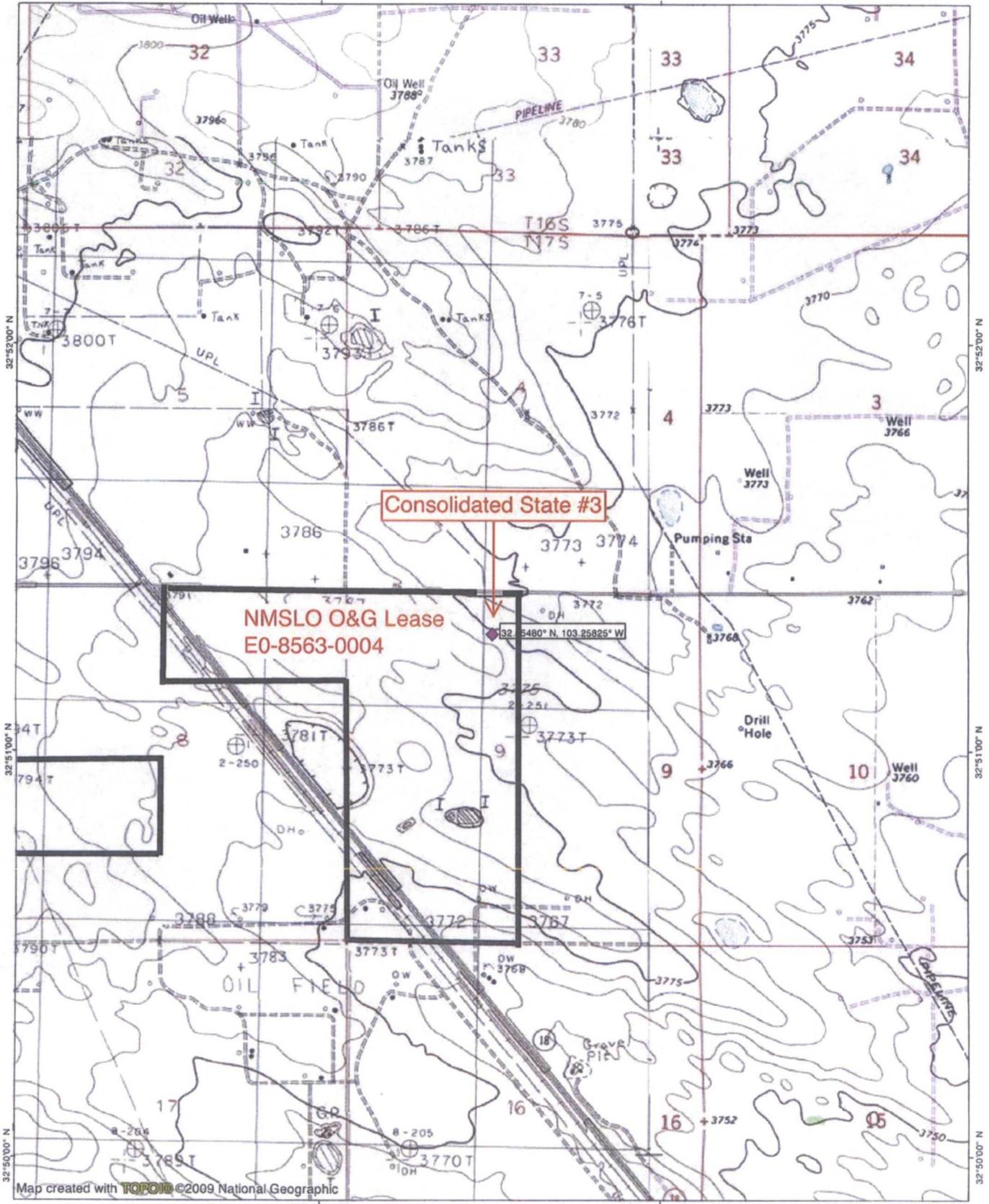
COBALT OPERATING, LLC  
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LEA COUNTY, NEW MEXICO

PAGE 8

30-025-29711

XIII. A legal ad (see Exhibit L) was published on March 2, 2012. Notice (this application) has been sent to the surface owner (NM State Land Office), all oil and gas lessees or operating right holders (see below), and all Strawn interests within a half mile (Exhibit M).

<u>T. 17 S., R. 37 E.</u>	<u>Lease Number</u>	<u>Lessee or Operating Right</u>
W2SE4 & SESE Section 4	fee	Cimarex
SESW Section 4	B0-2517-0000	ConocoPhillips
N2SW4 Section 4	E0-8636-0001	ConocoPhillips, Chevron
SWSW Section 4	VB-0665-0001	Chesapeake
SESE Section 5	fee	Chesapeake
SENE Section 8	fee	Cobalt
NENE Section 8	E0-8563-0004	Roemer, Fasken
NE4 Section 9	VB-1354-0001	Chesapeake
NWSE Section 9	VB-2033-0001	Texland



Map created with TOPOI ©2009 National Geographic



EXHIBIT A

TN | MN  
7.5°  
11/01/11

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**WELL LOCATION AND ACREAGE DEDICATION**

Form C-102  
 Supersedes C-128  
 Effective 1-1-85

All distances must be from the outer boundaries of the Section.

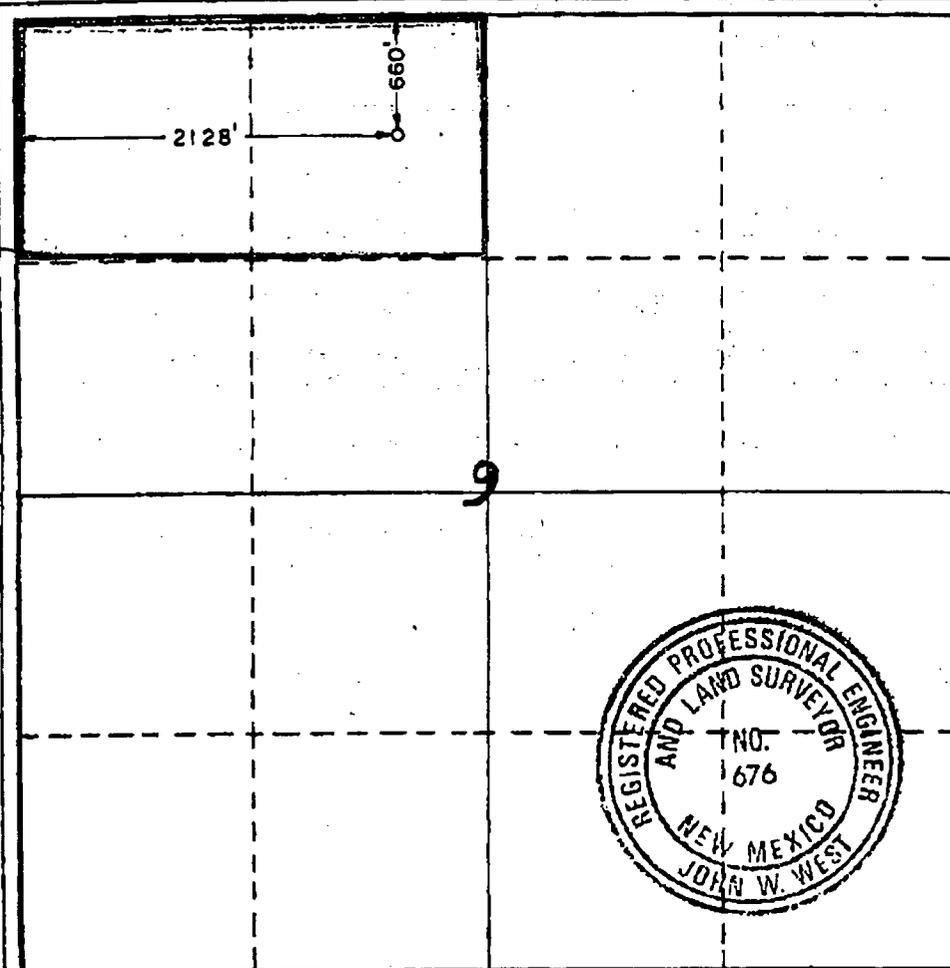
Operator <b>BARBARA FASKEN</b>		Lease <b>CONSOLIDATED STATE</b>			Well No. <b>3</b>
Unit Letter <b>C</b>	Section <b>9</b>	Township <b>17S</b>	Range <b>37E</b>	County <b>LEA</b>	
Actual Footage Location of Well: <b>660</b> feet from the <b>NORTH</b> line and <b>2128</b> feet from the <b>WEST</b> line					
Ground Level Elev. <b>3778.7</b>	Producing Formation <b>Strawn</b>		Pool <b>Shipp</b>	Dedicated Acreage: <b>80</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes    No   If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.*

*James F. Groce*

Name  
**James F. Groce**

Position  
**Agent**

Company  
**Barbara Fasken**

Date  
**July 1, 1986**

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.*

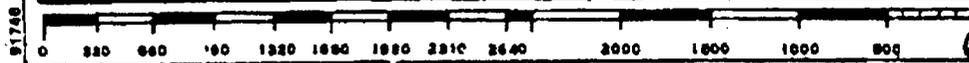
**EXHIBIT A**

Date Surveyed  
**JUNE 27, 1986**

Registered Professional Engineer and/or Land Surveyor

*John W. West*

Certificate No. **JOHN W. WEST, 676**  
**RONALD J. EIDSON, 3239**



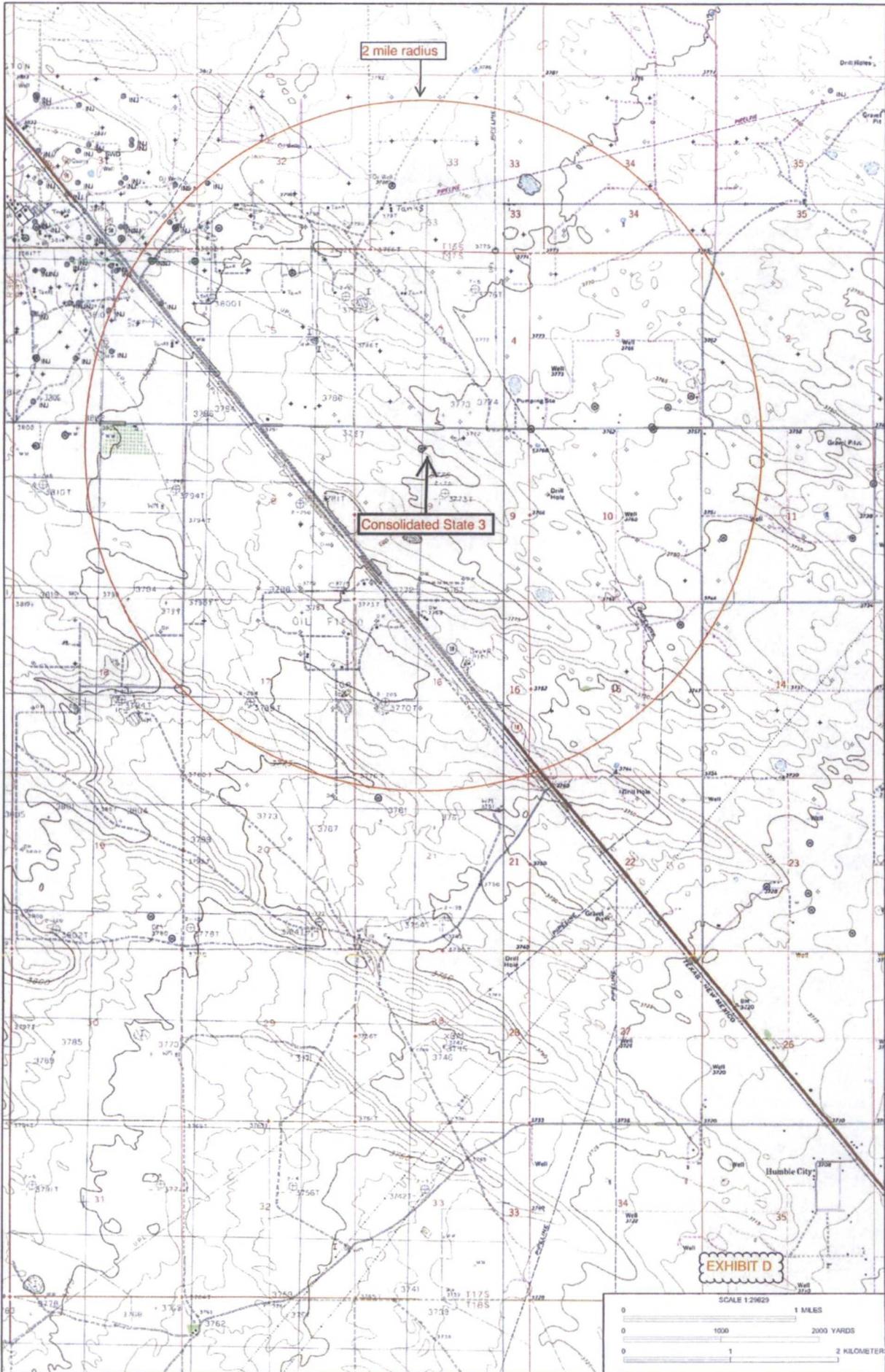
**Production Summary of api:3002529711 pool:SHIPP;STRAWN**

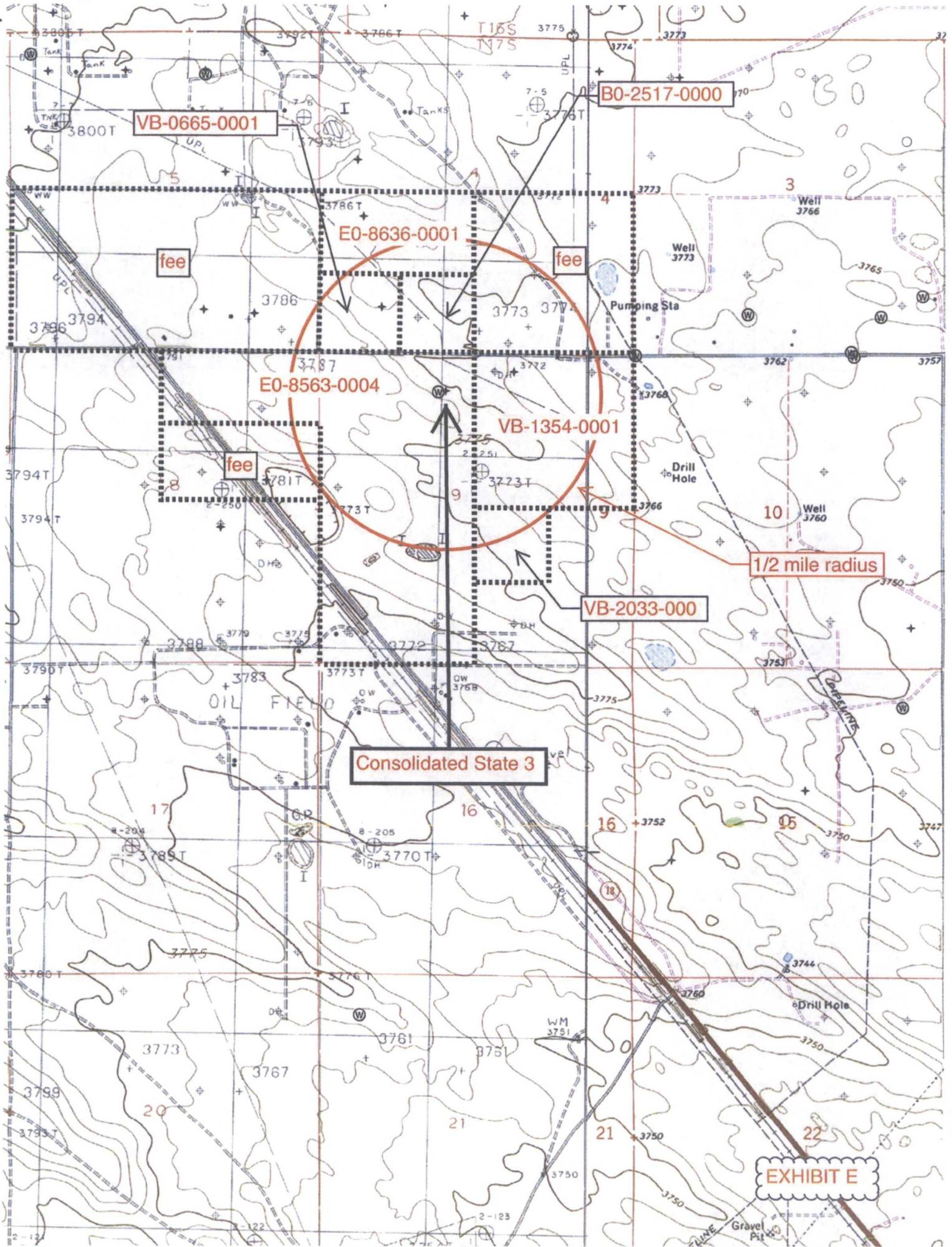
producing year	Oil	Gas	Water	Co2
1993	1069	14018	0	0
1994	479	12538	0	0
1995	25	10162	0	0
1996	0	8126	0	0
1997	1	7118	0	0
1998	2	6528	0	0
1999	0	5598	0	0
2000	0	4241	0	0
2001	0	4006	0	0
2002	0	3274	0	0
2003	0	2971	0	0
2004	0	4510	0	0
2005	0	5574	0	0
2006	0	4438	0	0
2007	0	2530	0	0
2008	0	1267	0	0
2009	0	1124	0	0
2010	0	1169	0	0
2011	0	908	0	0
2012	0	5	0	0
<b>summary</b>	<b>1576</b>	<b>100106</b>	<b>0</b>	<b>0</b>

- This well and pool combination has no other pre-ongard data.

EXHIBIT B







VB-0665-0001

B0-2517-0000

E0-8636-0001

E0-8563-0004

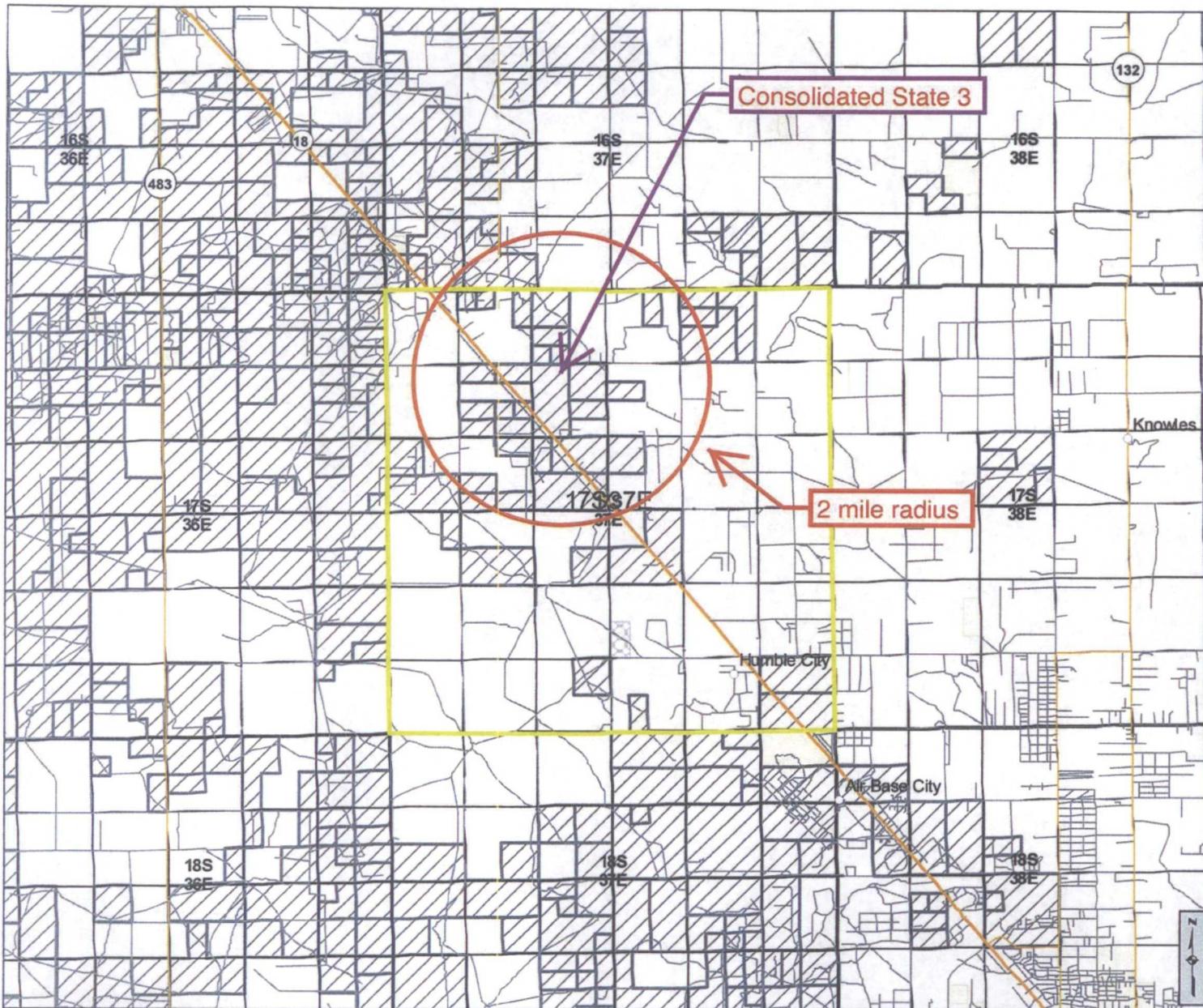
VB-1354-0001

VB-2033-000

Consolidated State 3

1/2 mile radius

EXHIBIT E



- Point Locations**
- County Seat
  - ▲ SLO District Offices
  - City, Town or Village
  - ★ Volcanic Vents
  - Highway Mileposts
- NMOCD Oil and Gas Wells**
- Oil
  - Injection
  - ⊗ Carbon Dioxide
  - Miscellaneous
  - ⊗ Gas
  - ◇ Water
  - ◇ DA or PA
  - △ Salt Water Disposal
- Federal Minerals**
- All Minerals
  - Coal Only
  - Oil and Gas Only
  - Oil, Gas and Coal Only
  - Other Minerals
- State Trust Lands**
- Surface Estate
  - Subsurface Estate
  - Both Estates
- NMSLO Leasing**
- Option Agreement
  - Commercial Lease
  - Minerals Lease
  - Oil and Gas Lease
  - Agricultural Lease
  - Not Available for Oil and Gas Leasing
  - Restriction Influences Oil and Gas Leasing
- Other Boundaries**
- Continental Divide
  - State Boundary
  - County Boundaries
  - Oil and Gas Unit Boundary
  - Participating Areas in Units
  - Geologic Regions
  - Potash Enclave (NMOCD R-111-P)

**New Mexico State Land Office**  
**Oil, Gas, and Minerals**

0 0.3750.75 1.5 2.25 3  
 Miles

Universal Transverse Mercator Projection, Zone 13  
 1983 North American Datum

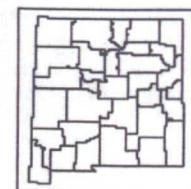
**EXHIBIT F**

*The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.*

Land Office Geographic Information Center  
 logic@slo.state.nm.us

Created On: 1/1/2012 12:11:42 PM

For detailed legend of the Geologic Map of New Mexico, please see <http://geoinfo.nmt.edu/>



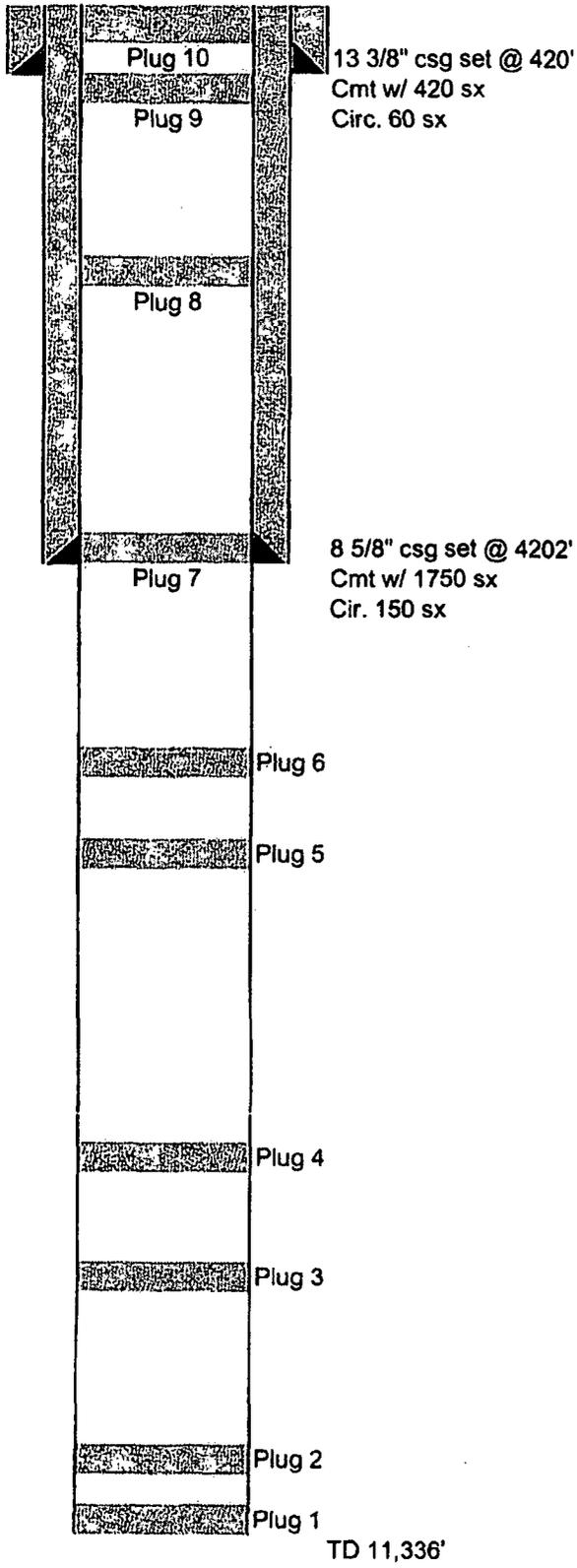
[www.nmstatelands.org](http://www.nmstatelands.org)

WELL	API 30 015-	SPUD	STATUS	TD	HOLE O. D.	CASING O. D.	SET @	SX CEMENT	TYPE	TOC	HOW DETERMINED	POOL
Dakota's New Mexico EX State 2	29440	12/22/85	SWD	11,300'	17-1/2"	13-3/8"	444'	500	Class C	GL	circulated to surface	SWD; Strawn
					11"	8-5/8"	4200'	1500	Class C	GL	circulated to surface	
					7-7/8"	5-1/2"	11300'	2082	950 sx Class H & 1132 sx Class C	3700'	calculated	
Tipperary's Jons 4 State 1	28806	9/22/84	P & A	11,336'	17-1/2"	13-3/8"	397'	420	Class C	GL	circulated 60 sx	Wildcat; Strawn
					12-1/4"	8-5/8"	4202'	1950	1750 sx light + 200 sx neat	GL	circulated 150 sx	
					7-7/8"	not run						
Pennzoil's Viersen 3	29829	1/1/87	P & A	11,240'	17-1/2"	13-3/8"	405'	630	Class C	GL	circulated 180 sx	Shipp; Strawn
					11"	8-5/8"	4189'	1450	110 sx light + 350 sx Class C	1600'	temperature survey	
					7-7/8"	5-1/2"	11239'	350	Class H	9900'	calculated	
Chesapeake's Bubba 4 State Com 1	37420	8/18/05	oil well	11,200'	17-1/2"	13-3/8"	444'	402	201 sx 35/65 poz Class C & 201 sx Class C	GL	circulated 3 bbl to surface	Shipp; Strawn
					11"	8-5/8"	4208'	960	150 sx 50:50 poz Class C & 600 sx 50:50 poz Class C & 210 sx Class C	265'	(per Sundry)	
					7-7/8"	5-1/2"	11195'	1005	375 sx 50:50 poz Z & 130 sx oz H & 500 sx 50:50 poz Class H	2590'	CBL	

WELL	API 30 015-	SPUD	STATUS	TD	HOLE O. D.	CASING O. D.	SET @	SX CEMENT	TYPE	TOC	HOW DETERMINED	POOL
Fasken's Consolidated State 1	27183	1/10/81	P & A	11,073'	17-1/2"	13-3/8"	398'	350	Class C	GL	circulated 60 sx	Midway; Devonian
					12-1/4"	8-5/8"	4462'	1600	1400 sx light & 200 sx Class C	550'	temperature survey	
					7-7/8"	not run						
Cimarex's Viersen 2	29445	10/23/85	P & A	11,281'	17-1/2"	13-3/8"	406'	420	Class C	GL	circulated 25 sx	Shipp; Strawn
					11"	8-5/8"	4200'	1340	Class C	310'	temperature survey	
					7-7/8"	5-1/2"	11280'	400	Class H	9612'	CBL	
Exxon's New Mexico EX State 1	29367	12/22/85	P & A	11,412'	17-1/2"	13-3/8"	462'	500	Class C	GL	circulated 90 sx to surface	Midway; Abo, Humble City; Wolfcamp, & Shipp; Strawn
					12-1/4"	8-5/8"	4198'	1700	Class C	GL	circulated 250 sx to surface	
					7-7/8"	5-1/2"	11412'	1050	Class H	7705	(per completion report)	

1,312' from  
Consolidated State 3

**Jons 4 State**  
Sec. 4 (N), T-17-S, R-37-E  
Lea County, New Mexico  
560 FSL & 1650 FWL  
30-025-28806



Plugging Detail

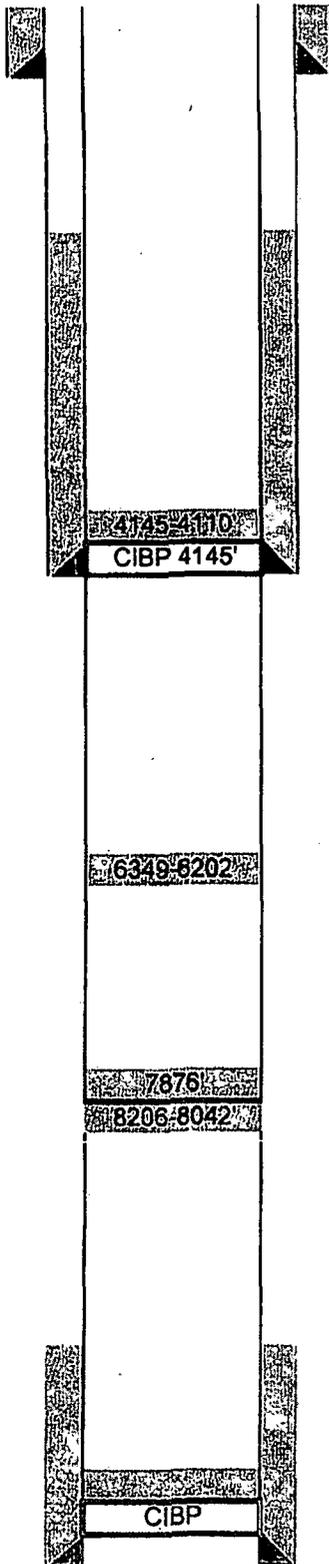
Plug 1	35 sx @ 11,300'
Plug 2	35 sx @ 10,985
Plug 3	35 sx @ 9,342
Plug 4	35 sx @ 8,505
Plug 5	35 sx @ 6,335
Plug 6	35 sx @ 5,558
Plug 7	35 sx @ 4150-4250
Plug 8	35 sx @ 2000-2100
Plug 9	35 sx @ 350-450
Plug 10	10 sx @ surface

EXHIBIT G

1,344' from  
Consolidated State 3

**Viersen #3**  
Sec. 4 (O), T-17-S, R-37-E  
Lea County, New Mexico  
150 FSL & 2080 FWL

30-025-29829



13 3/8" csg set @ 405'  
Cmt w/ 630 sx  
Circ. 180 sx

8 5/8" csg set @ 4189'  
Cmt w/ 1450 sx  
TOC 1600'

Cut and pulled csg @ 7992'

5 1/2" csg set @ 11,239'  
Cmt w/ 350 sx  
Est. TOC 9900'  
TD 11,240'

**Plugging Detail**

5 1/2" CIBP @ 10,992', Spot 35' cmt  
Spot 25 sx @ 8206-8042  
Cut csg @ 7992'  
Set 50 sx 8042-7876  
Set 50 sx 6349-6202  
Set several plugs, but never tagged  
Mixed LCM, no change  
Set 8 5/8" CIBP @ 4145  
Set 10 sx 4145-4110  
Rest of report missing

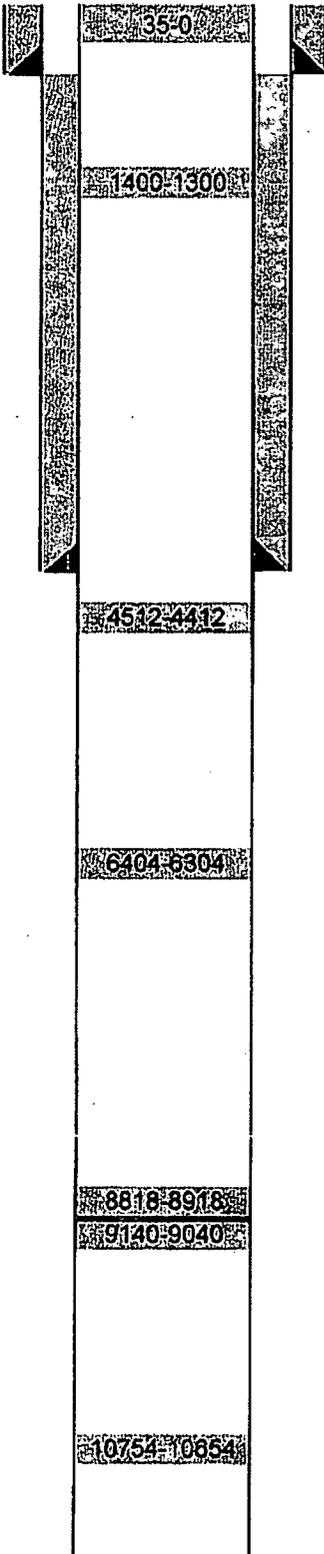
EXHIBIT G

2,453' from  
Consolidated State 3

**Consolidated State No. 1**

**Sec. 9 (E), T-17-S, R-37-E**  
**Lea County, New Mexico**  
**2310 FSL & 330 FWL**

30-025-27183



13 3/8" csg set @ 398'  
Cmt w/ 350 sx  
Circ.60 sx

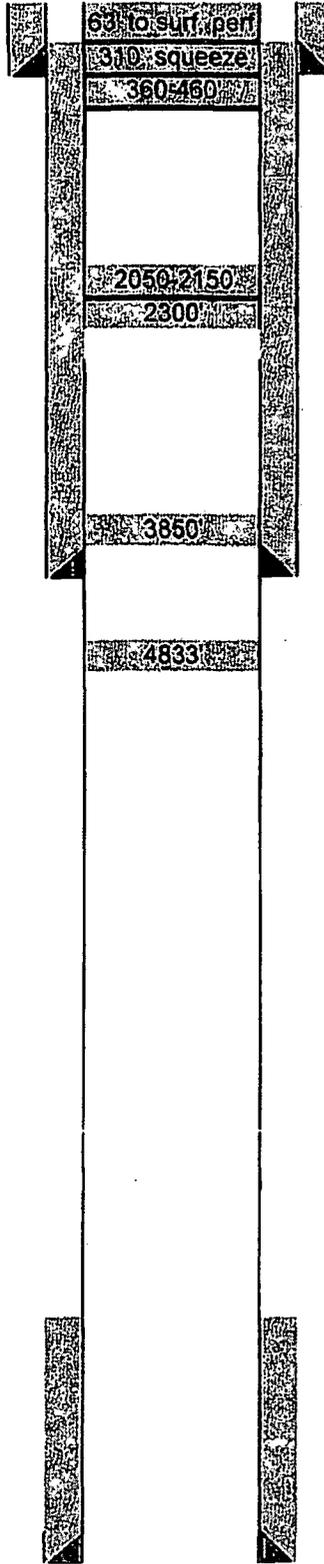
8 5/8" csg set @ 4462'  
Cmt w/ 1600 sx  
Est TOC @ 550' (Temp Surv)

**Plugging Detail**

- 35 sx @ 10754-10654
- 40 sx @ 9140-9040
- 40 sx @ 8918-8818
- 50 sx @ 6404-6304
- 40 sx @ 4512-4412
- 30 sx @ 1400-1300
- 10 sx @ 35-0

TD 11,073'

EXHIBIT G



13 3/8" csg set @ 406'  
 Cmt w/ 420 sx  
 Circ. 25 sx

Cut off and fish csg  
 @ 2340'

8 5/8" csg set @ 4200'  
 Cmt w/ 1340 sx  
 TOC 310'

5 1/2" csg set @ 11,280'  
 Cmt w/ 400 sx  
 TOC 9612' (Cement Bond Log)  
 TD 11,281

2,469' from  
 Consolidated State 3

**Viersen #2**  
 Sec. 4 (O), T-17-S, R-37-E  
 Lea County, New Mexico  
 1300 FSL & 1650 FEL  
 30-025-29945

**Plugging Detail**

Spot 50 sx @ 5068. No Tag.  
 Re-spot 50 sx & tag @ 4833'  
 Perf @4200. Squeeze 50 sx & tag  
 @ 3850.  
 Spot 50 sx @ 2500. Tag @ 2300'  
 Spot 35 sx @ 2150-2050  
 Spot 35 sx @ 460-360  
 Perf @ 310, Squeeze 70 sx  
 Spot 20 sx @ 63' to surface

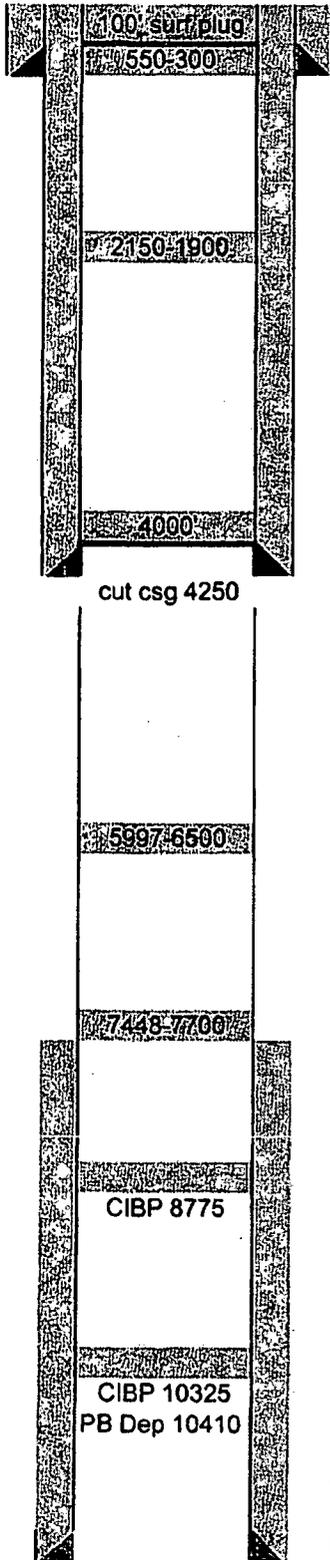
EXHIBIT G

2,523' from  
Consolidated State 3

**New Mexico State EX #1**

**Sec. 9 (A), T-17-S, R-37-E  
Lea County, New Mexico  
330 FNL & 660 FEL**

30-025-29367



13 3/8" csg set @ 462'  
Cmt w/ 500 sx  
Circ.90 sx

8 5/8" csg set @ 4198'  
Cmt w/ 1700 sx  
Circ 250 sx

5 1/2" csg set @ 11412'  
Cmt w/ 1050 sx  
Est TOC @ 7705'  
TD 11,412'

**Plugging Detail**

PB to 10, 410 and completed in Wolfcamp  
Set CIBP @ 10325', dump 35' cement  
Attempted Abo completion 8810-8860  
Set CIBP @ 8775', cap w/ 35' cement  
Cut off 5 1/2" csg @ 4250'  
50 sx @ 7700-7448  
50 sx @ 6500-5997  
50 sx @ 4250  
Reset plub from 4240 to 4000; w/ 56 sx  
50 sx @ 2150-1900  
50 sx @ 550-300  
10 sx 100' to surface

EXHIBIT G

# NM WAIDS

≈9 miles northwest of  
Consolidated State 3

DATA

MAPS

HOME

SCALE

CORROSION

General Information About: Sample 5876			
SNYDER A COM 001			
API	3002534073	Sample Number	
Unit/Section/ Township/Range	18 / 06 / 16 S / 36 E	Field	SHOE BAR NORTHEAST
County	Lea	Formation	STRAWN
State	NM	Depth	
Lat/Long	32.94607 / -103.39970	Sample Source	
TDS (mg/L)	72615.6	Water Type	
Sample Date(MM/DD/YYYY)	3/10/1998	Analysis Date(MM/DD/YYYY)	3/19/1998
Remarks/Description			
Cation Information (mg/L)		Anion Information (mg/L)	
Potassium (K)	168.245	Sulfate (SO)	479.655
Sodium (Na)	26688.3	Chloride (Cl)	45588.1
Calcium (Ca)	1815.17	Carbonate (CO <sub>3</sub> )	0
Magnesium (Mg)	471.295	Bicarbonate (HCO <sub>3</sub> )	368.885
Barium (Ba)	0.3135	Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H <sub>2</sub> S)	
Strontium (Sr)	269.61	Carbon Dioxide (CO <sub>2</sub> )	
Iron (Fe)	33.44	Oxygen (O)	



EXHIBIT H

# NM WAIDS

≈9 miles northwest of  
Consolidated State 3

DATA

MAPS

HOME

SCALE

CORROSION

General Information About: Sample 5856			
SNYDER A COM 001			
API	3002534073	Sample Number	
Unit/Section/ Township/Range	18 / 06 / 16 S / 36 E	Field	SHOE BAR NORTHEAST
County	Lea	Formation	STRAWN
State	NM	Depth	
Lat/Long	32.94607 / -103.39970	Sample Source	
TDS (mg/L)	65732.6	Water Type	
Sample Date(MM/DD/YYYY)	4/2/1998	Analysis Date(MM/DD/YYYY)	4/15/1998
Remarks/Description			
Cation Information (mg/L)		Anion Information (mg/L)	
Potassium (K)	115.06	Sulfate (SO)	381.79
Sodium (Na)	23155.3	Chloride (Cl)	41323.3
Calcium (Ca)	2535.5	Carbonate (CO <sub>3</sub> )	0
Magnesium (Mg)	446.642	Bicarbonate (HCO <sub>3</sub> )	478.022
Barium (Ba)	1.046	Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H <sub>2</sub> S)	2.092
Strontium (Sr)	270.914	Carbon Dioxide (CO <sub>2</sub> )	
Iron (Fe)	49.162	Oxygen (O)	



EXHIBIT H

# NM WAIDS

≈8 miles east of  
Consolidated State 3

DATA

MAPS

HOME

SCALE

CORROSION

General Information About: Sample 4524			
L COOPER A 001			
API	3002507301	Sample Number	
Unit/Section/ Township/Range	N / 12 / 17 S / 38 E	Field	KNOWLES SOUTH
County	Lea	Formation	DEV
State	NM	Depth	
Lat/Long	32.84384 / -103.10365	Sample Source	DST
TDS (mg/L)	29115	Water Type	
Sample Date(MM/DD/YYYY)		Analysis Date(MM/DD/YYYY)	
Remarks/Description			
Cation Information (mg/L)		Anion Information (mg/L)	
Potassium (K)		Sulfate (SO)	2337
Sodium (Na)		Chloride (Cl)	15640
Calcium (Ca)		Carbonate (CO <sub>3</sub> )	
Magnesium (Mg)		Bicarbonate (HCO <sub>3</sub> )	999
Barium (Ba)		Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H <sub>2</sub> S)	
Strontium (Sr)		Carbon Dioxide (CO <sub>2</sub> )	
Iron (Fe)		Oxygen (O)	



EXHIBIT I

# NM WAIDS

~8 miles east of  
Consolidated State 3

DATA

MAPS

HOME

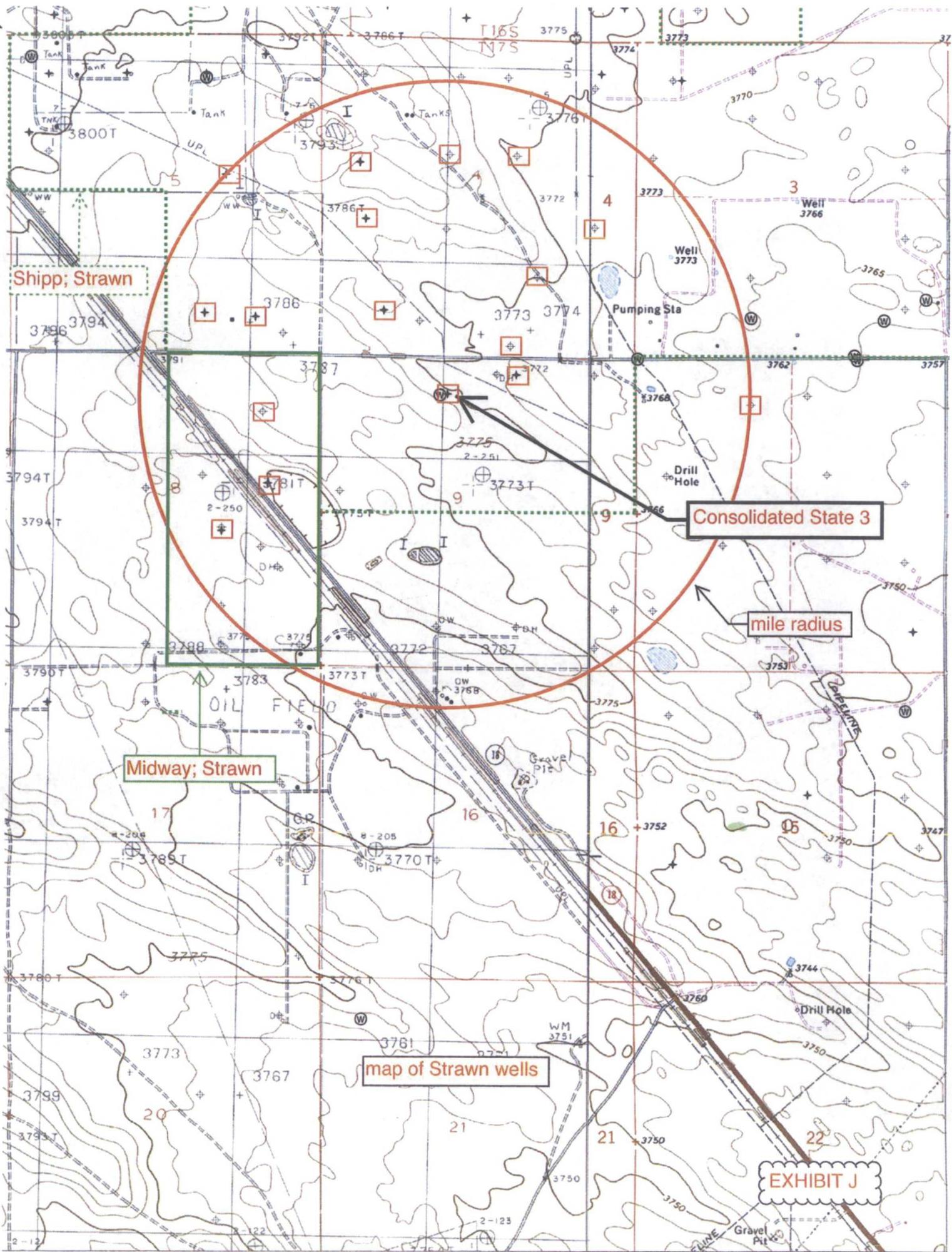
SCALE

CORROSION

General Information About: Sample 7538			
L COOPER A001			
API	3002507301	Sample Number	
Unit/Section/ Township/Range	N / 12 / 17 S / 38 E	Field	KNOWLES SOUTH
County	Lea	Formation	DEV
State	NM	Depth	12263
Lat/Long	32.84384 / -103.10365	Sample Source	DST
TDS (mg/L)	29122	Water Type	
Sample Date(MM/DD/YYYY)		Analysis Date(MM/DD/YYYY)	
Remarks/Description			
Cation Information (mg/L)		Anion Information (mg/L)	
Potassium (K)		Sulfate (SO)	2337
Sodium (Na)		Chloride (Cl)	15646
Calcium (Ca)	1097	Carbonate (CO <sub>3</sub> )	
Magnesium (Mg)	1077	Bicarbonate (HCO <sub>3</sub> )	999
Barium (Ba)		Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H <sub>2</sub> S)	
Strontium (Sr)		Carbon Dioxide (CO <sub>2</sub> )	
Iron (Fe)	0	Oxygen (O)	



EXHIBIT I



Shipp; Strawn

Midway; Strawn

Consolidated State 3

mile radius

map of Strawn wells

EXHIBIT J

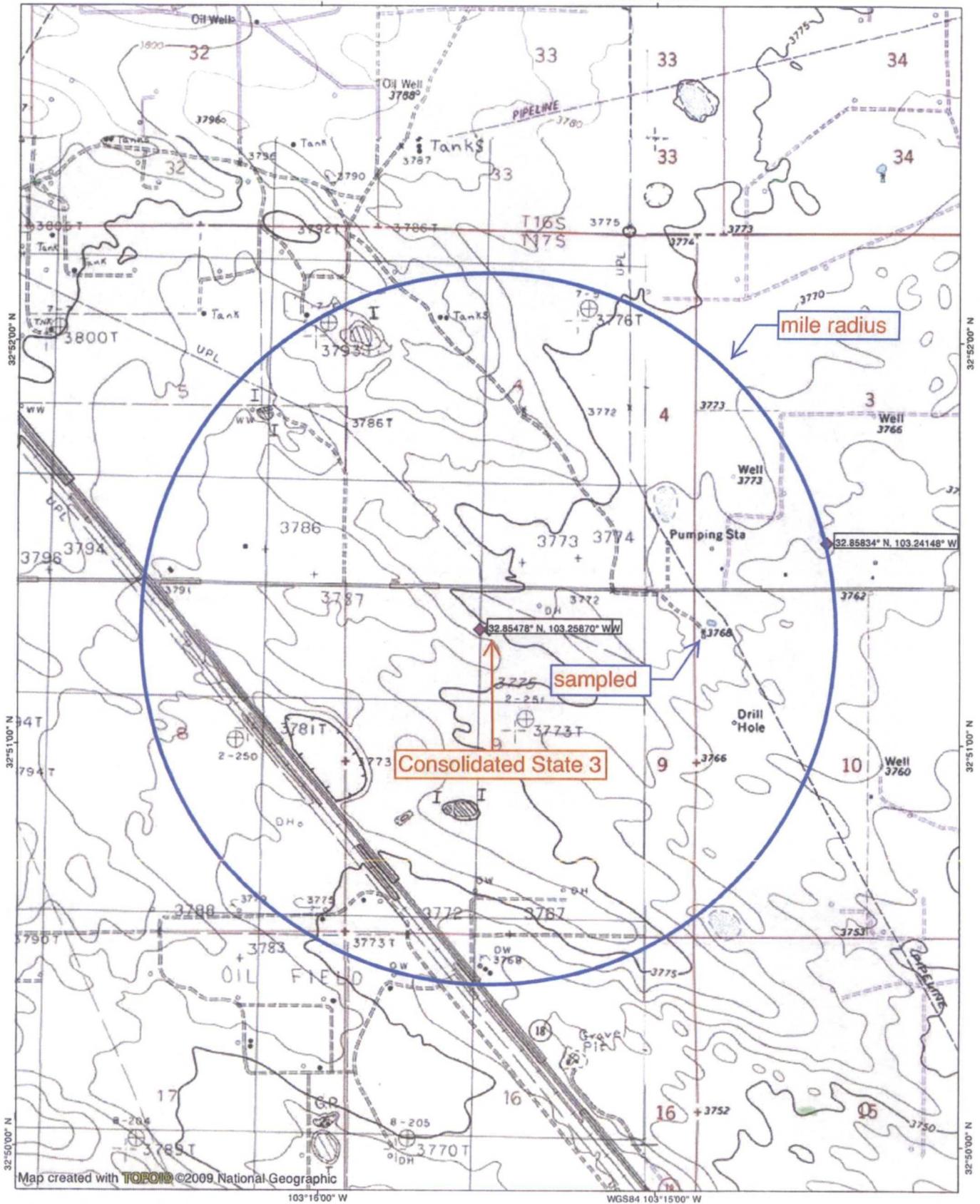


EXHIBIT K



**Hall Environmental Analysis Laboratory, Inc.**

Date: 09-Dec-11

Analytical Report

---

<b>CLIENT:</b> Permits West	<b>Client Sample ID:</b> Section 9 Water Well
<b>Lab Order:</b> 1111998	<b>Collection Date:</b> 11/26/2011 11:50:00 AM
<b>Project:</b> Cobalt Consolidated 3	<b>Date Received:</b> 11/29/2011
<b>Lab ID:</b> 1111998-01	<b>Matrix:</b> AQUEOUS

---

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
<b>EPA METHOD 1664</b>						Analyst: MAW
N-Hexane Extractable Material	ND	5.0		mg/L	1	12/6/2011
<b>SM2540C MOD: TOTAL DISSOLVED SOLIDS</b>						Analyst: KS
Total Dissolved Solids	394	20.0		mg/L	1	12/2/2011 4:02:00 PM

EXHIBIT K

**Qualifiers:**

- |  |  |
|--|--|
| * Value exceeds Maximum Contaminant Level    | B Analyte detected in the associated Method Blank    |
| E Estimated value                            | H Holding times for preparation or analysis exceeded |
| J Analyte detected below quantitation limits | MCL Maximum Contaminant Level                        |
| NC Non-Chlorinated                           | ND Not Detected at the Reporting Limit               |
| PQL Practical Quantitation Limit             | S Spike recovery outside accepted recovery limits    |

### QA/QC SUMMARY REPORT

Client: Permits West  
 Project: Cobalt Consolidated 3

Work Order: 1111998

Analyte	Result	Units	PQL	SPK Va	SPK ref	%Rec	LowLimit	HighLimit	%RPD	RPDLimit	Qual
<b>Method: EPA Method 1664A</b>											
Sample ID: MB-29608		MBLK					Batch ID: 29608	Analysis Date: 12/6/2011			
N-Hexane Extractable Material	ND	mg/L	5.0								
Sample ID: MB-29608		MBLK					Batch ID: 29608	Analysis Date: 12/8/2011			
Silica Gel Treated N-Hexane Extracta	ND	mg/L	5.0								
Sample ID: LCS-29608		LCS					Batch ID: 29608	Analysis Date: 12/6/2011			
N-Hexane Extractable Material	32.70	mg/L	5.0	40	0	81.8	78	114			
Sample ID: LCS-29608		LCS					Batch ID: 29608	Analysis Date: 12/8/2011			
Silica Gel Treated N-Hexane Extracta	14.10	mg/L	5.0	20	0	70.5	64	132			

<b>Method: SM2540C MOD: Total Dissolved Solids</b>											
Sample ID: MB-29576		MBLK					Batch ID: 29576	Analysis Date: 12/2/2011 4:02:00 PM			
Total Dissolved Solids	ND	mg/L	20.0								
Sample ID: LCS-29576		LCS					Batch ID: 29576	Analysis Date: 12/2/2011 4:02:00 PM			
Total Dissolved Solids	1029	mg/L	20.0	1000	16	101	80	120			

EXHIBIT K

**Qualifiers:**

- E Estimated value
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- H Holding times for preparation or analysis exceeded
- NC Non-Chlorinated
- R RPD outside accepted recovery limits

# Affidavit of Publication

State of New Mexico,  
County of Lea.

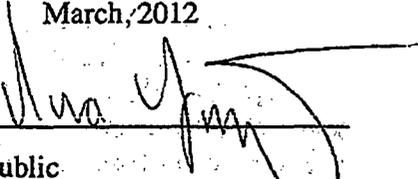
I, JUDY HANNA  
PUBLISHER

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

of 1 issue(s).  
Beginning with the issue dated  
March 02, 2012  
and ending with the issue dated  
March 02, 2012

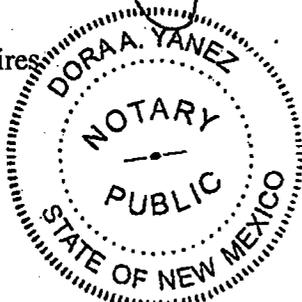
  
PUBLISHER

Sworn and subscribed to before me  
this 7th day of  
March, 2012



Notary Public

My commission expires  
February 09, 2013  
(Seal)



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

**LEGAL NOTICE**  
**FEBRUARY 2, 2012**  
Cobalt Operating, LLC is applying to convert the Consolidated State #3 to a saltwater disposal well. Disposal will be into the Strawn (10,944' - 11,075'). The well is located 8 miles southeast of Lovington at 660 FNL-8-2126 FWL Sec. 9, T. 17 S., R. 37 E., Lea County. Maximum disposal rate will be 2,000 bwpd. Maximum injection pressure will be 2,086 psi. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120.  
#27179

02108485                      00088507  
BRIAN WOOD  
PERMITS WEST  
37 VERANO LOOP  
SANTA FE, NM 87508

EXHIBIT L

Condolidated State - Lea County, NM

Owner Name	Address1	Address2	City	ST	ZIP	Phone	WI
Tritium Resources, LTD	3001 N Big Spring St	Suite 207	Midland	TX	79705		11.3109408
Yesco Energy, LLC	249-8 Yongdap-dong Sungdong-gu		Seoul South Korea		133-851		50.270848
Condor Power Company, LLC	1502 Augusta Drive	Suite 120	Houston	TX	77057		1.2567712
CBR Oil Properties, LLC	P.O. Box 1518		Roswell	NM	88202-1518	(505)622-3770	1.148817
Sage Energy, Inc.	10600 S Road V		Manter	KS	67862		2.093738
Don A Hood Trust	P.O.Box 1740		Brackettville	TX	78832	(830)563-2125	0.056966
Donald Allison Hood	P.O. Box 1740		Brackettville	TX	78832	(830)563-2125	0.056966
David Petroleum Corp	116 West First Street		Roswell	NM	88203	(575)622-8850	0.854492
Lucinda Loveless	P.O. Box 8		Hondo	NM	88336-0008	(575)653-4222	0.287205
Lucinda Loveless Revocable Trust	P.O. Box 8		Hondo	NM	88336	(575)653-4222	0.287204
Pfeifer Energy Company, LLC	480 Willow Drive		Pittsburgh	PA	15243	(412) 735-4435	7.291666
Harvard Energy Partners, L.P.	P.O. Box 936		Roswell	NM	88201	(575) 208-7135	0.91146
Lamar B. Roemer, PHD	35 N. Wynden Drive		Houston	TX	77056	(713)623-2183	9.770775
Stevens, Revocable Trust	P.O. Box 3087		Roswell	NM	88202-3087	(575) 653-4379	1.14882
Susan Dee Bergfeld	2001 South Donnybrook		Tyler	TX	75701		0.056966
Susan Hood Bergfeld Trust	2001 South Donnybrook		Tyler	TX	75701		0.05697
Davoil, Inc.	P.O. Box 122269		Fort Worth	TX	76121-2262		2.22025
Kent R. Ellison	1015 N. Walts Avenue		Sioux Falls	SD	57104		0.00726
Lauren Corporation	P.O. Box 3193		Englewood	CO	80155-3193		0.364583
Martin Oil & Gas Investments, LLC	841 Los Lovatos Road		Santa Fe	NM	87501		0.227865
Miller Oil & Gas Assetts II, LC	P.O. Box 3193		Englewood	CO	80155-3193		6.927084
Carolyn Loveless Schlicher	P.O. Box 606		Roswell	NM	88202-0606		0.57441
John F. Sheridan	151 South Birch Street		Denver	CO	80246-1016		2.093737
Douglas H. Smith	3953 Meadowbrook Road		St. Louis Park	MN	55426		0.00485
The Trust Humble	35421 Kanis Road		Paron	AR	72122		0.712076
Unknown							0.00728

March 12, 2012

Nick Jaramillo  
 New Mexico State Land Office  
 P. O. Box 1148  
 Santa Fe, NM 87504-1148

Dear Nick,

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

**Well Name:** Consolidated State 3 (state lease) ID = 11,300'  
**Proposed Injection Zone:** Strawn (from 10,944' to 11,075')  
**Location:** 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM  
**Approximate Location:** ~8 air miles southeast of Lovington, NM  
**Applicant Name:** Cobalt Operating, LLC (432) 682-8686  
**Applicant's Address:** 3001 North Big Spring, Suite 207, Midland, TX 79705

**Submittal Information:** Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Cobalt will file for a SWD Easement. Please call me if you have any questions.

Sincerely,

*Brian Wood*  
 Brian Wood

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
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**SANTA FE OFFICIAL USE**

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Restricted Delivery Fee (Endorsement Required)	\$0.00	
<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>	

Stamp: SANTA FE, NM 87501 MAR 12 2012  
 Stamp: 03/12/2012

PS Form 3800, August 2003 See Reverse for Instructions

EXHIBIT M

March 12, 2012

Sharon LaValley  
 Cimarex Energy Co.  
 15 East 5th St., Suite 1000  
 Tulsa, OK 74103

Dear Sharon,

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

*Brian Wood*  
 Brian Wood

U.S. Postal Service  
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**USA OFFICIAL USE**

Postage	\$ 41.50
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 46.80</b>

Stamp: SANTA FE, NM 87501 MAR 12 2012

Stamp: 03/12/2012

PS Form 3800, August 2003 See Reverse for Instructions



March 12, 2012

Susan Dee Bergfeld &  
Susan Hood Bergfeld Trust  
2001 South Donnybrook  
Tyler, TX 75701

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT M

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TYLER TX 75701 **OFFICIAL USE**

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Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>

Postmark: MAR 12 2012  
Postnet: 05015 NM 5000

Sent to: Susan Bergfeld  
Address, Apt. No., or PO Box No.  
City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions



March 12, 2012

CBR Oil Properties, LLC  
P. O. Box 1518  
Roswell, NM 88202-1518

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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**Approximate Location:** ~8 air miles southeast of Lovington, NM  
**Applicant Name:** Cobalt Operating, LLC (432) 682-8686  
**Applicant's Address:** 3001 North Big Spring, Suite 207, Midland, TX 79705

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Please call me if you have any questions.

Sincerely,

Brian Wood

U.S. Postal Service<sup>®</sup>  
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ROSWELL NM 88202 **OFFICIAL USE**

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Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>

Postmark: MAR 12 2012  
Postnet: 05015 NM 5000

Sent to: CBR OIL PROP  
Address, Apt. No., or PO Box No.  
City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions



March 12, 2012

Condor Power Company, LLC  
1502 August Dr., Suite 120  
Houston, TX 77057

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ~8 air miles southeast of Lovington, NM  
Applicant Name: Cobalt Operating, LLC (432) 682-8686  
Applicant's Address: 3001 North Big Spring, Suite 207, Midland, TX 79705

Submittal Information: Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

*Brian Wood*  
Brian Wood

U.S. Postal Service... CERTIFIED MAIL... RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com. HOUSTON TX 77057 OFFICIAL USE Postage \$ 1.50 Certified Fee \$2.65 Return Receipt Fee (Endorsement Required) \$2.35 Restricted Delivery Fee (Endorsement Required) \$0.00 Total Postage & Fees \$ 6.80 03/12/2012 To: Condor Power Houston

EXHIBIT M



March 12, 2012

Chesapeake Exploration LP  
P. O. Box 18496  
Oklahoma City, OK 73154-0496

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Approximate Location: ~8 air miles southeast of Lovington, NM  
Applicant Name: Cobalt Operating, LLC (432) 682-8686  
Applicant's Address: 3001 North Big Spring, Suite 207, Midland, TX 79705

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Please call me if you have any questions.

Sincerely,

*Brian Wood*  
Brian Wood

U.S. Postal Service... CERTIFIED MAIL... RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com. OKLAHOMA CITY OK 73154 OFFICIAL USE Postage \$ 1.50 Certified Fee \$2.65 Return Receipt Fee (Endorsement Required) \$2.35 Restricted Delivery Fee (Endorsement Required) \$0.00 Total Postage & Fees \$ 6.80 03/12/2012 To: Chesapeake Exploration LP P.O. Box 18496 Oklahoma City, OK 73154

March 12, 2012

Tom Scarborough  
 ConocoPhillips Company  
 P. O. Box 2197  
 Houston, TX 77252

Dear Mr. Scarborough:

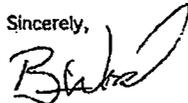
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Applicant's Address: 3001 North Big Spring, Suite 207, Midland, TX 79705

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Please call me if you have any questions.

Sincerely,



Brian Wood

EXHIBIT M

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**HOUSTON TX 77252 OFFICIAL USE**

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Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 16.80</b>

Postmark: MAR 12 2012  
 03/12/2012

Sent to: ConocoPhillips  
 Street, Apt. No. or PO Box No.: Houston  
 City, State, ZIP+4: Houston

PS Form 3800, August 2008 See Reverse for Instructions

March 12, 2012

David Petroleum Corp.  
 116 West First St.  
 Roswell, NM 88203

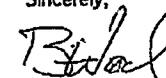
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Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service  
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**ROSWELL NM 88203 OFFICIAL USE**

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Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 16.80</b>

Postmark: MAR 12 2012  
 03/12/2012

Sent to: David Pet  
 Street, Apt. No. or PO Box No.:  
 City, State, ZIP+4:

PS Form 3800, August 2008 See Reverse for Instructions



March 12, 2012

Davoil, Inc.  
P. O. Box 1222269  
Ft. Worth, TX 76121-2262

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT M

7555 9317 7555  
7011 2970 0003 9317 7555

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Postage	\$ 11.50
Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 16.80</b>
Sent to	<i>[Signature]</i>
Street, Apt. No. or PO Box No.	
City, State, ZIP+4	
PS Form 3800, August 2008 See Reverse for Instructions	

7011 2970 0003 9317 7555



March 12, 2012

Kent R. Ellison  
1015 N. Walts Ave.  
Sioux Falls, SD 57104

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Please call me if you have any questions.

Sincerely,

Brian Wood

7011 2970 0003 9317 7555

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CERTIFIED MAIL <sup>®</sup> RECEIPT	
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For delivery information visit our website at www.usps.com	
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Postage	\$ 11.50
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<b>Total Postage &amp; Fees</b>	<b>\$ 16.80</b>
Sent to	<i>[Signature]</i>
Street, Apt. No. or PO Box No.	
City, State, ZIP+4	
PS Form 3800, August 2008 See Reverse for Instructions	

7011 2970 0003 9317 7555

March 12, 2012

Harvard Energy Partners, L. P.  
 P. O. Box 936  
 Roswell, NM 88201

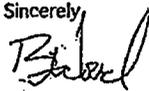
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Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service <sup>®</sup>	
<b>CERTIFIED MAIL<sup>™</sup> RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES</b>	
Postage	\$ 1.50
Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
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<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>
Postmark Here MAR 12 2012 CORONADO STATION SANTA FE, NM 87501	
Send To: Harvard Energy Partners, L.P. P.O. Box 936 Roswell, NM 88201	
PS Form 3800, August 2006 See Reverse for Instructions	

EXHIBIT M

March 12, 2012

Don A. Hood Trust & Donald Allison Hood  
 P. O. Box 1740  
 Bracketville, TX 78832

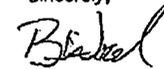
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Well Name: Consolidated State 3 (state lease) ID = 11,300'  
Proposed Injection Zone: Strawn (from 10,944' to 11,075')  
Location: 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM  
Approximate Location: ≈8 air miles southeast of Lovington, NM  
Applicant Name: Cobalt Operating, LLC (432) 682-8686  
Applicant's Address: 3001 North Big Spring, Suite 207, Midland, TX 79705

Submittal Information: Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

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<b>CERTIFIED MAIL<sup>™</sup> RECEIPT</b>	
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<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>
Postmark Here MAR 12 2012 CORONADO STATION SANTA FE, NM 87501	
Send To: Don A. Hood Trust P.O. Box 1740 Bracketville, TX 78832	
PS Form 3800, August 2006 See Reverse for Instructions	



March 12, 2012

Lauren Corporation and  
Miller Oil & Gas Assets II, LC  
P. O. Box 3193  
Englewood, CO 80155-3193

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Sincerely,

*Brian Wood*  
Brian Wood

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Postmark: SANTA FE, NM MAR 12 2012	
Send To: <i>Lauren Corporation</i>	
Street, Apt. No. or PO Box No.	
City, State, ZIP+4®	
See Reverse for Instructions	

EXHIBIT M



March 12, 2012

Lucinda Loveless & Lucinda Loveless Revocable Trust  
P. O. Box 8  
Hondo, NM 88336-0008

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

*Brian Wood*  
Brian Wood

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<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>
Postmark: SANTA FE, NM MAR 12 2012	
Send To: <i>Lucinda Loveless</i>	
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City, State, ZIP+4®	
PS Form 3827, August 2008 See Reverse for Instructions	

March 12, 2012

Martin Oil & Gas Investments  
 841 Los Lovatos Rd.  
 Santa Fe, NM 87501

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Please call me if you have any questions.

Sincerely,

*Brian Wood*  
 Brian Wood

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**SANTA FE NM 87501**  
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Postmark: MAR 12 2012  
 03/12/2012

PS Form 3800, August 2005 See Reverse for Instructions

EXHIBIT M

March 12, 2012

Pfeifer Energy Company, LLC  
 480 Willow Dr.  
 Pittsburgh, PA 15243

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Please call me if you have any questions.

Sincerely,

*Brian Wood*  
 Brian Wood

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**PITTSBURGH PA 15243**  
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Postmark: MAR 12 2012  
 03/12/2012

PS Form 3800, August 2005 See Reverse for Instructions

March 12, 2012

Lamar B. Roemer  
 35 N. Wynden Dr.  
 Houston, TX 77056

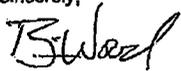
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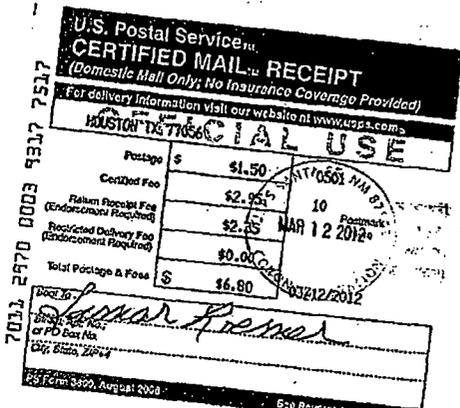
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Please call me if you have any questions.

Sincerely,



Brian Wood



Postage	\$ 1.50
Certified Fee	\$ 2.95
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Restricted Delivery Fee (Endorsement Required)	\$ 0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>

Postmark: SANTA FE, NM 87505 MAR 12 2012

Recipient Name: Lamar Roemer  
 Address: 35 N. Wynden Dr., Houston, TX 77056

EXHIBIT M

March 12, 2012

Roemer Oil Company  
 240 Milwaukee St., Suite 200  
 Denver, CO 80206-5006

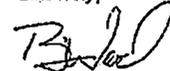
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Brian Wood



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Restricted Delivery Fee (Endorsement Required)	\$ 0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 6.80</b>

Postmark: DENVER, CO 80206 MAR 12 2012

Recipient Name: Roemer Oil  
 Address: 240 Milwaukee St., Denver, CO 80206



March 12, 2012

Sage Energy, Inc.  
10600 S Road V  
Manter, KS 67862

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Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT M

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Total Postage & Fees	\$ 6.80

Postmark: MAR 12 2012

Send to: *Sage Energy*

PS Form 3800, August 2009 See Reverse for Instructions



March 12, 2012

Carolyn Loveless Schlicher  
P. O. Box 606  
Roswell, NM 88202-0606

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

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Total Postage & Fees	\$ 6.80

Postmark: MAR 12 2012

Send to: *Carolyn Loveless Schlicher*

PS Form 3800, August 2009 See Reverse for Instructions



March 12, 2012

John F. Sheridan  
151 South Birch St.  
Denver, CO 80246-1016

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Please call me if you have any questions.

Sincerely,

Brian Wood

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<b>Total Postage &amp; Fees</b>	<b>\$6.80</b>

Postmark: MAR 12 2012  
Post Office: 87505  
Date: 03/12/2012

Sent to: *John F. Sheridan*  
Street, Apt. No. or PO Box No.:  
City, State, ZIP+4:

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT M



March 12, 2012

Douglas H. Smith  
3953 Meadowbrook Rd.  
St. Louis Park, MN 55426

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Please call me if you have any questions.

Sincerely,

Brian Wood

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Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$6.80</b>

Postmark: MAR 12 2012  
Post Office: 87505  
Date: 03/12/2012

Sent to: *Douglas H. Smith*  
Street, Apt. No. or PO Box No.:  
City, State, ZIP+4:

PS Form 3800, August 2006 See Reverse for Instructions

March 12, 2012

Stevens Revocable Trust  
 P. O. Box 3087  
 Roswell, NM 88202-3087

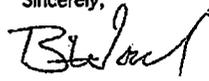
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Sincerely,



Brian Wood



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Restricted Delivery Fee (Endorsement Required)	\$2.35
Total Postage & Fees	\$6.80

Postmark: MAR 12 2012  
 PS Form 3800, August 2006

EXHIBIT M

March 12, 2012

Texland Petroleum, LP  
 777 Main St., Suite 3200  
 Ft. Worth, TX 76102

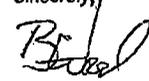
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Brian Wood



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Total Postage & Fees	\$6.80

Postmark: MAR 12 2012  
 PS Form 3800, August 2006

March 12, 2012

The Humble Trust  
 35421 Kanis Rd.  
 Paron, AR 72122

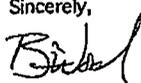
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**Applicant Name:** Cobalt Operating, LLC (432) 682-8686  
**Applicant's Address:** 3001 North Big Spring, Suite 207, Midland, TX 79705

**Submittal Information:** Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)  
 For delivery information visit our website at www.usps.com

**PARON AR 72122**  
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Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 46.80</b>

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 City, State, ZIP+4

PS Form 3800, August 2006

EXHIBIT M

March 12, 2012

Tritium Resources, Ltd.  
 3001 North Big Spring, Suite 207  
 Midland, TX 79705

Cobalt Operating, LLC is applying (application attached) to convert its Consolidated State 3 well to a salt water disposal well. As required by NM Oil Conservation Division Rules, I am notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

**Well Name:** Consolidated State 3 (state lease) **ID = 11,300'**  
**Proposed Injection Zone:** Strawn (from 10,944' to 11,075')  
**Location:** 660' FNL & 2128' FWL Sec. 9, T. 17 S., R. 37 E., Lea County, NM  
**Approximate Location:** ≈8 air miles southeast of Lovington, NM  
**Applicant Name:** Cobalt Operating, LLC (432) 682-8686  
**Applicant's Address:** 3001 North Big Spring, Suite 207, Midland, TX 79705

**Submittal Information:** Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)  
 For delivery information visit our website at www.usps.com

**MIDLAND TX 79705**  
**OFFICIAL USE**

Postage	\$ 11.50
Certified Fee	\$2.35
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$ 16.80</b>

Postmark Here  
 MAR 12 2012  
 SANTA FE, NM 87501

Sent To: *Tritium Resources*  
 Street, Apt. No. or PO Box No.  
 City, State, ZIP+4

PS Form 3800, August 2006

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 12, 2012

Yesco Energy, LLC  
 249-8 Yodap-dong Sungdong-gu  
 Seoul, South Korea 133-851

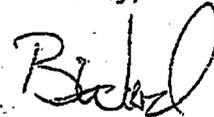
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Approximate Location: ≈8 air miles southeast of Lovington, NM  
Applicant Name: Cobalt Operating, LLC      (432) 682-8686  
Applicant's Address: 3001 North Big Spring, Suite 207, Midland, TX 79705

Submittal Information: Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

<b>Registered No.</b> RB459678464US		<b>Date Stamp</b>	
Reg. Fee \$11.75			
Handling Charge \$0.00	Return Receipt \$2.35		
Postage \$4.09	Restricted Delivery \$0.00		
Received by: <i>18.19</i>			
Customer Must Declare Full Value \$ \$0.00		Domestic insurance up to \$25,000 is included based upon the declared value. International indemnity is limited. (See Reverse).	

## OFFICIAL USE

To Be Completed By Customer (Please Print) All Entries Must Be in Ballpoint or Typed.	FROM	87505 Permits West, Inc 37 Verano Loop Santa Fe, NM 87508 USA
	TO	Yesco Energy, LLC 249-8 Yodap-dong Sungdong-gu Seoul, South Korea 133-851

EXHIBIT M

**HOLLAND & HART** LLP



**Michael H. Feldewert**  
Recognized Specialist in the Area of  
Natural Resources - oil and gas law -  
New Mexico Board of Legal  
Specialization  
mfeldewert@hollandhart.com

April 2, 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES**

**Re: Application of Cobalt Operating, LLC for authorization to injection produced water, Lea County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that Cobalt Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application has been set for hearing before a Division Examiner at 8:15 a.m. on May 10, 2012. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions regarding this application, please contact Brian Wood at Permits West at (505) 466-8120.

Sincerely,

Michael H. Feldewert

**Holland & Hart** LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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