

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	B0-2517-0000	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.

