HOLLAND&HART LLP

Michael H. Feldewert
Recognized Specialist in the Area of Natural Resources – oil and gas law – New Mexico Board of Legal Specialization

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April 15, 2008

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14122

RECEIVED
2008 APR 15 PM 3 21

Re: Application of Pecos Operating Company for approval of a non-commercial salt water disposal well, Lea County, New Mexico.

Dear Mr. Fesmire, P.E.:

Pursuant to Rule 701, enclosed is the Form C-108 comprising the application of Pecos Operating Company for approval of a salt water disposal well, as well as a copy of a legal advertisement. Pecos Operating submitted this application for administrative approval, but a protest was filed requiring that this matter to be set for a hearing. Pecos Operating therefore requests that this matter be placed on the docket for the May 15, 2008, Examiner hearings.

Sincerely,

Michael H. Feldewert

Enclosures

3/25/08		W Jones	3/25/08	SWD	PKUR0808542019
DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

Pecos Operating
State GA #7
Case 14122
Protested 4/1/08
Cancelled 4/1/08

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

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 ______________________

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[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

[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.

Steve Gray	Steve Gray	Manager	3-17-08
Print or Type Name	Signature	Title	Date

steveg@pecoscompanies.com
e-mail Address

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

April 10, 2008

Steve Gray
Pecos Operating Company
400 W. Illinois Avenue
Suite 1210
Midland, TX 79701

RE Application for SWD: State GA #1 API No. 30-025-03688
Unit B, Section 16, Township 15 South, Range 36 East, NMPM
Lea County, New Mexico

Dear Sir:

The Division has received a protest to your application from Mr. Donald M. Harrod with H&M Disposal and can no longer consider this administratively.

If negotiations with Mr. Harrod are successful, ask Mr. Harrod to send a letter to the Division withdrawing his protest, and then send a formal request to the engineering bureau of the Division to re-open this application and consider it administratively.

You have the option of pursuing this through the Division's hearing process. If you want to follow this route, then have your attorney send a request to Ms. Florene Davidson of this office along with a detailed application and summary to be placed in a docket, and notify the protesting party of the pending hearing.

MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: State Land Office – Oil Gas and Minerals Division
Oil Conservation Division – Hobbs

Donald M. Harrod (575-396-5777)
H&M Disposal (PO Box 1544)
Lovington, NM 88260

H & M Disposal
P.O. Box 1544
Lovington. New Mexico 88260
April 9. 2008

Mr. William V. Jones
Oil Conservation Division
Engineering and Geological Services Bureau
1220 South St. Francis Dr.
Santa Fe. New Mexico 87505

Info copy to: Pecos Operating Company. 400 W. Illinois Ave. Midland. TX 79701

Dear Mr. Jones:

H & M Disposal recently received a copy of Pecos Operating Company's application to convert the former Shell Oil Company State "GA" No. 7 Sec. 16-T15S-R36E into a salt water disposal well.

We object to the granting of this permit for the following reasons:

1. The proposed disposal well is only 1320' away from our ongoing commercial installation that has been a gravity system for years.
2. The proposed well is unlikely to take the proposed volume of 4000 to 8000 bwpd without pumping at pressures that are likely to adversely affect our operation.
3. Pecos operating has declined to voluntarily limit the water to be disposed of to their on-lease production thus placing a competing commercial operation on our door step.

Sincerely,

Donald M. Harrod
Operator

Pecos Operating Company

400 W. Illinois, Suite 1210, Midland, Texas 79701 (432) 620-8480 Office (432) 682-2197 Fax

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March 18, 2008

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

Case 14122

Dear Sirs:

Pecos Operating Company hereby makes application for administrative approval for a saltwater disposal well in Lea County, NM, as shown on the enclosed form C-108 and associated documents. Pecos is proposing to re-enter the former producer, the State GA #7 well that was drilled by Shell Oil Company in 1956 and plugged in 1965. The GA #7 produced from the Caudill Devonian field and is situated on a downdip eastern flank of the field. The proposed name of the new re-entry well will be the Caudill SWD No.1.

Pecos currently has one Devonian producer on the lease that is producing at a high water cut and is planning the re-activation of several more wells that are situated higher on the structure than the proposed disposal well. The Devonian reservoir in Caudill field was a strong water drive, however many of the producers that were plugged as uneconomic in the 1960's would be considered profitable in today's economic environment, provided that there is adequate and affordable water disposal capacity on the lease. For this reason we are permitting this well for non-commercial use.

There is already one commercial saltwater disposal well in the Devonian in this field. Based on the performance of that well, and the known high permeability in the Devonian, this proposed disposal well should take significant volumes of water at relatively low injection pressures. The Devonian is normally pressured based on static fluid levels observed on our producer (fluid level at approx 3000 ft)

Copies of this application have been sent to the landowner, Wanda Alexander, who owns the entirety of section 16, as well as offset operators. Proof of mailing and notice are included with this package. Please let us know if any additional information is needed to process this application.

Yours truly,

Steven Gray
Manager

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 XXX Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No

II. OPERATOR: Pecos Operating Company

Case 14122

ADDRESS: 400 W. Illinois Ave , Suite 1210 , Midland , TX 79701

CONTACT PARTY: Steven Gray PHONE: 432-620-8480

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:

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 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: Steven Gray TITLE: Manager

SIGNATURE: Steven Gray DATE: 3/12/08

E-MAIL ADDRESS: steveg@pecoscompanies.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: _____

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 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.

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.

Current Wellbore Condition

Shell Oil Company

State "GA" #7

660' FNL & 2310' FEL

Sec. 16, T15S, R36E

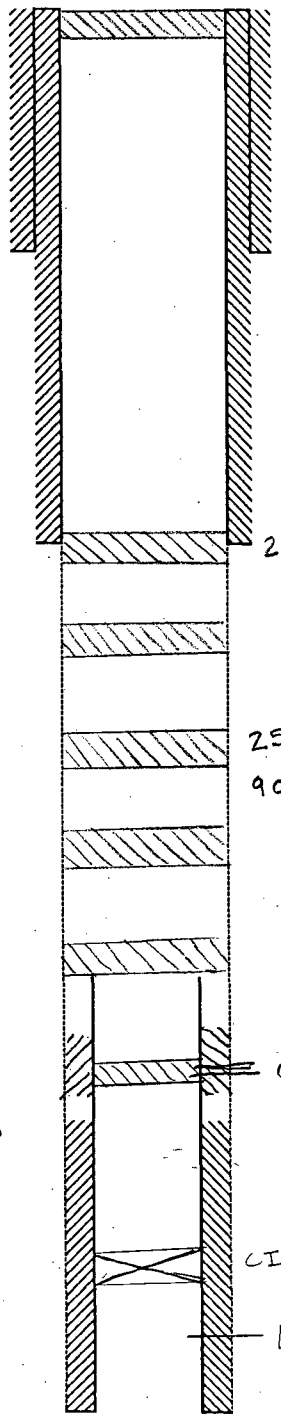
Lea County, NM

Drilled: 1956 P&A'd: 1965 API: 30-025-03688

SURFACE CASING: 13 3/8"
DEPTH: 336'
CEMENT: 400 sx.
circulated

INTERM. CASING: 8 5/8"
DEPTH: 4,734'
CEMENT: 1,650 sx.
circulated

PROD CASING: 5 1/2"
DEPTH: 13,615'
CEMENT: 250 sx



10 sk plug @ surface

25 sk. cement plug @ 4740'

25 sk. cement plugs @ 9010', 8118', 7409', 6206', 4740'

5 1/2" casing cut & pulled @ 9,010'

OLD PERFS. 10,150 - 10,600 overall (squeezed) Plugged on top w/ 125 sx cement

TOC 12,040

CIBP - 10,680' w/ cement on top

Perfs. 13,495 - 13,570

TD: 13,615

Side 1

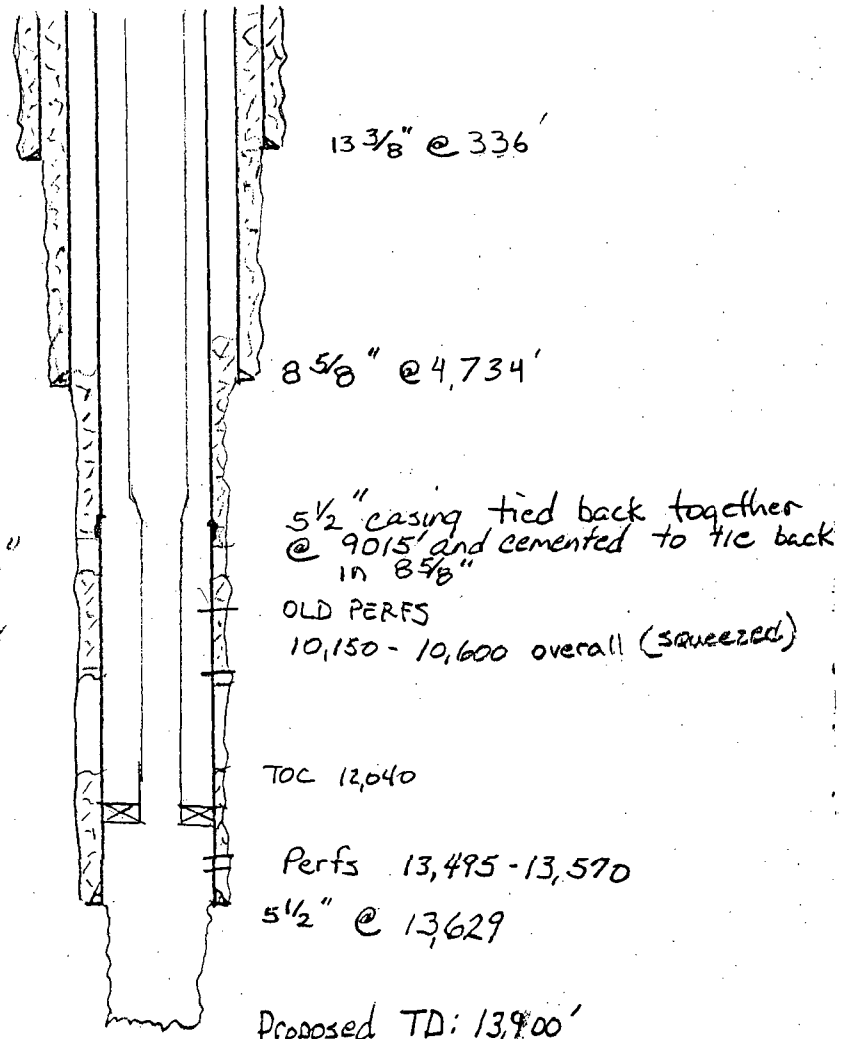
INJECTION WELL DATA SHEET

OPERATOR: Pecos Operating Company

WELL NAME & NUMBER: Caudill SWD No. 1 (Formerly Shell Oil Company State 'GA' No. 7) 30-025-03649

WELL LOCATION:	660' FNL & 2310' FEL	B	16	15S	36E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC - Proposed



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 ½ " Casing Size: 13 3/8"

Cemented with: 350 sx. *or* _____ ft³

Top of Cement: circulated Method Determined: _____

Intermediate Casing

Hole Size: 11" Casing Size: 8 5/8"

Cemented with: _____ sx. *or* _____ ft³

Top of Cement: circulated Method Determined: _____

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2"

Cemented with: 250 sx. *or* _____ ft³

Top of Cement: 12,040' Method Determined: temp survey

Total Depth: old:13,630' proposed:13,800

Injection Interval

13,495 feet To 13,800

(old perfs 13495-13570 and new openhole 13630-13800)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 3 ½" and 2 7/8" Lining Material: plastic coated

Type of Packer: 5 ½" Lockset –internally plastic coated

Packer Setting Depth: 13,400'

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

Additional Data

1. Is this a new well drilled for injection? _____Yes _XXX__No

   If no, for what purpose was the well originally drilled? _Devonian Producer _____

   _____

2. Name of the Injection Formation: __Devonian _____

3. Name of Field or Pool (if applicable): _Caudill Devonian _____

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. __Caudill Permo-Penn __

   __10,190-10,531 - will be squeeze cemented during re-entry _____

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: ___Above – Mississippian @ 12,650' __Below – none _____

   _____

   _____

   _____

Pecos Operating Company
Caudill SWD No. 1
660' FNL & 2310' FEL
Section 16 – T15S – R36E

Form C-108 (cont'd)

V - See map attached, Exhibit 1

VI – See attached list of wells and wellbore sketches, Exhibit 2A and 2B

VII –

1. Proposed avg daily injection – 4000 bwpd Maximum – 8000 bwpd
2. The system will be closed
3. Avg injection pressure 100 psi. Maximum pressure – 1500 psi.
4. Water will be Devonian water – reinjected into Devonian formation

VIII - The injection zone is the Devonian. The Devonian is a 300 foot section of limestone and dolomite. This reservoir has excellent permeability and should be capable of taking significant volume of water at low pressure. Surface water in the area is located at a depth less than 200 ft from surface.

IX – We propose to deepen the old well by about 200 feet and inject in to the old perforations and openhole completion. Stimulation will include acid wash only.

X – Logs were previously filed under the original operator and well name: The Shell Oil Company – State "GA" No. 7 well

XI – Fresh water analysis from two area water wells was obtained in 2002 and submitted along with a previous permit to inject that was never completed. These two samples are attached as Exhibit 3.

XII – Affirmative statement attached and labeled as Exhibit 4.

XIII – Proof of notice is attached as Exhibit 5

Exhibit 1

Pecos Operating Company
Caudill SWD No. 1
(Formerly Shell Oil Company State 'GA' No. 1)
660 FNL, 2310 FEL Sec 16, T15S, R36E
Caudill Field
Lea County, New Mexico

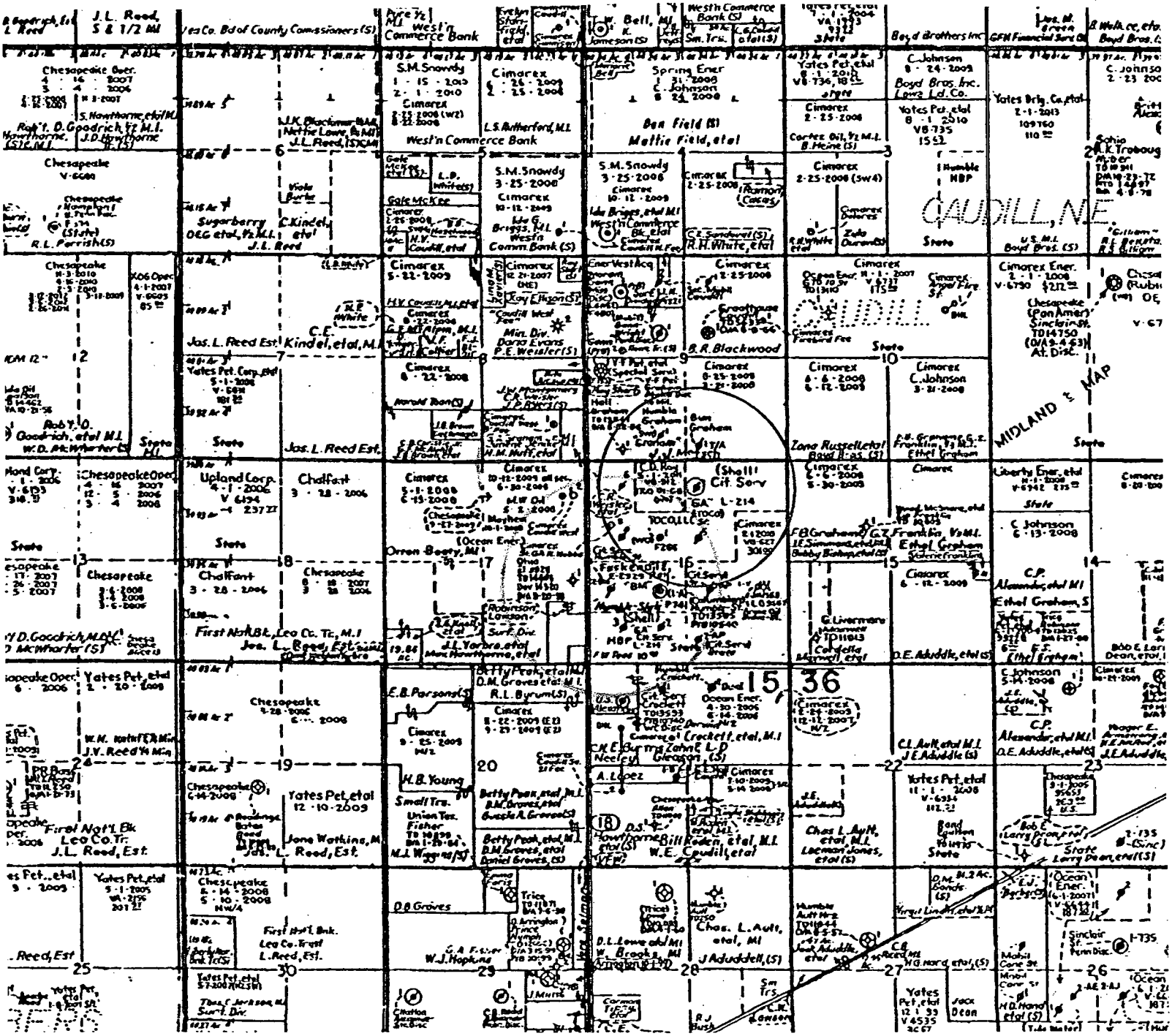


Exhibit 2A

WELLS WITHIN ½ MILE RADIUS OF STATE GA #7-SWD

1. **J. D. Graham**
   Unit O Sec 9, T15S-R36E API No. 30-025-03676
   Drilled: 1956 Plugged: 1975
   Surface Casing: 13 3/8" @ 374' w/400 sx circulated
   Intermediate Casing: 8 5/8" @ 4749' w/ 2300 sx TOC: 500'
   Production Casing: 5 ½" @ 13,630' w/ 450 sx TOC: 12,000'
   See attached wellbore diagram for plugging details

2. **Maymie Graham #1**
   Unit N Sec 9, T15S-R36E API No. 30-025-03673
   Status: Active SWD well - Devonian
   Surface Casing: 11 3/4" @ 309' w/ 300 sx circulated
   Intermediate Casing: 8 5/8" @ 4900' w/2100 sx est TOC 880'
   Production Casing: 5 ½" @ 13,600' w/ 1320 sx TOC unknown
   TD: 13600'

3. **Graham #1**
   Unit M Sec 9, T15S-R36E API No. 30-025-03672
   Status: D&A in 1956
   Surface Casing: 13 3/8" @ 320' w/ 300 sx circulated
   Intermediate Casing: 8 5/8" @ 4750' w/500 sx
   Production Casing: none
   See attached wellbore diagram for plugging details

4. **State GA #6**
   Unit D Sec 16, T15S-R36E API No. 30-025-03687
   Status: Drilled : 1955 P & A'd in 1967.
   Surface Casing: 13 3/8" @ 352' w/400 sx circulated
   Intermediate Casing: 8 5/8"@ 4749' w/1700 sx circulated
   Production Casing: 5 ½" @13,682' w/200 sx TOC--12,300
   TD 13,682'
   See attached wellbore diagram for plugging details

5. **State GA #4**
   Unit E Sec 16, T15S-R36E API No. 30-025-03685
   Status: P & A'd in 1967. Drilled in 1955.
   Surface Casing: 13 3/8" @ 336' w/400 sx circulated
   Intermediate Casing: 8 5/8" @4739' w/1700 sx circulated
   Production Casing: 5 ½" @13,700 ' w/300 sx TOC—11,872'
   TD 13,700'
   See attached schematic for plugging details.

6. **State GA #1**
   Unit F Sec 16, T15S-R36E API No. 30-025-03682
   Status: Producing Devonian Well. Drilled in 1955. P&A'd in 1967. Re-entered 1976.
   Surface Casing: 13 3/8" @ 353' w/400 sx circulated
   Intermediate Casing: 8 5/8" @ 4738' w/1750 sx circulated
   Production Casing: 5 ½" @ 14,078' w/1250 sx TOC—6725'
   Producing Devonian Perfs: 13,366' to 13,438'

7. **State GA #5**
   Unit G Sec 16, T15S-R36E API No. 30-025-03686
   Status: Drilled in 1955. P&A'd in 1964
   Surface Casing: 13 3/8" @ 338' w/ 400 sx circulated
   Intermediate Casing: 8 5/8" @ 4747' w/ 2700 sx circulated
   Production Casing: 5 ½" @ 13,656' w/ 200 sx est. TOC—12,300'
   TD 13,656'
   See attached schematic for plugging details.

8. **State AP #1**
   Unit J Sec 16, T15S-R36E API No. 30-025-03678
   Status: P & A'd in 1974. Drilled in 1955.
   Surface Casing: 13 3/8" @ 315' w/ 300 sx circulated
   Intermediate Casing: 8 5/8" @ 4659' w/ 3250 sx circulated
   Production Casing: 5 ½" @ 13,536' w/ 425 sx est. TOC 10,690'
   TD 13,657'
   See attached schematic for plugging details.

9. **State GB #1**
   Unit C Sec 16, T15S-R36E API No. 30-025-03689
   Status: Inactive producer Drilled: 1955. P & A'd:1973. Re-entered : 2000
   Surface Casing: 13 3/8" @354' w/ 350 sx circulated
   Intermediate Casing: 8 5 /8" @ 4748' w/ 2200 sx circulated
   Production Casing: 5 ½" @ 13,674' w/ 200 sx est. TOC 12,250
   TD 13,674'

Exhibit 2B

Wellbore Sketches of plugged wells within one half mile of proposed re-entry

Sunray Midcontinent Oil Co
J. D. Graham #1
330 FSL & 2310 FEL
SEC 9- T15S- R36E
Lea County, NM
API No.: 30-025-03676

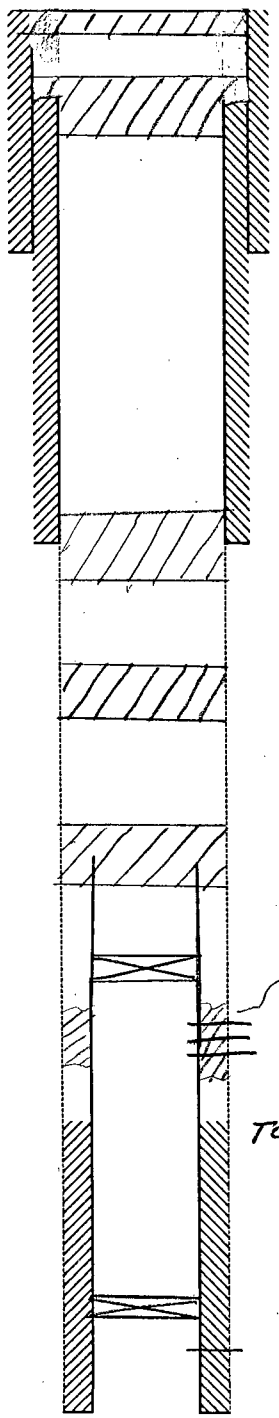
SURFACE CASING:	13 3/8
DEPTH:	374'
CEMENT:	400 SX

INTERM. CASING:	8 5/8"
DEPTH:	4749'
CEMENT:	2300 SX
TOC ·	500'

Cut off & pulled 500'

5½" cut & pulled @ 8603'

PROD CASING:	5 1/2"
DEPTH:	13,630
CEMENT:	450 SX
Est TOC =	12,000'



20 SX cement plug · surface

125 SX Cement plug 300'-543'

60 sk cement plug 4749-4543

50 sk Cement Plug 5946-6124

40 sk cement plug 8468-8603'

CIBP @ 10,150'

squeeze perfs 10190-11265 Overall

Perfs 10,204-11,252 overall

TOC 12,000

Plug @ 13,532'

Perf 13542-13605

TD: 13,631

Columbia Carbon Company

Graham #1

330' FSL & 990 FWL

Sec 9 · T15S - R36E

Lea County, NM

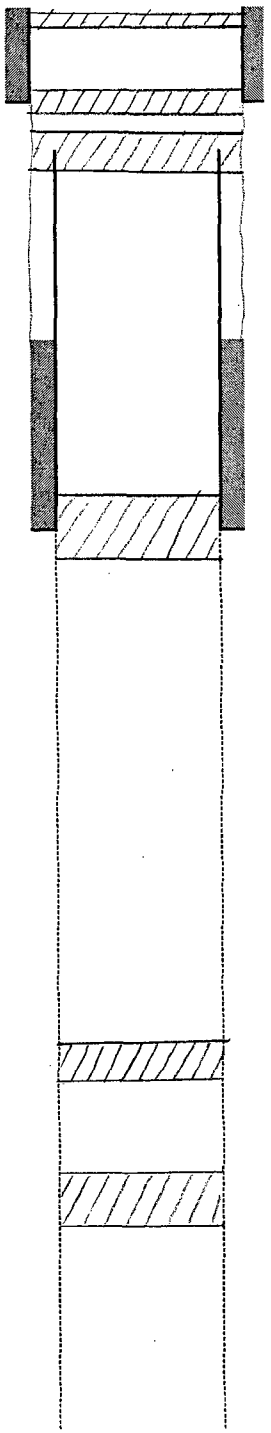
Drilled & abandoned in 1956 API No: 30-025-03672

SURFACE CASING:	13 3/8
DEPTH:	312'
CEMENT:	400 sx
	circulated

INTERM. CASING:	8 5/8
DEPTH:	4750'
CEMENT:	300 sx
	TOC - ?

Pulled 900 ft

PROD CASING:	None
DEPTH:	
CEMENT:	



10 sk cement plug - surface

25 sk cement plug 285 - 320

30 sk cement plug 860 - 940

100 sk cement plug 4,700 - 5,020

25 sk Cement Plug 9605 - 9655

25 sk cement Plug 10,355 - 10,405

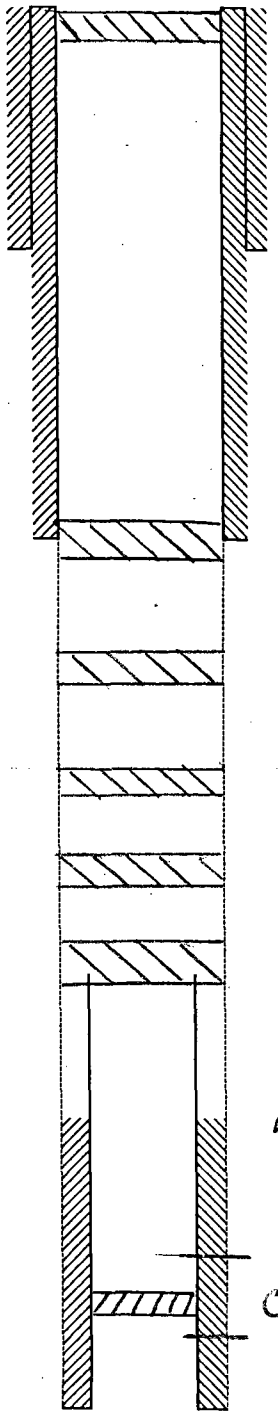
TD: 13,547

Shell Oil Company
STATE "GA" #6
660' FNL & 990' FWL
Sec 16, T15S - R36E
Lea County, NM
Drilled: 1955 P&A'd: 1967 API No. 30-025-03687

SURFACE CASING:	13 3/8
DEPTH:	352'
CEMENT:	400 SX
Circulated	

INTERM. CASING:	8 5/8"
DEPTH:	4749'
CEMENT:	1700 SX
Circulated	

PROD CASING:	5 1/2
DEPTH:	13682
CEMENT:	200 SX



10 sk plug @ surface

25 sack cement plugs @ 9006', 8100', 7408', 6146', 4748'

5 1/2" casing cut & Pulled @ 9006'

Est TOC 12,159'

Perfs 13370 - 13510
CIBP - 13538 w/ CMT ON TOP
Perfs 13548 - 13606
TD: 13,682'

Shell Oil Company

State 'GA' #4

1980' FNL & 990' FWL

Sec 16 - T15S - R36E

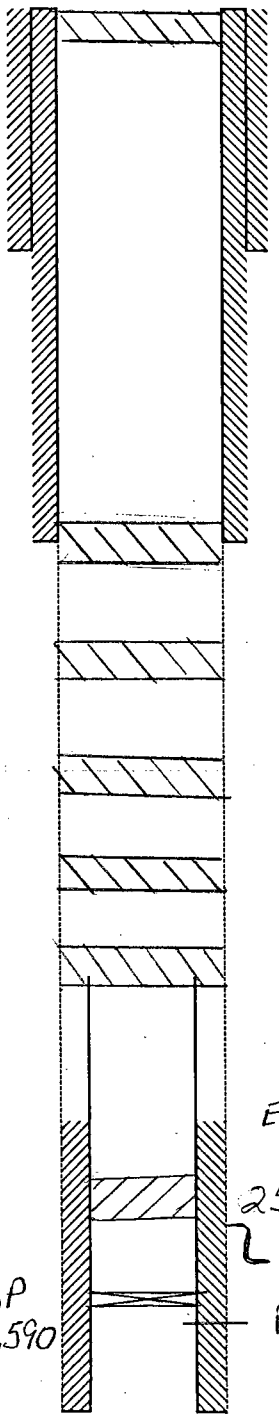
Lea County, NM

Drilled: 1955 Plugged: 1967 API No.: 30-025-03685

SURFACE CASING:	13 3/8
DEPTH:	336'
CEMENT:	400 sx
	Circulated

INTERM. CASING:	8 5/8
DEPTH:	4739'
CEMENT:	1700 sx
	Circulated

PROD CASING:	5 1/2
DEPTH:	13,700'
CEMENT:	300 sx



10 sk cement plug @ surface

25 sack cement plugs @ 9025', 8098', 7408', 6616', 4740'

5 1/2" casing cut + Pulled @ 9025'

Est TOC 11,415'

25 sx cmt Plug 13454-13564

Perfs 13454 - 13564

Perfs 13614 - 13624

CIBP @ 13,590

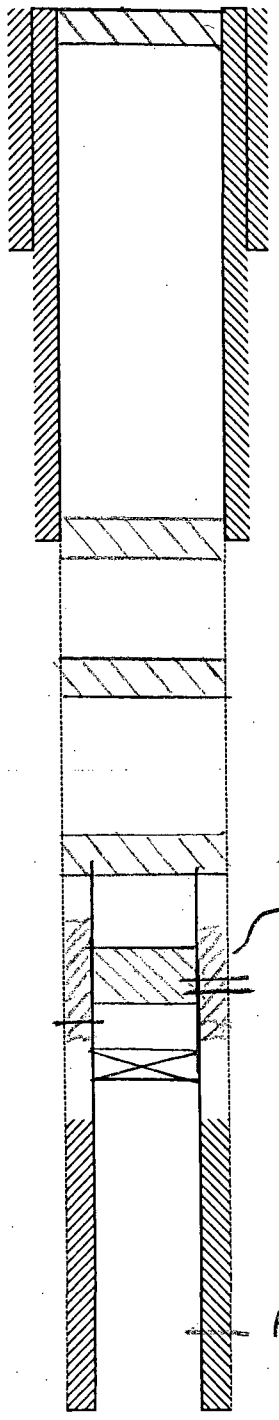
TD:

Shell Oil Company
STATE 'GA' #5
1980 FNL & 2310 FEL
Sec 16 · T15S · R36E
Lea County, NM
Drilled: 1955 P&Ad: 1964 API No.: 30-025-03686

SURFACE CASING:	13 3/8"
DEPTH:	338'
CEMENT:	400 sx
Circulated	

INTERM. CASING:	8 5/8
DEPTH:	4747
CEMENT:	2700 sx
Circulated	

PROD CASING:	5 1/2
DEPTH:	13,656
CEMENT:	200 sx



15 sack cement plug @ surface

25 sack cement plug @ 4800'

25 sack cement plug @ 6200'

5 1/2" casing cut & pulled @ 8224'

50 sack cement plug @ 8224'

100 sack cement plug 10,560 - 10,189

Perfs 10,189 - 548 · SQUEEZED w/ 150 sx

Perf 10650 & SQZ w/ 255 sx

CIBP @ 10,690 w/ CMT on TOP
Est TOC - 12,134'

Perfs 13496' - 13560'

TD: 13,656

Cities Service Oil Company

STATE 'AP' #1

1980 FSL & 1980 FEL

Sec 16 - T15S - R36E

Lea County, NM

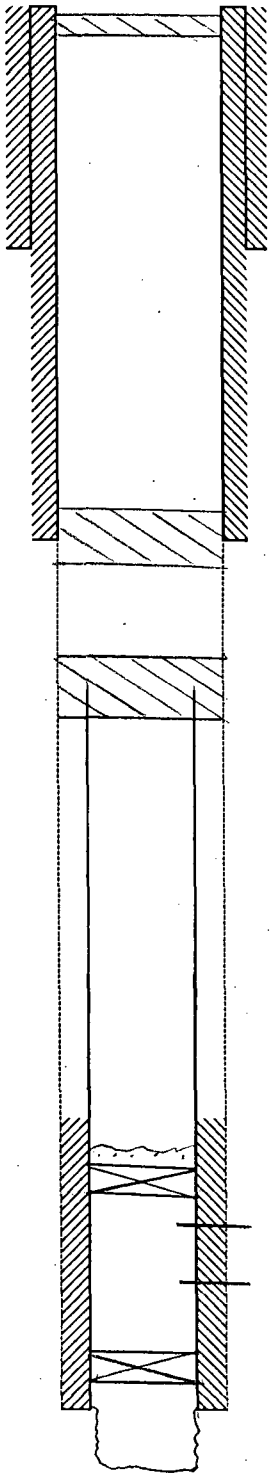
Drilled: 1955 P&A'd: 1974 API No: 30-025-03678

SURFACE CASING:	13 3/8
DEPTH:	315'
CEMENT:	300 SX
circulated	

INTERM. CASING:	8 5/8
DEPTH:	4659'
CEMENT:	3250 SX
circulated	

5½" casing cut & pulled at 5430'

PROD CASING:	5½
DEPTH:	13,550
CEMENT:	425 SX



10 sack cement plug @ surface

30 sk cement plug 4600 - 4700

30 sk cement plug 5478' - 5378'

EST TOC @ 10,690'

CIBP @ 10,260 w/ 5 sk cement cap

Perfs 10,290 - 10,310

Perfs 10,504 - 10,582

CIBP @ 13,500

TD: 13,657

Devonian openhole 13,550 - 13,657

EXHIBIT 3A

C&A

Oilfield Solutions, Inc.
2614 S.C.R. 1257, Midland, Tx. 79706

WATER ANALYSIS REPORT

Company:	C.W TRAINOR	**Sampled By:**	L-CHEM
Location:	FRESH WATER SAMPLE #1	**Analysis Date:**	02/18/03
Source:	0	**Salesman:**	
Date Sampled:	0		

	ANALYSIS	mg/L	EQ. WT.	MEQ/L
1.	pH	7.60		
2.	Specific Gravity 60/60 f.	1.003		
3.	Hydrogen Sulfide	NEGATIVE		
4.	Carbon Dioxide	Not Determined		
5.	Dissolved Oxygen	Not Determined		
6.	Hydroxyl (OH-)	0 /	17.0 =	0.00
7.	Carbonate (CO3=)	0 /	30.0 =	0.00
8.	Bicarbonate (HCO3-)	195 /	61.1 =	3.19
9.	Chloride (Cl-)	1,000 /	35.5 =	28.17
10.	Sulfate (SO4=)	1,580 /	48.8 =	31.97
11.	Calcium (CA++)	0 /	20.1 =	0.00
12.	Magnesium (Mg++)	0 /	12.2 =	0.00
13.	Sodium (Na+)	1,467 /	23.0 =	63.33
14.	Barium (Ba++)	Not Determined		
15.	Total Iron (Fe)	0.00		
16.	Dissolved Solids	4,212		
17.	Filterable Solids			
18.	Total Solids	4,212		
19.	Total Total Hardness As CaCO3	0		
20.	Suspended Oil			
21.	Volume Filtered (ml)			
22.	Resistivity @ 75 F. (calculated)	2.164 /cm.		
23.	CACO3 Saturation Index			
	@80 F.	ERR		
	@100 F.	ERR		
	@120 F.	ERR		
	@140 F.	ERR		
	@160 F.	ERR		
24.	Calcium Sulfate solubility @ 90 F.	1,590 mg/L		

PROBABLE MINERAL COMPOSITION

COMPOUND	EQ. WT.	X MEQ/L	= mg/L
Ca(HCO3)2	81.04	0.00	0
CaSO4	68.07	0.00	0
CaCl2	55.50	0.00	0
Mg(HCO3)2	73.17	0.00	0
MgSO4	60.19	0.00	0
MgCl 2	47.62	0.00	0
NaHCO3	84.00	3.19	268
Na2SO4	71.03	31.97	2,271
NaCl	58.46	28.17	1,647

Chemist _____

EXHIBIT 3B

C+A

Oilfield Solutions, Inc.
2614 S.C.R. 1267, Midland, Tx. 79706

WATER ANALYSIS REPORT

Company:	C.W TRAINOR	Sampled By:	L-CHEM
Location:	FRESH WATER SAMPLE #2	Analysis Date:	03/18/02
Source:	0	Salesman:	
Date Sampled:	0		

	ANALYSIS	mg/L		EQ. WT.		MEQ/L
1.	pH	7.60				
2.	Specific Gravity 60/60 f.	1.003				
3.	Hydrogen Sulfide	NEGATIVE				
4.	Carbon Dioxide	Not Determined				
5.	Dissolved Oxygen	Not Determined				
6.	Hydroxyl (OH-)	0	/	17.0	=	0.00
7.	Carbonate (CO3=)	0	/	30.0	=	0.00
8.	Bicarbonate (HCO3-)	195	/	61.1	=	3.19
9.	Chloride (Cl-)	1,000	/	35.5	=	28.17
10.	Sulfate (SO4=)	600	/	48.8	=	12.30
11.	Calcium (CA++)	0	/	20.1	=	0.00
12.	Magnesium (Mg++)	0	/	12.2	=	0.00
13.	Sodium (Na+)	1,004	/	23.0	=	43.66
14.	Barium (Ba++)	Not Determined				
15.	Total Iron (Fe)	0.00				
16.	Dissolved Solids	2,799				
17.	Filterable Solids					
18.	Total Solids	2,799				
19.	Total Total Hardness As CaCO3	0				
20.	Suspended Oil					
21.	Volume Filtered (ml)					
22.	Resistivity @ 75 F. (calculated)	3.182 Ωcm.				
23.	CACO3 Saturation Index					
	@80 F.	ERR				
	@100 F.	ERR				
	@120 F.	ERR				
	@140 F.	ERR				
	@160 F	ERR				
24.	Calcium Sulfate solubility @ 90 F.	1,561 mg/L				

PROBABLE MINERAL COMPOSITION

COMPOUND	EQ. WT.	X	MEQ/L	= mg/L
Ca(HCO3)2	81.04		0.00	0
CaSO4	68.07		0.00	0
CaCl2	55.50		0.00	0
Mg(HCO3)2	73.17		0.00	0
MgSO4	60.19		0.00	0
MgCl2	47.62		0.00	0
NaHCO3	84.00		3.19	268
Na2SO4	71.03		12.30	874
NaCl	58.46		28.17	1,647

Chemist: _____

Devonian water Sample

P.O. BOX 98
MIDLAND, TX. 79702
PHONE (432) 683-4521

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8819

RESULT OF WATER ANALYSES

LABORATORY NO. 506-230
SAMPLE RECEIVED 5-24-06
RESULTS REPORTED 5-25-06

TO: Mr. C.W. Trainer
P.O. Box 754, Midland, TX 79702

COMPANY Individual LEASE State "GA" #1
FIELD OR POOL Caudill
SECTION ____ BLOCK ____ SURVEY ____ COUNTY Lea STATE NM
SOURCE OF SAMPLE AND DATE TAKEN:
NO. 1 Submitted water sample.
NO. 2
NO. 3
NO. 4

REMARKS: Devonian

CHEMICAL AND PHYSICAL PROPERTIES

	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0342			
pH When Sampled				
pH When Received	7.50			
Bicarbonate as HCO_3	512			
Supersaturation as $CaCO_3$				
Undersaturation as $CaCO_3$				
Total Hardness as $CaCO_3$	6,900			
Calcium as Ca	2,160			
Magnesium as Mg	365			
Sodium and/or Potassium	16,067			
Sulfate as SO_4	1,311			
Chloride as Cl	28,400			
Iron as Fe	0.3			
Barium as Ba	0			
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	48,815			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	5.0			
Resistivity, ohms/m at 77° F.	0.166			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks: This water shows characteristics that correlate well with our Devonian records in the vicinity of this well.

Form No. 3

By Greg Ogden

Greg Ogden, B.S.

6/6/06 - Not Scanned - Misc

Exhibit 4

Per instructions on form C-108, item XII – Pecos Operating Company have examined the 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.

Steven Gray, manager

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Street, Apt. No.; or PO Box No.: 303 W. Wall St.
City, State, ZIP+4: Midland, TX 79701

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Sent To: BC Operating
Street, Apt. No.; or PO Box No.: P.O. Box 50320
City, State, ZIP+4: Midland, TX 79710

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Street, Apt. No.; or PO Box No.: 14 Lemon Rd.
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Restricted Delivery Fee (Endorsement Required)	$0.00
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Street, Apt. No.; or PO Box No.: 500 W. Wall, Suite 600
City, State, ZIP+4: Midland, TX 79701

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Return Receipt Fee (Endorsement Required)	$0.00
Restricted Delivery Fee (Endorsement Required)	$0.00
Total Postage & Fees	$ $3.96

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Sent To: VF Petroleum
Street, Apt. No.; or PO Box No.: P.O. Box 1889
City, State, ZIP+4: Midland, TX 79702

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Restricted Delivery Fee (Endorsement Required)	$0.00
Total Postage & Fees	$ $3.96

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Sent To: H + M Disposal
Street, Apt. No.; or PO Box No.: P.O. Box 1544
City, State, ZIP+4: Lovington, NM 88260

PS Form 3800, June 2002 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	$0.00
Total Postage & Fees	$ $3.96

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Sent To: Guy Permian
Street, Apt. No.; or PO Box No.: 6 Desta Dr., Suite 6000
City, State, ZIP+4: Midland, TX 79705

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

PUBLISHER

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

of 1

_____ weeks.

Beginning with the issue dated

March 15 2008

and ending with the issue dated

March 15 2008

Kathi Bearden

PUBLISHER

Sworn and subscribed to before me this 17th day of March 2008

Dora Montz

Notary Public.

My Commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires _____

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
March 15, 2008

Pecos Operating Company, 400 W. Illinois Ave. Suite 1210, Midland, TX 79701, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division, seeking administrative approval for a salt water disposal well. The proposed well, the Caudill SWD No. 1, which is located 660' FNL & 2310' FEL of Section 16, T15S , R36E, Lea County, New Mexico, will be used for saltwater disposal only. Produced waters will be injected in to the Devonian formation at a depth of 13,495 to 13,900 feet with a proposed maximum pressure of 1500 psi and maximum rate of 8000 barrels of water per day. Interested parties must file any objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM, 87505, within 15 days of this notice. Additional information may be obtained by contacting Steve Gray at 432-620-8480.
#23912

02108548000 02598930

PECOS OPERATING COMPANY, LLC
400 W. ILLINOIS AVE. SUITE 1210
MIDLAND, TX 79701

CASE _____: Application of Pecos Operating Company for approval of a non-commercial salt water disposal well, Lea County, New Mexico. Applicant seeks approval to deepen and utilize the State GA Well No. 7 (API No. 30-025-03688) located 660 feet from the North line and 2310 feet from the East line in Unit B of Section 16, Township 15 South, Range 36 East, NMPM, to dispose of up to 8,000 barrels of produced water per day, at a maximum pressure of 1,500 psi, into the Caudill Devonian Pool in the Devonian Formation, at an approximate depth of 13495 feet to 13,900 feet. Applicant may be contacted through its representative, Steve Gray, 400 W. Illinois Ave., Suite 1210, Midland, TX 79701, Phone 432-620-8480. Said well is located approximately 3 miles north of Lovington and one-half mile off of Highway 206 (Tatum Hwy).