BW - 30

GENERAL CORRESPONDENCE

YEAR(S):

2005 → 2001

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

March 16, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. Gary Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Discharge Plan Approval Conditions
H.R.C. Inc. State #10 Brine Station BW-030
Lea County, New Mexico

Subject: Notice of deficiency

Dear Mr. Schubert:

The groundwater discharge plan for the State #10 Brine Well and Station BW-030 operated by H.R.C. Inc. located in SE/4 NW/4 of Section 29, Township 18 South, Range 38 East, and NW/4 NE/4 Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico was approved on May 29, 2002 with conditions. OCD is hereby notifying HRC of the following discharge plan deficiencies:

1. HRC has not submitted the 2004 annual report. Please ensure that all information required to be submitted is included. See conditions #'s 6,7,13, 14,23, 24, and 25.

2. HRC conducted the brine well mechanical integrity tests without it being witnessed by OCD. See condition # 5.

3. HRC has not fulfilled condition #26. Properly plugging and abandoning the Hobbs State #5 well located 300-400 feet northwest of the permitted brine well.

HRC is hereby ordered to correct these deficiencies within 60 days. If you have any questions please do not hesitate to contact me at 505-476-3487 or e-mail WPRICE@state.nm.us.

Sincerely;

Wayne Price- Environmental Engr.
cc: OCD Hobbs Office

Environmental Facility Inspection

Facility Name: HOBBS STATE #5 | Time Out: 10:00 | Time In: 10:30 | Hrs:

Inspector: Wayne Price | Dt Mod: 8/23/2004 | Purpose: Normal Routine Activity

Inspection Date: 08/19/2004 | Inspect No: eLWP0423654013 | Type: Field Inspection

Violations / Documentation

Addtional Violation Notes

List Violations or Indicate Compliance

Specific Violation
No Violations Identified - All O.K.

Documentation Acquired: ☐ Samples ☐ Statements ☐ Sketch ☐ Video ☑ Photos

Compliance Items (Checked Items Denote Non-Compliance)

Write Compliance Based on this Inspection

☐ Drums ☐ Process ☐ AG Tanks ☐ AG Saddle Tk ☐ Labeling ☐ Tanks/Sumps ☐ Permits

☐ UG Lines ☐ WD Practice ☐ Class V ☐ Housekeepin ☐ Spill Rpt ☑ Potential ENV ☐ Wtr Wells

Describe Remedial Action Required: Drilling pit still has some salt residue. Per telephone conversation with Mr. Schubert on 8/23/04 he will remove salt stained soil.

Use [SHIFT] + [F2] to Expand any Notes or Comment Field


8. 19. 2004

Price, Wayne

From: Price, Wayne
Sent: Thursday, July 29, 2004 3:18 PM
To: 'garymschubert@aol.com'
Subject: Brine well BW-30

Contacts: Gary Schubert

631-0962
cell

Dear Gary:

Attention Brine Well Operators:

Last year several operators complained about the scheduling of the brine well testing. As a result of those complaints OCD is allowing each Brine well operator to schedule their own test. Test must be conducted before December 31, 2004 and witnessed by OCD. Please return this E-mail by August 13, 2004 notifying OCD the date of your test. OCD will make arrangements to have an inspector witness the test.

In addition, please note Item 26. of your permit conditions have not been complied with. Please provide this office a date of compliance.

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Beckham, Denise (DKBE) [DKBE@chevrontexaco.com]
Sent: Friday, May 24, 2002 11:09 AM
To: 'Price, Wayne'
Subject: RE: HRC Inc Brine well -BW-030

Mr. Price, ChevronTexaco does not intend to request a hearing. Please advise if you need additional information. Denise Beckham

-----Original Message-----
From: Price, Wayne [mailto:WPrice@state.nm.us]
Sent: Tuesday, May 21, 2002 4:11 PM
To: 'dkbe@chevron.com'
Cc: Eddie Seay (E-mail); Williams, Chris
Subject: HRC Inc Brine well -BW-030

Dear Ms Beckham:

Please find attached the DRAFT PERMIT for the above subject site: If Chevron USA wishes to request a hearing on this matter please file within 15 days.

<<BWAPPdraft.DOC>>

Sincerely:
<<...OLE_Obj...>>
Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Price, Wayne
Sent: Thursday, May 23, 2002 3:18 PM
To: Price, Wayne; 'dkbe@chevron.com'
Cc: 'Eddie Seay (E-mail)'; Williams, Chris
Subject: RE: HRC Inc Brine well -BW-030

Dear Ms Beckham:

I just received your telephone message indicating that Chevron is not going to request a hearing on this matter. Thank you for your comments.

-----Original Message-----
From: Price, Wayne
Sent: Tuesday, May 21, 2002 3:11 PM
To: 'dkbe@chevron.com'
Cc: Eddie Seay (E-mail); Williams, Chris
Subject: HRC Inc Brine well -BW-030

Dear Ms Beckham:

Please find attached the DRAFT PERMIT for the above subject site: If Chevron USA wishes to request a hearing on this matter please file within 15 days.

<< File: BWAPPdraft.DOC >>

Sincerely:
<< OLE Object: Picture (Metafile) >>
Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Rick_Foppiano@oxy.com
Sent: Wednesday, May 22, 2002 2:28 PM
To: WPrice@state.nm.us
Cc: seay04@leaco.net
Subject: RE: HRC Inc. Brine Well-BW-030

OXY does not object to the granting of this permit. Thanks for keeping us in the loop on this proposal.....

Rick
Richard E. Foppiano P.E.
Senior Advisor - Regulatory Affairs
OXY Permian, Houston, Texas
Phone: 281-552-1303
Fax: 281-552-1383
E-mail: Rick_Foppiano@oxy.com

-----Original Message-----
From: Price, Wayne [mailto:WPrice@state.nm.us]
Sent: Tuesday, May 21, 2002 4:06 PM
To: 'rick_foppiano@oxy.com'
Cc: Eddie Seay (E-mail)
Subject: HRC Inc. Brine Well-BW-030

Dear Mr. Foppiano:

Please find attached the DRAFT PERMIT for the above subject site: If Oxy wishes to request a hearing on this matter please file within 15 days.

<<BWAPPdraft.DOC>>

Sincerely:
<<...OLE_Obj...>>
Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Eddie Seay
Sent: Friday, May 10, 2002 7:47 AM
To: Wayne Price
Subject: HRC Brine well

Mr. Price:

As per our conversation and your e-mail, HRC does not have any problem in increasing the pressure to 375 #. This will still keep us far below the frac pressure. If you have any other questions, please call.

Sincerely,

Eddie W. Seay

Price, Wayne

From: Price, Wayne
Sent: Thursday, May 09, 2002 3:05 PM
To: 'seay04@leaco.net'
Subject: HRC Brine well

Contacts: Eddie Seay

Eddie, received your frac calculations. You indicated that the test pressure would not exceed 300 psig. Normally we require that the test pressure be 1.5 times the normal operating pressure unless it exceeds the frac pressure. 250 x 1.5 = 375 psig. If 375 is well under the frac pressure then we would like to see you propose that test pressure.
If you (HRC) have a problem with this test pressure then please demonstrate that why it would be a problem.
Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

May 2, 2002

Wayne Price
NMOCD Environmental Bureau
P.O. Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: H.R.C. Brine Application BW-030
Revised information

Mr. Price:

Find within a copy of the new C-103 for the plugging of Hobbs State #5, Item #1.

Also find within, information and a new calculation for the frac pressure. I received information from Monty Newton with the Texas RRC, Brine Mining Section. The Salado formation in West Texas is the same as we have in SE New Mexico.

The symbol (') in question, is for feet. This was a typing error in part 3.

If you have any questions, please call.

Sincerely,

Eddie W. Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

BW-030

Item #1 State #5 well, within is new C-103 with modifications.

Item #2 As you suggested, I contacted the State of Texas RRC for information on calculating Frac Pressures, a copy of the fax received is attached.

1700' - Depth of injection interval.
0.95 - Fracture pressure gradient - 0.95 psi/ft.
1615# - Predicted formation breakdown pressure, at injection zone or casing shoe, depth X fracture pressure.
736# - Formation breakdown pressure - hydrostatic pressure.
879# - Proposed maximum allowable surface injection pressure.

The maximum injection pressure will be 250#.
The maximum test pressure will be 300# on a recorder for 8 hrs.
Fresh water is 8.33# per gal. and .433# per ft. of depth.
The production casing is to be set at 1700 ft.

Hydrostatic pressure = .433 X depth 1700 feet = 736#
Pressure gradient = maximum surface pressure + hydrostatic pressure divided by the depth.

$$\text{Pressure Gradient} = \frac{300\# + 736\#}{1700 \text{ feet}} = .609 \text{ psi/ft.}$$

With the fracture pressure of the salt formation being 1615 lbs. and our operating pressure plus hydrostatic pressure not exceeding 1036 lbs. this will be below what it takes to fracture the formation. We will install Murphy shut down switches to control the pressure, and also test the cavity as the OCD requires.

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. 30-025-23662

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. 992279

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Hobbs State

1. Type of Well: Oil Well ☐ Gas Well ☐ Other P & A well

2. Name of Operator H.R.C. Inc.

8. Well No. 5

3. Address of Operator Box 5102 Hobbs, NM 88241

9. Pool name or Wildcat

4. Well Location

Unit Letter F : 2280 feet from the north line and 1980 feet from the west line

Section 29 Township 18 S. Range 38 E. NMPM County Lea

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☒	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☒	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER:	☐			OTHER:			☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

To drill out and re-plug:
1) Rig up, drill out surface plug.
2) Run in hole with tubing to base of salt + 2600' spot 25 sx plug.
3) Cut and pull 7" casing + 1600' top of salt.
4) Spot 100' plug 50 ft. in and out of 7" stub, and tag.
5) Spot 100' plug 50 ft. in and out of surface shoe at 364'. Tag
6) 10 sx surface plug.

* Hole will be loaded with salt gel.
* OCD will be notified prior to beginning work.

RECEIVED
MAY 09 2002
Environmental Bureau
Oil Conservation Division

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

SIGNATURE Eddie W Seay TITLE Agent DATE 5/2/02

Type or print name Eddie W. Seay Telephone No. 392-2236

(This space for State use)

APPPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

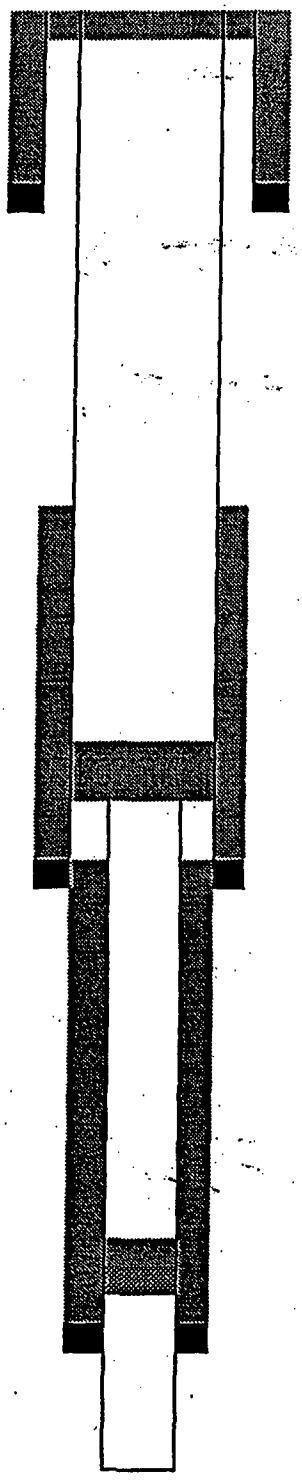
WELL SCHEMATIC:
-O-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Spotted 10' cmt plug at surf.

Present Condition



Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

Size: 4 1/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

RECEIVED
MAY 09 2002
Environmental Bureau
Oil Conservation Division

Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

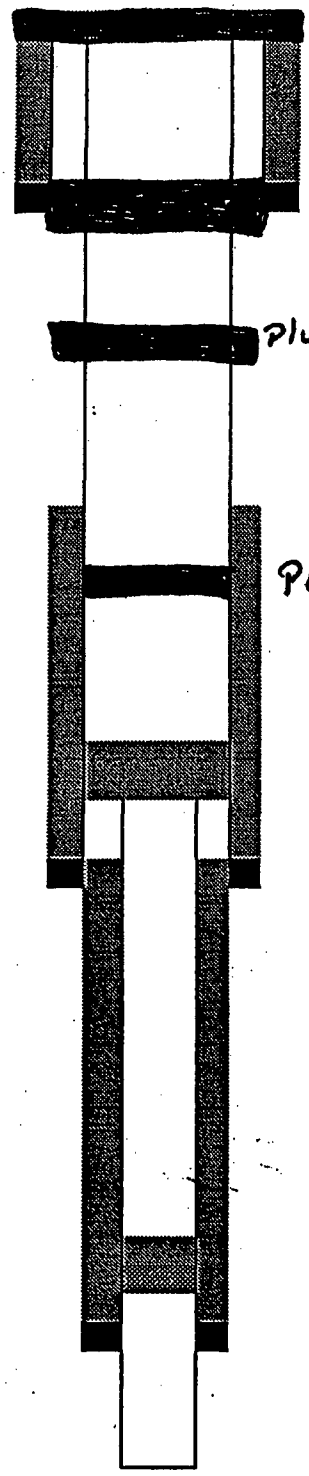
PBTD: 5959'

TD: 5986'

WELL SCHEMATIC:
-O-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted 10' cmt plug at surf.

After re-plugging

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

PBTD: 5959'

TD: 5986'

To:

Eddie Seay

Calculation of Allowable Surface injection pressure

1800	Depth of Injection Interval
0.95	Fracture pressure gradient - 0.95 psi/ft
1710	Predicted formation Breakdown Pressure (at injection zone), depth x fracture gradient
779	Hydrostatic Pressure (Depth of injection interval x 0.433)
931	Formation Breakdown Pressure (at surface), formation breakdown pressure - hydrostatic pressur
93	Safety Factor (10% of Fm breakdown pressure)
838	Proposed Maximum Allowable surface injection pressure

EXAMPLE

Calculation of operating pressure (from RDH letter in 1987)

1800	depth of inj. interval
2.31	hydrostatic colume
779	divide depth by 2.31
0.20	
156	adding pressure drop would raise this operating pressure to 120-140# depending on the injection

Calculation of maximum allowable injection pressure from a TWC hearing

1800	depth
0.95	psi/ft pressure gradient
1710	
2.31	hydrostatic colume
779	depth divided by 2.31
931	times .90 safety factor
838	

RECEIVED

MAY 0 9 2002

Environmental Bureau
Oil Conservation Division

Monty Newton
RRC
512-475-4655

Price, Wayne

From: Price, Wayne
Sent: Tuesday, April 30, 2002 3:34 PM
To: 'seay04@leaco.net'
Subject: HRC Inc Brine Well April 24, 2002 submittal

Contacts: Eddie Seay

Dear Eddie:

Item #1. State #5 well: After discussing the State #5 well with Chris Williams, it appears that another plug at the bottom of the salt will be required also. Please modify your C-103.

Item # 3. Frac Pressure calculations: Please provide documentation showing how you derived the fracture pressure of the salt section being from 1500' to 1800'.
What units are the symbol (')?? feet, lbs, psi ??

CC: Gary Schubert-HRC Inc.

April 24, 2002

NMOCD Environmental Bureau
ATTN: Wayne Price
P.O. Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: H.R.C. Brine Application BW-030
Supplemental Information

Mr. Price:

Within is the additional information as requested in your letter dated 4/20/2002. Mr. Schubert is sending a bond covering the new Hobbs State #10. The bond which is in place, will cover the re-plugging of Hobbs St. #5. After visiting with OCD, Hobbs, a plugging procedure is being submitted to re-enter and plug #5 after drilling the Hobbs St. #10, so we can utilize the same workover rig. After the Hobbs State #5 is plugged, we will request release of bond. Within is C-103 submitted to Hobbs OCD and additional information.

If you have any questions, please call.

Sincerely,

Eddie W. Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

BW-030

1) Re-enter and re-plug Hobbs State #5.
   I visited with the Hobbs district Geologist and a plugging procedure was recommended:
   a) Rig up, drill out top plug.
   b) Run in with tubing and spot a 25 sx plug at top of salt approximately 1600'.
   c) Pull tubing to 415', spot 100' plug fifty feet in and out of a surface casing show, and tag.
   d) Spot 10 sx surface plug.
   e) Hole will be loaded with salt gel.
   f) Erect marker.
   (Find copy of C-103.)

2) Mr. Schubert is sending new bond on Hobbs State #10. After plugging #5, we will request release of old bond.

3) The maximum injection pressure will be 250#.
   The maximum test pressure will be 500# on a recorder for 8 hrs.
   Fresh water is 8.33# per gal. and .433# per ft. of depth.
   The production casing is to be set at 1700'.

   Hydrostatic pressure = .433 X depth 1700' = 736 lbs.
   Pressure gradient = surface pressure + hydrostatic pressure divided by the depth.
   Pressure gradient:

$$\frac{500\# + 736\#}{1700} = .727 \text{ psi/ft.}$$

   With the fracture pressure of the salt section being from 1500' to 1800' and our operating pressure plus hydrostatic pressure not exceeding 1250#, this will be below what it takes to frac the formation. We will install murphy switches to control the pressure, and also testing cavity as OCD requires.

4) Air-break.
   H.R.C. has several precautions to keep from backflowing to the City water supply. First of all, the city has installed check valves at H.R.C. 's connection. The fresh water line will run to the fresh water tank at the facility first and go into the top of the tank. From the fresh water tank at the facility, the water line will go to the brine well storage tank. This tank will store fresh water to be injected into the brine well. The fresh water will go into the top of the tank, below the top of the tank will be an overflow or break in case of malfunction and salt water backflows, it will go out overflow, not into the fresh water line, plus all lines will have check valves. (See drawing)

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. 30-025-23662

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. 992279

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Hobbs State

1. Type of Well: Oil Well ☐ Gas Well ☐ Other P & A well

2. Name of Operator H.R.C. Inc.

8. Well No. 5

3. Address of Operator Box 5102 Hobbs, NM 88241

9. Pool name or Wildcat

4. Well Location

Unit Letter F : 2280 feet from the north line and 1980 feet from the west line

Section 29 Township 18S Range 38E NMPM County Lea

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☒	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER:	☐			OTHER:	☐		

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

To drill out and re-plug.
1) Rig up, drill out top of plug.
2) Run tubing to top of salt approx. 1600', spot 25 sx cement plug.
3) Pull tubing to surface shoe 364, put 100' plug 50/50 in and out of shoe and tag.
4) 10 sx surface plug.
5) clean location, erect marker.
*Hole will be loaded with salt gel.
OCD will be notified prior to beginning work.

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

SIGNATURE Eddie W Seay TITLE Agent DATE 4/24/2002

Type or print name Eddie W. Seay Telephone No. 392-2236

(This space for State use)

APPPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

GENERAL FRACTURING TREATMENT FORMULAS

Nomenclature:

P_F = Bottom-hole fracturing pressure, psi (kPa)

P_{FG} = Bottom-hole fracturing pressure gradient, psi/ft (kPa/m)

P_W = Total surface pressure, psi (kPa)

P_h = Total hydrostatic pressure, psi (kPa)

P_{pf} = Perforation friction pressure, psi (kPa)

P_{tf} = Total tubular friction pressure, psi (kPa)

Q = Injection rate, bbl/min (m^3/min)

HHP = Hydraulic horsepower *

kw = Kilowatts

P_i = Instantaneous shutdown pressure, psi (kPa)

D = Depth of producing interval, feet (m)

Basic Equations

(1) Bottom-hole Fracturing Pressure Gradient:
$$P_{FG} = \frac{P_W + P_h - P_{tf} - P_{pf}}{D}$$

(2) Bottom-hole Fracturing Pressure:
$$P_F = P_W + P_h - P_{tf} - P_{pf}$$

(3) Instantaneous Shutdown Pressure:
$$P_i = P_F - P_h = P_{FG}\,D - P_h$$

(4) Total Surface Pressure:
$$P_W = P_F + P_{tf} + P_{pf} - P_h$$

(5) Hydraulic Horsepower:
$$HHP = 0.0245\,P_W\,Q$$

HYDROSTATIC PRESSURE AND FLUID WEIGHT CONVERSION TABLES

To find the Hydrostatic pressure of a column of fluid, multiply the appropriate value in Lbs./Sq. In. per foot of depth times the depth in feet.

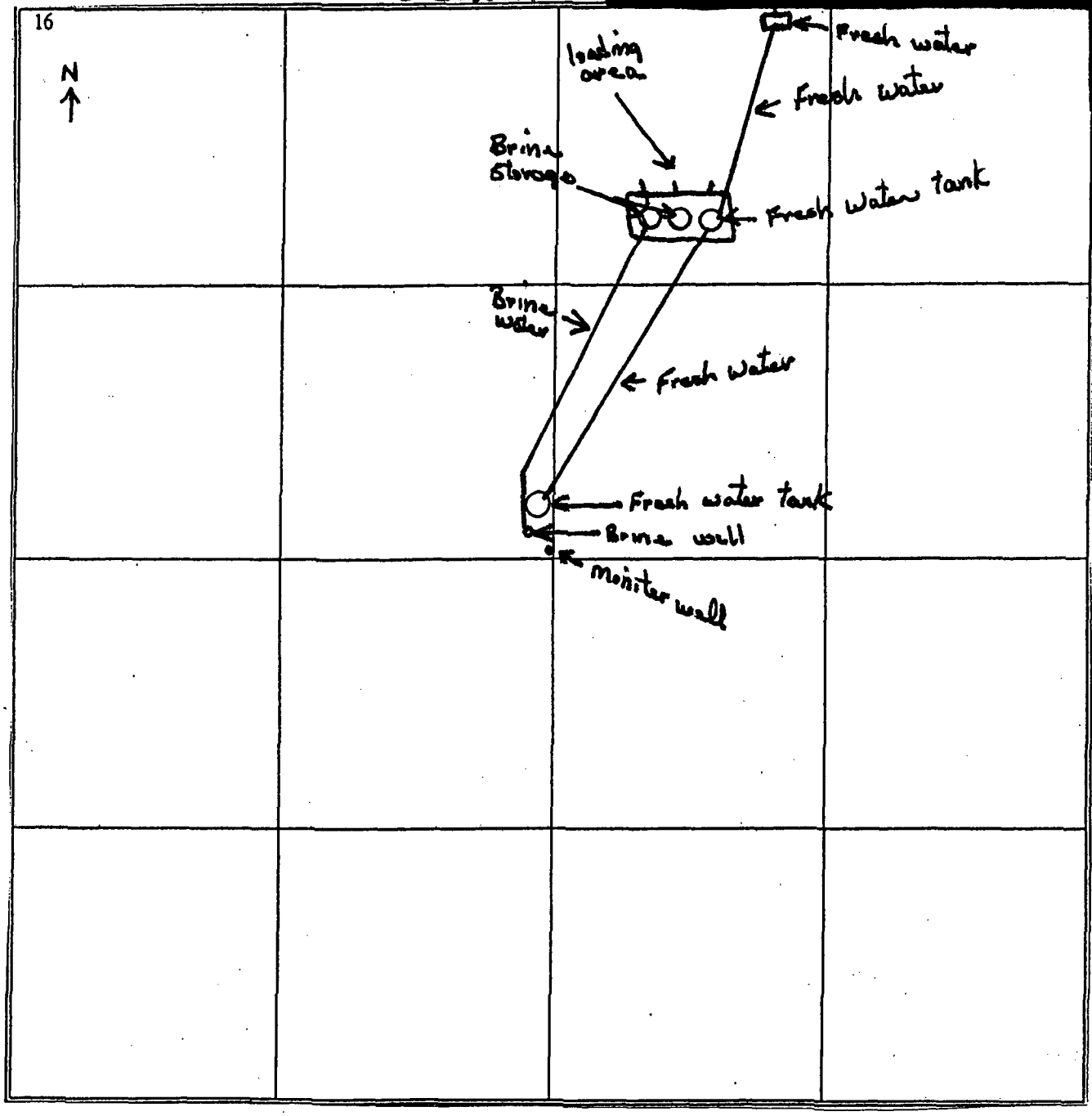
Example: Find the Hydrostatic Pressure at a depth of 13.760 feet in a hole filled with mud weighing 12.3 Lbs./Gal. (92.01 Lbs./Cu. Ft.) The value 0.6390 is found opposite 12.3 Lbs./Gal. in the table. Then 0.6390 × 13760 = 8793 Lbs. per Sq. In. hydrostatic pressure.

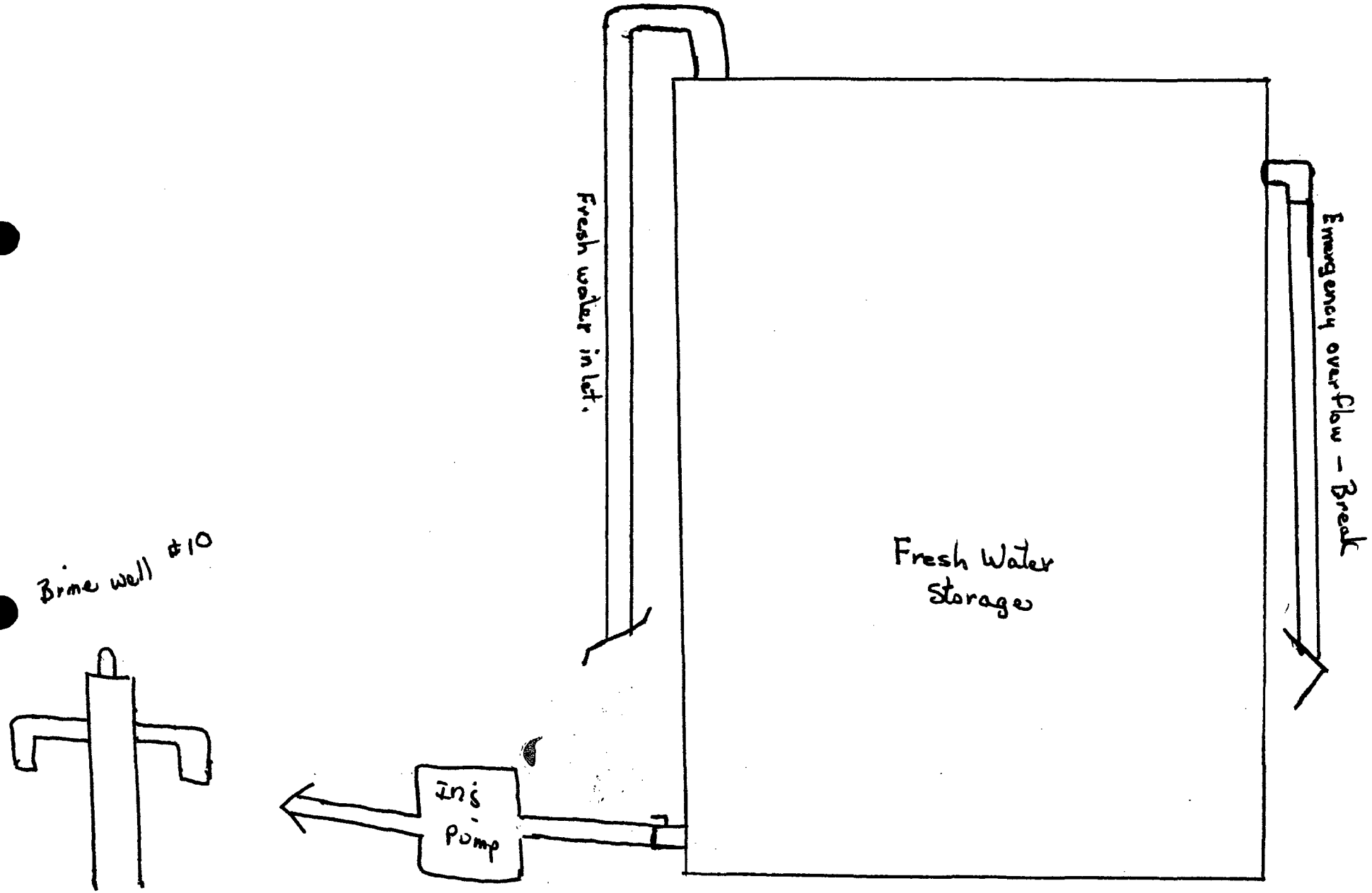
Lbs./Gal.	Lbs./Cu. Ft.	Sp. Gr.	Lbs./Sq. In. Per Ft. of Depth
7.0	52.36	0.84	0.3636
7.1	53.11	0.85	0.3688
7.2	53.86	0.86	0.3740
7.3	54.61	0.87	0.3792
7.4	55.36	0.89	0.3844
7.5	56.10	0.90	0.3896
7.6	56.85	0.91	0.3948
7.7	57.60	0.92	0.4000
7.8	58.35	0.93	0.4052
7.9	59.10	0.95	0.4104
8.0	59.84	0.96	0.4156
8.1	60.59	0.97	0.4208
8.2	61.34	0.98	0.4260
8.3	62.09	0.99	0.4312
8.33*	62.31	1.00	0.433
8.4	62.84	1.01	0.4364
8.5	63.58	1.02	0.4416
8.6	64.33	1.03	0.4468
8.7	65.08	1.04	0.4519
8.8	65.83	1.05	0.4571
8.9	66.58	1.07	0.4623
9.0	67.32	1.08	0.4675
9.1	68.07	1.09	0.4727
9.2	68.82	1.10	0.4779
9.3	69.57	1.11	0.4831
9.4	70.32	1.13	0.4883
9.5	71.06	1.14	0.4935
9.6	71.81	1.15	0.4987
9.7	72.56	1.16	0.5039
9.8	73.31	1.17	0.5091
9.9	74.06	1.19	0.5143
10.0	74.80	1.20	0.5195
10.1	75.55	1.21	0.5247
10.2	76.30	1.22	0.5299
10.3	77.05	1.23	0.5351
10.4	77.80	1.25	0.5403

* Density of water at 20°C. or 68°F.

Section 29

City of Hobbs water line




Fresh water inlet.
Emergency overflow - Break
Fresh Water Storage
Brine well #10
Ins Pump

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

April 26, 2002

Lori Wrotenbery
Director
Oil Conservation Division

To: Chris Williams
OCD Hobbs District Supervisor

From: Wayne Price W.P.
OCD Environmental Bureau

Re: H.R.C. Inc. Brine Well Application-State #10 well

Dear Chris:

Please find enclosed the OCD brine well permitting procedure, HRC's C-101 application with attachments and copy of approved bond. Please process this application and add your normal APD requirements required by the district. The OCD Environmental Bureau will require at a minimum, that each cemented to surface casing string shall have a cement bond log ran to verify bonding to pipe and formation. Also each string shall have a hydrostatic mechanical integrity test performed. The test pressure shall be a minimum of 300 psig for 30 minutes with a variance of no more than ± 1% for acceptance. The test pressure instrument shall be calibrated within the last 6 months and have a calibrated range of 0-500 lbs with a maximum of 2 hour clock. All test shall be witnessed by OCD during our normal business hours.

After the district has processed and approved the C-101 please **return it to this office** and we will issue H.R.C. Inc. the approved discharge plan including approval to construct and operate. H.R.C. Inc. will be submitting a C-103 to properly plug the State #5 well that is in the area of review. As soon as we receive it I will forward it to your office for processing and approval.

In order to expedite this project would you have your office call Ed Martin 476-3492 and provide him with the API # for the new State #10 well so we can enter the bond information.

Cc: Eddie Seay-Agent for H.R.C. Inc.
GARY SCHMIDT - HRC INC.

H.R.C. Inc. Brine Well Permitting Procedure:

1. Send the HRC Inc submitted C-101 including attachments, copy of approved bond and OCD Environmental Bureau's well construction requirements i.e. (cement bond log, MIT's, etc.) to the district office. Have District process C-101 and approve with District's additional requirements (if any) and send back to OCD Environmental Bureau.
2. While C-101 is being processed by District, write draft discharge plan with proposed approval conditions and send to HRC. Inc., OXY and Chevron-Texaco and give them 15 days to supply comments or request a hearing.
3. If no hearing request, then evaluate comments.
4. Send out discharge plan with approval conditions. Approval conditions will include approval to construct and operate well.

If operator wants to proceed with construction of well without an approved discharge plan, then he may do so at his own risk, being that the discharge plan may not be approved as submitted, and the fact that the operator **will not** be allowed to operate the well unless he conforms to the discharge plan approval conditions. This procedure of allowing the construction of a well "prior to the approval of a discharge plan" is currently allowed pursuant to WQCC 20.6.2.5210 B., if certain information and commitments for corrective action in the area of review has already been supplied.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

April 20, 2002

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7923 4221

Mr. Gary M. Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Application For Brine Extraction Well and Discharge Plan For Brine Facility. Hobbs State #10- UL F (2565 FNL, 2330 FWL)-Sec 29-T18s-R38e; and surface facility BW-030 will be located in UL B- Sec 29- Ts 18s-R38e. Lea Co., NM.

Dear Mr. Schubert:

The New Mexico Oil Conservation Division (OCD) is in receipt of the following H.R.C. Inc. submittals; document dated February 08, 2002 voiding H.R.C. Inc.'s application to use the Hobbs State #5 well as a brine extraction well; March 04, 2002 E-mail providing OCD with the location of a new well and surface facility as shown in the above caption; February 20, 2002 "APPLICATION FOR BRINE EXTRACTION WELL AND DISCHARGE PLAN FOR BRINE FACILITY"; March 12, 2002 document of well logs; and April 05, 2002 document "Evaluation of Wells in the Area of Review". After reviewing the submittal OCD determined the application met the criteria required to issue the discharge plan public notice. This notice was issued on March 04, 2002.

OCD is in receipt of comments submitted pursuant to the public notices. Please find attached a copy of letter dated March 14, 2002 submitted to the OCD from Chevron-Texaco. OCD is in the process of evaluating their comments.

Upon reviewing the submittals, OCD noted the following deficiencies and requires the following information or actions to be performed in order to continue the review process.

1. The H.R.C. Inc. area of review "Well Evaluation" submitted on April 05, 2002, item #18 indicated that the Hobbs State #5 well located approximately 400 feet to the northwest of H.R.C. Inc. current proposed location has the salt section being exposed and may become a pathway to the surface. OCD's engineering staff and district office has recommended corrective action on this well. Submit a one well plugging bond along with a C-103 for OCD approval

To re-enter and properly plug this well pursuant to the OCD Hobbs district plugging procedures.

Please note the OCD is currently holding a bond for the State #5 well. H.R.C. Inc. may use this bond for the re-entry and plugging of this well. Please notify us of your intentions.

2. OCD has not received a bond for the new proposed State #10 well. Please provide.

3. Provide the maximum injection and/or ***test pressure*** at the well head, system estimated fracture pressure calculated at the bottom casing shoe, fracture pressure gradient (psi/ft) for the system. Demonstrate that the maximum surface injection and/or ***test pressure*** will not cause new fractures or propagate existing fractures.

4. Submit a plan to provide an "Air-Break" i.e. air gap between the city of Hobbs fresh water line and the brine station fresh water tank. The city line shall be above the fresh water tank overflow. This is required to prevent brine water from back flowing into the city of Hobbs Public Water Supply; or provide a statement from the city of Hobbs indicating the present design is sufficient.

If you have any questions please do not hesitate to contact me at 505-476-3487 or E-mail WPRICE@state.nm.us.

Sincerely,

Wayne Price- Environmental Engineer

cc: David Catanach-UIC Director
Chris Williams-Hobbs District I Supervisor
Dorothy Phillips-OCD Bond Specialist
State Land Office-Santa Fe
Eddie W. Seay-Agent for H.R.C. Inc.-E-mail
Denise K. Beckham-Chevron-Texaco
Richard E. Foppiano-Oxy

Price, Wayne

From: Price, Wayne
Sent: Wednesday, April 17, 2002 2:30 PM
To: Price, Wayne; 'Rick_Foppiano@oxy.com'
Subject: RE: HRC Inc. Brine Well- New Location

Sorry forgot the PN!

-----Original Message-----
From: Price, Wayne
Sent: Wednesday, April 17, 2002 2:27 PM
To: 'Rick_Foppiano@oxy.com'
Subject: HRC Inc. Brine Well- New Location

Dear Mr. Foppiano:

On February 18, 2002 OCD received correspondence from Oxy requesting to be an intervener in the above subject case. Please note HRC Inc. withdrew their application and has resubmitted for a new location. Please find attached a copy of the public notice. Please let this office know within 10 days if Oxy wishes to continue to be an intervener and or request a hearing on this re-submitted application.

[Price, Wayne]

PUBNOT#2.DOC

Tracking:

Recipient	Read
Price, Wayne	Read: 4/17/2002 2:30 PM
'Rick_Foppiano@oxy.com'	

April 5, 2002

NMOCD Environmental
ATTN: Wayne Price
Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: H.R.C. Inc. - Supplemental Information

Mr. Price:

Find within the supplemental information on the evaluation of the wells in the area of review. The new proposed brine well will be over 300' from the closest well. It is my understanding and from research, that it takes approximately twenty (20) years before a cavity reaches 300' in diameter. This is why H.R.C. proposes to run caliper logs and will test to keep up with the size and any problems which may occur pertaining to the brine operation.

If you have any questions, please call.

Sincerely,

Eddie W Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

H.R.C. WELL EVALUATION

The evaluation is to examine concerns about any possibility of contamination to groundwater. The groundwater in the area is located at depths of, top of water at 50' to 70' and base of the groundwater at approximately 150'. The application lists all wells within the area of review. The proposed brine well will be producing brine from the salt section at levels of approximately 1700' to 2600' below the surface.

1) Bowers A Federal #28 - This well located approximately 2600' southwest has surface casing set at 374' with cement circulated to surface, and production casing set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water.

2) Bowers A Federal #29 - Located approximately 1300' southwest has surface casing set at 370' and cemented to surface, and production casing set through the salt section and cemented. The well has sufficient pipe and cement to protect fresh water.

3) W.D. Grimes #6 - Located approximately 1500' southeast, has surface casing set at 377' and circulated to surface. Production casings are set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water.

4) Hobbs State #1 - This well is located approximately 1000' NW, surface casing is set at 400' and cement circulated to surface, production casings are set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water.

5) Hobbs State #2 - This well is located approximately 1300' east, surface casing is set at 400' and cement circulated to surface, production casings are set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water.

6) Hobbs SWD F #29 - This well, located approximately 1200' NW, has surface casing set at 400' and cement circulated to surface. The production casing is set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water.

7) Hobbs State #3 - This well, located approximately 2000' NE, has surface casing set at 350' and cemented to surface, production casings are set through the salt section and cemented. The well has sufficient pipe and cement to protect fresh water.

8) St. A #4 - This well, located approximately 1300' SE, has cement circulated on all pipe strings. This well has sufficient pipe and cement to protect fresh water and is properly plugged.

9) State A #5 - Located approximately 1000' south, has cement circulated on all strings of pipe. This well has sufficient pipe and cement to protect fresh water and is properly plugged.

10) State A #6 - Located approximately 2500' south, has cement circulated on all strings of casing. This well has sufficient pipe and cement to protect fresh water and is properly plugged.

11) Bowers A #12 - Located approximately 2000' SW, has surface casing set at 236' and cemented to surface. The production casing is set through the salt section and cemented. The well has sufficient pipe and cement to protect fresh water and is properly plugged.

12) Bowers A #14 - Located approximately 2400' SE, has cement circulated on all strings of casing. This well has sufficient casing and cement to protect fresh water and is properly plugged.

13) Bowers A-B #1 - Located approximately 2000' NW, has cement circulated on all strings of casing. This well has sufficient casing and cement to protect fresh water and is properly plugged.

14) Bowers A Federal #9 - Located approximately 1800' west, has surface casing set at 2750' and cement circulated to surface. The production casings are set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water and is properly plugged.

15) Bowers A Federal #31 - Located approximately 1800' west, has been properly plugged and has sufficient pipe and cement to protect fresh water.

16) Bowers A Federal #33 - Located approximately 2000' NW. This well has been properly plugged and has sufficient pipe and cement to protect fresh water.

17) W.D. Grimes #2 - Located approximately 2400' NE, has been properly plugged and has sufficient pipe and cement to protect fresh water.

18) Hobbs State #5 - Located approximately 400' NW, this well has been plugged. Surface casing was set at 364' and cement circulated to surface. The salt section is exposed in this well, and may become a pathway to surface. Since our fresh water is protected by adequate surface casing, it is proposed to install monitor valves on this well so as to check for pressures in case it were to occur. If pressure were to develop on the casing annulus, the well would be re-entered and properly cemented as OCD requires.

19) St #1 - Located approximately 2400' SE, this well has been properly plugged and has sufficient pipe and cement to protect fresh water.

20) St #2 - Located approximately 2000' S, this well has been properly plugged and has sufficient casing and cement to protect fresh water.

21) W.D. Grimes #1 - Located approximately 1800' SE, this well has been plugged and has sufficient casing and cement to protect fresh water.

22) Grimes #2 - Located approximately 2000' E, this well has been properly plugged and has sufficient casing and cement to protect fresh water.

23) Grimes #5 - Located approximately 1800' E, this well has been properly plugged and has sufficient casing and cement to protect fresh water.

24) Oxy 131 - Located approximately 1500' SW, the well has surface casing set at 225' with cement circulated to surface. The production casings are set through the salt section and cemented. The well has sufficient pipe and cement to protect fresh water.

25) Oxy 132 - Located approximately 1600' SW, this well has all casing strings set and cemented to surface. The well has sufficient pipe and cement to protect fresh water.

26) Oxy 141 - Located approximately 2400' SW, this well has surface casing set at 203' and cement circulated to surface. All production casing strings are set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

27) Oxy 211 - Located approximately 1600' north, this well has surface casing set at 243' with cement circulated to surface. The production casings have been set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

28) Oxy 221 - Located approximately 600' west, this well has 210' of surface casing with cement circulated to surface. Production casings have been set through the salt section and cemented. This well has sufficient pipe and cement to protect fresh water.

29) Oxy 222 - Located approximately 800' west, the well has all casing string set and cemented to surface. This well has sufficient pipe and cement to protect fresh water.

30) Oxy 231 - Located approximately 700' south, this well has 252' of surface casing with cement circulated to surface. Production casing strings are set through the salt section and cemented. The well has sufficient pipe and cement to protect fresh water.

31) Oxy 241 - Located approximately 2000' south, this well has surface casing set at 217' with cement circulated to surface. The production casing strings are set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

32) Oxy 242 - Located approximately 2200' south, this well has conductor pipe circulated to surface, and surface pipe set at 1511' with cement circulated to surface. The production casing was set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

33) Oxy 311 - Located approximately 1800' NE, this well has surface casing set at 241' with top of cement at 113'. The well has multiple casing strings through the salt section and cemented. There is sufficient pipe and cement to protect the fresh water.

34) Oxy 321 - Located approximately 800' east, this well has surface casing set at 211' and circulated to surface. The production casing strings have been set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

35) Oxy 322 - Located approximately 900' NE, this well has all casing string set and cement circulated to surface. There is sufficient pipe and cement to protect fresh water.

36) Oxy 323 - Located approximately 1000' NE, this well has conductor and surface pipe set and cemented to surface. The production casing was set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

37) Oxy 331 - Located approximately 1000' SE, this well has all casing string set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

38) Oxy 341 - Located approximately 2000' SE, this well has all surface casing set at 210' and cement circulated to surface. Production casing strings set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

39) Oxy 342 - Located approximately 2200' SE, this well has surface casing set at 1520' with cement circulated to surface. The production string was set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

40) Oxy 411 - Located approximately 2300' NE, this well has surface casing set at 245' with cement circulated to surface. The production casing strings have been set through the salt section and properly cemented. There is sufficient pipe and cement to protect fresh water.

41) Oxy 431 - Located approximately 1500' ESE, this well has surface casing set at 228' with cement circulated to surface. The production casing strings are set through the salt section and properly cemented. There is sufficient pipe and cement to protect fresh water.

42) Oxy 441 - Located approximately 2500' SE, the surface casing in this well is set at 232' with cement circulated to surface. The production casings are set through the salt section and properly cemented. There is sufficient pipe and cement to protect fresh water.

43) Oxy 442 - Located approximately 2600' SE, the surface casing was set at 1536' with cement circulated to surface. The production casing was set through the salt section and properly cemented. There is sufficient pipe and cement to protect fresh water.

44) Oxy 544 - Located approximately 2400' SE, the surface casing and production casing were set and cement circulated to surface. There is sufficient pipe and cement to protect fresh water.

45) Oxy 111 - Located approximately 2300' SE, the surface casing was set at 310' with cement circulated to surface. The production casing was set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

46) Oxy 121 - Located approximately 2500' SE, the surface casing was set at 231' and cement was circulated to surface. The production casing strings were set through the salt section and properly cemented. There is sufficient pipe and cement to protect fresh water.

47) Oxy 421 - Located approximately 2300' east, this well was plugged. The plugging procedure and cementing is sufficient to protect fresh water.

48) State B #5 - Located approximately 1300' east, this well has surface casing set at 220' with cement circulated to surface. The production casings are set through the salt section and properly cemented. There is sufficient cement to protect fresh water.

49) State B #6 - Located approximately 1000' north, this well has surface casing set at 414' with top of cement at 390'. Production casing was set at 3137' and cement circulated to surface. There is sufficient casing and cement to protect fresh water.

50) St I #5 - Located approximately 2400' SE, this well has surface casing set through the salt section and cemented. The production casing is set at 3575' and cement circulated to surface. There is sufficient casing and cement to protect fresh water.

51) State A #7 - Located approximately 1900' south, this well has surface casing set at 360' with cement circulated to surface. The production casing strings were set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

52) State A #8 - Located approximately 900' south, this well has surface casing set at 360' with cement circulated to surface. Production casing strings were set through the salt section and cemented. There is sufficient pipe and cement to protect fresh water.

Chevron

Chevron U.S.A. Inc.
P. O. Box 1150, Midland, TX 79702
15 Smith Road, Midland, TX 79705
Phone 915 687-7235
Fax 915 687-7448

Denise K. Beckham, CPL/ESA
Senior Landman
Permian Basin Land Division
Internet dkbe@chevron.com

March 14, 2002

Oil Conservation Division
P. O. Box 6429
Santa Fe, NM 87505

Brine Extraction Well
Hobbs State #10
Unit F, Section 29,
T-18-S, R-38-E,
Lea County, New Mexico

Gentlemen:

ChevronTexaco has been informed of Gary Schubert's plan to use the captioned well as part of a brine extraction system. ChevronTexaco has reviewed the information provided by Mr. Schubert.

While ChevronTexaco does not plan to request a hearing regarding the facility, please be advised of the following concern.

ChevronTexaco requests the OCD consider a limit on the size of the salt cavern (cavity) that will be created as a result of this facility. In ChevronTexaco's opinion, if no limit is put on the size of the cavern, it could pose a risk to future drilling in the vicinity or could have the potential to result in surface collapse.

ChevronTexaco is in agreement that wells monitoring water quality be kept in place around the facility and that the equipment meet strict integrity tests.

Should you have questions or desire additional information, please contact me at (915) 687-7235 or Greg Minnery at (915) 687-7385.

Yours truly,

Denise K. Beckham

Denise K. Beckham, CPL/ESA
Senior Landman

Cc: Gary Schubert

March 12, 2002

NMOCD Environmental Bureau
ATTN: Wayne Price
Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: HRC Brine

Mr. Price:

Within are copies of two well logs from wells in close proximity to the proposed brine well. Log #1 indicates top of salt at approximately 1645'. Log #2 indicates top of salt at approximately 1620'. These tops were picked by OCD Geologist Paul Kautz. HRC will set casing at least 100' into the salt section.

If you have any questions or need anything else, please call.

Sincerely,

Eddie W. Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

THE REPRODUCTION OF

THE

FOLLOWING

DOCUMENT (S)

CANNOT BE IMPROVED

DUE TO

THE CONDITION OF

THE ORIGINAL

J-29-18s-38e
OCCIDENTAL PERMIAN LTD
NORTH HOBBS G/SA UNIT 29 # 533
30-025-35541 .2

Ltd.

29-533

FIELD: Hobbs (Grayburg- San Andres)

COUNTY: Lea STATE: New Mexico

COUNTY: Lea
Field: Hobbs (Grayburg- San Andres)
Location: (Surface) 2326' FSL & 1902' FE
Well: North Hobbs Unit #29-533
Company: Occidental Permian Ltd.

Schlumberger

PLATFORM EXPRESS
Three Detector Litho-Density
Compensated Neutron-NGS

LOCATION

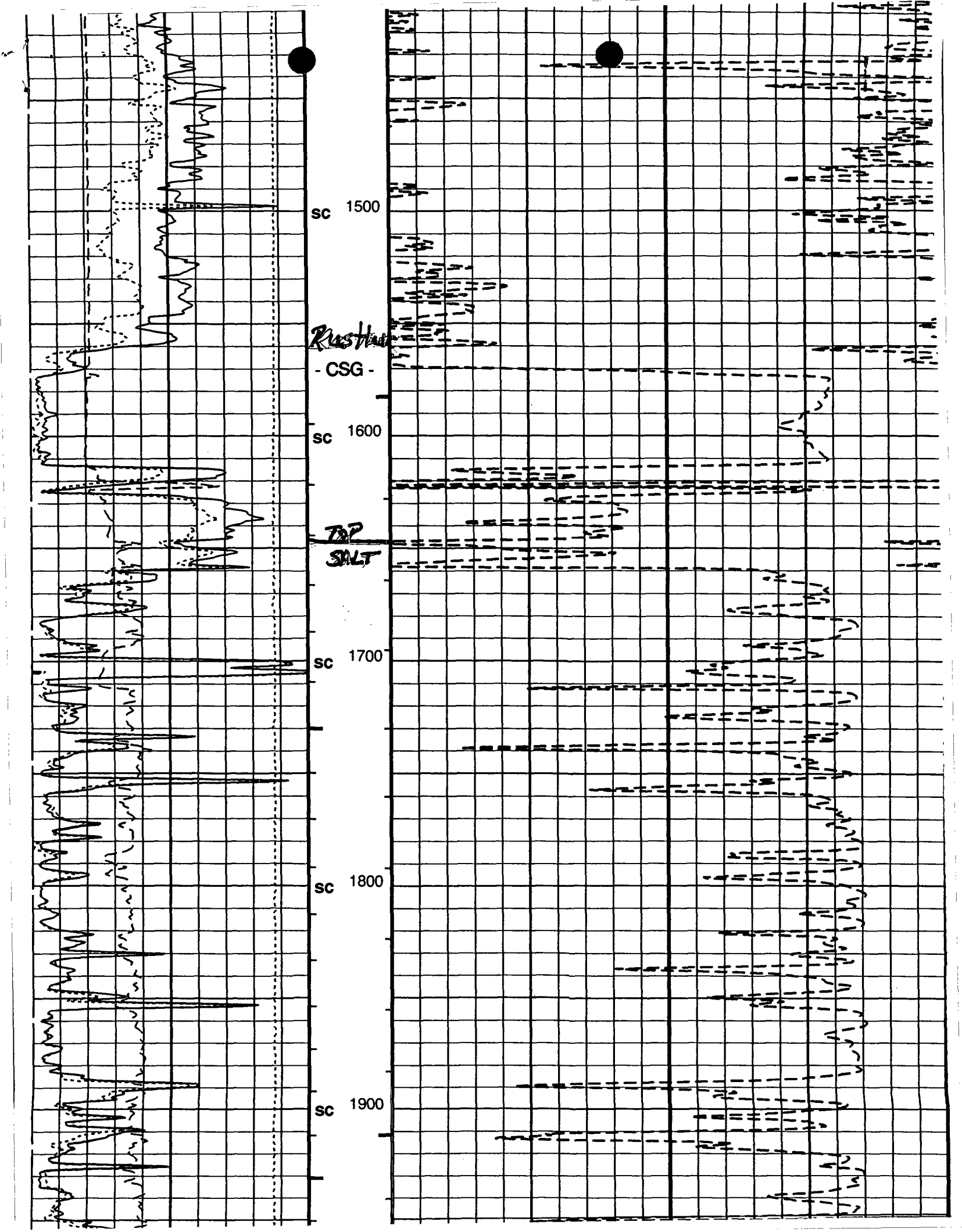
(Surface) 2326' FSL & 1902' FEL
Unit J

Elev.: K.B. 3658 ft
G.L. 3646 ft
D.F. 3657 ft

Permanent Datum: Ground Level Elev.: 3646 ft
Log Measured From: Kelly Bushing 12.0 ft above Perm. Datum
Drilling Measured From: Kelly Bushing

API Serial No.	SECTION	TOWNSHIP	RANGE
30-025-35541	29	18S	38E

Logging Date			20-MAY-2001						
Run Number			One						
Depth Driller			4420 ft						
Schlumberger Depth			4395 ft						
Bottom Log Interval			4377 ft						
Top Log Interval			200 ft						
Casing Driller Size @ Depth			8.625 in	@	1575 ft		@		
Casing Schlumberger			1572 ft						
Bit Size			7.875 in						
Type Fluid In Hole			Brine/Starch						
MUD Density	Viscosity		10 lbm/gal	32 s					
MUD Fluid Loss	PH		8.8 cm3	9.5					
MUD Source Of Sample			Circulation Pit						
RM @ Measured Temperature			0.053 ohm.m	@	95 degF		@		
RMF @ Measured Temperature			0.053 ohm.m	@	95 degF		@		
RMC @ Measured Temperature				@			@		
Source RMF	RMC		Calculated						
RM @ MRT	RMF @ MRT		0.049 @ 102	0.049 @ 102			@		@
Maximum Recorded Temperatures			102 degF						
Circulation Stopped	Time		20-MAY-2001		16:30				
Logger On Bottom	Time		20-MAY-2001		22:30				
Unit Number	Location		3125	Hobbs, NM					
Recorded By			Charles Bartlett						
Witnessed By			George Lambert						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- CSG -
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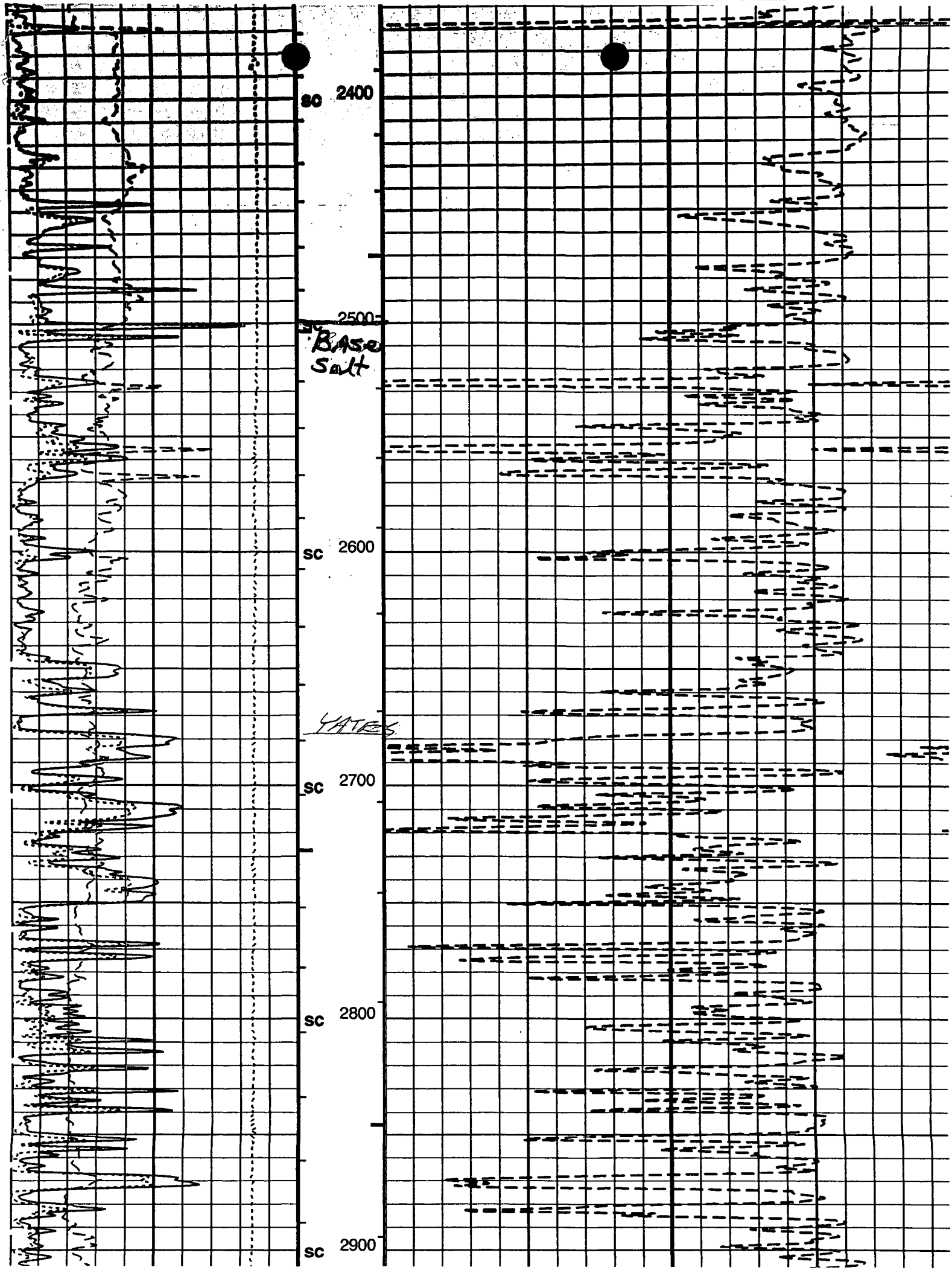
SC
2400
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YATES
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2700
SC
2800
SC
2900

2

E-29-18-38
Shell Western E&P, Inc.
NHUnit #29-122

GEARHART

B.H.C. SONIC LOG

FILING NO. 59314.1

COMPANY SHELL WESTERN EXPLORATION & PRODUCTION, INC.

WELL NORTH HOBBS UNIT NO. 29-122

FIELD NORTH HOBBS

COUNTY LEA STATE NEW MEXICO

LOCATION:
1600' FNL & 180' FWL
API. NO. 30-025-28953

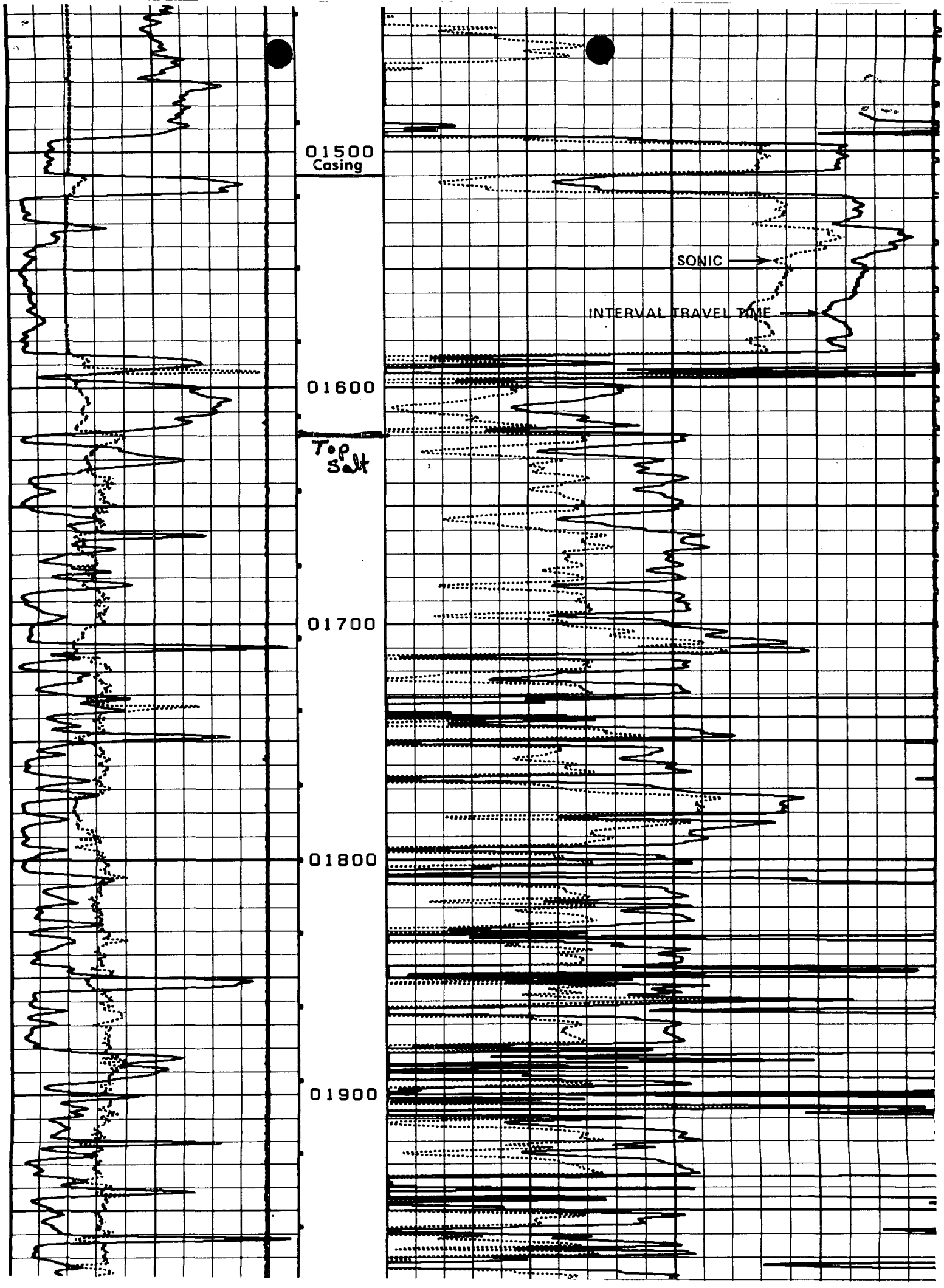
SEC 29 TWP T18S RGE BLK. 38E

Other Services
SNL
DLL/MSFL

Permanent Datum GL Elev 3649
Log Measured from KB 15 Ft Above Perm Datum
Drilling Measured from KB

Elevations:
KB 3664
DF 3663
GL 3649

Date	12-10-84				
Run No.	One				
Depth-Driller	4370				
Depth-Logger	4371				
Bottom Logged Interval	4360				
Top Logged Interval	1510				
Casing-Driller	8 5/8 @ 1510	@	@	@	
Casing-Logger	1510				
Bit Size	7 7/8				
Type Fluid in Hole	Brine Polymer w/LCM				
Density and Viscosity	10.3 40				
pH and Fluid Loss	10 10 cc	cc	cc	cc	
Source of Sample	Flowline				
Rm @ Meas. Temp.	0.057 @ 65 F	@ F	F	@ F	
Rmf @ Meas. Temp.	0.054 @ 70 F	@ F	F	@ F	
Rmc @ Meas. Temp.	N/A @ N/A F	@ F	F	@ F	
Source of Rmf and Rmc	Mud Press				
Rm @ BHT	0.038 @ 97				
Time: End Circulation	0915 12/10				
Time: Logger on Bottom	1227 12/10				
Max. Rec. Temp. Deg. F	97 F	F	F	F	
Equipment No. and Location	7625 Mid.				
Recorded By	Nino				
Witnessed By	Mr. Casada				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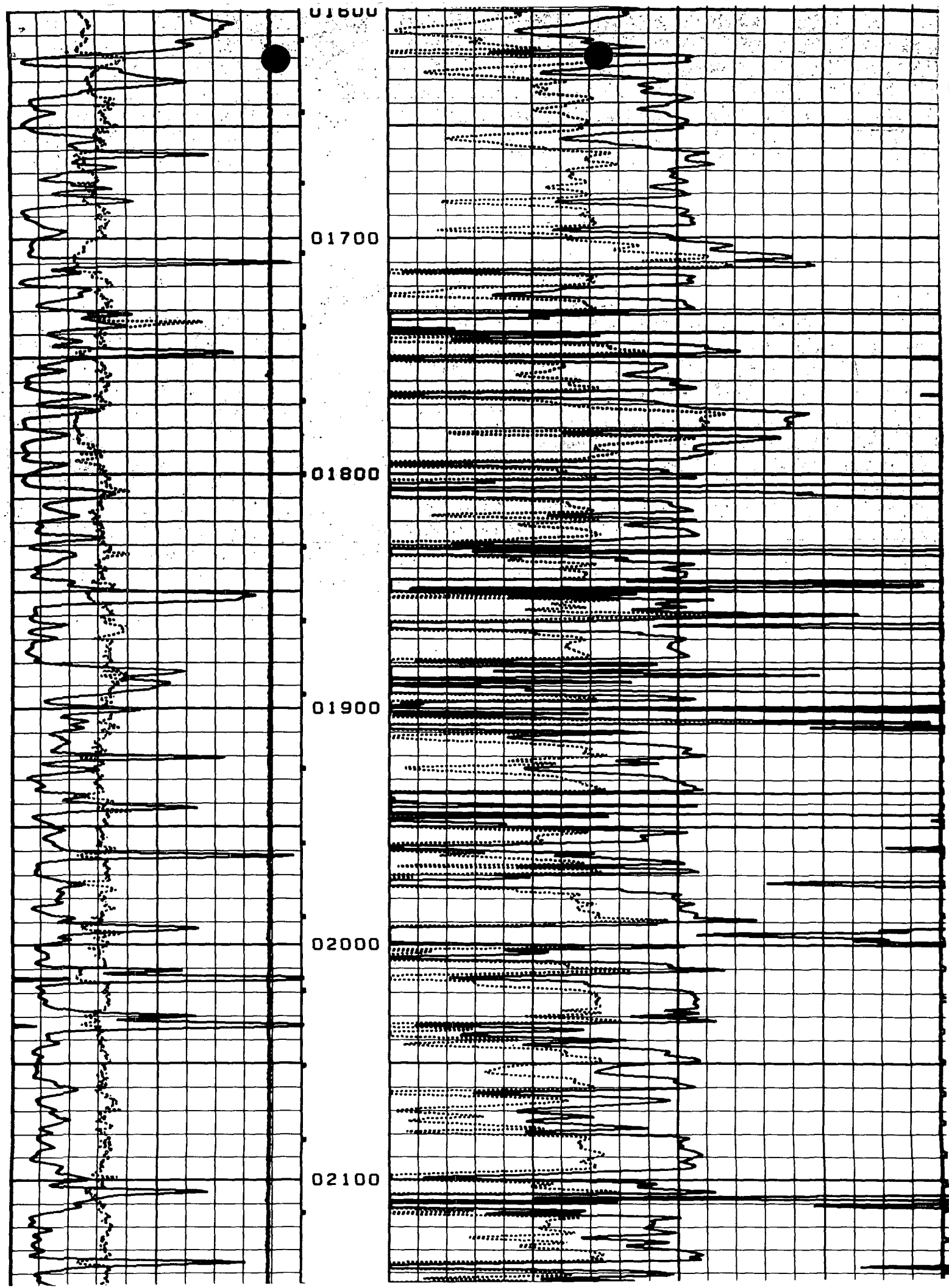
SONIC
INTERVAL TRAVEL TIME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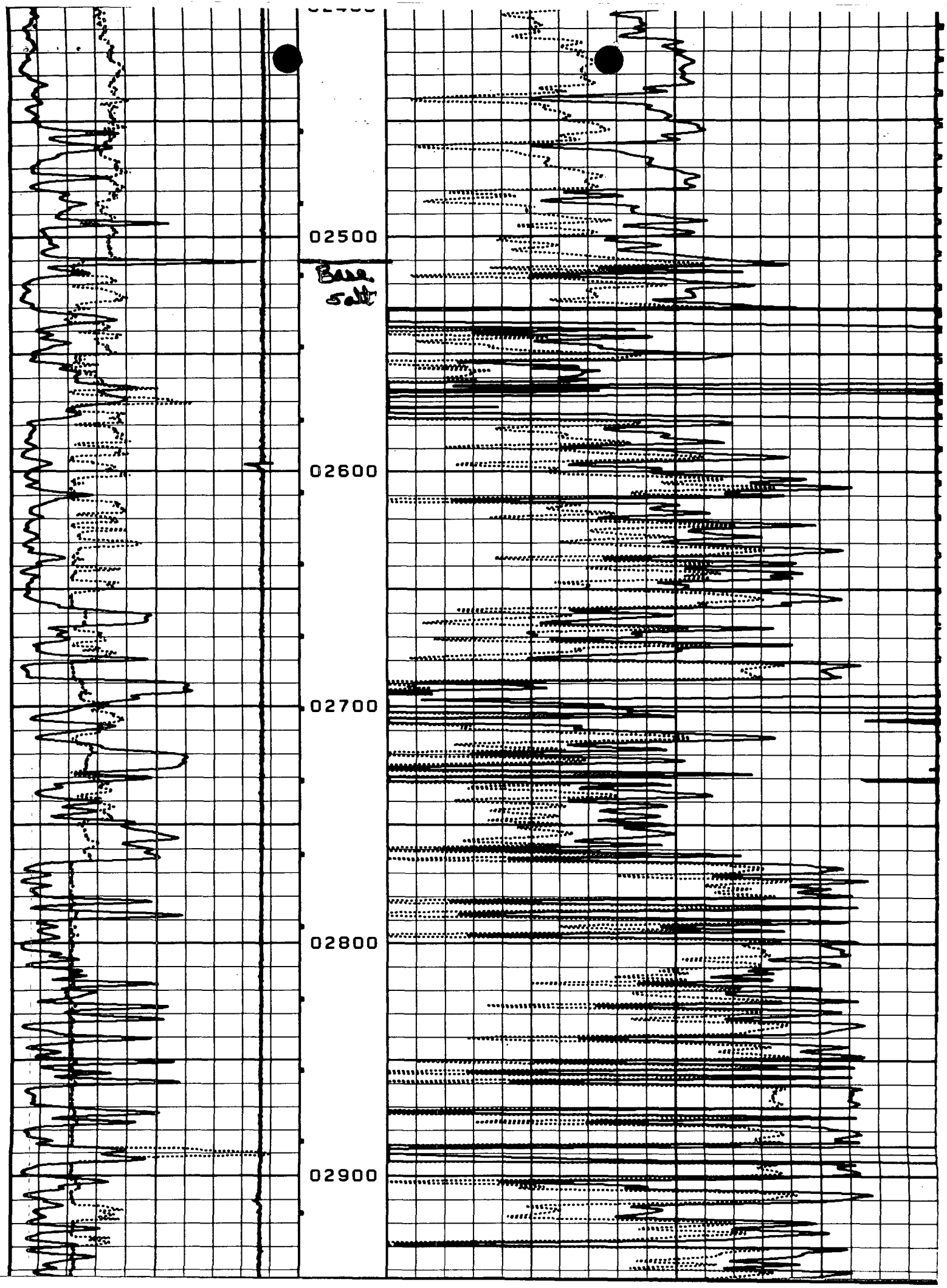

02500
Base salt
02600
02700
02800
02900

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor

Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

MEMO

DATE: 2/18/02 3/5/02

TO: Wayne Price fax 476-3462

FROM: Donna Mull & Paul

___ For Your Files

✓ For Your Review and Return

✓ For Your Handling

___ As Per Your Request

✓ Please Advise

___ Prepare a Reply for My Signature

___ For Your Information

___ For Your Approval

___ For Your Signature

___ For Your Attention

Holding for your approval

H.R.C. INC.

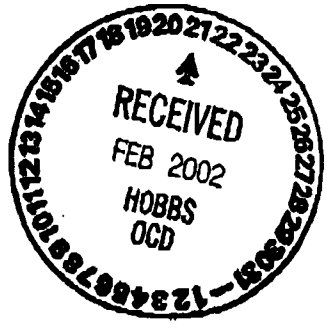
HOBBS STATE #10 SECT. 29, T. 18 S., R 38 E.

APPLICATION FOR BRINE EXTRACTION WELL

AND

DISCHARGE PLAN FOR BRINE FACILITY

February 20, 2002



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
H.R.C. P.O. Box 5102 Hobbs, NM 88241	[3] API Number 30 -

[4] Property Code	[5] Property Name	[6] Well No.
	Hobbs State	10

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2565	N	2330	W	Lea

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[9] Proposed Pool 1	[10] Proposed Pool 2

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	M	R	S	3655.3
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
NO	1700	Salt	Unknown	ASAP

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	9 5/8	28#	450	150 sx "c"	circulate
8 5/8	7	23#	1700	300 sx "[illegible]	circulate
6 1/2	3.5 tubing	10.5	+ or - 2000		

RECEIVED
FEB 2002
HOBBS OCD

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plan to drill a brine extraction well, will set 450' of 9 5/8" surface casing into the redbed and circulate cement to surface. We plan to run 7" casing to the top of the salt formation and cement it to surface. All cementing will be done by Halliburton. All casing tests and logs will be run as OCD requires;
BOP Schematic attached.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Eddie W. Seay

Printed name: Eddie W. Seay

Title: Agent

Date: 2/14/2002 Phone: (505) 392-2236

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: Expiration Date:

Conditions of Approval:

Attached ☐

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor

Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

MEMO

DATE: 2-28-02 3/5/02

TO: Wayne Price fax# 476-3462

FROM: Donna Mull of Pete

- ___ For Your Files
- ✓ For Your Review and Return
- ✓ For Your Handling
- ___ As Per Your Request
- ✓ Please Advise
- ___ Prepare a Reply for My Signature
- ___ For Your Information
- ___ For Your Approval
- ___ For Your Signature
- ___ For Your Attention

Holding for your approval

H.R.C. INC.

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AND

DISCHARGE PLAN FOR BRINE FACILITY

February 20, 2002

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Revised March 17, 1999

Submit to appropriate District Office
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H.R.C. P.O. Box 5102 Hobbs, NM 88241	[3] API Number 30-
[5] Property Code	[4] Property Name: Hobbs State — [6] Well No.: 10

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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RECEIVED
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OCD

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Printed name: Eddie W. Seay
Title: Agent
Date: 2/14/2002 Phone: (505)392-2236

OIL CONSERVATION DIVISION

Approved by:
Title:
Approval Date: Expiration Date:
Conditions of Approval:
Attached ☐

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 6 2002

and ending with the issue dated

March 6 2002

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 6th day of

March 2002

Jodi Henson

Notary Public.

My Commission expires
October 18, 2004
(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
March 6, 2002
NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan applications has been submitted to the Director of the Oil Conservation Division, 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-030) – H.R.C. Inc., Mr. Gary Schubert, (505) 393-3194, P.O. Box 5102, Hobbs, New Mexico, 88241 has submitted a discharge plan application for a new in-situ brine extraction well and surface storage facilities. The new brine well and facility will be located in unit letter F and B respectfully of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. Fresh water obtained from the city of Hobbs will be injected in the Salado formation at a approximate depth of 1600 feet and brine water will be extracted out of the formation from a depth of approximately 2000 feet with an average total dissolved solids concentration of 300,000 mg/l. H.R.C. INC. proposes to drill a new well to be located 2565 FNL and 2330 FWL of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. Ground water most likely to be affected by any accidental release or discharge is the Ogallala water bearing formation at a depth of approximately 50 feet and has a total dissolved solids content of approximately 800 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted to him and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan based on information available. If a public hearing is held, the director will approve or disapprove the proposed plan based on information in the plan and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 4th day of March, 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
(seal)
LORI WROTENBERY, Director
#18799

01100060000 02553962

State of New Mexico Oil &
1220 S. St. Francis
Santa Fe, NM 87505

THE SANTA FE
NEW MEXICAN
Founded 1849

NM OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DR.
SANTA FE, NM 87505
ATTN WAYNE PRICE

AD NUMBER: 250307 ACCOUNT: 56689
LEGAL NO: 70866 P.O.#: 02199000249
198 LINES 1 time(s) at $ 87.29
AFFIDAVITS: 5.25
TAX: 5.78
TOTAL: 98.32

NOTICE OF PUBLICATION
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ENERGY, MINERALS AND DEPARTMENT
OIL CONSERVATION DIVISION

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 4th day of March, 2002.
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
S E A L
LORI WROTENBERY, Director
Legal #70866
Pub. March 8, 2002

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE
I, K. Voorhees being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a Newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication #70866 a copy of which is hereto attached was published in said newspaper 1 day(s) between 03/08/2002 and 03/08/2002 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 8 day of March, 2002 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/S/ K. Voorhees
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 8 day of March A.D., 2002

Notary Laura E. Harding

Commission Expires 11/23/03

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL

LORI WROTENBERY, Director

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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL

LORI WROTENBERY, Director

Price, Wayne

From: Eddie Seay [seay04@leaco.net]
Sent: Monday, March 04, 2002 10:22
To: Wayne Price
Subject: HRC Application

March 4, 2002

NMOCD Environmental Bureau
ATTN: Wayne Price
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: HRC Application for Brine well and facility

Mr. Price:

The new location of the brine well which HRC proposes to drill is located in Unit F 2565/FNL 2330/FWL, Section 29, Township 18 S., Range 38 E., Lea Co., NM. HRC amended the location of the well because of the risk of re-entering an old plugged well and the new location is better located from the existing wells.

The brine extraction facility will be located in Unit B 990/FNL 1650/FEL, Section 29, Township 18 S., Range 38 E. approximately. The amended facility located was moved to get it away from West County Road, and will be located within the same area as Schubert SWD, making it convenient for operations.

If you have any questions, please call.

Sincerely,

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor

Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

MEMO

DATE: 2/18/02

TO: Wayne Price

FROM: Donna Mull

___	For Your Files	___	Prepare a Reply for My Signature
✓	For Your Review and Return	___	For Your Information
✓	For Your Handling	___	For Your Approval
___	As Per Your Request	___	For Your Signature
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RECEIVED
FEB 20[illegible]
HOBBS
OCD

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Printed name: Eddie W. Seay	Title:
Title: Agent	Approval Date: / Expiration Date:
Date: 2/14/2002 / Phone: (505)392-2236	Conditions of Approval: Attached ☐

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
	96173	BSW Salado

[4] Property Code	[5] Property Name	[6] Well Number
	Hobbs State	10

[7] OGRID No.	[8] Operator Name	[9] Elevation
131652	H. R. C. Inc.	3655.3

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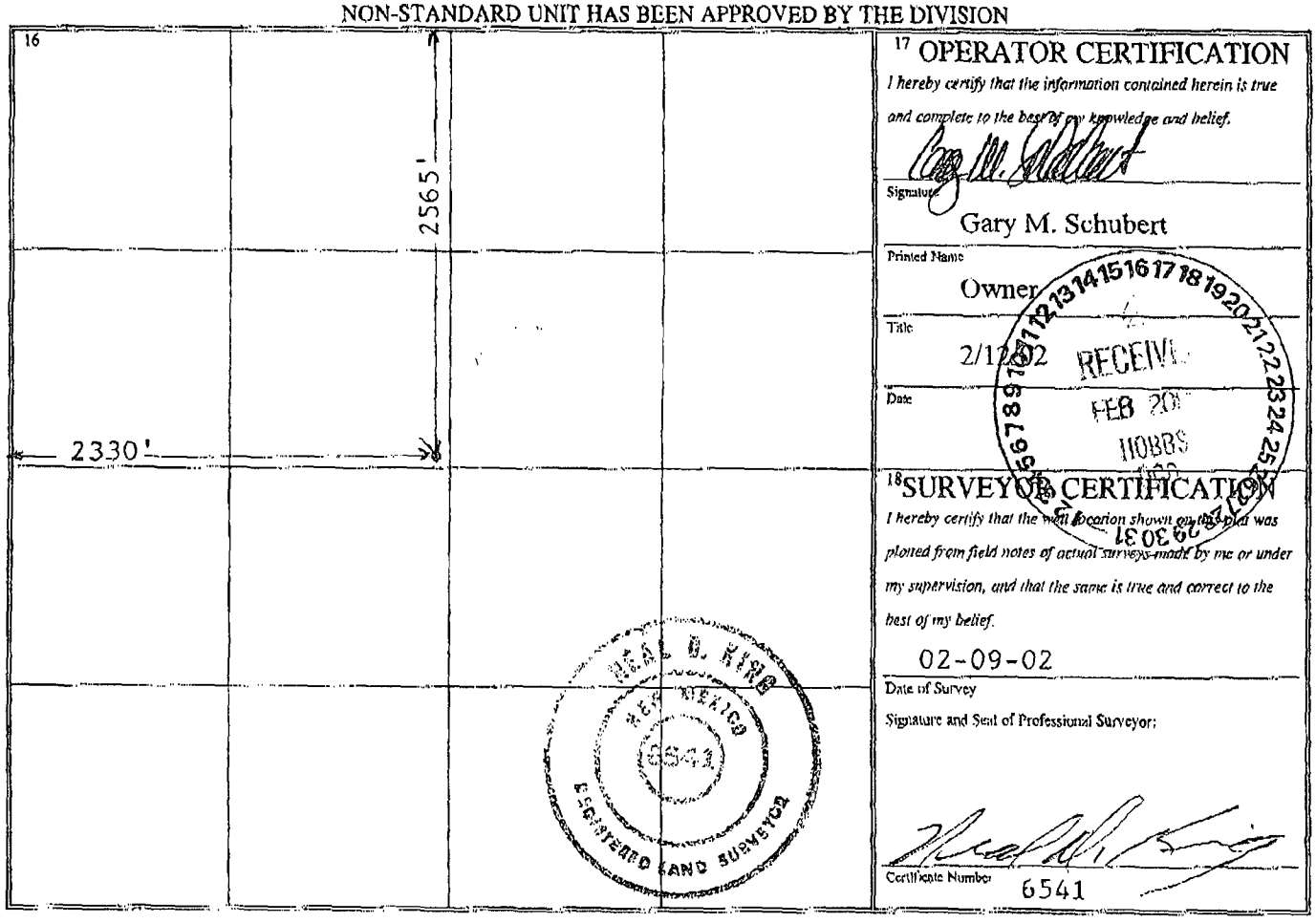
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



[17] OPERATOR CERTIFICATION

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

Signature

Gary M. Schubert

Printed Name

Owner

Title

2/12/02

Date

RECEIVED
FEB 20
HOBBS

[18] SURVEYOR CERTIFICATION

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 belief.

02-09-02

Date of Survey

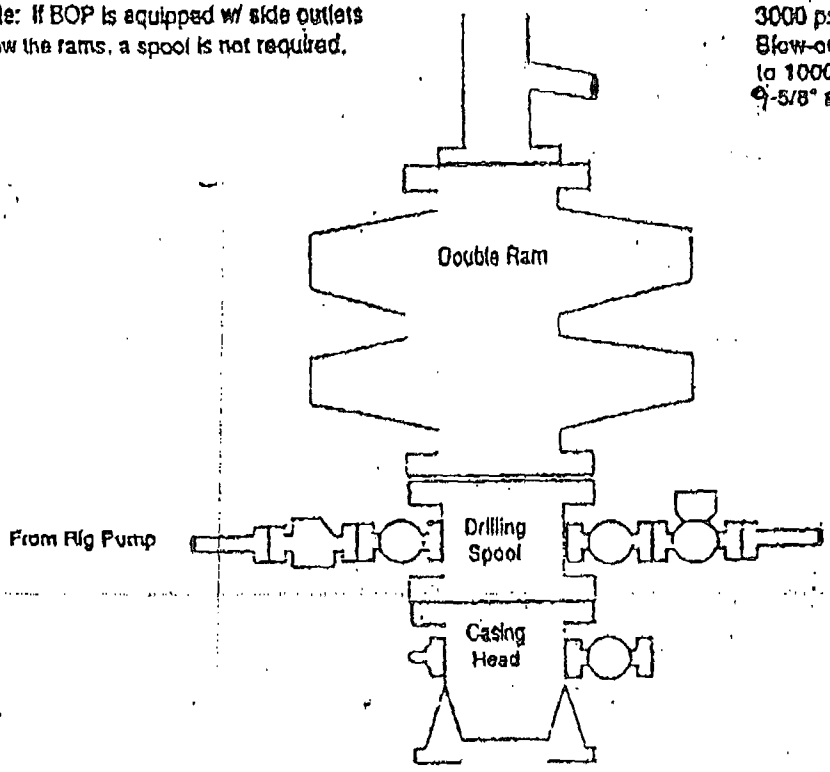
Signature and Seal of Professional Surveyor:

Certificate Number 6541

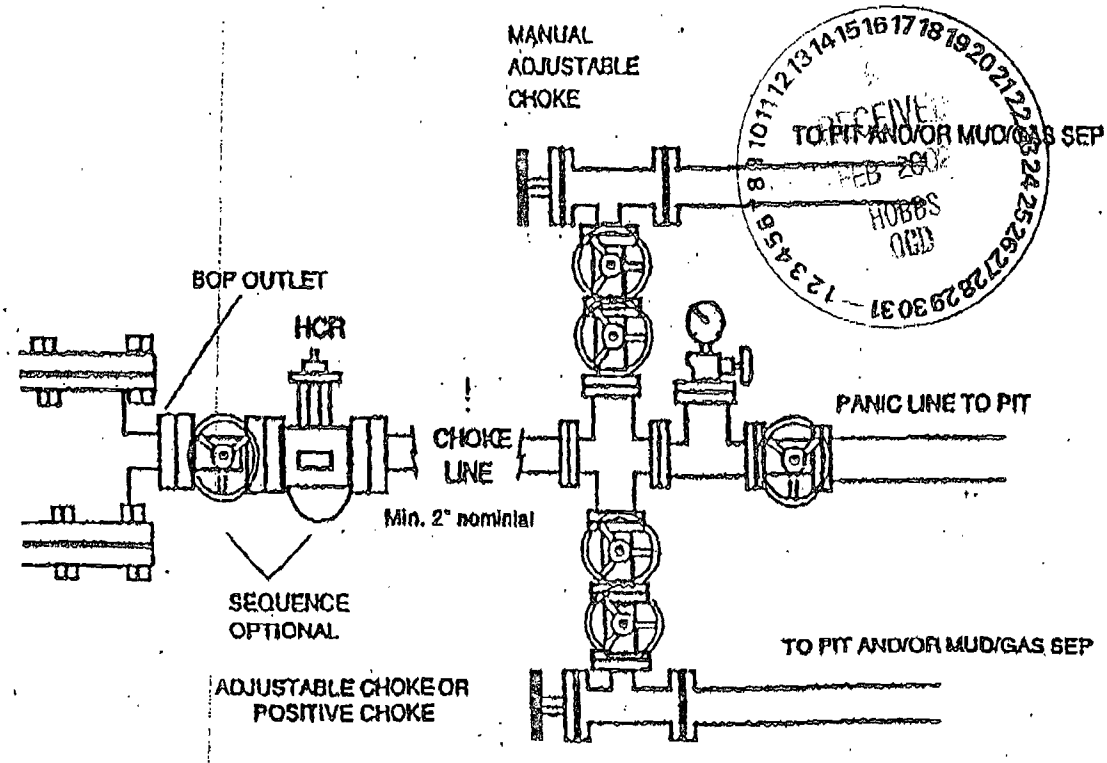
BOP Schematic

*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

3000 psi WP Double Ram Blow-out Preventor. Must be tested to 1000 psi prior to drilling out 9-5/8" surface casing.



Choke Manifold Schematic



Occidental Permian Ltd.

580 WestLake Park Blvd.
Houston, TX 77079
PO Box 4294
Houston, TX 77210-4294
281-552-1000

February 11, 2002

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: Lori Wrotenbery, Director

Re: Discharge Plan Application of H.R.C. Inc. for a Brine Mining Facility
Unit F, Section 29, Township 18 South, Range 38 East, NMPM
Lea County, NM

Dear Ms. Wrotenbery:

Occidental Permian Limited Partnership ("OPL") has received notice of the referenced application, and wishes to intervene and become a party of record in this proceeding so we may participate in any hearing that is called regarding this application. OPL operates the North Hobbs Unit which has oil and gas wells in close proximity to the applicant's proposed brine mining well. Additionally, we are installing a major EOR project in the North Hobbs Unit that will utilize wells in this immediate vicinity to inject carbon dioxide into the Hobbs-Grayburg San Andres pool. We have not yet had an opportunity to review the applicant's complete discharge plan and supporting documentation, and we plan to do so. Until that time and when a hearing is called, if at all, we reserve the right to protest the referenced application and will present evidence and testimony to support our position. As a party of record, we request that the NMOCD, applicant and any other parties of record direct all correspondence related to this matter to the undersigned at the letterhead address.

Thank you for consideration of our request.

Sincerely,

Richard E. Foppiano

Richard E. Foppiano, P.E.
Senior Advisor – Regulatory Affairs

REF:ref

Cc: Mr. Gary Schubert, H.R.C. Inc., P.O. Box 5102, Hobbs, NM 88241

Richard E. Foppiano, P.E.
Senior Advisor - Regulatory Affairs
OXY USA WTP LP
OXY USA INC.
Occidental Permian Ltd.
P. O. Box 4294
Houston, Texas 77210-4294
Telephone (281) 552-1303
Fax: (281) 552-1383

FACSIMILE TRANSMISSION

No. of Pages	Cover + 1

Date: February 11, 2002

To: **Wayne Price**

Company: New Mexico Oil Conservation Deivision, Environmental Dept.

Fax No.: (505) 476-3462

CC:
CC:
CC:

From: Richard E. Foppiano

Company: OXY USA Inc.

Subject: Attached Letter

Wayne, thanks for returning my call. Attached is a fax copy of a letter that I am sending by snail mail today.

---------- PLEASE DELIVER IMMEDIATELY----------

Occidental Permian Ltd.

580 WestLake Park Blvd.
Houston, TX 77079
PO Box 4294
Houston, TX 77210-4294
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February 11, 2002

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Richard E. Foppiano, P.E.
Senior Advisor – Regulatory Affairs

REF:ref

Cc: Mr. Gary Schubert, H.R.C. Inc., P.O. Box 5102, Hobbs, NM 88241

February 8, 2002

NMOCD Environmental Bureau
ATTN: Wayne Price
Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: HRC Brine well
Hobbs State #5

Mr. Price:

Please accept this letter as notice to void their application to use the Hobbs State #5 well as a brine extraction well.

As we discussed, HRC's plan is to drill a new well SE of the #5, a new C-108 and application to drill will be sent after the location has been surveyed. The new well will be the Hobbs State #10.

If you have any questions, please call.

Thank you,

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

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

February 5 2002

and ending with the issue dated

February 5 2002

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 5th day of

February 2002

Jodi Henson

Notary Public.

My Commission expires
October 18, 2004
(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 5, 2002
NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan applications has been submitted to the Director of the Oil Conservation Division, 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-030) – H.R.C. Inc., Mr. Gary Schubert, (505) 393-3194, P.O. Box 5102, Hobbs, New Mexico, 88241 has submitted a discharge plan application for a new in-situ brine extraction well and surface storage facilities. The new brine facility will be located in unit letter F of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. Fresh water obtained from the city of Hobbs will be injected in the Salado formation at a approximate depth of 1600 feet and brine water will be extracted out of the formation from a depth of approximately 2000 feet with an average total dissolved solids concentration of 300,000 mg/l. H.R.C. INC. proposes to re-enter the Hobbs State well #5 API # 30-025-23662 which is currently plugged and abandoned.
Ground water most likely to be affected by any accidental release or discharge is the Ogallala water bearing formation at a depth of approximately 50 feet and has a total dissolved solids content of approximately 800 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted to him and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan based on information available. If a public hearing is held, the director will approve or disapprove the proposed plan based on information in the plan and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 18th day of January 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY, Director
#18729

Approved

01100060000 02553369

State of New Mexico Oil &
1220 S. St. Francis
Santa Fe, NM 87505

THE SANTA FE
NEW MEXICAN
Founded 1849

NM OIL CONSERVATION DIVISION
1220 ST. FRANCIS DR.
SANTA FE, NM 87505
ATTN WAYNE PRICE

AD NUMBER: 244228 ACCOUNT: 56689
LEGAL NO: 70778 P.O.#: 02199000249
198 LINES 1 time(s) at $ 87.29
AFFIDAVITS: 5.25
TAX: 5.78
TOTAL: 98.32

NOTICE OF PUBLICATION
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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 18th day of January 2002. STATE OF NEW MEXICO OIL CONSERVATION DIVISION
S E A L
LORI WROTENBERY, Director
Legal #70778
Pub. January 25, 2002

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, K. Voorhees being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a Newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication #70778 a copy of which is hereto attached was published in said newspaper 1 day(s) between 01/25/2002 and 01/25/2002 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 25 day of January, 2002 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/S/ K. Voorhees
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 25 day of January A.D., 2002

Notary Laura E. Hardin

Commission Expires 11/23/03

APPROVED
Wayne Price
1/30/02

NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 25, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7256

Mr. Gary M. Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Application For Brine Extraction Well and Discharge Plan For Brine Facility.

Dear Mr. Schubert:

The New Mexico Oil Conservation Division (OCD) is in receipt of the additional information dated December 10, 2001. After reviewing the submittal OCD determined the application met the criteria required to issue the discharge plan public notice. This notice was issued with a publish date by January 25, 2002. OCD is in receipt of the $5000.00 cash collateral bond and Change of Ownership form C-104 and is in the process of approving and recording these documents. OCD will forward your copies upon completion.

Upon reviewing the submittal OCD noted the following deficiencies and requires the following information in order to continue the review process.

1. Provide copies of lithologic logs along with a written determination verifying the location of the top and base of the salt section beneath the site. OCD will require the 7" inch casing (new shoe or retainer) to be set at a minimum 100 feet below the top of the salt section. The lower 7" inch casing string left in place shall have at a minimum 100 feet remaining above the base of the salt section and shall have a continuous plug from the lower existing plug to the top where the casing will be cut.

2. Submit a casing/cement inspection plan to determine the location top and verify external mechanical integrity (EMI) for the lower 7" (inch) cemented casing that will remain in the hole before plugging back. The plan shall also include a cement bond and pipe inspection log for the 7" casing above the new (casing shoe/retainer) to surface. The plan shall commit to including an evaluation section with conclusions and recommendations for any corrective action required.

3. The submitted C-101 proposed casing and cement program does not agree with the submittal write-up. Submit a C-101 that reflects the correct program including the construction requirements of items (1.and 2.) above. The C-101 shall have attached a detailed drilling and completion program, blow-out prevention plan and a detailed proposed well bore schematic to include details for above and below the salt section.

4. Items V. and VI of the C-108 were not submitted in a manner that OCD could readily evaluate. There was a comprehensive list of wells titled "Offset Wells Within One-half Mile of Proposed Injectors". Thirty Six (36) of the wells were highlighted and Ten (10) well schematics were included. There were no written descriptions included for any of the wells listed. It appears this information was copied from another project and injected into this report. OCD will accept public information but it must be configured to this application.

   OCD's Engineering Bureau noted that twenty four (24) of the wells listed as "Offset Wells Within One-half Mile of Proposed Injectors" had intervals open in the proposed injection zone. There was no evaluation included for these wells. In addition, the well schematics supplied did not have a ledger distinguishing between cemented or mud laden sections. The map included was too small for OCD to properly evaluate the area of review.

   OCD requests a larger scaled map showing all wells, including fresh water wells, comprising the area of review. Each well that penetrates the proposed injection zone shall be evaluated. A written description shall be provided and cross-referenced to the map and schematic supplied. The descriptions shall contain conclusions, recommendations and any corrective actions required.

5. Items VII of the C-108 did not address the following issues:

   VII.2. Whether the system is open or closed system. Please provide.

   VII3. Did not provide the maximum injection pressure. Please provide the maximum operating injection and/or test pressure at the well head, system fracture pressure calculated at the bottom casing shoe, fracture pressure gradient (psi/ft) for the system. Demonstrate that the maximum surface injection and/or test pressure will not cause new fractures or propagate existing fractures.

6. Submit a plan to provide an "Air-Break" between the city of Hobbs fresh water line and the brine station. This is required to prevent brine water from back flowing into the city of Hobbs Public Water Supply.

7. The plan submitted proposed a plastic liner under the tanks, loading pad etc. Please provide manufacture, type, thickness and compatibility with fluids or elements of exposure, and estimated life.

8. OCD will require totalizing meters to measure the volume of fresh and brine water injected. Please include in plan.

9. The plan aerial photo shows that the loading area is not adjacent to the brine well and tanks. Please provide a scaled plot plan of the proposed site including legal description and all associated equipment, brine lines, etc. Also it appears the original design information submitted was copied from another project and injected into this report. OCD will accept public information but it must be configured to this application.

10. The plan did not provide a proposed wellhead diagram depicting valves, sampling points, pressure gauges, etc. Please provide.

11. Please provide location of proposed monitor well on plot plan.

If you have any questions please do not hesitate to contact me at 505-476-3487 or E-mail WPRICE@state.nm.us.

Sincerely,

Wayne Price

Wayne Price- Environmental Engineer

cc: OCD Hobbs Office
David Catanach-UIC Director
Eddie W. Seay-Agent for H.R.C. Inc.

NOTICE OF PUBLICATION

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 18th day of January 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL

LORI WROTENBERY, Director

NOTICE OF PUBLICATION

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 18th day of January 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL

for LORI WROTENBERY, Director

January 16, 2002

To: David Catanach-UIC Director

From: Wayne Price

Re: HRC Brine Well Permit

Dear David:

As discussed in your office today the Environmental Bureau is soliciting your assistance in this permitting process. I understand this well is going to be located in a new $C0_2$ fluid in the Hobbs area. Please find enclosed the permit application and C-108 submittal. I have made a preliminary review of this project and have the following concerns:

1. The well bore is approximately 29 years old and condition of pipe is unknown.

2. The area of review maps are not detailed.

3. I conducted an on-site survey and there are three wells within 300-400 feet of the proposed brine well. OCD has documented cases of communication on wells in close proximity of brine wells.

4. They did not provide detailed lithology maps or logs showing the top and bottom of the salt formation.

5. There appears to be a large open hole area below the bottom plug. OCD environmental bureau is concerned about salt creep which can cause large pressure gradients and causing the plugged to fail.

6. The proposed hand draw sketch of the well bore shows the casing shoe to be above the salt section. ??? The salt institute recommends the salt to be a minimum distance into the salt section. The drawing does not provide any completion information below the salt section.

7. They did not demonstrate that the existing water protection string is actually embedded in the Red Bed.

December 10, 2001

NMOCD Environmental Bureau
ATTN: Wayne Price
P.O. Box 6429
1220 South Saint Francis Drive
Santa Fe, NM 87504

RE: H.R.C. Brine

Mr. Price:

Find within additional information as requested. If you have any questions or need any additional information, please call.

Sincerely,

Eddie W Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

TABLE OF CONTENTS

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NEW MEXICO 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance _____Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No X Brine

II. OPERATOR: H.R.C. Inc.

ADDRESS: P.O. Box 5102 Hobbs, NM 88241

CONTACT PARTY: Gary M. Schubert PHONE: (505)393-3194

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 X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate 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: Eddie W. Seay TITLE: Agent

SIGNATURE: Eddie W. Seay DATE: 12/10/2001

* 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, 2040 South Pacheco, 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.

VI. List of wells within.

VII. Fresh water will be used to produce brine by injecting fresh water down the back side of the tubing at 200# to 250# and producing brine out the tubing. Based on activity at the facility, productions could be 10 to 15 thousand bls. per month.

VIII. HYDROLOGY

Underground aquifers in this area are the Ogallala and Quaternary Alluvium formations. The groundwater in these formation is unconfined where the underlying red beds are relatively impermeable. This underlying layer prevents further downward or upward movement. From information reviewed, the groundwater flow from the Ogallala formation flows to the south southeast, the water level for this area ranges from 50' to 70' below ground level and the average depth of the wells are 150'. Find within State Engineers list of water wells in the general area and analytical from two of the wells.

GEOLOGY

The proposed site is located on the Central basin Platform of the Permian Basin. The sub-surface formations are in transitional area between Delaware Basins back reef or shelf area and the platform. The brine product is from the Salado Formation of the Ochoa series. The series is of upper Permian Age, and extends across the Delaware Basin, Central Basin Platforms, thins and pinches out on the eastern shelf. This series layers are predominately evaporates which contain strings of dolomite, shale, siltstone, and sandstone. The thickness of this salt section averages about 1000 ft. The Triassic rock overlying the Permian formation is the Dockem group, and is divisible into the Santa Rosa sandstone and the Chinle formation. The Tertiary rocks are represented by the Ogallala formation. This formation ranges in thickness from 0' to 300'. It is chiefly calcareous, unconsolidated sand, clay, silt and gravel. This is the formation most of Lea Co. obtains its drinking water from.

IX. No stimulation needed.

X. Logs on file with OCD.

XI. Attached.

XII. I, Eddie W. Seay, as agent, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the salt section and any underground source of drinking water near this site.

XIII. Proofs of Notice attached.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address.	2 OGRID Number
H. R. C. Inc. P. O. Box 5102 Hobbs, NM 88241	131652
	3 API Number 30-025-23662

4 Property Code	5 Property Name	6 Well No.
992279	Hobbs State	5

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
F	29	18S	38E		2280	North	1980	West	Lea

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County

9 Proposed Pool 1	10 Proposed Pool 2
BSW - Salado	

11 Work Type Code	12 Well Type Code	13 Cable/Rotary	14 Lease Type Code	15 Ground Level Elevation
		Workover		3655
16 Multiple	**17 Proposed Depth**	**18 Formation**	**19 Contractor**	**20 Spud Date**
		Salt		

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	9 5/8	36#	364	200	
8 3/4	7	23#	3826	140	
6 1/4	4 1/2	11.6 #	5986	120	

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Gary M. Schubert

Printed name: GARY M. SCHUBERT

Title: PRES.

Date: 7/9/01

Phone: 505-393-3194

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: Expiration Date:

Conditions of Approval:
Attached ☐

NO. OF COPIES RECEIVED		
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SANTA FE		
FILE		
U.S.G.S.		
LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease
State [X] Fee [ ]

5. State Oil & Gas Lease No.
A-1469-Z

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT —" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [X] GAS WELL [ ] OTHER-

7. Unit Agreement Name

2. Name of Operator
E S H Corporation

8. Farm or Lease Name
Hobbs State

3. Address of Operator
P. O. Box 774 , Midland, Texas 79701

9. Well No.
5

4. Location of Well
UNIT LETTER F , 2280 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE, SECTION 29 TOWNSHIP 18 S RANGE 38 E NMPM.

10. Field and Pool, or Wildcat

15. Elevation *(Show whether DF, RT, GR, etc.)*
3655 GL

12. County
Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]		COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [X]
PULL OR ALTER CASING [ ]	CHANGE PLANS [ ]	CASING TEST AND CEMENT JOB [ ]	
OTHER [ ]		OTHER [ ]	

17. Describe Proposed or Completed Operations *(Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work)* SEE RULE 1103.

5-11-73 - Set 4 1/2" Bridge Plug at 5757' with 35' of cement.
Estimated top of cement at 5722'

Shot and pulled Casing at 3744'

Pumped 25 sack plug at 3744' to 3644'

Spotted 10' plug at surface

Installed dry hole marker

Cleaned and leveled location

Location is clear and ready for inspection.

E.S. Hitchcock 915-694-7461
2809 Exeter 79705

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED E. S. Hitchcock TITLE President DATE 22 October 1973

E. S. Hitchcock

APPROVED BY John W. Runyan TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEO-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

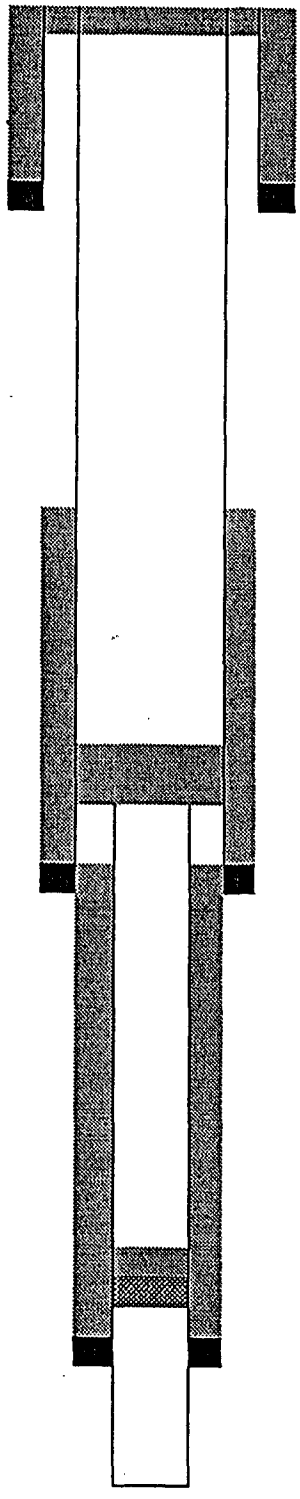
Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

PBTD: 5959'

TD: 5986'



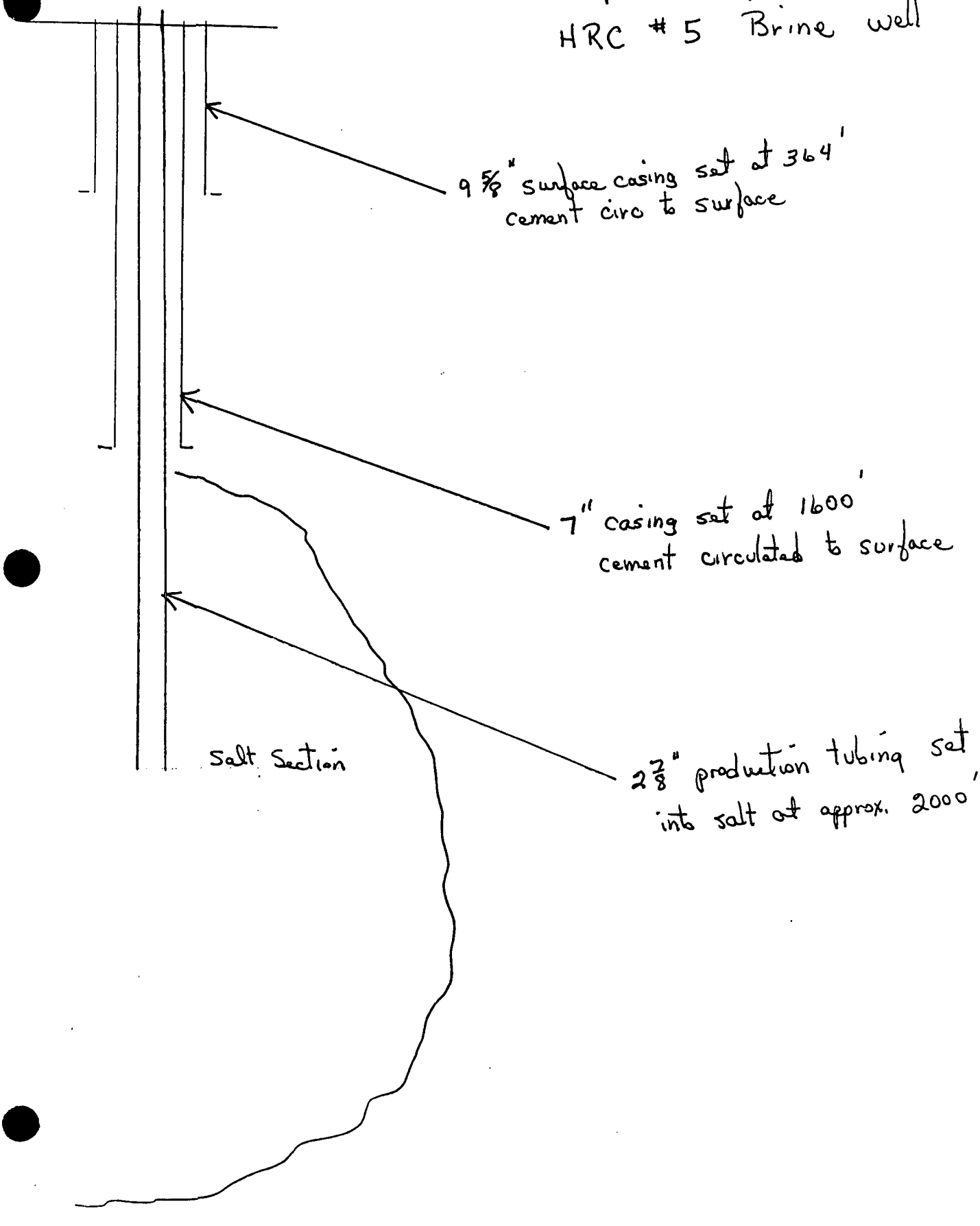
Spotted 10' cmt plug at surf.

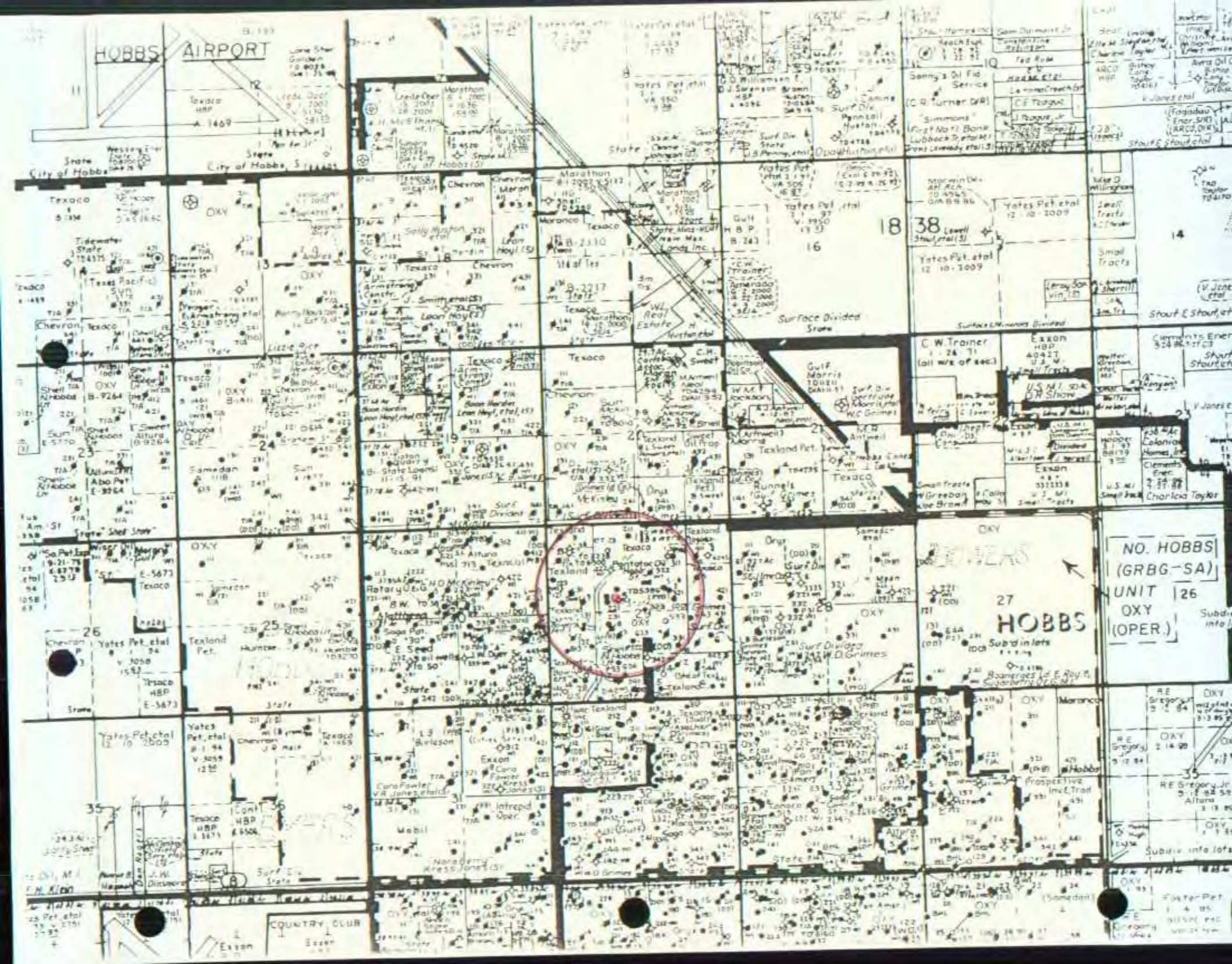
Existing condition of well # 5

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

Proposed completion for
HRC #5 Brine well




HOBBS AIRPORT
NO. HOBBS (GRBG-SA) UNIT
OXY (OPER.)
27
HOBBS
Subd'in lots
COUNTRY CLUB

XI

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY	Altura Energy Ltd,
SAMPLE	Fresh Water Well for Wells 29321, 29231, 32312
SAMPLED BY	
DATE TAKEN	8/8/00
REMARKS	T18S-R38E-Sec29; Qtr Sec 4,1,2

Barium as Ba	0	
Carbonate alkalinity PPM	68	
Bicarbonate alkalinity PPM	260	
pH at Lab	7.21	
Specific Gravity @ 60°F	1	
Magnesium as Mg	32	
Total Hardness as CaCO3	56	
Chlorides as Cl	325	
Sulfate as SO4	130	
Iron as Fe	0	
Potassium	0.1	
Hydrogen Sulfide	0	
Rw	12	@ 23° C
Total Dissolved Solids	841	
Calcium as Ca	24	
Nitrate	2.2	

Results reported as Parts per Million unless stated

Langelier Saturation Index -54

Analysis by: Vickie Walker
Date: 8/11/00

XI

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY	Altura Energy Ltd,
SAMPLE	Fresh Water Well For Wells 33111 & 28131 + 29231
SAMPLED BY	
DATE TAKEN	5/9/00
REMARKS	T18S-R38E-Sec 29, Qtr Sec. 4,2,1

Barium as Ba	0	
Carbonate alkalinity PPM	40	
Bicarbonate alkalinity PPM	216	
pH at Lab	7.63	
Specific Gravity @ 60°F	1	
Magnesium as Mg	174	
Total Hardness as CaCO3	300	
Chlorides as Cl	155	
Sulfate as SO4	115	
Iron as Fe	0.1	
Potassium	0.09	
Hydrogen Sulfide	0	
Rw	9.4	@ 25° C
Total Dissolved Solids	850	
Calcium as Ca	126	
Nitrate	7.5	

Results reported as Parts per Million unless stated

Langelier Saturation Index 0.05

Analysis by: Vickie Walker
Date: 6/6/00

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name / Operator	API No.	Sec.	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs.	TOC
Oxy								PBTD				7	8.75	4000	500	976**
28331	30-025- 07412	28	-18S	-38E	J	5//35	P	4280	4015	4268	4081-4093	10.75	13.5	245	150	CIRC
Oxy												7.625	9.625	1635	300	186
												5.5	6.25	4015	300	2662-CBL
												4.5	6.5	3987-4280	100	3987
28411	30-025- 07419	28	-18S	-38E	A	4//36	P	4223	4133	4225	15	12.5	16	227	160	CIRC**
Oxy								PBTD			17	7	8.75	4133	750	2550-CBL
											475					
28421	30-025- 07418	28	-18S	-38E	H	5//35	TA	4262	4020	4262	NONE	12.5	16	235	150	CIRC
Oxy												7	8.75	4020	200	2677-CBL
28422	30-025- 27243	28	-18S	-38E	H	5//48	I	4470	4239	4268	4222-4228	16	20	40	40	CIRC
Oxy											4242-4244	8.625	12.25	1600	850	CIRC
											4252-4256	5.5	7.875	4503	1050	CIRC
											4269-4271					
28431	30-025- 07413	28	-18S	-38E	I	8//35	P	4225	3993	4218	2660	10.75	13.5	225	150	CIRC**
Oxy												7.625	9.625	1640	400	CIRC**
												5.5	7.875	3993	400	2698-CBL
28441	30-025- 07411	28	-18S	-38E	P	1//35	I	4272	4102	4257	NONE	10.75	13.5	243	150	CIRC
Oxy								PBTD				7.625	9.625	1634	300	185
												5.5	6.25	4015	300	CIRC
29111	30-025- 23919	29	-18S	-38E	D	12//71	P	4287	4183	4287	3905-4250	8.625	11	310	150	CIRC
Oxy								PBTD				5.5	7.875	3905	300	2427**
29121	30-025- 07449	29	-18S	-38E	E	3//47	P	4275	3924	4275	4070-85	9.625	12.25	2739	650	890
Oxy											4110-20	7	8.75	3104	100	2640 CBL
											4130-50	4.5 Lnr	6.25	2900-4201	100	2900
29122	30-025- 28953	29	-18S	-38E	E	2//85	I	4215	4154	4211	NONE	13.375	17.5	40	NA	CIRC
Oxy								(CIBP)				8.625	11	1510	785	CIRC
												5.5	7.875	4370	435	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name / Operator	API No.	Sec.	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs.	TOC
29131	30-025- 07447	29	-18S	-38E	L	10//30	P	4168	4050	4210	NONE	12.5	18	225	250	CIRC
Oxy								PBTD				9.625	12	2750	650	660**
												7	8.75	3976	300	1504-CBL
												5	6.125	3870-4220	50	3930-CBL
29132	30-025- 26917	29	-18S	-38E	L	12//80	I	4470	4025	4245	NONE	16	20	40	40	CIRC
Oxy								PBTD				8.625	12.25	1595	785	CIRC
												5.5	7.875	4510	900	CIRC**
29141	30-025- 07448	29	-18S	-38E	M	8//30	I	4238	3690	4228	3960-4108	12.5	18	203	200	CIRC
Oxy								PBTD			4033-4053	9.625	12	2736	650	1000**
												7	8.75	3960	300	1850**
												5.5	7.875	3941	250	3460-CBL
												4.5	6.25	3417-4238	50	3774-CBL
29211	30-025- 07433	29	-18S	-38E	C	11//30	TA	4003	4217	4270	4053-4150	12.5	18	243	250	CIRC
Oxy								CIBP			4180-4200	9.625	12	2796	400	CIRC
											4211-4215	7	8.75	4007	500	3014**
												5.5	6.25	3957-4238	50	3957
29221	30-025- 07430	29	-18S	-38E	F	9//30	P	4210	4118	4176	4154-4162	12.5	18	210	200	CIRC
Oxy								PBTD			4175-4185	9.625	12	2704	400	1236
											4195-4200	7	8.75	3979	500	2753
											4213-4267	4.5	6.125	3910-4213	50	3910
29222	30-025- 26934	29	-18S	-38E	F	4//81	I	4465	4175	4265	NONE	16	20	40	40	CIRC
Oxy												8.625	12.25	1605	950	CIRC
												5.5	7.875	4510	1050	CIRC
29231	30-025- 07438	29	-18S	-38E	K	10//30	P	4255	4106	4255	NONE	15.5	18	252	1000	CIRC**
Oxy												9.625	12.25	2729	600	CIRC
												7	8.75	3953	300	2718
												5	6.25	3906-4220	50	3906
29241	30-025- 07437	29	-18S	-38E	N	10//30	I	4255	4076	4239	NONE	12.5	18	217	160	CIRC
Oxy												9.625	12	2730	500	895
												7	8.75	3929	350	1850

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name / Operator	API No.	Sec.	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs.	TOC
												5.5	7.875	3822-4299	60	3822
29242	30-025-	28413	29	-18S	-38E	N	3//84	P	4370	4005	4257	4019	16	20	30	NA	CIRC
Oxy												4037	8.625	12.25	1511	750	CIRC
												4040	5.5	7.875	4368	750	2330
29311	30-025-	07432	29	-18S	-38E	B	10//30	P	4269	4044	4269	4090-4110	12.5	16	241	250	113
Oxy												4171	9.625	11.75	2776	400	2750
													7	8.75	4008	500	2949
													5.5	6.25	3921-4234	350	3786
29321	30-025-	07431	29	-18S	-38E	G	9//30	P	4301	4137	4271	3895	12.5	16	211	250	CIRC
Oxy									PBTD			4100	9.625	11.75	2756	250	921
													7	8.75	3995	300	2930-CBL
													5	6.25	3812-4308	100	3894-CBL
29322	30-025-	28883	29	-18S	-38E	G	11//84	I	4342	4160	4256	NONE	13.375	17.5	40	NA	CIRC
Oxy									PBTD				8.625	12.25	1520	620	CIRC
													5.5	7.875	4384	850	CIRC
29323	30-025-	28941	29	-18S	-38E	G	1//85	P	4180	3089	4272	NONE	13.375	17.5	40	NA	CIRC
Oxy									PBTD				8.625	12.25	1542	375	CIRC
													5.5	7.875	4370	450	575-CBL
29331	30-025-	07436	29	-18S	-38E	J	9//30	I	4261	4100	4258	4044-4065	9.625	11.75	2742	500	907
Oxy													7	8.75	3929	300	2115
													4.5	6.25	4270	750	3788 CBL
29341	30-025-	07445	29	-18S	-38E	O	10//30	P	4090	4050	4146	4010-4035	13.375	15	210	150	CIRC**
Oxy									PBTD				9.625	12	2750	700	CIRC**
													7	8.75	3934	300	3430-CBL
													5	6.25	4162	350	CIRC
29342	30-025-	28884	29	-18S	-38E	O	11//84	I	4375	4083	4250	NONE	13.375	17.5	40	NA	NA
Oxy													8.625	12.25	1520	620	CIRC
													5.5	7.875	4375	875	CIRC
29411	30-025-	07454	29	-18S	-38E	A	10//30	I	4335	4200	4335	4102-4137	12.5	16	245	250	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name / Operator	API No.		Sec.	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs.	TOC
Oxy												4057-4091	9.625	11.75	2750	650	365**
												4154-4158	7	8.75	4045	300	2231**
													5.5	6.25	3941-4223	30	3941**
29431	30-025-	07458	29	-18S	-38E	I	10//30	P	4227	4155	4225	4010	15.5	18	228	200	CIRC**
Oxy									PBTD			4075	9.625	12.25	2720	600	978**
													7	8.75	3900	400	2086**
													5.5	6.25	3209-4229	120	3209**
29441	30-025-	07444	29	-18S	-38E	P	10//30	P	4211	4058	4266	4020-4028	13.375	18	232	150	CIRC**
Oxy									PBTD				9.625	12	2743	1400	CIRC**
													7	8.75	3950	300	3240-CBL
													5	6.5	4172	22	4020
29442	30-025-	28885	29	-18S	-38E	P	2//85	I	4237	4065	4210	4031	13.375	17.5	40	NA	CIRC
Oxy									CIBP			4036	9.625	12.25	1536	575	CIRC
													7	7.875	4370	1100	CIRC
29544	30-025-	34644	29	-18S	-38E	P	7//99	P	4359	4124	4256	NONE	14	18	40	50	CIRC
Oxy									PBTD				8.625	12.25	1565	725	CIRC
													5.5	7.875	4400	775	CIRC
30112	30-025-	29063	30	-18S	-38E	D	3//85	TA	4000	4034	4264	NONE	13.375	17.5	40	NA	NA
Oxy									CIBP				9.625	12.25	1520	250	CIRC
													7	8.75	4369	675	CIRC
30113	30-025-	29064	30	-18S	-38E	D	1//85	P	4310	4042	4285	NONE	13.375	17.5	55	NA	CIRC
Oxy									CIBP				8.625		1495	620	CIRC
													5.5	7.875	4370	990	CIRC
30121	30-025-	07464	30	-18S	-38E	E	9//30	I	4115	4160	4271	4042-4096	12.5	16	212	200	CIRC**
Oxy									PBTD				9.625	11.75	2749	400	1281**
													7	8.75	3994	425	2738-CBL
													5	6.125	3841-4312	40	CIRC-CBL
30131	30-025-	07481	30	-18S	-38E	L	10//30	P	4256	4082	4270	4006-70	9.625	11.75	2751	550	733
Oxy									CIBP			4116-40	7	8.75	3900	350	1783

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

FOR WELLS 28332,29231,29321,30223,32312,32431

Well Name / Operator	API No.	Sec	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs.	TOC
St A #4	30-025-23076	32	-18S	-38E	B	4//69	TA	5325	5375	5966	NA	11.75	15	380	350	CIRC
Amerada								CIBP				8.625	11	3810	590	2400
												5.5	7.875	5998	325	5281**
St A #5	30-025-23116	32	-18S	-38E	A	6//69	P	6954	6674	6936	NA	11.75	15	385	400	CIRC**
Amerada												8.625	11	3798	590	1099**
												5.5	7.875	7000	501	4772**
State B #5	30-025-07434	29	-18S	-38E	G	12//48	P	3224	3136	3224	1680-1682	10.75	13.75	220	200	CIRC**
Collins & Ware												7.625	9.875	1665	300	CIRC**
												5.5	6.75	3136	300	CIRC**
State B #6	30-025-07435	29	-18S	-38E	F	1//47	P	3219	3137	3219	NONE	7.625	9.875	414	200	390
Collins & Ware												5.5	6.75	3137	394	CIRC**
St I #5	30-025-23173	29	-18S	-38E	O	7//69	P	6970	6648	6930	NONE	8.625	12.25	3808	300	3418**
Texland Pet.												6.625	8.75	3575	530	CIRC**
												5.5	7.875	7022	NA	NA
State A #7	30-025-22934	29	-18S	-38E	N	2//69	P	6050	5823	5941	NONE	11.75	15	360	250	CIRC**
Conoco												8.625	11	3800	240	2515-TS
												5.5	7.875	6050	405	3300-TS
State A #8	30-025-23048	29	-18S	-38E	K	4//69	TA	3567	3552	5787	5824-5924	11.75	15	360	250	CIRC**
Conoco								CIBP				8.625	11	3800	240	3064**
												5.5	7.875	5960	405	4309**
State A-33 # 12	30-025-23195	33	-18S	-38E	L	9//69	P	6985	6686	6946	NONE	13.375	17.5	422	375	CIRC
Conoco/Brothers Prod								PBTD				9.625	12.5	3750	325	2850
												7	8.75	7018	525	3700

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Bowers A Fed. #28	30-025-	23022	29	-18S	-38E	M	4//69	P	5345	5856	5928	NONE	11.75	15	374	300	CIRC**
Exxon									CIBP				8.625	11	3850	500	1879**
													5.5	7.875	5989	450	3838**
Bowers A Fed. #29	30-025-	23131	29	-18S	-38E	L	5//69	P	6000	5808	5889	NONE	11.75	15	370	300	CIRC**
Exxon													8.625	11	3849	500	1877**
													4.5	7.875	6000	450	5087**
Bowers A Fed. #38	30-025-	28580	30	-18S	-38E	I	4//84	P	7006	6764	6962	NONE	13.375	17.5	1476	1220	CIRC
Exxon													10.75	12.25	4491	1650	CIRC
													5.5	7.875	7000	660	4985
WD Grimes #6	30-025-	23400	29	-18S	-38E	I	2//70	P	7018	6631	6984	NONE	13.375	17.5	377	400	CIRC**
Lewis B. Burleson									PBTD				9.625	12.25	3847	2300	CIRC**
													7	8.75	7049	540	3458**
HD McKinley #8	30-025-	23151	30	-18S	-38E	H	6//69	P	5615	3676	3754	NONE	13.375	17.5	360	340	CIRC
Getty													8.625	11	3842	1400	CIRC
													5.5	7.875	6057	650	3300
HD McKinley #9	30-025-	23221	30	-18S	-38E	G	8//69	TA	6961	5761	6965	NONE	13.375	17.5	378	400	CIRC**
Getty									CIBP				9.625	12.25	3851	1748	CIRC**
													7	8.75	6999	650	1933**
Grimes A #4	30-025-	07522	32	-18S	-38E	C	9//30	P	3884	3604	3700	270	15.5	20	220	200	CIRC**
Gulf									PBTD				9.625	12.25	2742	600	318**
													6.625	7.875	3931	400	CIRC**
Grimes NCT-A #17	30-025-	22792	32	-18S	-38E	C	11//68	P	6051	5780	5998	NONE	13.375	17.5	368	370	CIRC
Gulf/Chevron									PBTD				9.625	12.25	3399	1450	CIRC**
													7	8.75	6149	545	2510
Grimes NCT-A #18	30-025-	22915	32	-18S	-38E	F	2//69	P	6000	5772	5928	NONE	13.375	17.5	351	335	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Marathon													5.5	7	3116	1000	CIRC
State #8	30-025-	07542	32	-18S	-38E	I	7//48	P	3192	3124	3192	NONE	8.625	11	300	125	CIRC
Marathon													5.5	7	3124	1000	CIRC
St #6	30-025-	07486	30	-18S	-38E	L	4//48	P	3180	3223	3271	NA	8.625	11	295	125	CIRC
Marathon										OH			5.5	7	3173	900	CIRC
Hobbs State #1	30-025-	23585	29	-18S	-38E	F	10//70	P	7032	6660	6992	NONE	12.75	17.5	356	400	CIRC
Marcum Drilling									PBTD				8.625	11	3795	300	2600
													5.5	7.875	7050	150	3839-CBL
Conoco-State #2	30-025-	23856	33	-18S	-38E	K	11//71	P	7075	5830	6533	NONE	13.375	17	402	410	CIRC
Penroc													9.625	12.25	3797	350	998
													7	8.75	7075	600	3503
Hobbs State #2	30-025-	23620	29	-18S	-38E	G	1//71	P	6397	6705	7031	6318-6350	9.625	12.75	358	200	CIRC
Marcum Drilling									PBTD				7	8.75	3850	250	2481**
													4.5	6.125	7075	425	1672**
Hobbs SWD F #WD29	30-025-	12802	29	-18S	-38E	F	2//60	I	5050	4469	5050	NA	9.625	12.25	400	300	CIRC**
Rice											OH		7	8.75	4700	700	CIRC**
State Land S32 #9	30-025-	23309	32	-18S	-38E	J	1//70	P	6710	5954	6560	NONE	13.375	17.5	364	160	90**
Saga									CIBP				9.625	12.25	3799	1140	CIRC**
													7	8.75	573-6998	490	CIRC**
Seed St 30 #1	30-025-	22994	30	-18S	-38E	K	2//69	P	45	10	45	NONE	7	8.5	10	2	CIRC**
C E Seed																	

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name / Operator	API No.	Sec	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs	TOC
Bowers A #14	30-025-07451	29	-18S	-38E	O	8//47	PA	3207	3162	3207	NONE	8.625	11	496	400	CIRC**
Exxon												5.5	7.625	3120	1350	CIRC**
Bowers A-B #1	30-025-07453	29	-18S	-38E	D	9//48	PA	3238	3179	3238	NA	8.625	11	260	150	CIRC**
Exxon									OH			5.5	7.625	3179	1050	CIRC**
Bowers A Fed. #9	30-025-07446	29	-18S	-38E	E	8//30	PA	4259	NA	NA	NA	9.625	12	2750	650	CIRC**
Exxon												7	8.75	3976	300	2011**
												5	6.25	4259	NA	NA
Bowers A Fed. #13	30-025-07476	30	-18S	-38E	J	7//47	PA	3189	3148	3189	NA	8.625	11	225	200	CIRC**
Exxon									OH			5.5	7.625	3150	1350	CIRC**
Bowers A Fed. #17	30-025-21900	30	-18S	-38E	J	10//66	PA	50	10	50	NONE	7	8	12	6	CIRC**
Exxon																
Bowers A Fed. #31	30-025-23176	29	-18S	-38E	E	8//69	PA	7050	6075	6991	NONE	8.625	11	3836	500	1858**
Exxon												5.5	7.875	7038	650	3125**
												2	7.875	7005	NA	NA
Bowers A Fed. #33	30-025-23222	29	-18S	-38E	D	7//69	PA	3970	4144	5953	4256-66	13.375	17	416	400	CIRC**
Exxon								CIBP			5939	9.625	12.25	3836	350	2555-TS
												7	8.75	5988	550	2900-TS
Bowers A Fed. #34	30-025-23260	30	-18S	-38E	J	8//69	PA	7010	5822	6979	5848-98	9.625	12.25	3850	550	2296**
Exxon											6932-75	3.5 B	7.875	6068	895	2600**
												3.5 D	7.875	6098	895	2615**
Bowers A Fed. #CT24	30-025-21963	29	-18S	-38E	E	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Humble																
Bowers A Fed. #CT25	30-025-21964	29	-18S	-38E	E	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Exxon																	
Bowers A Fed. #CT26	30-025-	21969	30	-18S	-38E	J	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Exxon																	
Bowers A Fed. #CT27	30-025-	21970	30	-18S	-38E	H	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Exxon																	
WD Grimes #2	30-025-	07455	29	-18S	-38E	A	2//48	PA	4045	NA	NA	NA	8.625	11	242	150	CIRC**
Humble													5.5	7.375	3205	450	CIRC**
G O Mckinley #3	30-025-	07461	30	-18S	-38E	H	7//30	PA	3199	NA	NA	NA	9.625	12.25	2755	600	337**
Marathon/Getty													7	8.25	3166	100	2995**
G O Mckinley #6	30-025-	07488	30	-18S	-38E	G	6//47	PA	3200	1453	NA	NA	8.625	11	1474	400	CIRC**
Marathon/Getty													5.5	5.875	3178	200	CIRC**
G O Mckinley #7	30-025-	07489	30	-18S	-38E	B	7//47	PA	3224	NA	NA	NA	8.625	11	1504	400	CIRC**
Marathon/Getty													5.5	6.5	3192	200	CIRC**
Hobbs State #5	30-025-	23662	29	-18S	-38E	F	1//71	PA	5959	5813	5879	NA	9.625	12.25	364	200	CIRC
Ne-O-Tex													7	8.75	3826	200	2250
													4.5	6.25	5986	120	3800 (C)
State-Northrup #1	30-025-	07535	32	-18S	-38E	J	6//30	PA	3227	3140	3203	NONE	12.5	16	1482	175	1046**
Ohio Oil									PBTD				10.75	12.25	2776	200	2050**
													7	8.75	3850	275	CIRC
													5	7	3244	500	CIRC
WD Grimes #6	30-025-	07428	28	-18S	-38E	F	11//47	PA	3325	NONE	NONE	NONE	9.625	13	441	300	CIRC**
Repollo/Sinclair													7	9	3185	800	CIRC**

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No		Sec	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs	TOC
WD Grimes #5	30-025-	07424	28	-18S	-38E	L	7//47	PA	3150	3191	3197	NONE	8.625	11	409	195	CIRC**
Shell									CMT				4.5	7.875	1958	600	CIRC**
WD Grimes #6	30-025-	12500	28	-18S	-38E	M	7//47	PA	3090	3155	3161	NONE	8.625	11	411	200	CIRC**
Shell									CMT				5.5	7.875	2778	1400	CIRC**
Grimes #8	30-025-	07423	28	-18S	-38E	L	9//47	PA	3120	3215	3221	NONE	8.625	11	402	200	CIRC**
Shell									CMT				4.5	7.875	2108	850	CIRC**
McKinley A #9	30-025-	12492	19	-18S	-38E	N	8//47	PA	3247	3205	3247	NA	8.625	11	407	200	CIRC**
Shell													4.5	7.875	3168	850	CIRC**
WD Grimes #5	30-025-	07426	28	-18S	-38E	E	10//47	PA	3222	3212	3222	NONE	9.625	13	441	300	CIRC**
Sinclair													7	9	3185	600	CIRC**
St #1	30-025-	07442	29	-18S	-38E	P	8//30	PA	4191	3150	4191	NA	13.375	17.5	217	200	CIRC**
Std of Tx											OH		9	12.25	2735	500	1473**
													6.625	7.875	3907	174	2374**
St #2	30-025-	07443	29	-18S	-38E	O	9//30	PA	4171	3155	4156	NA	13	17.5	225	150	CIRC**
Std of Tx													9.625	12.25	2810	725	CIRC**
													7	8.75	3951	300	1973**
WD Grimes #1	30-025-	07456	29	-18S	-38E	I	8//30	PA	4160	3168	3189	3259-61	12.5	17.5	236	200	CIRC**
Tidewater												3049-50	9.625	12.25	2712	600	273**
													6.625	8.75	3826	300	2404**
Grimes #2	30-025-	07457	29	-18S	-38E	H	10//30	PA	4176	3148	3255	3086-3088	15.5	18	230	200	CIRC**
Tidewater												3270-3272	9.625	12.25	2718	600	282**
													7	8.75	3880	300	1867**
													5.5	7.875	3350	100	3088**
Grimes #5	30-025-	07460	29	-18S	-38E	H	12//30	PA	4196	NA	NA	NA	12.5	16	214	250	CIRC

** Denotes calculated TOC with 50% efficiency

WELL SCHEMATIC:
TURA NHU 29-421

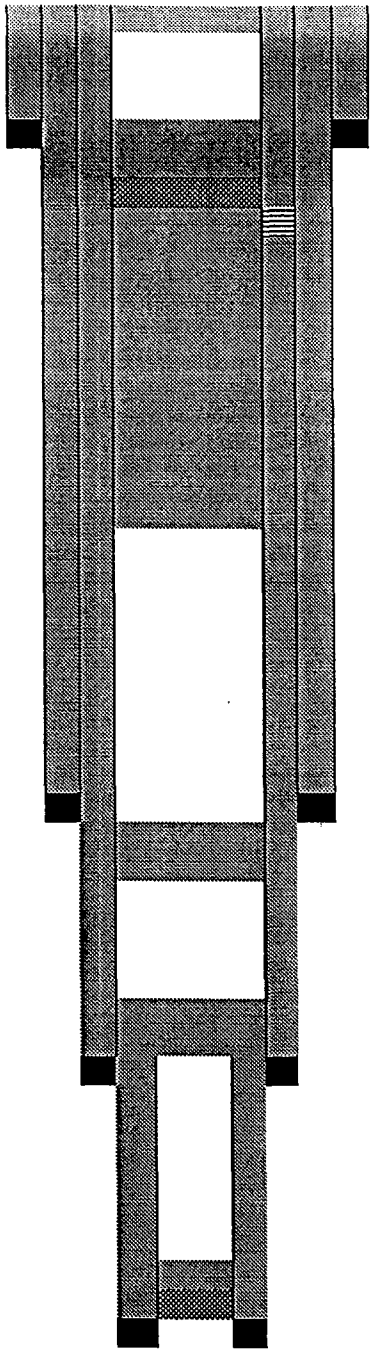
WELL PLUGGED:
12/3/97

12.5"
220'
200 SX
TOC: CIRC

9.625"
2720'
600 SX
TOC: 518'

7"
3880'
300 SX
TOC: 2914 CBL

5.5"
3796'-4236'
50 SX
TOC: 3866'



10 sx cmt from 62' to surf.

Stung out and left 60' cmt on Top of ret.

Perf at 500'. Set CICR at 308'

Squeeze 100 sx cmt below Ret. to surf in 7" csg. x 9.625" Csg.

Pumped 20 sx cmt from 1868 To 1748'.

Pumped 20 sx cmt from 2862 To 2742'.

Pumped 20 sx cmt from 3873 To 3722'.

Set CIBP at 4100'. Cap w/40' Cmt.

WELL SCHEMATIC:
EXXON BOWERS A FED #9

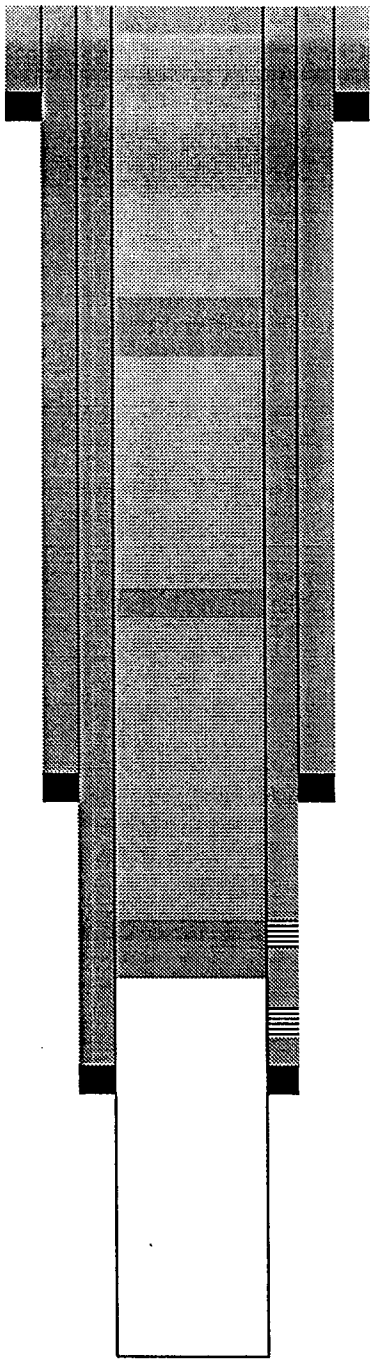
WELL PLUGGED:
12/3/70

12.5"
213'
650 SX
TOC: SURF (C)

9 5/8"
2736'
650 SX
TOC: SURF (C)

7"
3970'
300 SX
TOC: 2000(C)

TD: 4259'



Spotted 10 sx cmt plug from 0' to 25 '.

Hole was loaded with mud Laden fluids.

Spotted 20 sx cmt plug from 1400' to 1550'.

Spotted 40 sx cmt plug from 2300' to 2400'.

Perf's at 3220'-3227'.

Spotted 50 sx cmt plug from 3000' to 3250'.

Squeezed perf's at 3726' To 3741'.

WELL SCHEMATIC:
DEWATER WD GRIMES #1

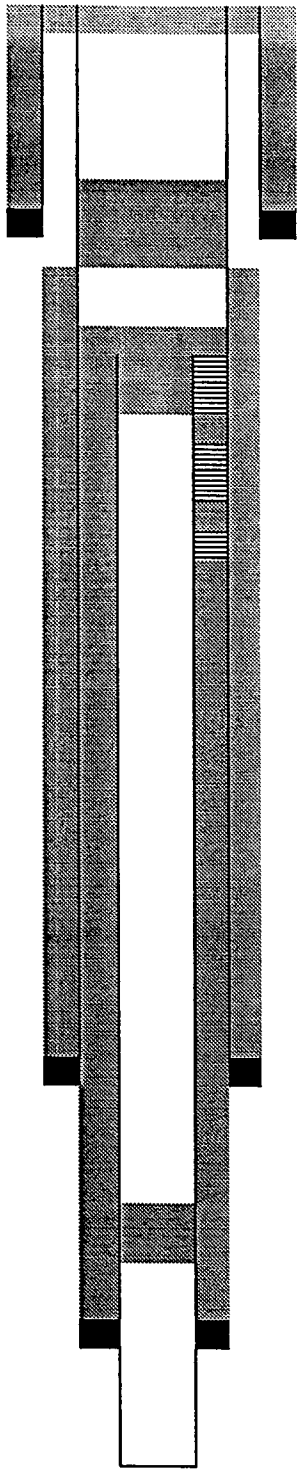
WELL PLUGGED:
7/25/68

Size: 12 ½"
Depth: 236'
Hole size: 17.5"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 9 5/8"
Depth: 2712'
Hole size: 12.25"
Cmt: 600 sxs
TOC: 273'- Calc.
With 50% effic.

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 300 sxs
TOC: 800' FP

TD:4160'



Laid 10 sx plug at surface.

Laid 25 sx cmt at bottom of 12 ½" csg.

Laid 25 sx over 7" stub.
Shot at 787' and pulled.
Shot at 899'.

Shot at 1044'.
Shot at 1193'.

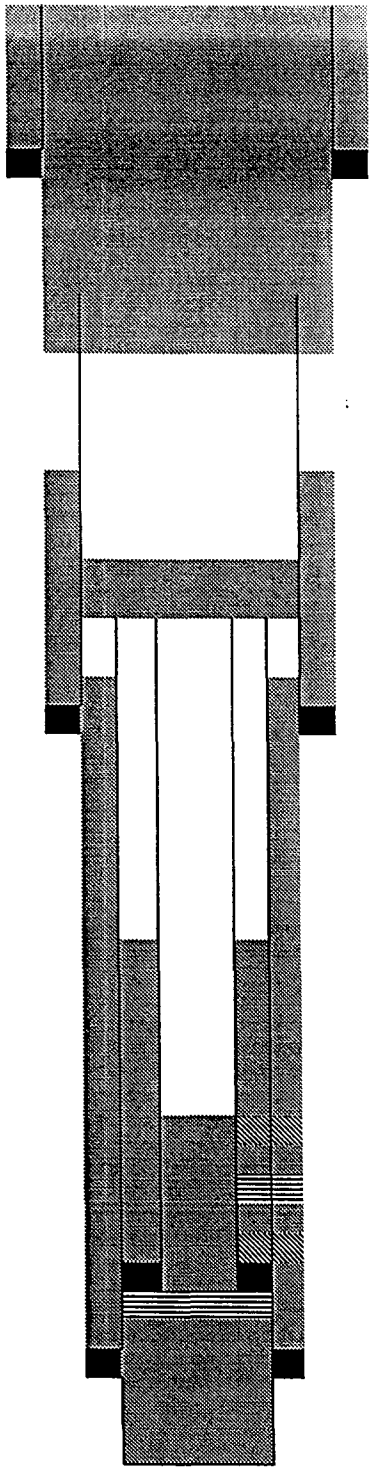
Shot at 1404'.

Spotted 25 sx cmt plug from 3599' to 3467'.

W.D. Grimes #2
Tidewater Oil Co.
Unit H, 990 FEL & 2310 FNL
Sec 29, T-18S, R-38E

WELL PLUGGED:
2/18/82

Size: 15.5"
Depth: 230'
Hole size: 17.5"
Cmt: 200 sxs
TOC: Circ. – Calc.
50% efficiency



Circ. 15335 sxs from 1361 to surface

Cut off 9.625" at 1200'

25 sxs cmt. Plug

Size: 9.625"
Depth: 2718'
Hole size: 12.25"
Cmt: 600 sxs
TOC:

Cut off 7 and 5.5" at 2030'

Size: 5.5"
Depth: 3350
Hole size: 7"
Cmt: 100
TOC: 3088' – Calc
with 50% effc.

15 sxs plug

Perfs 3086-88, sqz'd w/ 100 sxs

Perfs 3148-3255

Size: 7"
Depth: 3880'
Hole size: 8.75"
Cmt: 300 sxs
TOC:

Perfs 3270-72, sqz'd w/ 50 sxs

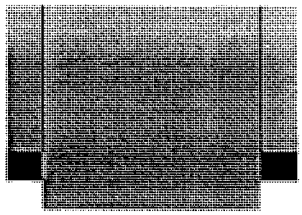
Cmt Ret. 3350'

TD: 4176

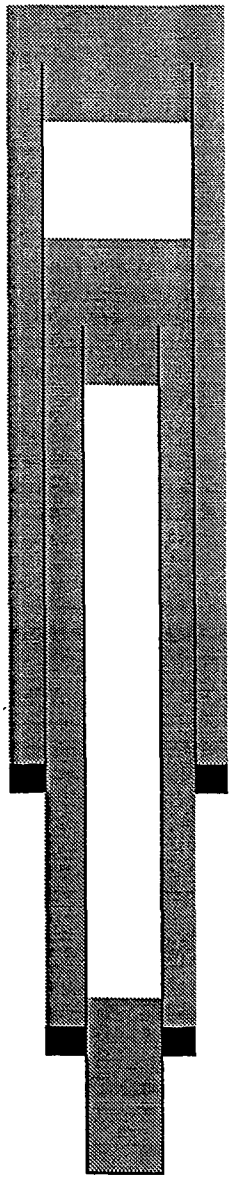
Grimes #5
Tidewater Oil Co.
Unit H, 1650 FNL & 990 FEL
Sec. 29, T-18S, R-38E

WELL PLUGGED:
3/17/81

Size: 12.5"
Depth: 214'
Hole Size: 17.5"
Cmt: 325 sxs
TOC: Circ.



Spotted 500 sxs at 400' to surface



9.625" top at 1198

Spotted 100 sxs at 1249'

7" top at 1750'

Spotted 100 sxs at 1800'

Size: 9.625"
Depth: 2715'
Hole Size: 12.25"
Cmt: 600 sxs
TOC:

Size: 7"
Depth: 3911'
Hole size: 8.75"
Cmt: 400 sxs
TOC:

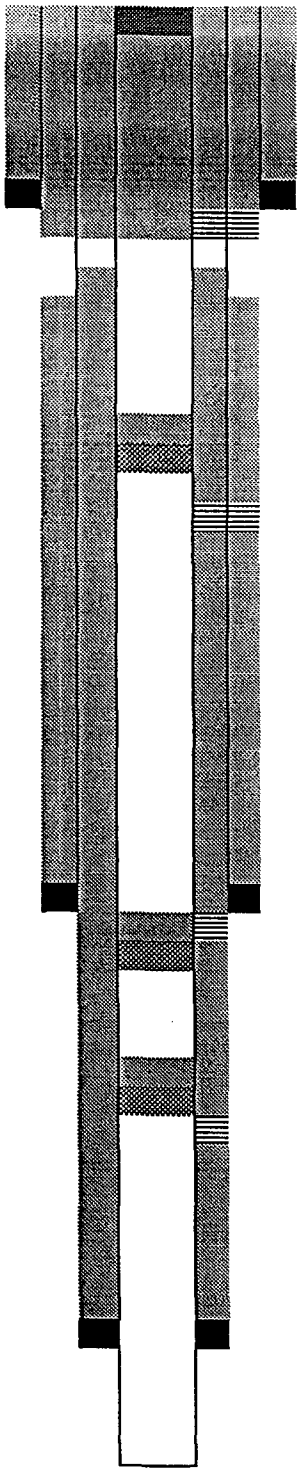
Spotted 100 sxs at 4107

TD: 4200'

WELL SCHEMATIC:
[illegible] OF TX- STATE #1

WELL PLUGGED:
11/25/89

Size: 13 3/8"
Depth: 217'
200 SX
TOC: SURF (C)
TOC: Circ. – Calc.
With 50% effic.



Weld ½" plate on top.

Perf 6 5/8" and 9" at 267'.
Pumped 170 sx cmt down
Prod csg, circ cmt out
Intermediate and surf csg
Annuli. Cut off 6 5/8" csg 3'
Below GL. Cap w/ ½" plate
And valve wellbore.

Set cicr at 1404'.

Perf 6 5/8" and 9" at 1500'.
Sqzd perfs w/200 sx cmt.

Size: 9"
Depth: 2735'
Hole size: 12.25"
Cmt: 500 sxs
TOC: 1200'- Calc.
With 50% effic.

Perfd 6 5/8" csg at 2785'.
Sqzd perfs w/55 sx cmt.
Set cast iron cmt ret at 2681'.
Cap cmt ret w/35' cmt.

Capped CICR w/35' cmt to
3000'.
Set cast iron cmt ret at 3060'
Sqzd perfs w/106 sx to 3000'
Perfs at 3138' to 3241'

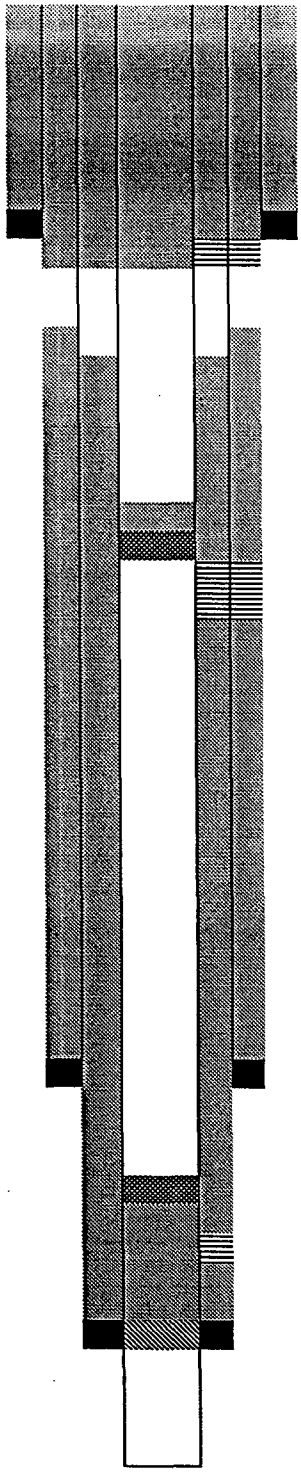
Size: 6 5/8"
Depth: 3907'
Hole size: 7.875"
Cmt: 357 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 4191'

WELL SCHEMATIC:
[illegible] OF TX STATE #2

WELL PLUGGED:
12/5/89

Size: 13"
Depth: 225'
Hole size: 17.5"
Cmt: 150 sxs
TOC: Circ. – Calc.
With 50% effic.



Sqzd perfs at 292' with 220 sx. Circ to surface

Size: 9 5/8"
Depth: 2810'
Hole size: 12.25"
Cmt: 725 sxs
TOC: Circ. – Calc.
With 50% effic.

Set cicr at 1404' and capped With cmt.
Perf'd at 1500'.
Sqzd perfs at 1500' with 300 sx

Size: 7"
Depth: 3951'
Hole size: 8.75"
Cmt: 300 sxs
TOC: 1240'- Calc.
With 50% effic.

PBTD: 3072'

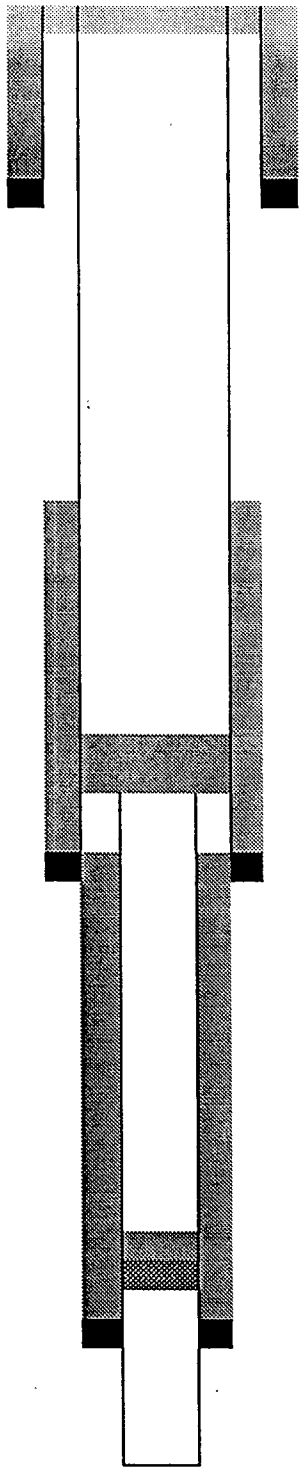
Set cicr at 2744'.

Perfs sqzd at 2852', sqzd With 55 sx.
Dumped 35' cmt onto CIBP.
CIBP at 3072'

WELL SCHEMATIC:
[illegible]-O-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted 10' cmt plug at surf.

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 25$ sx cmt plug
From 3744' to 3644'.

Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

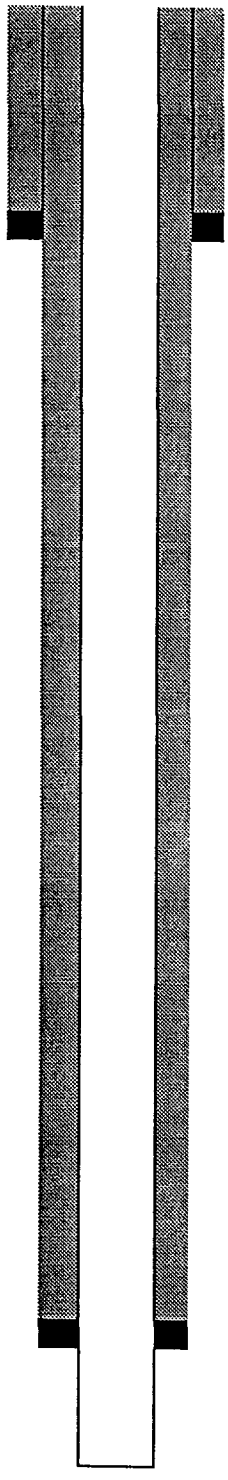
PBTD: 5959'

TD: 5986'

W. D. Grimes #2
Humble Oil & Refining Co.
Unit A, NE/4 of NE/4
Sec 29, T-18S, R-38E

WELL PLUGGED:
3/23/48

Size: 8.625"
Depth: 242'
Hole size: 11"
Cmt: 150 sxs
TOC: Circ.- Calc.
50% efficiency



WELL PLUGS?

Size: 5.5"
Depth: 3140'
Hole size: 7.375"
Cmt.: 450 sxs
TOC: Circ.- Calc.
50% efficiency

TD: 4045'

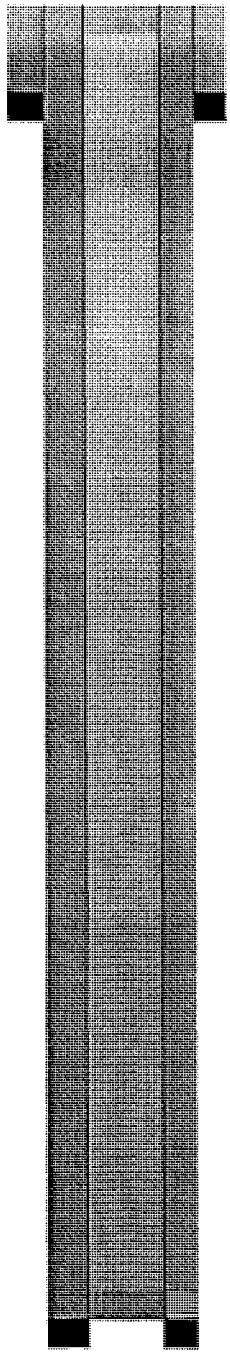
WELL SCHEMATIC:
CONOCO STATE A #4

WELL PLUGGED:
1/12/71

Size: 10 ¾"
Depth: 200'
Hole size: 15"
Cmt: 250 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 5 ½"
Depth: 3215'
Hole size: 7.875"
Cmt: 600 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 3215'



Spotted a 10 sx cmt plug at Surface.

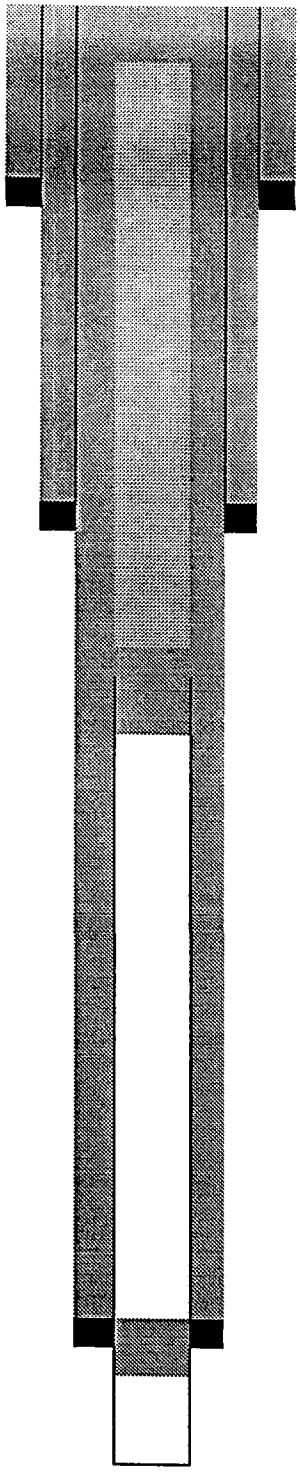
Filled well bore with 10# mud.

Set a 40 sx cmt plug over Perfs from 3164' to 3197'.

WELL SCHEMATIC:
[redacted]NOCO STATE A #5

WELL PLUGGED:
1/12/71

Size: 10 ¾"
Depth: 272'
Hole size: 15"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted a 10 sx cmt plug
At surface.

Filled well bore with 10# mud

Size: 7 5/8"
Depth: 999'
Hole size: 9.875"
Cmt: 425 sxs
TOC: Circ. – Calc.
With 50% effic.

Cut 5 ½" csg at 1570' and
Pulled out of hole. Set a 55
Sx cmt plug in and out of
5 ½" stub.

Size: 5 ½"
Depth: 3206'
Hole size: 7.875"
Cmt: 450 sxs
TOC: Circ. – Calc.
With 50% effic.

PBTD:3168'

Spotted 40 sx cmt plug over
Perfs from 3188' to 3168'.

H.R.C. INC.
P.O. Box 5102
Hobbs, NM 88241
(505)393-3194

RE: Brine Extraction Well
Hobbs State #5
Unit F, Sect. 29, Tws. 18S, Rng. 38E., Lea Co., NM

Dear Sir:

As per the Rules and Regulations of the Oil Conservation Division of New Mexico, you are being provided a copy of the Application for the construction of a brine extraction facility at the above location.

If you have any questions, please call Gary Schubert at (505)393-3194. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days. Objections and request for hearing should be addressed to Oil Conservation Division, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 or call (505)476-3440.

Thank you,

Gary M. Schubert

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0195

Article Sent To:

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6 32

HOBBS NM 88240 DEC 12 2001 Postmark Here USPS

Name (Please Print Clearly) (To be completed by mailer)
Marcum Drilling Co.
Street, Apt. No.; or PO Box No.
P.O. Box 3699
City, State, ZIP+ 4
Midland, TX 79705

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0164

Article Sent To:

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6 32

HOBBS NM 88240 DEC 12 2001 Postmark Here USPS

Name (Please Print Clearly) (To be completed by mailer)
Conoco Inc.
Street, Apt. No.; or PO Box No.
10 Desta Dr. West
City, State, ZIP+ 4
Midland, TX 79705

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0171

Article Sent To:

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6 32

HOBBS NM 88240 DEC 12 2001 Postmark Here USPS

Name (Please Print Clearly) (To be completed by mailer)
Grimes Land Company
Street, Apt. No.; or PO Box No.
P.O. Box 5102
City, State, ZIP+ 4
Hobbs, NM 88241

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0225

Article Sent To:
HOUSTON, TX 77210

Postage	$ 1.72
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

UNIT ID: 0640
Postmark Here
Clerk: KJVVY1
12/12/01

Name (Please Print Clearly) (To be completed by mailer)
Occidental Permian L.P.
Street, Apt. No.; or PO Box No.
P.O. Box 4294
City, State, ZIP+ 4
Houston, TX 77210-4294

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0157

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	**$ 5 32**

HOBBS NM 88240 DEC 12 2001 USPS Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
HRC Inc.
Street, Apt. No.; or PO Box No.
P.O. Box 5102
City, State, ZIP+4
Hobbs, NM 88241

PS Form 3800, July 1999 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0218

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	**$ 5 32**

HOBBS NM 88240 DEC 12 2001 USPS Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Lewis B. Burleson, Inc.
Street, Apt. No.; or PO Box No.
P.O. Box 2479
City, State, ZIP+4
Midland, TX 79705

PS Form 3800, July 1999 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0201

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	**$ 5 32**

HOBBS NM 88240 DEC 12 2001 USPS Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Collins & Ware, Inc.
Street, Apt. No.; or PO Box No.
508 W. Wall, Suite 1200
City, State, ZIP+4
Midland, TX 79701

PS Form 3800, July 1999 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0188

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	**$ 5 32**

HOBBS NM 88240 DEC 12 2001 USPS Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Rice Operating Co.
Street, Apt. No.; or PO Box No.
122 West Taylor
City, State, ZIP+4
Hobbs, NM 88240

PS Form 3800, July 1999 — See Reverse for Instructions

LIST OF OFFSET OPERATORS & SURFACE OWNERS

North Hobbs (Grayburg/San Andres) Unit
Well No. 321
Letter G, Section 29, T-18-S, R-38-E
Lea County, New Mexico

Offset Operators

Occidental Permian Limited Partnership
P.O. Box 4294
Houston, TX 77210-4294

Conoco Inc.
10 Desta Dr. West
Midland, TX 79705

Lewis B. Burleson, Inc.
P.O. Box 2479
Midland, TX 79705

HRC, Inc.
P.O. Box 5102
Hobbs, NM 88241

Collins & Ware, Inc.
508 W. Wall, Suite 1200
Midland, TX 79701

Marcum Drilling Co.
P.O. Box 3699
Midland, TX 79705

Rice Operating Co.
122 West Taylor
Hobbs, NM 88240

Surface Owners

Grimes Land Company
P.O. Box 5102
Hobbs, NM 88240

LEGAL NOTICE

Pursuant to the rules and regulations of the State of New Mexico Oil Conservation Commission, Santa Fe, NM, H.R.C. Inc. of Hobbs, NM, is filing application for a brine extraction well and facility. The well is the Hobbs State #5 located 2280 FNL and 1980 FWL, Unit F, Section 29, Township 18 South, Range 38 East, Lea Co. NM. The well and facility will be producing brine water from the Salado formation at approximately 2000 ft. with productions pressures of from 200# to 250#. The application can be reviewed at the OCD office, Hobbs, NM. Any questions concerning the application can be directed to Mr. Gary Schubert, P.O. Box 5102, Hobbs, NM 88241, (505)393-3194, or any request for hearing or objections should be directed to the Oil Conservation Commission, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87505, or call (505)476-3440, within fifteen (15) days.

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of December 12, 2001 and ending with the issue of December 12, 2001.

And that the cost of publishing said notice is the sum of $ 19.61 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 20th day of December 2001.

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2002

LEGAL NOTICE
Pursuant to the rules and regulations of the State of New Mexico Oil Conservation Commission, Santa Fe, NM, H.R.C. Inc. of Hobbs, NM, is filing application for a brine extraction well and facility. The well is the Hobbs State #5 located 2280 FNL and 1980 FWL, Unit F, Section 29, Township 18 South, Range 38 East, Lea Co. NM. The well and facility will be producing brine water from the Salado formation at approximately 2000 ft. with productions pressures of from 200# to 250#. The application can be reviewed at the OCD office, Hobbs, NM. Any questions concerning the application can be directed to Mr. Gary Schubert, P.O. Box 5102, Hobbs, NM 88241, (505) 393-3194, or any request for hearing or objections should be directed to the Oil Conservation Commission, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87505, or call (505) 476-3440, within fifteen (15) days.
Published in the Lovington Daily Leader December 12, 2001.

GW Monitoring

GROUNDWATER MONITORING

H.R.C. Inc. proposed to monitor the groundwater at the site by installing a two inch monitor well completed through the Ogallala formation. The well location will be down gradient on the edge of the brine well location, south southeast or along water gradient.

The installation will consist of drilling with am air rotary to the top of the redbed or base of the Ogallala. Running 2 inch schedule 40 pvc well casing to TD with .10 slot well screen across the entire saturated zone. Sand pack well to five feet above upper most perforations. Cap sand with 10 ft. of bentonite, and grout from top of bentonite to surface, installing a locking cover at surface. This will enable us to monitor the entire water area.

It is our proposal to take samples from this well prior to any brine activity, for background purposes. We plan to sample for BTEX, TPH, Cations, Anions, and Metals initially. After starting operations, we plan to sample the well on bi-annual schedule, testing for Cations and Anions. All results will be reported to the OCD as they are obtained.

Bond

ORIGINAL C-10 ✓

SENT TO HCBB3

LS

Original Bond

FILED IN OCD

ENVIRONMENTAL BOND FILES

CWP

Form O & G OCD
Adopted 6-1-86
Revised 12-00

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

H.R.C. Inc. (OPERATOR) of P.O. Box 5102 (address) has deposited with the First National Bank (name of state or national bank or savings association, which must be a federally-insured bank or savings institution in the State of New Mexico) of 600 West Bender, Hobbs, NM (address) (FINANCIAL INSTITUTION), the sum of $5,000.00 dollars in Certificate of Deposit or Savings Account No. 2802198-30 (FUND).

To comply with NMSA 1978, Section 70-2-14, OPERATOR hereby assigns and conveys all right, title and interest in the FUND to the FINANCIAL INSTITUTION in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department or successor agency of the State of New Mexico (DIVISION).

OPERATOR and the FINANCIAL INSTITUTION agree that as to the FUND:

a. The DIVISION acquires by this assignment the entire beneficial interest in the FUND, with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, or to the OPERATOR upon sale or proper plugging, in compliance with the rules and orders of the DIVISION, of the well(s) covered by this assignment.

b. OPERATOR retains no legal or beneficial interest in the FUND and has only the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION.

c. The FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or a court of competent jurisdiction made in a proceeding to which the DIVISION is a party. The FINANCIAL INSTITUTION waives all statutory or common law liens or rights of set-off against the FUND.

OPERATOR agrees that the FINANCIAL INSTITUTION may deduct from interest due OPERATOR any attorney fees incurred by the FINANCIAL INSTITUTION if claim or demand via writ, summons or other process arising from OPERATOR'S business is made upon the FINANCIAL INSTITUTION.

Signature of OPERATOR
Personally or by Authorized Officer

Gary Schubert, President
Title

Signature of Authorized Officer
of FINANCIAL INSTITUTION

Zane S. Bergman, President
Title

State of New Mexico
County of Lea) ss.

On this 3rd day of December, 20 01, before me personally appeared Gary Schubert and Zane S. Bergman, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission Expires:
10-7-04

Form O & G SCB
Adopted 6-1-86
Revised 12-00

ONE-WELL CASH BOND

KNOW ALL MEN BY THESE PRESENTS THAT H.R.C. Inc. (an individual) (a partnership) (a corporation organized in the State of New Mexico with its principal office at P.O. Box 5102 in the City of Hobbs, State of New Mexico and authorized to do business in the State of New Mexico) is held and firmly bound to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico (or its successor agency), as DIVISION in the sum of $ 5,000.00.

The conditions of this obligation are such that:

The PRINCIPAL desires to drill a well or purchase or operate an existing well, the depth of which does not exceed 5000 feet, to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals on property in the State of New Mexico, the particular identification and footage location of said well being as follows:
(well name and footage) Hobbs State #5 2280 FNL/1980 FWL in Section 29 Township 18S Range 38E, NMPM, Lea County, New Mexico.

The PRINCIPAL has deposited on behalf of the DIVISION $ 5,000.00, in the manner indicated on the Assignment, attached to this bond, being the principal sum intended to be secured. PRINCIPAL pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the well described above if dry, or when abandoned, in accordance with the rules and orders of the DIVISION in such way as to confine the oil, gas and water in the strata in which they are found, and to prevent same from escaping to other strata. If the PRINCIPAL does not so properly plug and abandon said well upon order of the DIVISION, the total sum of the bond shall be forfeited to the DIVISION, and such amount as is necessary may be used to properly plug said well. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in plugging said well, the PRINCIPAL, its successors, assigns, heirs or administrators shall be liable under the provisions of NMSA 1978, Section 70-2-38 of the Oil and Gas Act, and the DIVISION may take action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the PRICIPAL or its successors, assigns, heirs, or administrators or any of them shall plug the above-described well when dry or abandoned, in accordance with the rules and orders of the DIVISION, in such a manner as to confine the oil, gas, and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said well, then therefore, this obligation shall be null and void and the principal sum shall be paid to the PRINCIPAL or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

H.R.C. Inc.
PRINCIPAL

P.O. Box 5102 Hobbs, N.M. 88241
Address City State Zip

By _____
Signature

Gary Schubert, President
Title

By _____

If PRINCIPAL is a corporation, affix corporate seal here.

Form O & G SCB

ACKNOWLEDGMENT FORM FOR INDIVIDUALS OR PARTNERSHIPS

STATE OF_____)
ss.
COUNTY OF_____)

On this _____ **day of** _____, **20**___, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

_____
Notary Public

_____
My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
ss.
COUNTY OF Lea)

On this 3rd day of December, 20 01, before me personally appeared Gary Schubert, to me personally known who, being by me duly sworn, did say that he is President of H.R.C. Inc. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

_____
Notary Public

10-7-04
My Commission Expires

APPROVED BY:

Oil Conservation Division of New Mexico

By_____

Date_____

Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval, and San Juan Counties, New Mexico:

Projected Depth of Proposed Well or Actual Depth of Existing Well	**Amount of Bond**
Less than 5,000 feet	**$ 5,000**
5,000 feet to 10,000 feet	**$ 7,500**
More than 10,000 feet	**$10,000**

All Other Counties in the State:

Projected Depth of Proposed Well or Actual Depth of Existing Well	**Amount of Bond**
Less than 5,000 feet	**$ 7,500**
5,000 feet to 10,000 feet	**$10,000**
More than 10,000 feet	**$12,500**

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 13, 2001

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7409

Mr. Gary M. Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Application For Brine Extraction Well and Discharge Plan For Brine Facility.

Dear Mr. Schubert:

The New Mexico Oil Conservation Division (OCD) is in receipt of the Application For Brine Extraction Well and Discharge Plan For Brine Facility dated August 03, 2001. The OCD is hereby requesting additional information necessary for the evaluation of the application in order to deem it administratively complete. Please provide to OCD the following information:

1. A C-104 showing the proof of ownership of the well.

2. A plugging bond pursuant to OCD rules.

3. A completed form C-108 with attachments.

4. A groundwater monitoring plan.

In order to expedite the review process the OCD recommends that all future submittals have an index with associated page numbers or appendices that are cross-reference in the document write-up. OCD had a difficult time in determining which documents submitted pertained to what aspect of the application. OCD also recommends that any maps, schematics, geographic cross sections, and any other pertinent information be site specific, detailed in the write-up and scaled appropriately.

In order to assist H.R.C. Inc. in this permitting process OCD is willing to meet with HRC Inc. to address issues pertaining to the application. If you have any questions please do not hesitate to contact me at 505-476-3487 or E-Mail WPRICE@state.nm.us.

Sincerely,

Wayne Price- Engineer

cc: OCD Hobbs Office
Mr. Eddie Seay-Consultant

Attachments- C-108 form

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No [redacted] dated RECEIVED Aug 14, 2.

or cash received on _____ in the amount of $ 100.00

from HRC, INC.

for HOBBS STATE #5 BRINE WELL BW-030

(Facility Name) (DP No.)

Submitted by: WAYNE PRICE Date: 8/30/01

Submitted to ASD by: [signature] Date: "

Received in ASD by: _____ Date: _____

Filing Fee ✓ New Facility ___ Renewal ___

Modification ___ Other _____

(specify)

Organization Code 521.07 Applicable FY 2002

To be deposited in the Water Quality Management Fund.

Full Payment ___ or Annual Increment ___

[redacted]

HRC, INC.
P.O. BOX 1606
HOBBS, NM 88241
(505) 393-3194

FIRST NATIONAL BANK
600 W. BENDER (505) 392-9200
P.O. BOX 460
HOBBS, NM 88241
95-43/1122

PAY TO THE ORDER OF WATER QUALITY MGMT. FUND $ 100.00

EXACTLY ONE HUNDRED & NO/100 DOLLARS

MEMO

[signature]
AUTHORIZED SIGNATURE

[redacted]

RECEIVED
AUG 14 2001
Environmental Bureau
Oil Conservation Division

H.R.C. INC.

HOBBS STATE #5 SECT. 29, T. 18 S., R. 38 E.

APPLICATION FOR BRINE EXTRACTION WELL

AND

DISCHARGE PLAN FOR BRINE FACILITY

August 3, 2001

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

RECEIVED
AUG 14 2001
Environmental Bureau
Oil Conservation Division

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, (RE-ENTER,) DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
H. R. C. Inc. P. O. Box 5102 Hobbs, NM 88241	131652
	[3] API Number 30 - 025-23662

[4] Property Code	[5] Property Name	[6] Well No.
992279	Hobbs State	5

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2280	North	1980	West	Lea

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[9] Proposed Pool 1	[10] Proposed Pool 2
BSW - Salado	

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
		Workover		3655
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
		Salt		

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	9 5/8	36#	364	200	
8 3/4	7	23#	3826	140	
6 1/4	4 1/2	11.6 #	5986	120	

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Gary M. Schubert

Printed name: GARY M. SCHUBERT

Title: PRES.

Date: 7/9/01

Phone: 505-393-3194

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: Expiration Date:

Conditions of Approval:
Attached ☐

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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Environmental Bureau
Oil Conservation Division

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-23662	96173	BSW Salado

[4] Property Code	[5] Property Name	[6] Well Number
992279	Hobbs State	5

[7] OGRID No.	[8] Operator Name	[9] Elevation
131652	H. R. C. Inc.	3655 GL

[10] Surface Location

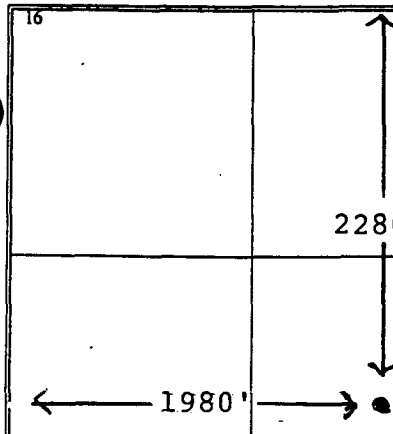
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2280	North	1980	West	Lea

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



[17] OPERATOR CERTIFICATION

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

Signature

Gary M. Schubert
Printed Name

Owner
Title

7/9/01
Date

[18] SURVEYOR CERTIFICATION

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 belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. 30-025-23662
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No. Salt Mining Lease

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Hobbs State

1. Type of Well: Oil Well [ ] Gas Well [ ] Other Brine Well
2. Name of Operator: H. R. C. Inc.
8. Well No. 5
3. Address of Operator: P. O. Box 5102
9. Pool name or Wildcat: BSW Salado
4. Well Location

Unit Letter F : 2280 feet from the North line and 1980 feet from the West line

Section 29 Township 18S Range 38E NMPM Lea County

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3655 GL

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [X]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]	CHANGE PLANS [ ]	COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [ ]
PULL OR ALTER CASING [ ]	MULTIPLE COMPLETION [ ]	CASING TEST AND CEMENT JOB [ ]	
OTHER: [ ]		OTHER: [ ]	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

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1) Remove dry hole marker
2) Rig up completion unit
3) Drill out surface plug
4) Run in hole and cut 7" at salt bottom (2500')
5) Pull 7" to salt top
6) Run in hole and spot 50 sk. cm. plug behind 7" csg.
7) Pull up to 1600 and circ. 100 sk. cmt plug behind 7" csg.
8) Test csg to 1500#
9) Run in hole w/2 7/8" tbg to 2400'
10) Install wellhead and circ. fresh water down csg. to produce brine through tbg.

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

SIGNATURE Gary M. Schubert TITLE President DATE 7/9/01

Type or print name Gary M. Schubert Telephone No. 393-3194

(This space for State use)

APPPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

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NEW MEXICO OIL CONSERVATION COMMISSION

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Environmental Bureau
Oil Conservation Division

Form C-103
Supersedes Old C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.: A-1469-Z

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT —" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [X] GAS WELL [ ] OTHER-

7. Unit Agreement Name:

2. Name of Operator: E S H Corporation

8. Farm or Lease Name: Hobbs State

3. Address of Operator: P. O. Box 774 , Midland, Texas 79701

9. Well No.: 5

4. Location of Well: UNIT LETTER F , 2280 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE, SECTION 29 TOWNSHIP 18 S RANGE 38 E NMPM.

10. Field and Pool, or Wildcat:

15. Elevation (*Show whether DF, RT, GR, etc.*): 3655 GL

12. County: Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]		COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [X]
PULL OR ALTER CASING [ ]	CHANGE PLANS [ ]	CASING TEST AND CEMENT JOB [ ]	
OTHER [ ]		OTHER [ ]	

17. Describe Proposed or Completed Operations (*Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work*) SEE RULE 1103.

5-11-73 - Set 4 1/2" Bridge Plug at 5757' with 35' of cement.
Estimated top of cement at 5722'

Shot and pulled Casing at 3744'

Pumped 25 sack plug at 3744' to 3644'

Spotted 10' plug at surface

Installed dry hole marker

Cleaned and leveled location

Location is clear and ready for inspection.

E.S. Hitchcock 915-694-7461
2809 Exeter 79705

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED E. S. Hitchcock TITLE President DATE 22 October 1973

E. S. Hitchcock

APPROVED BY John W. Runyan TITLE _____ DATE _____

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Environmental Bureau

Oil Conservation Division

Form C-103
Supersedes Old C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.: A-1469- Z

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT —" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [ ] GAS WELL [ ] OTHER-

7. Unit Agreement Name:

2. Name of Operator: ESH Corporation

8. Farm or Lease Name: Hobbs State

3. Address of Operator: P. O. Box 774, Midland, Texas 79701

9. Well No.: 5

4. Location of Well: UNIT LETTER F, 2280 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE, SECTION 29 TOWNSHIP 18 S RANGE 38E NMPM.

10. Field and Pool, or Wildcat: Hobbs (Blinebry)

15. Elevation (*Show whether DF, RT, GR, etc.*): 3655 GL

12. County: Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [X]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]		COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [ ]
PULL OR ALTER CASING [ ]	CHANGE PLANS [ ]	CASING TEST AND CEMENT JOB [ ]	
OTHER [ ]		OTHER [ ]	

17. Describe Proposed or Completed Operations (*Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work*) SEE RULE 1103.

Cast Iron Bridge Plug w/ 35' of cement at ~~5100~~ 5800'

100' Cement Plug at 4 1/2" stub at 3750'

10' Cement Plug at surface w/ proper sign.

OK if some 7" is not to be recovered - Jwk

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Gordon G. Marcum "for E. A. Hitchcock" TITLE Attorney DATE January 29, 197

Gordon G. Marcum, II

APPROVED BY John W. Runyan TITLE Geologist DATE JAN 31 1973

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Environmental Bureau
Oil Conservation Division

Form C-101
Revised 1-1-65

30-025-23112

5A. Indicate Type of Lease STATE [ ] FEE [X]

5. State Oil & Gas Lease No. A-1469-2

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

b. Type of Well
DRILL [X] DEEPEN [ ] PLUG BACK [ ]
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Unit Agreement Name

8. Farm or Lease Name: Hobbs State

2. Name of Operator: Ne-O-Tex Corporation % Wood & Cockburn

9. Well No.: 5

3. Address of Operator: 610 Wilkinson Foster Bldg., Midland, Texas 79701

10. Field and Pool, or Wildcat: Hobbs (Blinebry)

4. Location of Well: UNIT LETTER F LOCATED 2280 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE OF SEC. 29 TWP. 18S RGE. 38 E NMPM

12. County: Lea

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
6100'	Blinebry	Rotary

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3655 G.L.	Blanket	Rod Ric Corp.	Dec. 22, 1970

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 5/8"	9 5/8"	36#	350'	200	Circulate
8 5/8"	7"	23#	3850'	200	2600'
6 3/4"	4 1/2"	9.5#	6100'	225	3700'

To drill 12 5/8" hole to 350', set 9 5/8" csg. circulate cement. Nipple up and drill 85/8" hole to 3850', cement with 200sxs. after running 7" casing. Drill out from under 7" with 6 3/4 " to 6100' and set 4 1/2 ", cement back to 3700'; perforate Blinebry zone approximately 5750' - 6050' acidize and test.

3-21-71

THE COMMISSION MUST BE NOTIFIED 24 HOURS PRIOR TO RUNNING 9 5/8 CASING.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed _____ Title Geologist Date 12/18/70

(This space for State Use)

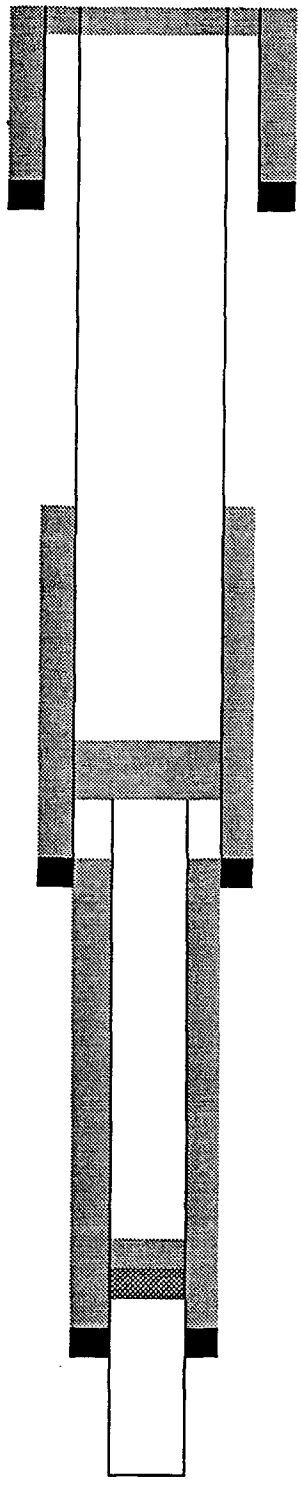
APPROVED BY _____ TITLE SUPERVISOR DISTRICT . DATE DEC 21 1970

CONDITIONS OF APPROVAL, IF ANY:

WELL SCHEMATIC:
NEO-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted 10' cmt plug at surf.

Existing condition of well # 5

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

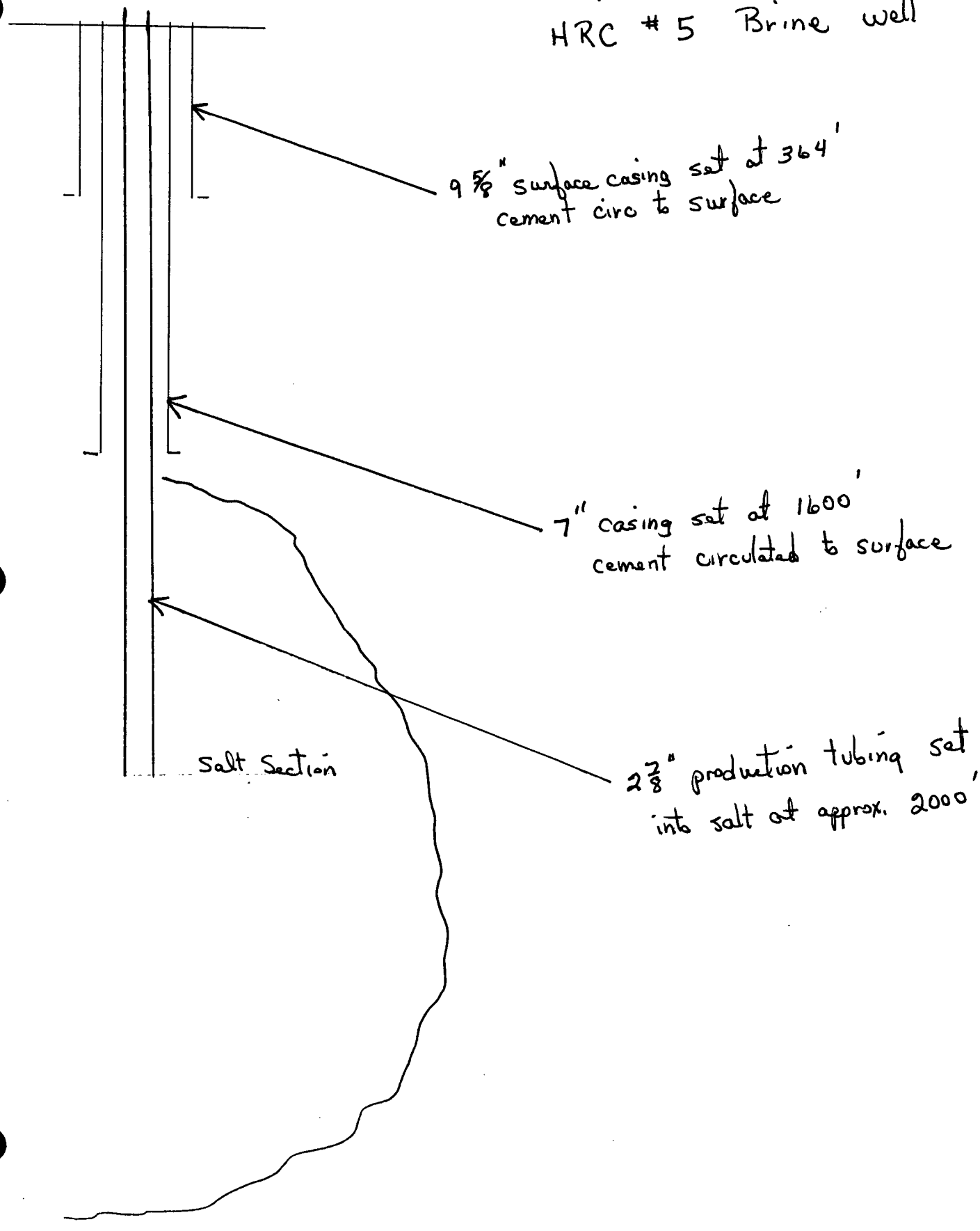
Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

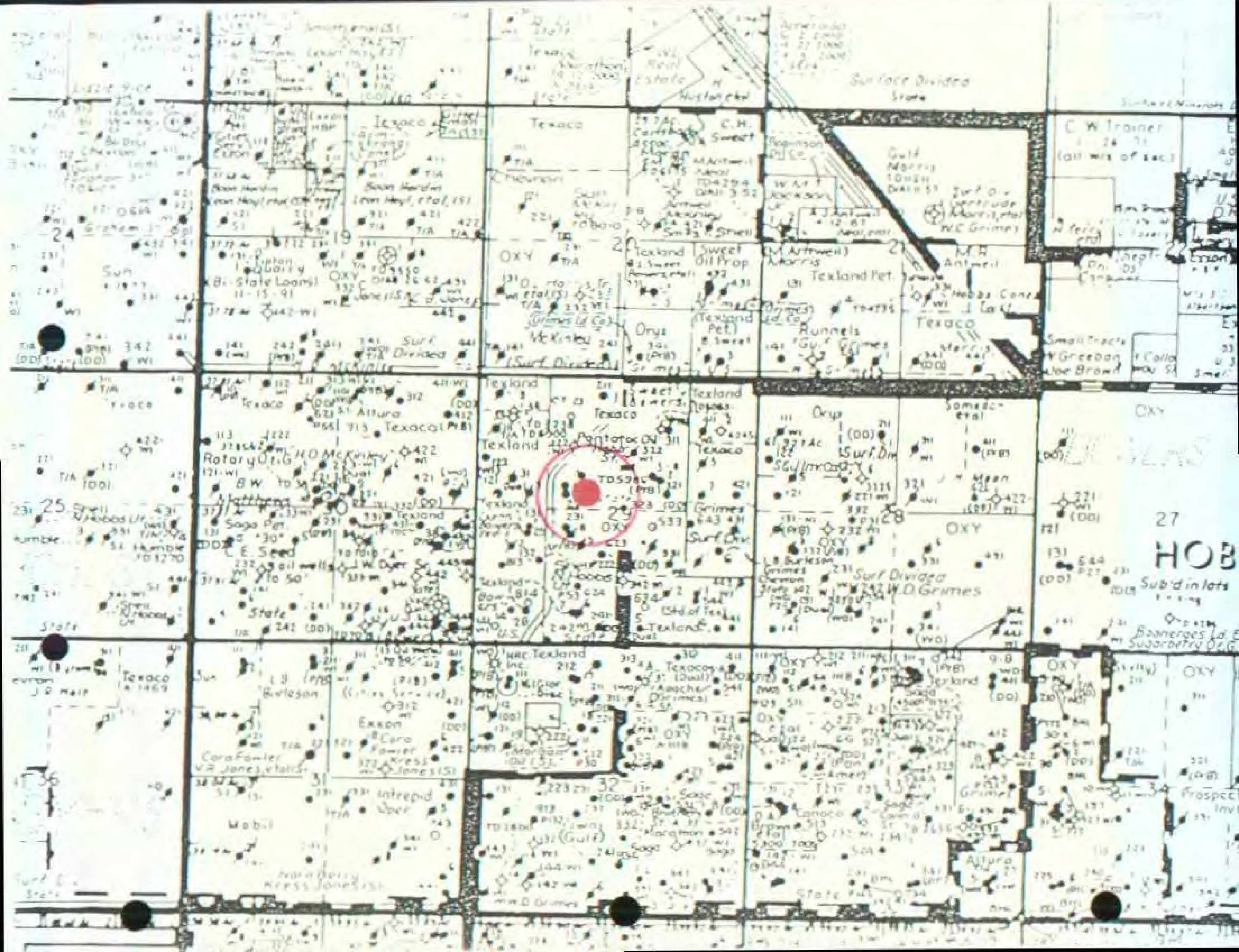
Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

PBTD: 5959'

TD: 5986'

Proposed completion for
HRC # 5 Brine well





Texaco
Surface Divided
C. W. Trainer
Gulf
Chevron
Sun
OXY
Texland Pet.
Runnels
Texland
Pontotoc Oil
Rotary Drlg.
H.D. McKinley
Sage Pet.
C.E. Seed
J.W. Dyer Sr.
Surf. Divided
W.D. Grimes
HOB
Sub'd in lots
Exxon
Cora Fowler
Burleson
Intrepid
Mobil
Conoco
Alturo
19
20
21
24
25
27
28
29
30
31
32

LIST OF WELLS WITHIN AREA OF REVIEW

All wells are cased and/or cemented through the salt section.

Occidental Permian well 29-231
Occidental Permian well 29-323
Occidental Permian well 29-222
Texland Petroleum well 8
Apache Corporation well 5
Rice Engineering Inc. well F-29

Apache well #5

FORMATION RECORD

FROM	TO	THICKNESS IN FEET	FORMATION
0	185'	185	Caliche and Surface Sand
185'	230'	45'	Red Bed and Shells
230'	1167'	937'	Red Bed
1167'	1340'	173'	Red Bed & Shells
1340'	1520'	180'	Red Bed and Anhydrite
1520'	1525'	5'	Red Bed
1525'	1617'	92'	Anhydrite and Shale
1617'	1670'	53'	Anhydrite
1670'	1710'	40'	Anhydrite and Shale
1710'	1885'	175'	Salt and Shale
1885'	2405'	520'	Salt and Shells
2405'	2626'	221'	Salt and Anhydrite Shells
2626'	2685'	59'	Anhydrite
2685'	2805'	120'	Anhydrite and Shells
2805'	2882'	77'	Anhydrite and Lime
2882'	2938'	56'	Anhydrite
2938'	3071'	133'	Anhydrite and Lime
3071'	3142'	71'	Anhydrite
3142'	3204'	62'	Lime
3204'	3211'	7'	Bowers Sand
3211'	3224'	13'	Lime
3224'			Total Depth

GEOLOGICAL TOPS

Elevation, Derrick Floor	3655'
Elevation, Ground	3645'
Base of Red Bed	1580'
Top of Salt	1710'
Top of Yates	2710'
Top of Pay (Bowers Sand)	3204-3211'

SLOPE TESTS

500'	Straight
950'	1 Degree
1350'	1 Degree
1617'	1 Degree
1850'	3/4 Degree
2250'	1 1/4 Degree
2600'	1 1/2 Degree
2750'	1 1/4 Degree
2900'	1 3/4 Degree
3010'	1/2 Degree

form is to be filled with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths should also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

Oxy well 222

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon		T. Ojo Alamo		T. Penn. "B"	
T. Salt		T. Strawn		T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka		T. Pictured Cliffs		T. Penn. "D"	
T. Yates	2670'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	2903'	T. Devonian		T. Menefee		T. Madison	
T. Queen	3427'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	3764'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	4095'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs		T. Wingate		T.	
T. Wolfcamp		T.		T. Chinle		T.	
T. Penn.		T.		T. Permian		T.	
T Cisco (Bough C)		T.		T. Penn. "A"		T.	

OIL OR GAS SANDS OR ZONES

No. 1, from ..... to ..... No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ..... to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	2670'		SALT, ANHYDRITE				
2670'	3427'		DOLOMITE, SAND, SHALE				
3427'	4312'		DOLOMITE				

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AUG 26 1981

OIL CONSERVATION DIV

Ox4 well 323

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon		T. Ojo Alamo		T. Penn. "B"	
T. Salt	1619'	T. Strawn		T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka		T. Pictured Cliffs		T. Penn. "D"	
T. Yates	2640'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	2885'	T. Devonian		T. Menefee		T. Madison	
T. Queen	3402'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	3738'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	4023'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs		T. Wingate		T.	
T. Wolfcamp		T.		T. Chinle		T.	
T. Penn.		T.		T. Permian		T.	
T Cisco (Bough C)		T.		T. Penn. "A"		T.	

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____ No. 4, from _____ to _____

No. 2, from _____ to _____ No. 5, from _____ to _____

No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet. _____

No. 2, from _____ to _____ feet. _____

No. 3, from _____ to _____ feet. _____

No. 4, from _____ to _____ feet. _____

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	1542	1542	RED BEDS				
1542	1582	40	ANHYDRITE				
1582	2706	1124	SALT, ANHYDRITE, & SHALE				
2706	3175	469	SHALE & ANHYDRITE				
3175	3530	355	ANHYDRITE, SAND & SHALE				
3530	4370	840	DOLOMITE				

APR 25 1985

Rice Eng F-29

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto

TOOLS USED

Rotary tools were used from 0 feet to 5050 feet, and from ..... feet to ..... feet.

Cable tools were used from ..... feet to ..... feet, and from ..... feet to ..... feet.

PRODUCTION

Put to Producing ....., 19.....

OIL WELL: The production during the first 24 hours was ..... barrels of liquid of which ..... % was was oil; ..... % was emulsion; ..... % water; and ..... % was sediment. A.P.I. Gravity .....

GAS WELL: The production during the first 24 hours was ..... M.C.F. plus ..... barrels of liquid Hydrocarbon. Shut in Pressure ..... lbs.

Length of Time Shut in .....

PLEASE INDICATE BELOW FORMATION TOPS (IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE):

Southeastern New Mexico				Northwestern New Mexico	
T. Anhy	1538'	T. Devonian		T. Ojo Alamo	
T. Salt	1612'	T. Silurian		T. Kirtland-Fruitland	
B. Salt	2535'	T. Montoya		T. Farmington	
T. Yates	2697'	T. Simpson		T. Pictured Cliffs	
T. 7 Rivers	2963'	T. McKee		T. Menefee	
T. Queen	3413'	T. Ellenburger		T. Point Lookout	
T. Grayburg	3784'	T. Gr. Wash		T. Mancos	
T. San Andres	4072'	T. Granite		T. Dakota	
T. Glorieta		T.		T. Morrison	
T. Drinkard		T.		T. Penn	
T. Tubbs		T.		T.	
T. Abo		T.		T.	
T. Penn		T.		T.	
T. Miss		T.		T.	

FORMATION RECORD

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Revised July 12, 2001

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITES

(Refer to the OCD Guidelines for assistance in completing the application)

[X] New [ ] Renewal

1. Facility Name: H.R.C. Brine Facility
2. Operator: H.R.C. Inc.

   Address: P.O. Box 5102 Hobbs, NM 88241

   Contact Person: Gary M. Schubert Phone: (505)393-3194
3. Location: SE /4 NW /4 Section 29 Township 18 S. Range 38 E.
   Submit large scale topographic map showing exact location.
4. Attach the name and address of the landowner of the facility site.
5. Attach a description of the types and quantities of fluids at the facility.
6. Attach a description of all fluid transfer and storage and fluid and solid disposal facilities.
7. Attach a description of underground facilities (i.e. brine extraction well).
8. Attach a contingency plan for reporting and clean-up of spills or releases.
9. Attach geological/hydrological evidence demonstrating that brine extraction operations will not adversely impact fresh water.
10. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
11. CERTIFICATION:

I hereby certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment.

Name: Gary M. Schubert Title: Owner

Signature: Gary M. Schubert Date: 8-3-01

H.R.C. BRINE FACILITY
DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITY

1) H.R.C. Brine Facility - well #5

2) H.R.C. Inc.
P.O. Box 5102 Hobbs, NM 88241
Gary M. Schubert (505)393-3194

3) Unit F SE 1/4 of NW 1/4 Section 29 T. 18 S. Rng. 38 E.
Map attached.

4) Grimes Land Co. - Schubert
P.O. Box 5102
Hobbs, NM 88241
Lea County - tax and ownership records attached.

5) This facility will store brine water produced from the underground salt formation at the site. No other fluids will be stored at the facility. Salt brine will be recovered up the tubing from well #5 and stored in 2, 500 bl. above ground tanks. These tanks will be located inside and on a polyethylene lined dike area. The dike area will be sized to hold more than 133% of the brine tanks combined capacity. The volume of brine production will be determined by the amount of oil and gas drilling activities, and will vary from month to month. Based on activity at other brine facilities, this volume could be 12,000 to 15,000 bls. per month.

6) Fluid Transfer and Storage
Fresh water will be received at the brine well for inspection from the City of Hobbs water supply system via polyethylene pipe, the connection to the city system is approximately 1/2 mile north of the proposed brine well #5. The fresh water line will be connected to the suction side of a pump which will pump fresh water down the annulus of the well casing at a rate of approximately 100 barrels per hour and a normal operating pressure of from 200 to 250 psi. Brine water will be produced up the well through the tubing and delivered to the two 500 bl. tanks by polyethylene piping. Except for the short section of steel pipe between the pump and well, all other piping is low pressure with tank head pressure less that 50 psi. All piping will be above ground and visible for quick on site leak detection.

Brine water will be transported from the site by tanker truck for sale and use in oil and gas drilling and production operations. Tanker trucks will be positioned inside a polyethylene-lined dike loading area to retain fluids in the event an accidental discharge or spill were to occur. Brine water will flow from the storage tanks to a header system by piping positioned above the poly liner. Tank trucks will connect to the header valve by hose and the pumps on the truck will pull the fluids from the header valve and discharge the brine to the tanker. When the loading is complete, the driver or operator will close the

header valve and continue to suck the line empty, this will prevent any spills, leaks or drips. As a precaution, an above ground drip tank will be located at the header valve to catch any drips that might occur during the loading process. The operator or driver will be present during the loading process and will fill out a run ticket for volume and destination. These tickets will be used for billing and also for monitoring the volumes of fresh water and brine production which will help in keeping up with the integrity of the system.

A meter will be located at the fresh water connection provided by the City of Hobbs. This meter will be used by the City of Hobbs for billing purposes and by H.R.C. in calculating volumes. The brine well injection pump will be a positive displacement pump. The pump generally pumps at the same flow rate as the well. A pressure chart will be installed on the pumps discharge which will record operating pressure and run time. Run time multiplied by pump flow rate gives an indication of water volume pumped into the formation and brine water recovered. Tank gauges, fresh water meter readings, pump run time and product sales tickets will be compared to give an idea as to the integrity of the operation. The volume of fresh water injected and the volume of brine produced will be recorded monthly and submitted to the OCD office in Santa Fe on a quarterly schedule.

Tanks and piping will be above ground for rapid visual leak inspection and detection. The loading area will be a poly lined dike area to contain any spillage that may occur. Dike areas will prevent run-off of storm water. Any water that does accumulate will be vacuumed up and hauled to an OCD approved facility for disposal. H.R.C. will be at the facility on a daily basis checking for leaks and/or spills. The inspection will be recorded and kept on file, any corrections or repairs will be noted on inspection file.

Prior to starting injection and after approval, the casing will be pressure tested for integrity. A bridge plug will be run into bottom of the casing and pressure will be applied to casing to check for any leakage. This process will be conducted on at least a five year schedule. The tubing-casing formation test will be conducted annually to insure integrity.

No fluids or solids will be disposed of at this site. All brine fluids will be sold for use or stored in tanks. In the event it becomes necessary to dispose of brine fluids, it will be taken to an OCD approved facility. Any solids, such as soil containing chloride contamination, will be taken to an approved OCD facility.

CLOSURE PLAN

In the event it becomes necessary to abandon this facility, the well will be plugged and abandoned according to the specifications recommended by the OCD at time of closure, which will meet the requirements for protection of groundwater. All fluids and solids will be removed from the site and transported to an OCD approved facility. After removal of all surface equipment, the area will be remediated and graded in a manner to reflect its original condition.

7) Description of Underground Facility

The only underground facilities will be the brine well and its piping construction. Enclosed is schematic of proposed completion and a schematic of existing P & A status.

The proposed construction will be:
9 5/8" surface casing at 364' cement circulated to surface.
7" production casing pulled and set at approx. 1600' with cement circulated to surface.
2 7/8" production tubing drilled into salt cavity and set at approx. 2000'.

General operation is to pump fresh water down annulus between 2 7/8" tubing and 7" casing and produce brine water up the 2 7/8" tubing. Once a month, the flow is reversed for 24 hours to dissolve any buildup in tubing.

Mechanical integrity tests will be conducted on the well and salt dome foundation as OCD designates. The well and formation will be pressured up to one and one half times the normal operating pressure and shut in for four hours with pressure recorded on a pressure chart. The OCD will notify H.R.C. of the date and time for testing so it can be witnessed.

Cavity configuration tests will be conducted as required by OCD to determine size and configuration of the mined cavity.

The OCD office will be notified for approval prior to any drilling, deepening or plug back operations using the appropriate forms and notification. The OCD will also be notified before any remedial work, plugging or altering of well has started and after approval.

8) Reporting and Clean up of Spills (Contingency Plan)

All above ground piping and tanks will be visually inspected for leaks by company personnel during each site visit. Any problems such as leaks, spills or well abnormality will be taken to the attention of H.R.C. supervisor immediately. Supervisor will assess the problem and proceed with proper notification and repairs as OCD rule 116 requires.

9) Site Characteristics

The proposed site is located west of Hobbs, NM adjacent to West County Road. The area is relatively flat with very little elevation differences. There is no surface water in close proximity to the proposed site. The average rainfall for this area is 12 to 15 in. annually. The last recorded 100 year flood was in 1990, where 10 in. of rain was recorded in a 24 hour period. In normal conditions, rain soaks in and is absorbed into the soil as fast as it comes down. With the present facility design, it is highly unlikely any run off or run on of the property would occur. If, in the future, some problems were to occur, revisions to the discharge plan for this facility would be incorporated.

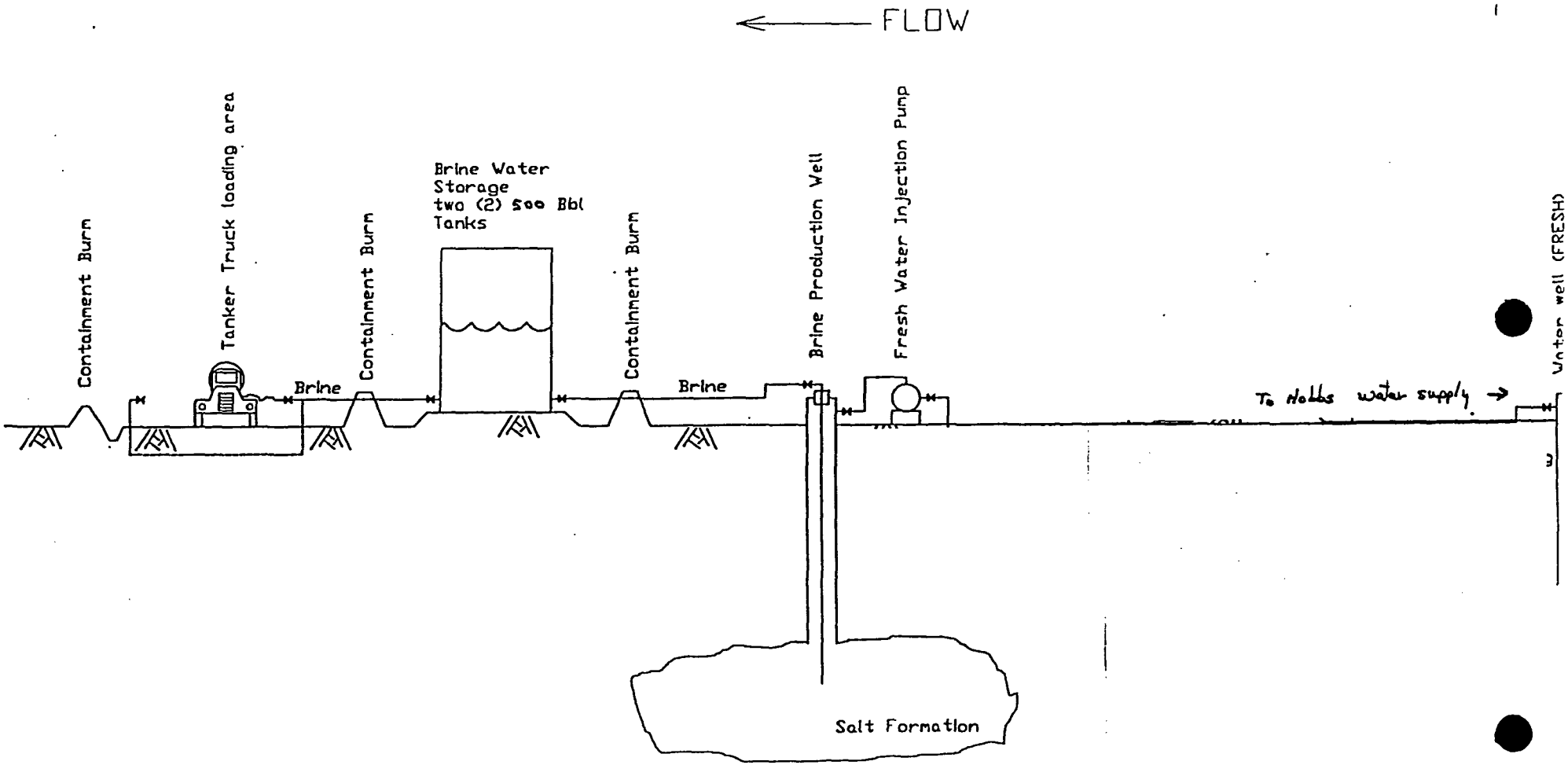
HYDROLOGY

Underground aquifers in this area are the Ogallala and Quaternary Alluvium formations. The groundwater in these formations is unconfined where the underlying red beds are relatively impermeable. This underlying layer prevents further downward or upward movement. From information reviewed, the groundwater flow from the Ogallala formation flows to the south southeast, the water level for this area ranges from 50' to 70' below ground level and the average depth of the wells are 150'. Find within State Engineers list of water wells in the general area and analytical from two of the wells.

GEOLOGY

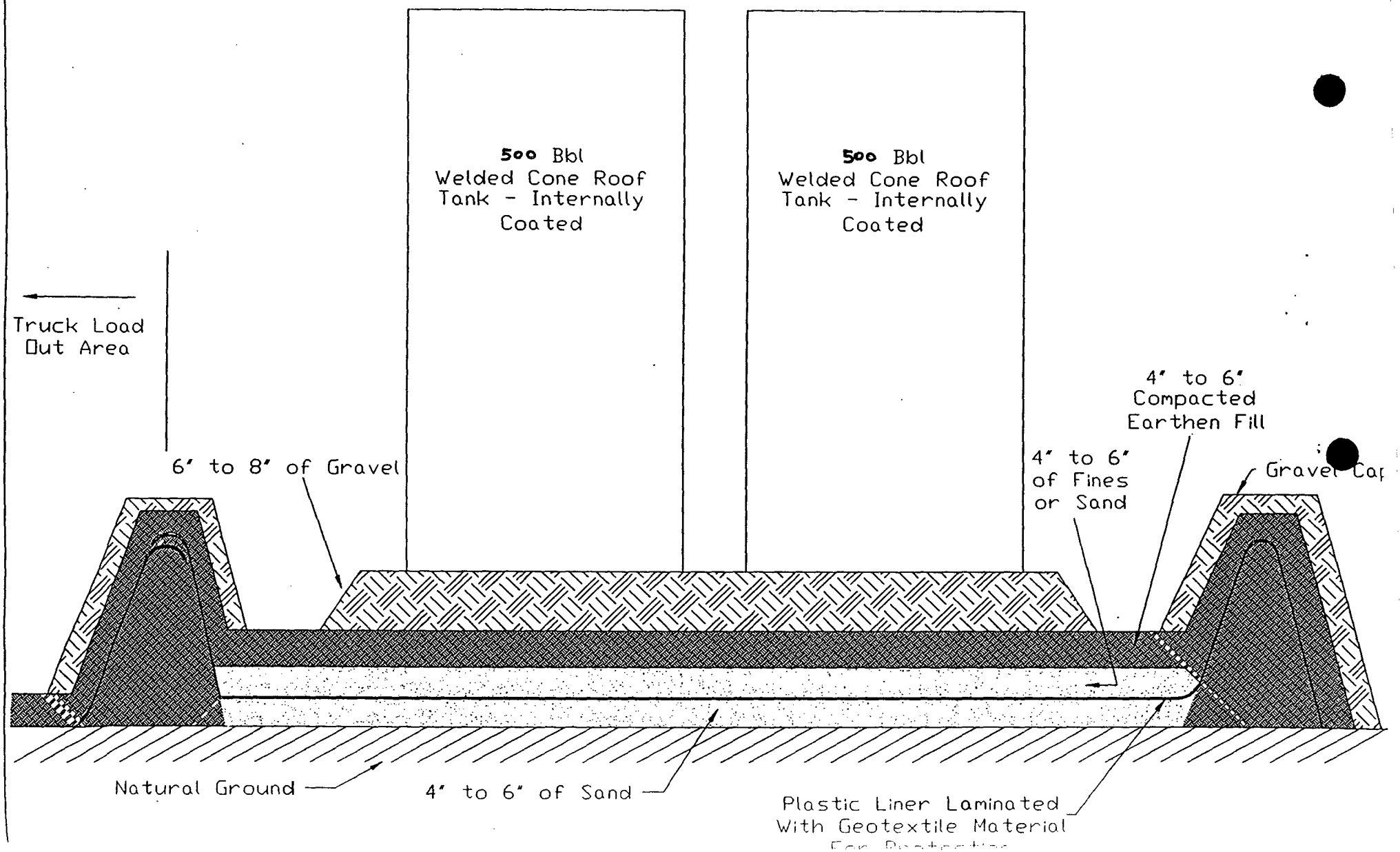
The proposed site is located on the Central Basin Platform of the Permian Basin. The sub-surface formations are in transitional area between Delaware Basins back reef or shelf area and the platform. The brine product is from the Salado formation of the Ochoa series. The series is of upper Permian Age, and extends across the Delaware Basin, Central Basin Platforms, thins and pinches out on the eastern shelf. This series layers are predominately evaporates which contain strings of dolomite, shale, siltstone, and sandstone. The thickness of this salt section averages about 1000 ft. The Triassic rock overlying the Permian formation is the Dockem group, and is divisible into the Santa Rosa sandstone and the Chinle formation. The Tertiary rocks are represented by the Ogallala formation. This formation ranges in thickness from 0' to 300'. It is chiefly calcareous, unconsolidated sand, clay, silt and gravel. This is the formation most of Lea Co. obtains its drinking water from.

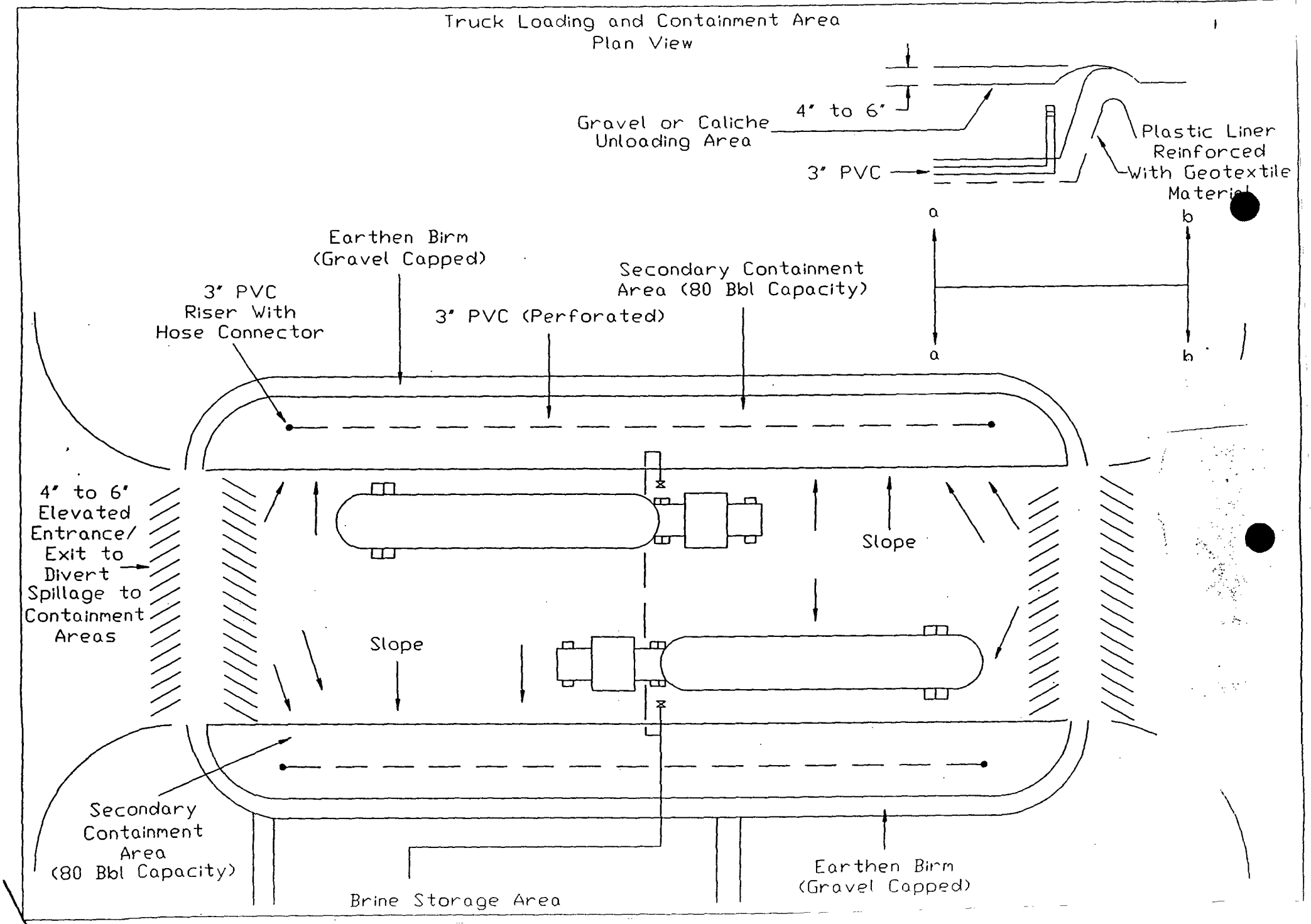
10) H.R.C. Inc. will comply with any rule, regulation or order which the OCD currently has or any new rule and regulation that pertains to this type of facility that the OCD may initiate in the future.

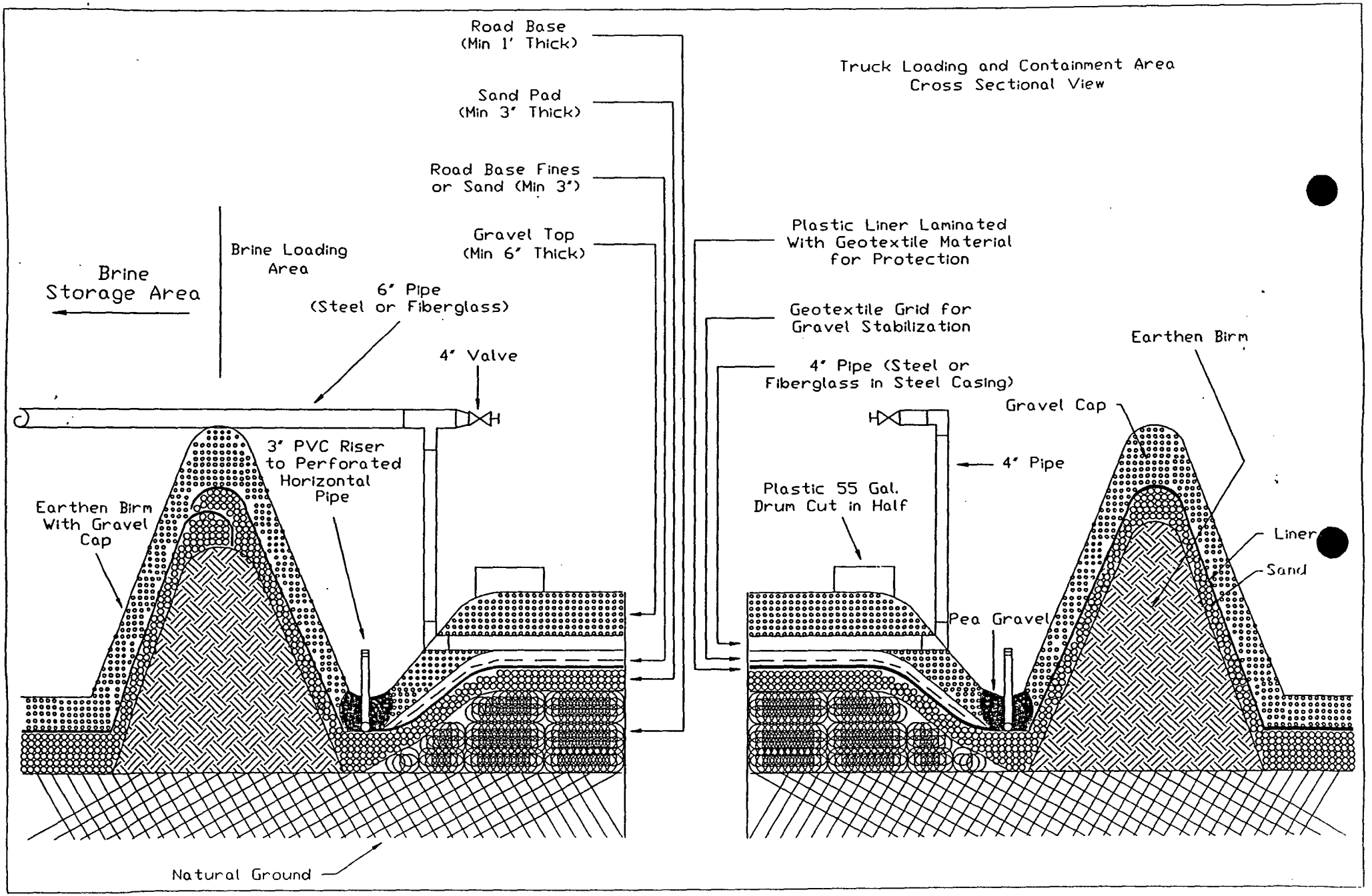


PROCESS FLOW DIAGRAM

Brine Storage Containment Area Specification Drawing
(Containment Area Sized For 133% Of Tank Storage Capacity)




Truck Loading and Containment Area
Plan View
4" to 6"
Gravel or Caliche
Unloading Area
3" PVC
Plastic Liner
Reinforced
With Geotextile
Material
a
b
a
b
Earthen Birm
(Gravel Capped)
3" PVC
Riser With
Hose Connector
3" PVC (Perforated)
Secondary Containment
Area (80 Bbl Capacity)
4" to 6"
Elevated
Entrance/
Exit to
Divert
Spillage to
Containment
Areas
Slope
Slope
Secondary
Containment
Area
(80 Bbl Capacity)
Brine Storage Area
Earthen Birm
(Gravel Capped)


Truck Loading and Containment Area
Cross Sectional View
Road Base
(Min 1' Thick)
Sand Pad
(Min 3" Thick)
Road Base Fines
or Sand (Min 3")
Gravel Top
(Min 6" Thick)
Brine Loading
Area
Brine
Storage Area
6" Pipe
(Steel or Fiberglass)
4" Valve
3" PVC Riser
to Perforated
Horizontal
Pipe
Earthen Birm
With Gravel
Cap
Natural Ground
Plastic Liner Laminated
With Geotextile Material
for Protection
Geotextile Grid for
Gravel Stabilization
4" Pipe (Steel or
Fiberglass in Steel Casing)
4" Pipe
Plastic 55 Gal.
Drum Cut in Half
Pea Gravel
Earthen Birm
Gravel Cap
Liner
Sand

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: 18S Range: 38E Sections: 29

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic ◉ All

Well Data Report | Avg Depth to Water Report | Water Column Report | Clear Form | WATERS Menu | Help

WELL DATA REPORT 07/25/2001

(acre ft per annum) (quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest) X Y are in Feet (UTM are in Meters)

DB File Nbr	Use	Diversion	Owner	Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	UTM Zone	Easting	Northing	Start Date	Finish Date	Depth Well	Depth Water
L 04547	DOM	3	B. A. MALECHECK	L 04547	18S	38E	29	1	3	1				13	670787	3621633	11/04/1960	11/04/1960	110	70
				L 04547 APPRO	18S	38E	29	1	3	1				13	670787	3621633	11/04/1960	11/04/1960	110	70
L 05577	DOM		DAVE E. WOOD	L 05577 EXP	18S	38E	29	2	2					13	672090	3621958				
L 06203	DOM		DOW COTTRELL	L 06203 EXP	18S	38E	29	2						13	671895	3621749				
L 06453 (E)	PRO		CONTINENTAL OIL COMPANY	L 06453 (E) EXP	18S	38E	29	3	4	1				13	671205	3620834				
L 06453 (E)2	PRO		CONTINENTAL OIL COMPANY	L 06453 (E)2 EXP	18S	38E	29	3	4	1				13	671205	3620834				
L 06570 (E)	PRO	0	MORAN OIL PROD & DRILLING COR	L 06570 (E)	18S	38E	29	3	3	3				13	670802	3620628	08/05/1969	08/05/1969	110	54
L 06603	DOM		RICHARD JOHNSON	L 06603 EXP	18S	38E	29	2	1	2				13	671786	3622050				
L 06717	DOM	3	E. C. FOWLER	L 06717	18S	38E	29	2	4					13	672098	3621555	10/06/1970	10/08/1970	130	55
L 07005	SAN	3	TWO-STATE TANK RENTAL CO.	L 07005	18S	38E	29	3	3	1				13	670802	3620828	10/14/1972	10/18/1972	150	50
L 07017	DOM	3	APEX FREIGHT LINES	L 07017	18S	38E	29	3	3					13	670903	3620729	12/09/1972	12/11/1972	150	60
L 07163	DOM	3	JOE LISENBEE	L 07163	18S	38E	29	1	2					13	671284	3621944	02/01/1974	02/04/1974	110	67
L 07427	DOM	3	DON COTTRELL	L 07427	18S	38E	29	2	4					13	672098	3621555	09/16/1975	09/18/1975	130	60
L 07432	DOM	3	NORMAN L. WILLIAMS	L 07432	18S	38E	29	2	4					13	672098	3621555	09/24/1975	09/26/1975	125	55
L 07434	DOM	3	N.E. WILLIAMS	L 07434	18S	38E	29	2	4	4				13	672197	3621454	09/28/1975	09/30/1975	125	58
L 07528	OBS		PHILLIPS PETROLEUM COMPANY	L 07528 EXP 2	18S	38E	29	4	1	4				13	671801	3621044				
				L 07828 EXP	18S	38E	29	4	1	4				13	671801	3621044				
L 07530	OBS		PHILLIPS PETROLEUM COMPANY	L 07530 EXP	18S	38E	29	1	2	4				13	671383	3621843				
				L 07530 EXP 2	18S	38E	29	1	2	4				13	671383	3621843				
L 07531	OBS		PHILLIPS PETROLEUM COMPANY	L 07531 EXP	18S	38E	29	1	3	1				13	670787	3621633				
				L 07531 EXP 2	18S	38E	29	1	3	1				13	670787	3621633				
L 07570	DOM	3	SOUTHWESTERN DRILLING MUD	L 07570	18S	38E	29	3	3	3				13	670802	3620628	06/21/1976	06/22/1976	122	48
L 07673	DOM	3	LARRY FELKINS	L 07673	18S	38E	29	2	2	2				13	672189	3622057	02/05/1978	02/10/1978	125	50
L 07754	OBS	3	CROWN CHEMICAL COMPANY	L 07754	18S	38E	29	2	4					13	672098	3621555	09/08/1977	09/14/1977	207	50
L 07825	DOM	3	DONNY CAMPBELL	L 07825	18S	38E	29	2	2	1				13	671989	3622057	01/18/1978	01/18/1978	105	45
L 07826	DOM	3	JERRY BERRY	L 07826	18S	38E	29	2	2	3				13	671989	3621857	01/16/1978	01/16/1978	110	45
L 08131	DOM	3	A. T. JOHNSON	L 08131	18S	38E	29	3	1					13	670895	3621131	08/18/1979	08/23/1979	110	60
L 08135	DOM	3	J. D. WHESENHUNT	L 08135	18S	38E	29	2	4					13	672098	3621555	08/15/1979	08/18/1979	130	62
L 08191	SAN	3	TOMMY MCDANIEL	L 08191	18S	38E	29	2	2	2				13	672189	3622057	01/05/1980	01/20/1980	120	120
L 08228	SAN	3	DON COTTRELL	L 08228	18S	38E	29	2	1	4				13	671786	3621850	03/10/1980	03/11/1980	115	68
L 08229	DOM	3	MAX WHITE	L 08229	18S	38E	29	2	4	1				13	671997	3621654	03/08/1980	03/09/1980	115	68
L 08370	SAN	3	NORMAN L. WILLIAMS	L 08370	18S	38E	29	2	2	4				13	672189	3621857	10/20/1980	10/20/1980	120	60
L 08429	DOM	3	DOW COTTRELL	L 08429	18S	38E	29	4	1	2				13	671801	3621244	08/10/1981	08/11/1981	120	62
L 08446	DOM	3	JERRY L. BROTHERS	L 08446	18S	38E	29	2						13	671895	3621749	05/03/1981	05/07/1981	120	42

L 08448	SAN	3	JACK STRINGER	L 08448	18S	38E	29	2	4	1	13	671997	3621654	11/19/1981	11/20/1981	130	38
L 08737	DOM	3	DANIEL SAGE	L 08737	18S	38E	29	2	4		13	672098	3621555	04/07/1982	04/07/1982	132	60
L 08860	SAN	3	TOMMY MCDANIEL	L 08860	18S	38E	29	2			13	671895	3621749	12/12/1983	12/12/1983	130	39
				L 08860 EXP	18S	38E	29	2			13	671895	3621749				
L 08867	SAN	3	BIG HORN TANK RENTAL	L 08867	18S	38E	29	2	2		13	672090	3621950	07/09/1982	07/10/1982	120	52
L 09586	DOM	3	KELDON COTTRELL	L 09586	18S	38E	29	2	4		13	672098	3621555	11/26/1984	11/28/1984	120	76
L 09682	SAN	3	JERRY BROTHERS	L 09682	18S	38E	29	2	2	3	13	671989	3621857	09/29/1985	09/30/1985	120	45
L 09705	SAN	3	TJ & C	L 09705	18S	38E	29	3	3	4	13	671002	3620628	07/19/1985	07/19/1985	135	65
L 09777	SAN	3	PAUL MUSSLEWHITE TRUCKING CO.	L 09777	18S	38E	29	1			13	671089	3621735	01/10/1986	01/13/1986	150	84
L 10860	DOM	3	KELLY WILLIAMS	L 10860	18S	38E	29	1	1	1	13	670780	3622036	07/20/1998	07/21/1998	160	39
L 10913	DOM	0	RAYMOND STONE	L 10913	18S	38E	29	1	3	3	13	670787	3621433			160	
L 11171	SAN	3	CONOCO	L 11171	18S	38E	29	3	4	1	13	671205	3620834	04/19/2001	04/19/2001	206	
L 11176	nul	0	TEXLAND PETROLEUM-HOBBS, LLC	L 11176	18S	38E	29	4	1	4	13	671801	3621044			210	

Record Count: 47

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: 18S Range: 38E Sections: 29

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | WATERS Menu | Help

AVERAGE DEPTH OF WATER REPORT 07/25/2001

								(Depth Water in Feet)		
Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
1	18S	38E	29				32	38	120	59

Record Count: 32

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY Altura Energy Ltd,

SAMPLE Fresh Water Well for Wells 29321, 29231, 32312
SAMPLED BY

DATE TAKEN 8/8/00
REMARKS T18S-R38E-Sec29; Qtr Sec 4,1,2

Barium as Ba	0	
Carbonate alkalinity PPM	68	
Bicarbonate alkalinity PPM	260	
pH at Lab	7.21	
Specific Gravity @ 60°F	1	
Magnesium as Mg	32	
Total Hardness as CaCO3	56	
Chlorides as Cl	325	
Sulfate as SO4	130	
Iron as Fe	0	
Potassium	0.1	
Hydrogen Sulfide	0	
Rw	12	@ 23° C
Total Dissolved Solids	841	
Calcium as Ca	24	
Nitrate	2.2	

Results reported as Parts per Million unless stated

Langelier Saturation Index -54

Analysis by: Vickie Walker
Date: 8/11/00

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY Altura Energy Ltd,

SAMPLE Fresh Water Well For Wells 33111 & 28131 + 29231
SAMPLED BY

DATE TAKEN 5/9/00
REMARKS T18S-R38E-Sec 29, Qtr Sec. 4,2,1

Barium as Ba	0	
Carbonate alkalinity PPM	40	
Bicarbonate alkalinity PPM	216	
pH at Lab	7.63	
Specific Gravity @ 60°F	1	
Magnesium as Mg	174	
Total Hardness as CaCO3	300	
Chlorides as Cl	155	
Sulfate as SO4	115	
Iron as Fe	0.1	
Potassium	0.09	
Hydrogen Sulfide	0	
Rw	9.4	@ 25° C
Total Dissolved Solids	850	
Calcium as Ca	126	
Nitrate	7.5	

Results reported as Parts per Million unless stated

Langelier Saturation Index 0.05

Analysis by: Vickie Walker
Date: 6/6/00

LIST OF OFFSET OPERATORS & SURFACE OWNERS

Offset Operators

Occidental Permian Limited Partnership
P.O. Box 4294
Houston, TX 77210-4294

Exxon Company, U.S.A.
Attn: Joint Interest Operations
P.O. Box 4707
Houston, TX 77210-4707

Collins & Ware, Inc.
508 W. Wall, Suite 1200
Midland, TX 79701

Marcum Drilling Co.
P.O. Box 3699
Midland, TX 79705

Rice Operating Co.
122 West Taylor
Hobbs, NM 88240

Texland Petroleum – Hobbs, LLC
500 Throckmorton, Suite 3100
Ft. Worth, TX 76102-3818

Surface Owners

Grimes Land Company
P.O. Box 5102
Hobbs, NM 88240

COUNTY OF LEA | STATE OF NEW MEXICO

NOTICE OF VALUATION FOR 20 01

NET TAXABLE VALUES WILL BE ALLOCATED TO THE GOVERNMENTAL UNITS IN SCHOOL DISTRICT 160

OWNER # 0001950
SCHUBERT, ELOISE H
GRIMES LAND CO %
PO BOX 5102
HOBBS, NM 88241

VALUE RECAP	RESIDENTIAL TAXABLE VALUE	NON-RESIDENTIAL TAXABLE VALUE	TOTAL VALUATION FULL VALUE	TOTAL VALUATION TAXABLE VALUE
LAND		4180	12540	4180
PERSONAL				
MOBILE HOME				
LIVESTOCK				
IMPROVEMENTS	2864		8592	2864
TOTAL VALUE	2864	4180	21132	7044
VETERAN EXEMPTION				
FAMILY EXEMPTION				
OTHER EXEMPTION				
NET TAXABLE VALUE	2864	4180		7044

PROPERTY DESCRIPTION AND/OR CODE	CODE	VALUE DESCRIPTION	TYPE	QUANTITY	RATE	TAXABLE VALUE
PROP CD# 4-000-019-500-001 BOOK 805 PAGE 00593 SECTION-29, TOWNSHIP-18S, RANGE-38E 4.18 AC LOC NW4 TR BEG N89D57'55"W 580.94' & S0D2'5"W 1532.39' FROM N4 COR SEC 29, TH S0D0'17"E 685.73', N88D49'18"W 660', TO PT ON R/W, CURVE CA-11D27'4" R-960' FOR 191.86', S88D49'18"E 420.97', N85D59'24"W 125.87', N53D16'E 345.59' TO BEG *6/97-GRIMES LAND CO PRT 40900*	150	MISCELLANOUS LAND	N/R	4.18		4180
	210	SINGLE FAMILY	RES			2864
		TOTAL ACRES		4.18		

COUNTY OF LEA — STATE OF NEW MEXICO

NOTICE OF VALUATION FOR 20 01

NET TAXABLE VALUES WILL BE ALLOCATED TO THE GOVERNMENTAL UNITS IN SCHOOL DISTRICT 160

OWNER # 0040900
GRIMES LAND CO LTD

PO BOX 5102
HOBBS, NM 88241

VALUE RECAP	RESIDENTIAL TAXABLE VALUE	NON-RESIDENTIAL TAXABLE VALUE	TOTAL VALUATION FULL VALUE	TOTAL VALUATION TAXABLE VALUE
LAND				
PERSONAL				
MOBILE HOME				
LIVESTOCK				
IMPROVEMENTS				
TOTAL VALUE				
VETERAN EXEMPTION				
FAMILY EXEMPTION				
OTHER EXEMPTION				
NET TAXABLE VALUE				

PROPERTY DESCRIPTION AND/OR CODE	CODE	VALUE DESCRIPTION	TYPE	QUANTITY	RATE	TAXABLE VALUE
PROP CD# 4-000-409-000-001 BOOK 513 PAGE 00530 SECTION-29, TOWNSHIP-18S, RANGE-38E 20.00 AC BEING N2NE4SW4 102.63 AC LOC NW4 TR BEG N4 COR SEC 29, TH S0D2'30"W 50', N89D58'30"W 295.16', S0D2'30"W 295.16', S89D58'30"E 295.16', S0D2'30''W 2299.99' TO SE COR NW4, TH S89D54'44"W 2639.52', TO SW COR NW4, TH N0D5'16"W ALONG W LINE NW4 FOR 1144.5' TO PT WHICH IS 1503.16' SOUTHERLY ALONG W LINE NW4*SW COR STONE TR B 423 P 719*, N89D58'E 686.69' *SE COR STONE TR*, N0D2'W 133.15'*TO SW COR MUSSEL- WHITE TR B 421 P 365*, N89D58'E 825', N0D2'W 1370' TO PT ON N LINE NW4 SEC 29, N89D58'E 1132.38' ALONG SAID LINE TO BEG *LESS TR BEG N0D02'E 3254.44' & W 3390.32' FROM SE COR SEC 29 TH W 433.17' TO PT ON E R-O-W- LINE OF WEST CO RD BY-PASS, ALSO A PT ON A CURVE TO THE NE, TH ALONG CURVE (CA 20D20'39", RA 960') FOR 340.87', N53D15'10"E 79.40', E 137.94', S 295.16' TO BEG (2.07 AC MORE OR LESS) *LESS TR BEG N89D57'55"W 580.94' & S0D02'05"W 1532.39' FROM	150	MISCELLANOUS LAND	N/R	171.27		9348

COUNTY OF LEA — STATE OF NEW MEXICO

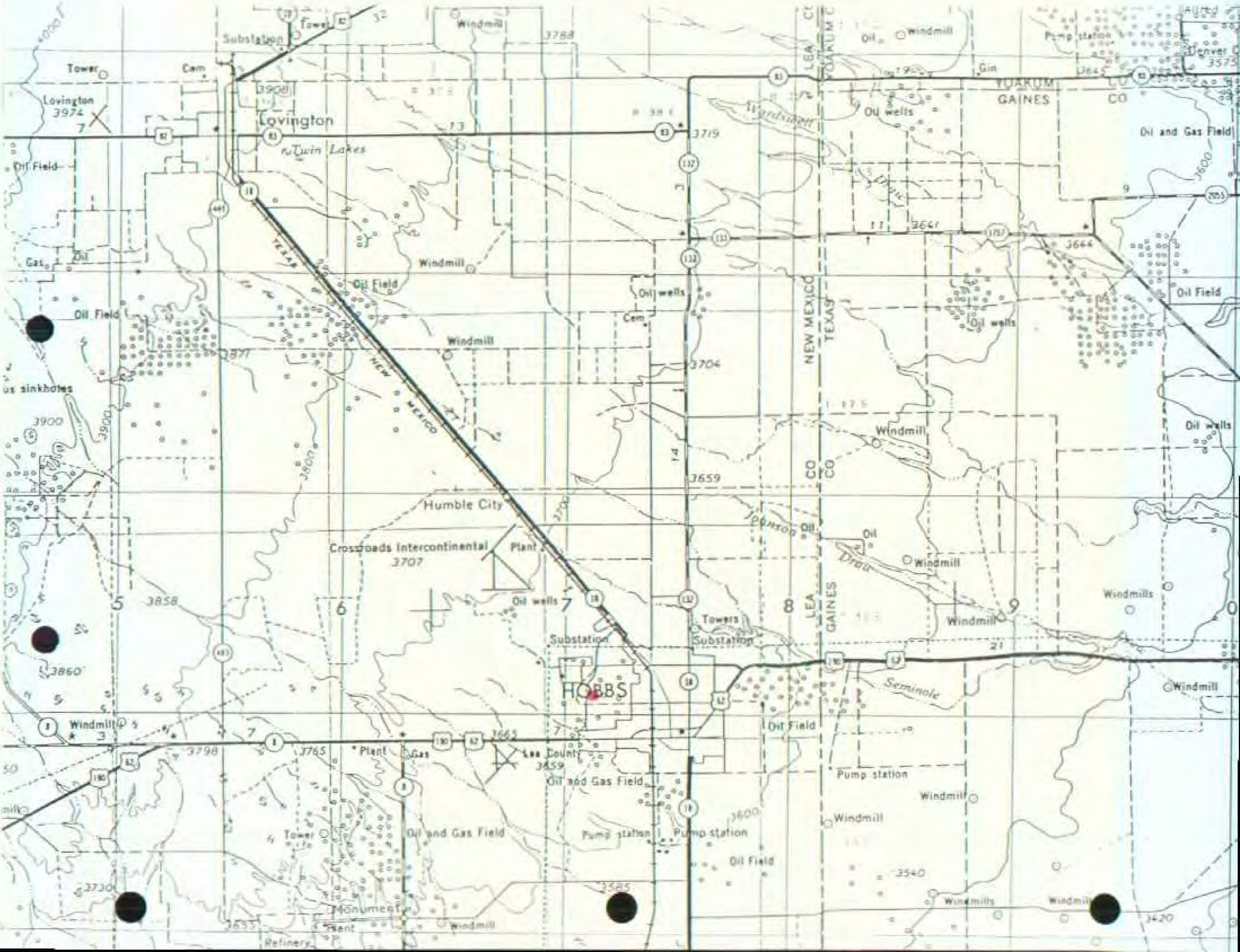
NOTICE OF VALUATION FOR 20

NET TAXABLE VALUES WILL BE ALLOCATED TO THE GOVERNMENTAL UNITS IN SCHOOL DISTRICT

VALUE RECAP	RESIDENTIAL TAXABLE VALUE	NON-RESIDENTIAL TAXABLE VALUE	TOTAL VALUATION FULL VALUE	TOTAL VALUATION TAXABLE VALUE
LAND				
PERSONAL				
MOBILE HOME				
LIVESTOCK				
IMPROVEMENTS				
TOTAL VALUE				
VETERAN EXEMPTION				
FAMILY EXEMPTION				
OTHER EXEMPTION				
NET TAXABLE VALUE				

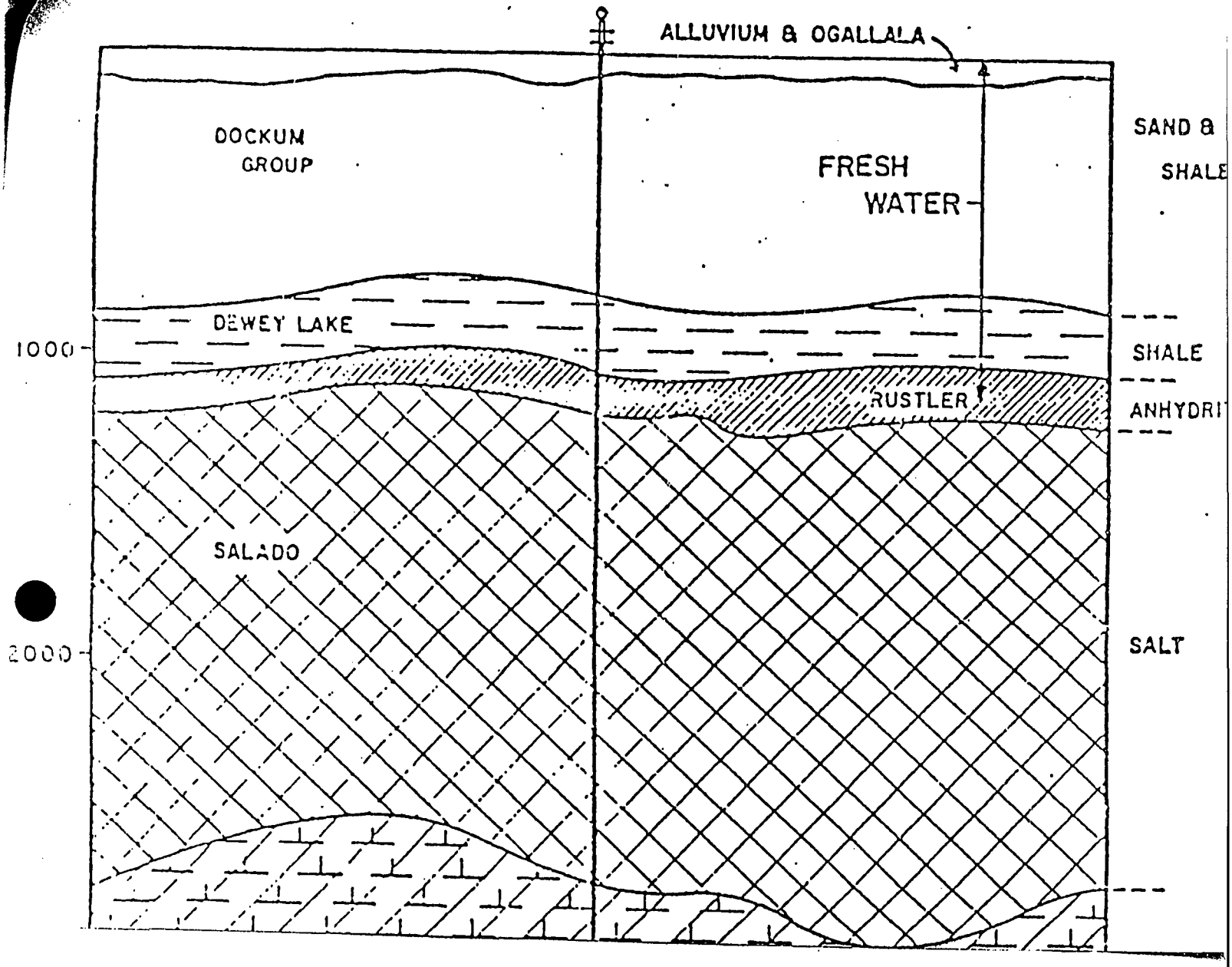
PROPERTY DESCRIPTION AND/OR CODE	CODE	VALUE DESCRIPTION	TYPE	QUANTITY	RATE	TAXABLE VALUE

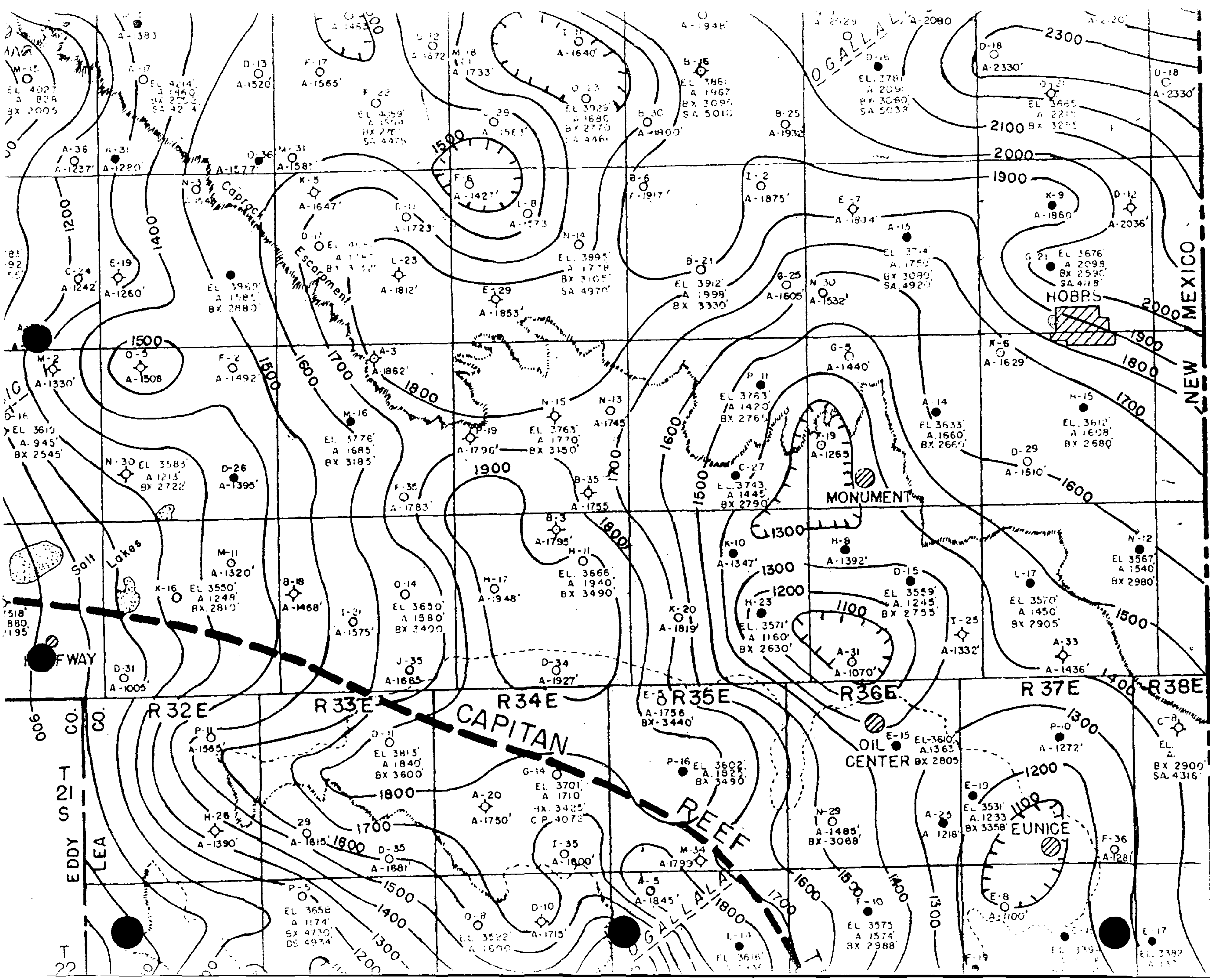
Maps

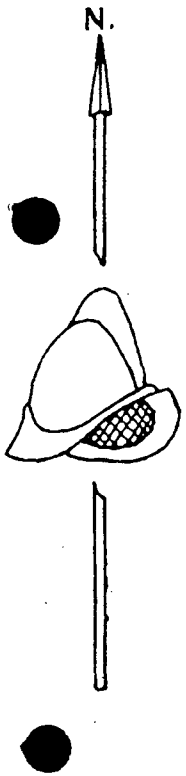


Tower
Substation
Windmill
3788
Oil
Windmill
Pump station
Denver C
3575
Cem
3908
Lovington
3974
Lovington
Twin Lakes
3719
Gin
YOAKUM
GAINES
CO
Oil wells
Wardswell
Draw
Oil and Gas Field
Oil Field
3641
3664
Gas
Oil
Windmill
TEXAS
NEW MEXICO
Oil Field
Oil wells
Cem
Oil Field
Oil wells
Windmill
3871
3704
LEA CO
YOAKUM CO
NEW MEXICO
TEXAS
us sinkholes
3900
Windmill
Oil wells
3659
Humble City
Johnson
Draw
Oil
Crossroads Intercontinental
3707
Plant
Windmill
Windmills
3858
Oil wells
Towers
Substation
Substation
Windmill
HOBBS
Seminole
3860
Windmill
Windmill
3798
3765
Plant
Gas
3665
Lea County
3659
Oil Field
Oil and Gas Field
Pump station
Windmill
Windmill
Tower
Oil and Gas Field
Pump station
Pump station
3600
Oil Field
3540
3730
Monument
Plant
Windmill
Windmills
Windmills
3585
3420
3655
Refinery

SCHEMATIC OF A LEA COUNTY INJECTION WELL M. HOLLAND OCD '80




NEW MEXICO
TEXAS
HOBBS
MONUMENT
OIL CENTER
EUNICE
HALFWAY
CAPITAN REEF
OGALLALA
Caprock Escarpment
Salt Lakes
R32E
R33E
R34E
R35E
R36E
R37E
R38E
T 21 S
T 22
EDDY CO.
LEA CO.
2300
2100
2000
1900
1800
1700
1600
1500
1400
1300
1200
1100



N.M. OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

TOP ANHYDRITE STRUCTURE MAP

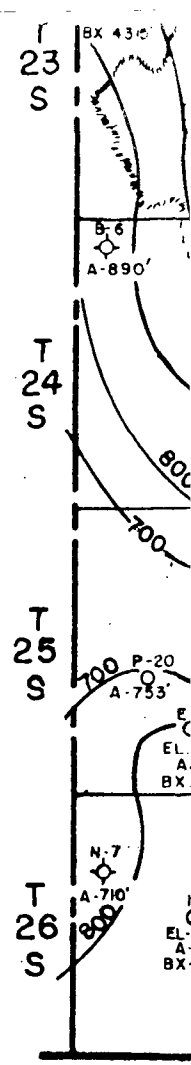
LEA, ROOSEVELT AND CURRY, COUNTIES

CONTOUR INTERVAL 100'
GEOLOGIST: JOHN W. RUNYAN

SCALE: 1 1/2" = 6 MILES
DATE: JAN. 6, 1965

REV. 6-23-77
REV. 2/5/74

0 1 2 3 4 5 6 12 18
MILES



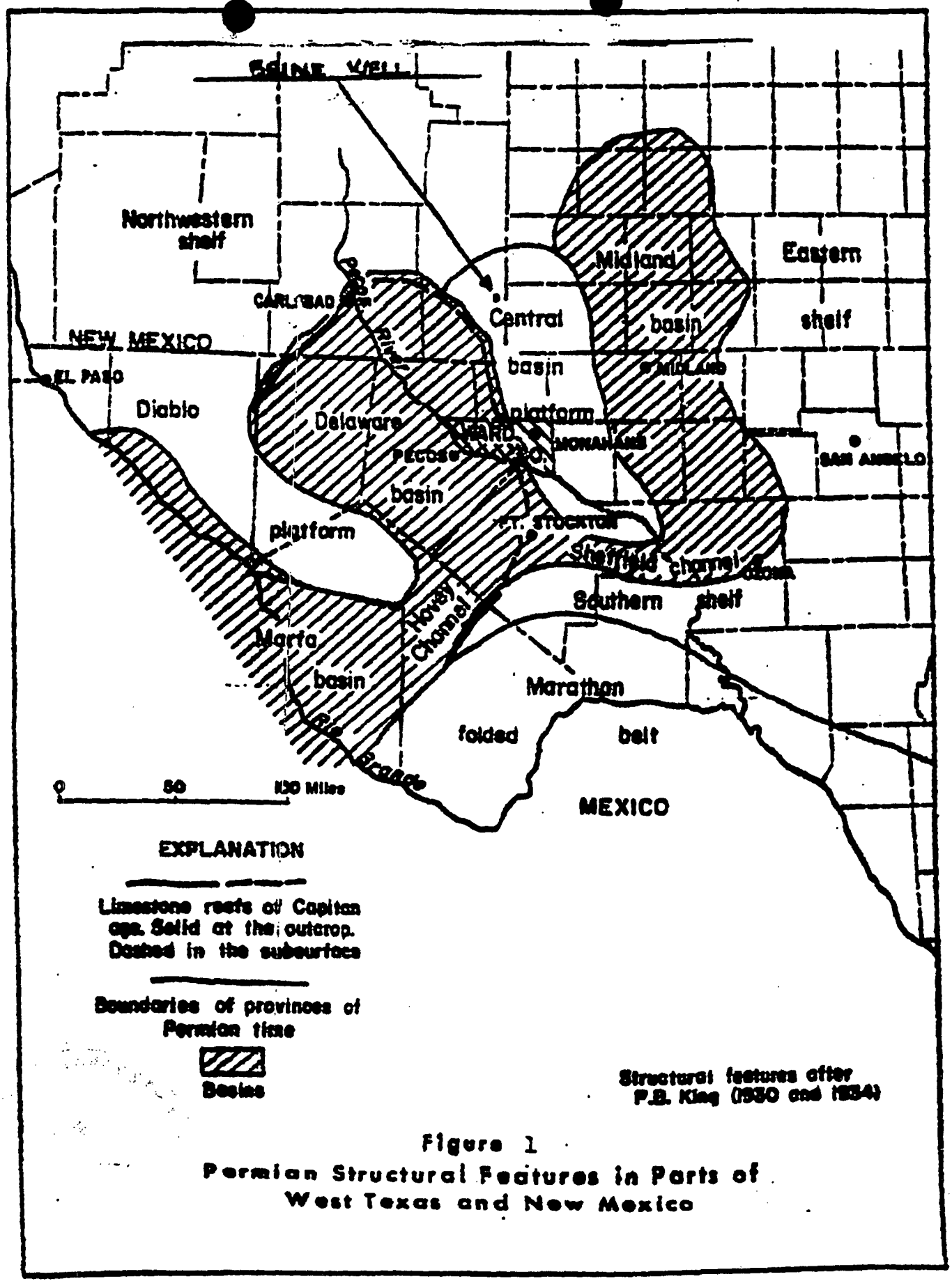
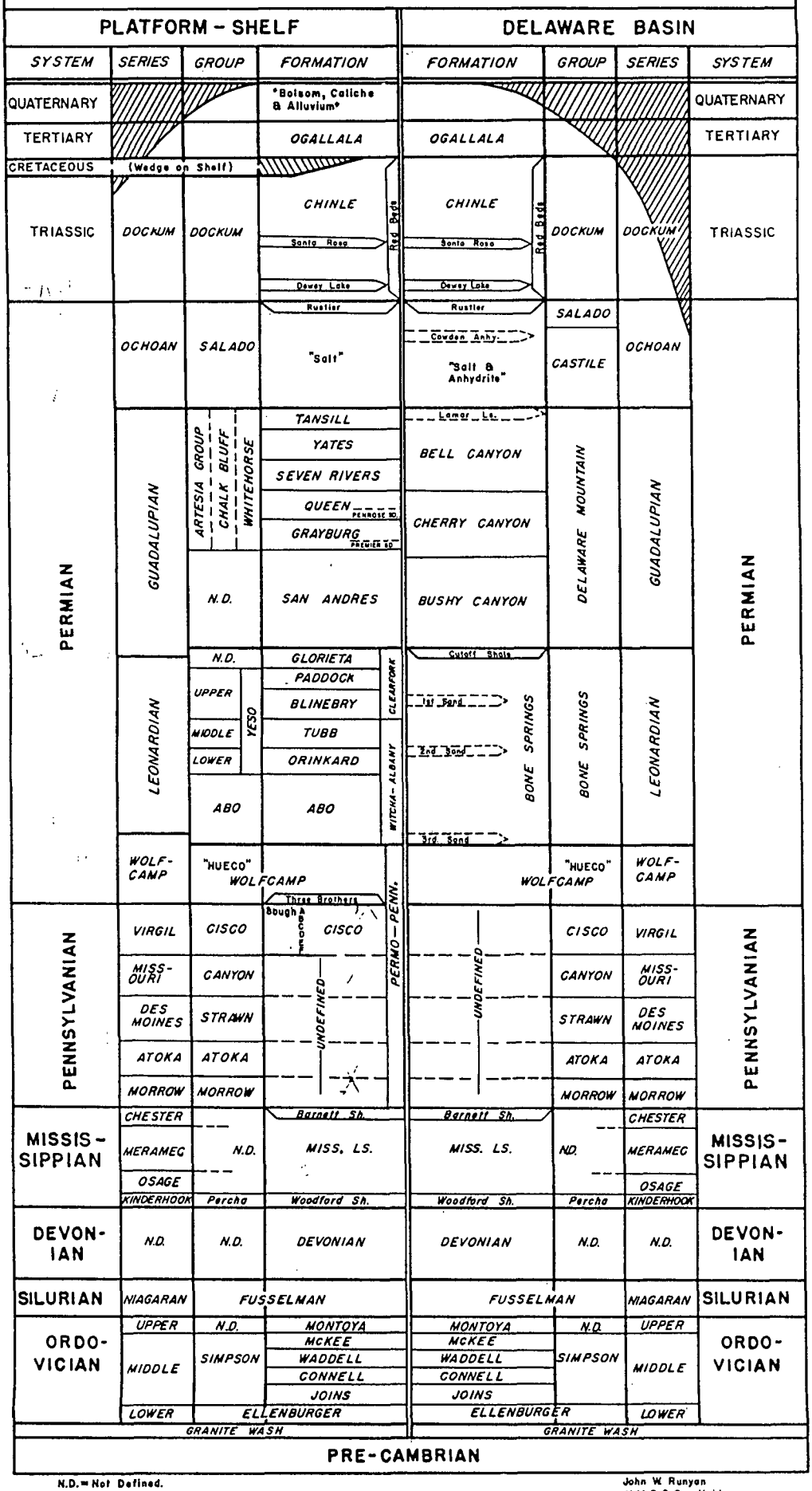


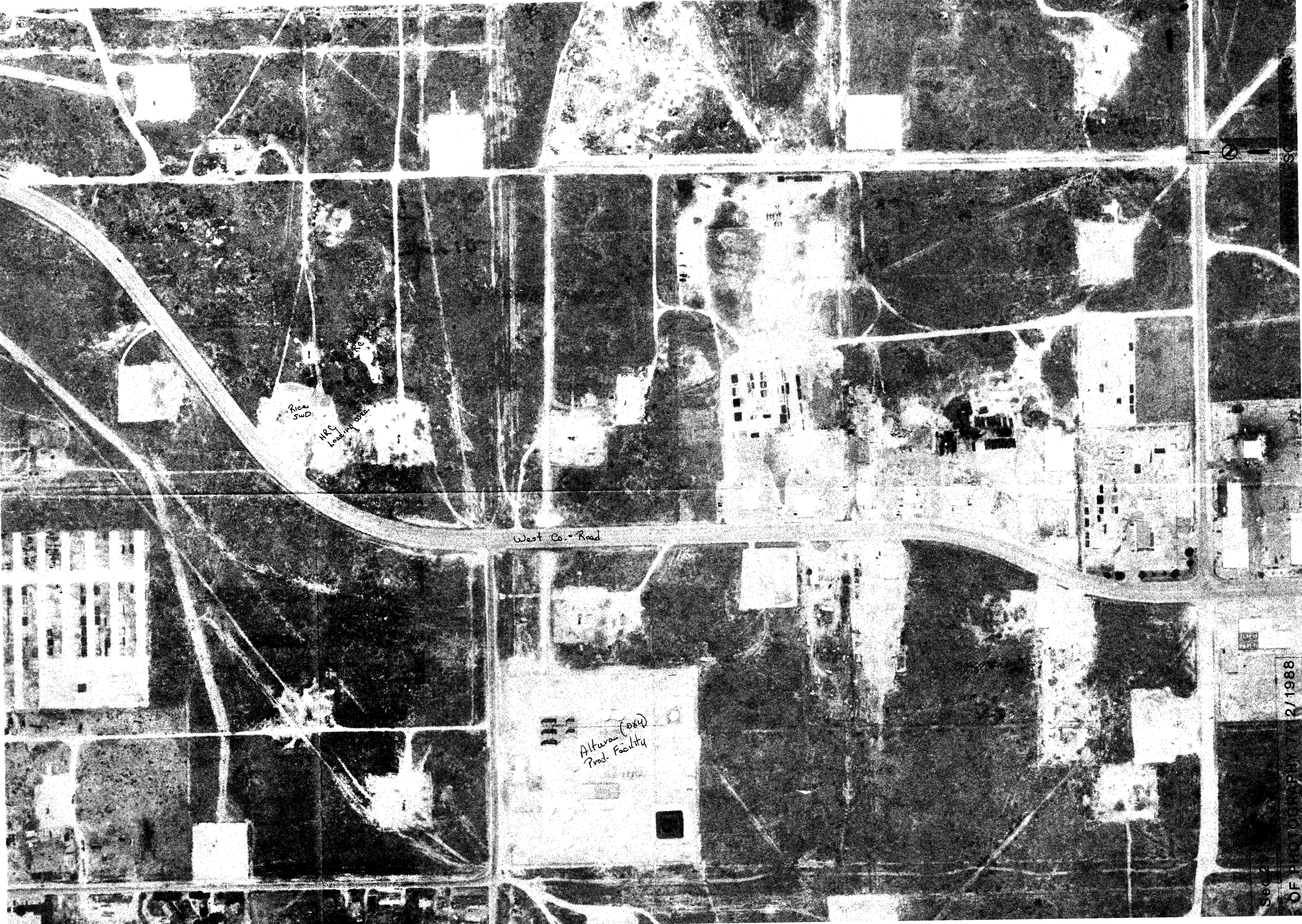
Figure 1
Permian Structural Features in Parts of West Texas and New Mexico

GENERALIZED SECTIONS SOUTHEASTERN NEW MEXICO



N.D. = Not Defined.

John W. Runyan
N.M.O.C.C. – Hobbs



Rice SWD
HRC Loading area
West Co. Road
Altura (084) Prod. Facility
2/1988

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 13, 2001

Mr. Gary Schubert
HRC Inc.
P.O. 5011
Hobbs, NM 88241

Re: Brine Well Application

Dear Mr. Schubert:

Per your request please find enclosed an application and guidelines for brine extraction facilities. If you decide to apply please fill out the application in detail and submit with a $100.00 filing fee. All checks shall be made out to: "Water Quality Management Fund".

If you have any questions please do not hesitate to contact me at 505-476-3487 or e-mail WPRICE@state.nm.us.

Sincerely;

Wayne Price-Pet. Engr. Spec.

cc: OCD Hobbs Office

attachments-2

H.R.C. INC.

HOBBS STATE #10 SECT. 29, T. 18 S., R 38 E.

APPLICATION FOR BRINE EXTRACTION WELL

AND

DISCHARGE PLAN FOR BRINE FACILITY

February 20, 2002

CONTENTS

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NEW MEXICO 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance _____Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No X Brine

II. OPERATOR: H.R.C. Inc.

ADDRESS: P.O. Box 5102 Hobbs, NM 88241

CONTACT PARTY: Gary M. Schubert PHONE: (505)393-3194

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 X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate 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.

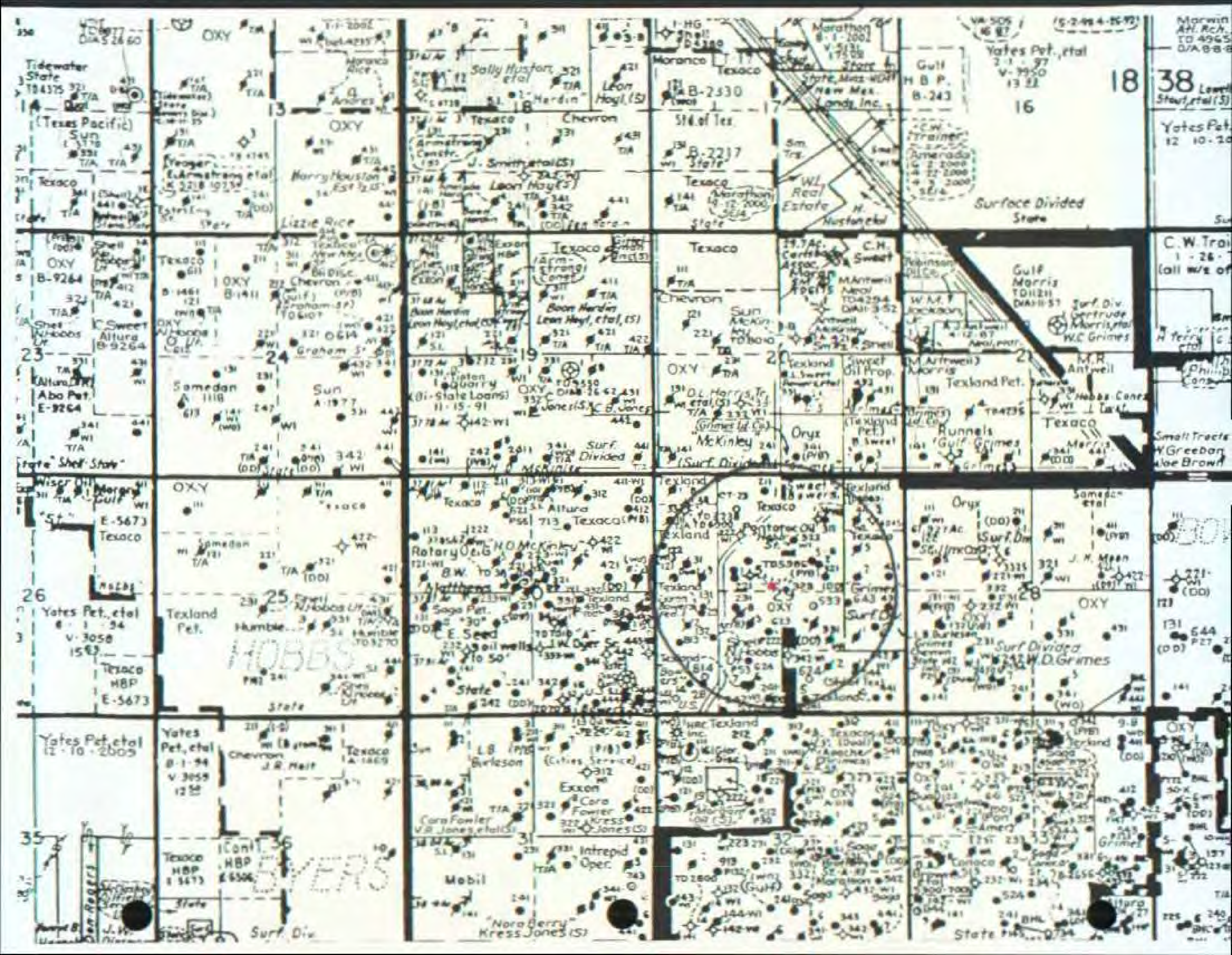
XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Eddie W. Seay TITLE: Agent

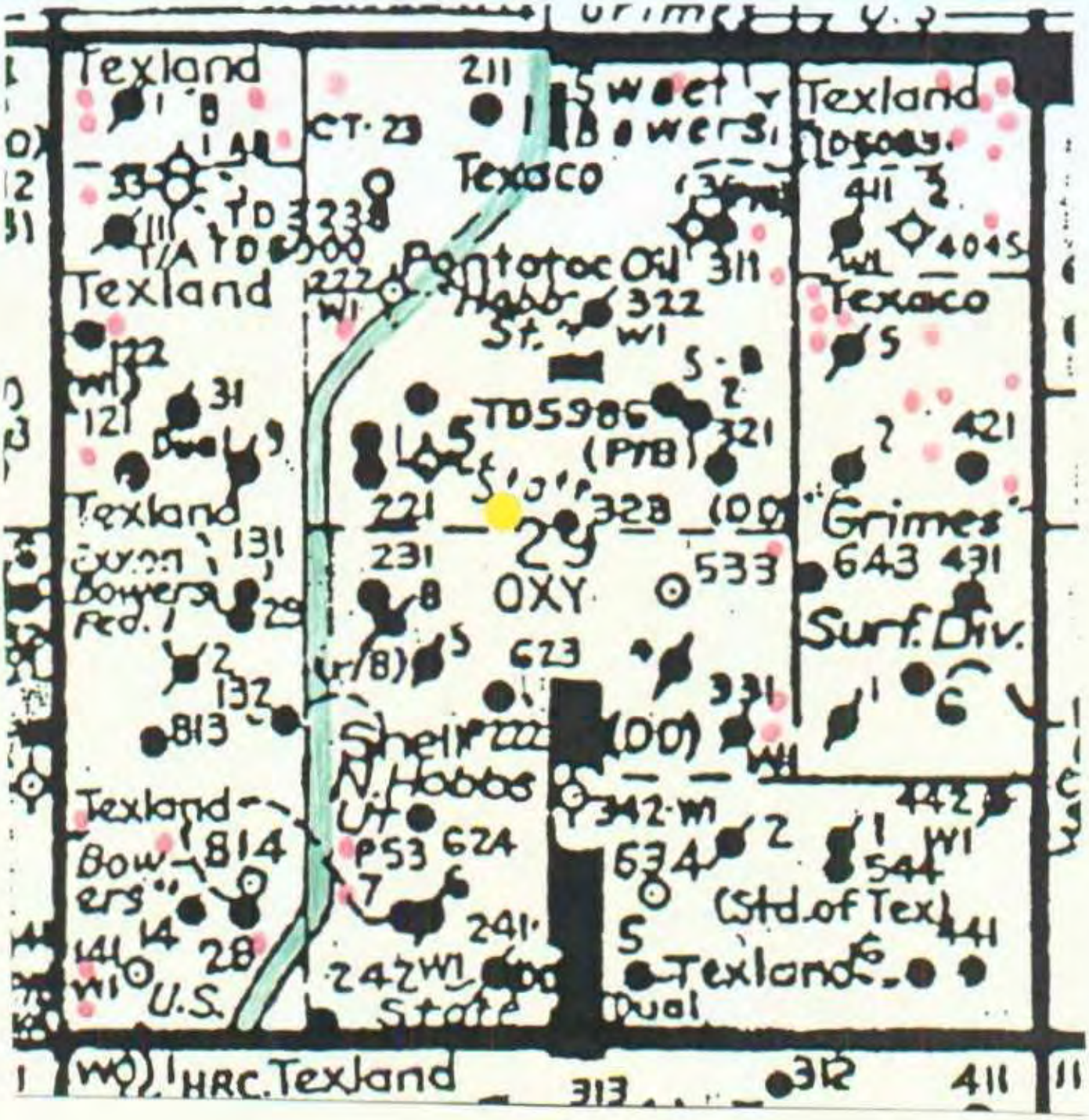
SIGNATURE: Eddie W. Seay DATE: 2/18/2002

* 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



OXY
Tidewater State
(Texas Pacific)
Sun
Texaco
Sally Huston, etal
Leon Hayl (S)
Texaco
B-2530
Std. of Tex.
B-2217 State
Texaco
W.L. Real Estate
Gulf H.B.P. B-243
Yates Pet., etal
18
38
16
Surface Divided State
Harry Houston Est.
Lizzie Rice
Armstrong Constr.
J. Smith etal (S)
Leon Hayl (S)
Chevron
OXY B-9264
C. Sweet Altura B-9264
Abo Pet. E-9264
Texaco
OXY B-1411
Chevron
Samedan
Sun
24
23
Texaco (Arm-strong) Const.
Boon Hardin Leon Hayl, etal, (S)
Texaco
Chevron
OXY
Sun McKinley
D.L. Harris Tr. etal (S)
McKinley
Oryx
Surf. Divided
20
19
C.H. Sweet
Gulf Morris
W.C. Grimes
21
M.R. Antwell
Texland Pet.
Runnels
Texaco
C.W. Trai
Small Tracts
OXY
E-5673 Texaco
Samedan
26
Yates Pet., etal
25
Texland Pet.
Humble
HOBBS
Texaco HBP E-5673
State
Texaco
Altura
Texaco
H.O. McKinley
Rotary Club
B.W. Matthews
30
C.E. Seed
Texland
Texaco
Pontotoc Oil
29
OXY
Grimes
Surf. Div.
Oryx
Surf. Div.
28
OXY
Surf. Divided W.D. Grimes
Samedan etal
J.H. Mean
Yates Pet. etal
Yates Pet. etal
Chevron J.R. Hait
Texaco
L.B. Burleson
Exxon
Cora Fowler
Kress Jones (S)
Texland
32
Sage
OXY
Conoco
33
Texaco HBP
Cont'l HBP
36
Mobil
31
Intrepid Oper.
Nora Berry Kress Jones (S)
State
Surf. Div.
35



- West county road
- Oil and gas wells
- Brine well, proposed
- Fresh water wells

VI. A list of wells within the area of review is attached. All of the producing wells in the area penetrate the salt section and are cased through the same. Some of the wells do not have cement circulated through the salt section. This is why HRC moved its original location to the new location we will be drilling. HRC will run pressure tests on the salt formation to determine if it will hold pressure and caliper logs to determine size of cavity, after we begin operations. Our new location is a minimum of 300 ft. from the nearest well. If after testing formation and running logs a problem is found, tests on the surrounding wells will be done and work performed as needed or as OCD requires.

VII. Fresh water will be used to produce brine. The fresh water will be injected down the casing and brine will be produced out the tubing.

The average injection pressure will be 200# and the maximum operating pressure 250#. Based on the activity at the facility, the average daily production will be 500 bls. and the maximum daily will be 1000 bls. The operation will be a closed system. Fresh water analysis enclosed.

VIII. HYDROLOGY

Underground aquifers in this area are the Ogallala and Quaternary Alluvium formations. The groundwater in these formations is unconfined where the underlying red beds are relatively impermeable. This underlying layer prevents further downward or upward movement. From information reviewed, the groundwater flow from the Ogallala formation flows to the south southeast, the water level for this area ranges from 50' to 70' below ground level and the average depth of the wells are 150'. Find within State Engineers list of water wells in the general area and analytical from two of the wells.

GEOLOGY

The proposed site is located on the Central Basin Platform of the Permian Basin. The sub-surface formations are in transitional area between Delaware Basins back reef or shelf area and the platform. The brine product is from the Salado Formation of the Ochoa series. The series is of upper Permian Age, and extends across the Delaware Basin, Central Basin Platforms, thins and pinches out on the eastern shelf. This series layers are predominately evaporates which contain strings of dolomite, shale, siltstone, and sandstone. The thickness of this salt section averages about 1000 ft. The Triassic rock overlaying the Permian formation is the Dockum group, and is divisible into the Santa Rosa sandstone and the Chinle formation. The Tertiary rocks are represented by the Ogallala formation. This formation ranges in thickness from 0' to 300'. It is chiefly calcareous, unconsolidated sand, clay, silt and gravel. This is the formation most of Lea Co. obtains its drinking water from.

IX. No stimulation needed.

X. Logs as the OCD requires.

XI. Attached.

XII. I, Eddie W. Seay, as agent, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the salt section and any underground source of drinking water near this site.

XIII. Proofs of Notice attached.

COUNTY OF LEA	STATE OF NEW MEXICO
NOTICE OF VALUATION FOR 20 01	
NET TAXABLE VALUES WILL BE ALLOCATED TO THE GOVERNMENTAL UNITS IN SCHOOL DISTRICT	160

OWNER # 0040900
GRIMES LAND CO LTD

PO BOX 5102
HOBBS, NM 88241

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FAMILY EXEMPTION				
OTHER EXEMPTION				
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PERSONAL				
MOBILE HOME				
LIVESTOCK				
IMPROVEMENTS				
TOTAL VALUE				
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FAMILY EXEMPTION				
OTHER EXEMPTION				

COUNTY OF LEA — STATE OF NEW MEXICO

NOTICE OF VALUATION FOR 20 01

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GRIMES LAND CO %
PO BOX 5102
HOBBS, NM 88241

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	210	SINGLE FAMILY	RES			2864
		TOTAL ACRES		4.18		

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY Altura Energy Ltd,

SAMPLE Fresh Water Well For Wells 33111 & 28131 + 29231
SAMPLED BY

DATE TAKEN 5/9/00
REMARKS T18S-R38E-Sec 29, Qtr Sec. 4,2,1

Barium as Ba	0	
Carbonate alkalinity PPM	40	
Bicarbonate alkalinity PPM	216	
pH at Lab	7.63	
Specific Gravity @ 60°F	1	
Magnesium as Mg	174	
Total Hardness as CaCO3	300	
Chlorides as Cl	155	
Sulfate as SO4	115	
Iron as Fe	0.1	
Potassium	0.09	
Hydrogen Sulfide	0	
Rw	9.4	@ 25° C
Total Dissolved Solids	850	
Calcium as Ca	126	
Nitrate	7.5	

Results reported as Parts per Million unless stated

Langelier Saturation Index 0.05

Analysis by: Vickie Walker
Date: 6/6/00

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY Altura Energy Ltd,

SAMPLE Fresh Water Well for Wells 29321, 29231, 32312
SAMPLED BY

DATE TAKEN 8/8/00
REMARKS T18S-R38E-Sec29; Qtr Sec 4,1,2

Barium as Ba	0	
Carbonate alkalinity PPM	68	
Bicarbonate alkalinity PPM	260	
pH at Lab	7.21	
Specific Gravity @ 60°F	1	
Magnesium as Mg	32	
Total Hardness as CaCO3	56	
Chlorides as Cl	325	
Sulfate as SO4	130	
Iron as Fe	0	
Potassium	0.1	
Hydrogen Sulfide	0	
Rw	12	@ 23° C
Total Dissolved Solids	841	
Calcium as Ca	24	
Nitrate	2.2	

Results reported as Parts per Million unless stated

Langelier Saturation Index -54

Analysis by: Vickie Walker
Date: 8/11/00

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: 18S Range: 38E Sections: 29

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well Data Report | Avg Depth to Water Report | Water Column Report | Clear Form | WATERS Menu | Help

WELL DATA REPORT 07/25/2001

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest

DB File Nbr	Use	(acre ft per annum) Diversion	Owner	Well Number	Tws	Rng	Sec	q	q	q	X Y are in Feet Zone	X	Y	UTM are in Meters) UTM_Zone	Easting	Northing	Start Date	Finish Date	Depth Well	Depth Water
L 04547	DOM	3	B. A. MALECHECK	L 04547	18S	38E	29	1	3	1				13	670787	3621633	11/04/1960	11/04/1960	110	70
				L 04547 APPRO	18S	38E	29	1	3	1				13	670787	3621633	11/04/1960	11/04/1960	110	70
L 05577	DOM		DAVE E. WOOD	L 05577 EXP	18S	38E	29	2	2					13	672090	3621958				
L 06203	DOM		DOW COTTRELL	L 06203 EXP	18S	38E	29	2						13	671895	3621749				
L 06453 (E)	PRO		CONTINENTAL OIL COMPANY	L 06453 (E) EXP	18S	38E	29	3	4	1				13	671205	3620834				
L 06453 (E)2	PRO		CONTINENTAL OIL COMPANY	L 06453 (E)2 EXP	18S	38E	29	3	4	1				13	671205	3620834				
L 06570 (E)	PRO	0	MORAN OIL PROD & DRILLING COR	L 06570 (E)	18S	38E	29	3	3	3				13	670802	3620628	08/05/1969	08/05/1969	110	54
L 06603	DOM		RICHARD JOHNSON	L 06603 EXP	18S	38E	29	2	1	2				13	671786	3622050				
L 06717	DOM	3	E. C. FOWLER	L 06717	18S	38E	29	2	4					13	672098	3621555	10/06/1970	10/08/1970	130	55
L 07005	SAN	3	TWO-STATE TANK RENTAL CO.	L 07005	18S	38E	29	3	3	1				13	670802	3620828	10/14/1972	10/18/1972	150	50
L 07017	DOM	3	APEX FREIGHT LINES	L 07017	18S	38E	29	3	3					13	670903	3620729	12/09/1972	12/11/1972	150	60
L 07163	DOM	3	JOE LISENBEE	L 07163	18S	38E	29	1	2					13	671284	3621944	02/01/1974	02/04/1974	110	67
L 07427	DOM	3	DON COTTRELL	L 07427	18S	38E	29	2	4					13	672098	3621555	09/16/1975	09/18/1975	130	60
L 07432	DOM	3	NORMAN L. WILLIAMS	L 07432	18S	38E	29	2	4					13	672098	3621555	09/24/1975	09/26/1975	125	55
L 07434	DOM	3	N.E. WILLIAMS	L 07434	18S	38E	29	2	4	4				13	672197	3621454	09/28/1975	09/30/1975	125	55
L 07528	OBS		PHILLIPS PETROLEUM COMPANY	L 07528 EXP 2	18S	38E	29	4	1	4				13	671801	3621044				
				L 07828 EXP	18S	38E	29	4	1	4				13	671801	3621044				
L 07530	OBS		PHILLIPS PETROLEUM COMPANY	L 07530 EXP	18S	38E	29	1	2	4				13	671383	3621843				
				L 07530 EXP 2	18S	38E	29	1	2	4				13	671383	3621843				
L 07531	OBS		PHILLIPS PETROLEUM COMPANY	L 07531 EXP	18S	38E	29	1	3	1				13	670787	3621633				
				L 07531 EXP 2	18S	38E	29	1	3	1				13	670787	3621633				
L 07570	DOM	3	SOUTHWESTERN DRILLING MUD	L 07570	18S	38E	29	3	3	3				13	670802	3620628	06/21/1976	06/22/1976	122	48
L 07673	DOM	3	LARRY FELKINS	L 07673	18S	38E	29	2	2	2				13	672189	3622057	02/05/1978	02/10/1978	125	50
L 07754	OBS	3	CROWN CHEMICAL COMPANY	L 07754	18S	38E	29	2	4					13	672098	3621555	09/08/1977	09/14/1977	207	50
L 07825	DOM	3	DONNY CAMPBELL	L 07825	18S	38E	29	2	2	1				13	671989	3622057	01/18/1978	01/18/1978	105	45
L 07826	DOM	3	JERRY BERRY	L 07826	18S	38E	29	2	2	3				13	671989	3621857	01/16/1978	01/16/1978	110	45
L 08131	DOM	3	A. T. JOHNSON	L 08131	18S	38E	29	3	1					13	670895	3621131	08/16/1979	08/23/1979	110	60
L 08135	DOM	3	J. D. WHESENHUNT	L 08135	18S	38E	29	2	4					13	672098	3621555	08/15/1979	08/18/1979	130	62
L 08191	SAN	3	TOMMY MCDANIEL	L 08191	18S	38E	29	2	2	2				13	672189	3622057	01/05/1980	01/20/1980	120	120
L 08228	SAN	3	DOW COTTRELL	L 08228	18S	38E	29	2	1	4				13	671786	3621850	03/10/1980	03/11/1980	115	68
L 08229	DOM	3	MAX WHITE	L 08229	18S	38E	29	2	4	1				13	671997	3621654	03/08/1980	03/09/1980	115	68
L 08370	SAN	3	NORMAN L. WILLIAMS	L 08370	18S	38E	29	2	2	4				13	672189	3621857	10/20/1980	10/20/1980	120	60
L 08429	DOM	3	DOW COTTRELL	L 08429	18S	38E	29	4	1	2				13	671801	3621244	08/10/1981	08/11/1981	120	62
L 08446	DOM	3	JERRY L. BROTHERS	L 08446	18S	38E	29	2						13	671895	3621749	05/03/1981	05/07/1981	120	42

L 08448	SAN	3	JACK STRINGER	L 08448	18S	38E	29	2	4	1	13	671997	3621654	11/18/1981	11/20/1981	130	36
L 08737	DOM	3	DANIEL SAGE	L 08737	18S	38E	29	2	4		13	672098	3621555	04/07/1982	04/07/1982	132	60
L 08860	SAN	3	TOMMY MCDANIEL	L 08860	18S	38E	29	2			13	671895	3621749	12/12/1983	12/12/1983	130	39
				L 08860 EXP	18S	38E	29	2			13	671895	3621749				
L 08867	SAN	3	BIG HORN TANK RENTAL	L 08867	18S	38E	29	2	2		13	672090	3621958	07/09/1982	07/10/1982	120	52
L 09586	DOM	3	KELDON COTTRELL	L 09586	18S	38E	29	2	4		13	672098	3621555	11/26/1984	11/28/1984	120	76
L 09682	SAN	3	JERRY BROTHERS	L 09682	18S	38E	29	2	2	3	13	671989	3621857	09/29/1985	09/30/1985	120	45
L 09705	SAN	3	TJ & C	L 09705	18S	38E	29	3	3	4	13	671002	3620620	07/19/1985	07/19/1985	135	65
L 09777	SAN	3	PAUL MUSSLEWHITE TRUCKING CO.	L 09777	18S	38E	29	1			13	671089	3621735	01/10/1986	01/13/1986	150	84
L 10860	DOM	3	KELLY WILLIAMS	L 10860	18S	38E	29	1	1	1	13	670780	3622036	07/20/1998	07/21/1998	160	39
L 10913	DOM	0	RAYMOND STONE	L 10913	18S	38E	29	1	3	3	13	670787	3621433			160	
L 11171	SAN	3	CONOCO	L 11171	18S	38E	29	3	4	1	13	671205	3620834	04/19/2001	04/19/2001	206	
L 11176	nul	0	TEXLAND PETROLEUM-HOBBS, LLC	L 11176	18S	38E	29	4	1	4	13	671801	3621044			210	

Record Count: 47

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Bowers A Fed. #28	30-025-	23022	29	-18S	-38E	M	4//69	P	5345	5856	5928	NONE	11.75	15	374	300	CIRC**
Exxon									CIBP				8.625	11	3850	500	1879**
													5.5	7.875	5989	450	3838**
Bowers A Fed. #29	30-025-	23131	29	-18S	-38E	L	5//69	P	6000	5808	5889	NONE	11.75	15	370	300	CIRC**
Exxon													8.625	11	3849	500	1877**
													4.5	7.875	6000	450	5087**
WD Grimes #6	30-025-	23400	29	-18S	-38E	I	2//70	P	7018	6631	6984	NONE	13.375	17.5	377	400	CIRC**
Lewis B. Burleson									PBTD				9.625	12.25	3847	2300	CIRC**
													7	8.75	7049	540	3458**
Bowers A Fed. #CT22	30-025-	21961	29	-18S	-38E	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Humble																	
Bowers A Fed. #CT23	30-025-	21962	29	-18S	-38E	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Humble																	
Hobbs State #1	30-025-	23585	29	-18S	-38E	F	10//70	P	7032	6680	6992	NONE	12.75	17.5	356	400	CIRC
Marcum Drilling									PBTD				8.625	11	3795	300	2600
													5.5	7.875	7050	150	3839-CBL
Hobbs State #2	30-025-	23620	29	-18S	-38E	G	1//71	P	6397	6705	7031	6318-6350	9.625	12.75	358	200	CIRC
Marcum Drilling									PBTD				7	8.75	3850	250	2481**
													4.5	6.125	7075	425	1672**
Hobbs SWD F #WD29	30-025-	12802	29	-18S	-38E	F	2//60	I	5050	4469	5050	NA	9.625	12.25	400	300	CIRC**
Rice											OH		7	8.75	4700	700	CIRC**

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Hobbs State #3	30-025-	23621	29	-18S	-38E	B	12//70	SWD	6060	5144	6029	NONE	9.625	12.25	350	200	CIRC
HRC, Inc.													7	8.75	3850	200	2300
													4.5	6.25	6083	200	3112
St I #6	30-025-	23252	29	-18S	-38E	P	8//69	P	6986	6652	6929	NA	9.625	12.25	3800	600	1905**
Std of Tx													7	8.75	3549	700	CIRC**
													5.5	7.875	7013	NA	NA
St A #4	30-025-	07439	29	-18S	-38E	J	2//47	PA	3215	3167	3194	NA	10.75	15	200	250	CIRC**
Conoco													5.5	7.875	3200	600	CIRC**
State A #5	30-025-	07440	29	-18S	-38E	K	3//47	PA	3200	3168	3188	NONE	10.75	15	280	200	CIRC**
Conoco													7.625	9.875	1573	425	CIRC**
													5.5	7.875	3197	450	CIRC**
State A #6	30-025-	07441	29	-18S	-38E	N	7//47	PA	3172	3158	3166	NONE	12.75	15	260	200	CIRC
Conoco													8.625	10.75	1562	475	CIRC**
													7	8.25	2721	350	CIRC**
													5	6.25	3172	500	CIRC**
Bowers A #12	30-025-	07450	29	-18S	-38E	L	4//47	PA	3088	NA	N A	NA	8.625	11	236	100	CIRC**
Exxon									PBTD				5.5	7.625	3144	675	880-TS
Bowers A #14	30-025-	07451	29	-18S	-38E	O	8//47	PA	3207	3162	3207	NONE	8.625	11	496	400	CIRC**
Exxon													5.5	7.625	3120	1350	CIRC**
Bowers A-B #1	30-025-	07453	29	-18S	-38E	D	9//48	PA	3238	3179	3238	NA	8.625	11	260	150	CIRC**
Exxon										OH			5.5	7.625	3179	1050	CIRC**
Bowers A Fed. #9	30-025-	07446	29	-18S	-38E	E	8//30	PA	4259	NA	NA	NA	9.625	12	2750	650	CIRC**
Exxon													7	8.75	3976	300	2011**
													5	6.25	4259	NA	NA

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Bowers A Fed. #31	30-025-	23176	29	-18S	-38E	E	6//69	PA	7050	6075	6991	NONE	8.625	11	3836	500	1858**
Exxon													5.5	7.875	7038	650	3125**
													2	7.875	7005	NA	NA
Bowers A Fed. #33	30-025-	23222	29	-18S	-38E	D	7//69	PA	3970	4144	5953	4256-66	13.375	17	416	400	CIRC**
Exxon									CIBP			5939	9.625	12.25	3836	350	2555-TS
													7	8.75	5988	550	2900-TS
Bowers A Fed. #CT24	30-025-	21963	29	-18S	-38E	E	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Humble																	
Bowers A Fed. #CT25	30-025-	21964	29	-18S	-38E	E	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Exxon																	
WD Grimes #2	30-025-	07455	29	-18S	-38E	A	2//48	PA	4045	NA	NA	NA	8.625	11	242	150	CIRC**
Humble													5.5	7.375	3205	450	CIRC**
Hobbs State #5	30-025-	23662	29	-18S	-38E	F	1//71	PA	5959	5813	5879	NA	9.625	12.25	364	200	CIRC
Ne-O-Tex													7	8.75	3826	200	2250
													4.5	6.25	5986	120	3800 (C)
St #1	30-025-	07442	29	-18S	-38E	P	8//30	PA	4191	3150	4191	NA	13.375	17.5	217	200	CIRC**
Std of Tx											OH		9	12.25	2735	500	1473**
													6.625	7.875	3907	174	2374**
St #2	30-025-	07443	29	-18S	-38E	O	9//30	PA	4171	3155	4156	NA	13	17.5	225	150	CIRC**
Std of Tx													9.625	12.25	2810	725	CIRC**
													7	8.75	3951	300	1973**
WD Grimes #1	30-025-	07456	29	-18S	-38E	I	8//30	PA	4160	3168	3189	3259-61	12.5	17.5	236	200	CIRC**
Tidewater												3049-50	9.625	12.25	2712	600	273**
													6.625	8.75	3826	300	2404**
Grimes #2	30-025-	07457	29	-18S	-38E	H	10//30	PA	4176	3148	3255	3086-3088	15.5	18	230	200	CIRC**
Tidewater												3270-3272	9.625	12.25	2718	600	282**
													7	8.75	3880	300	1867**
													5.5	7.875	3350	100	3088**
Grimes #5	30-025-	07460	29	-18S	-38E	H	12//30	PA	4196	NA	NA	NA	12.5	16	214	250	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Tidewater													9.625	12.25	2715	600	277**
													7	8.75	3911	400	595**

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
29131	30-025-	07447	29	-18S	-38E	L	10//30	P	4168	4050	4210	NONE	12.5	18	225	250	CIRC
Oxy									PBTD				9.625	12	2750	650	660**
													7	8.75	3976	300	1504-CBL
													5	6.125	3870-4220	50	3930-CBL
29132	30-025-	26917	29	-18S	-38E	L	12//80	I	4470	4025	4245	NONE	16	20	40	40	CIRC
Oxy									PBTD				8.625	12.25	1595	785	CIRC
													5.5	7.875	4510	900	CIRC**
29141	30-025-	07448	29	-18S	-38E	M	8//30	I	4238	3690	4228	3960-4108	12.5	18	203	200	CIRC
Oxy									PBTD			4033-4053	9.625	12	2736	650	1000**
													7	8.75	3960	300	1850**
													5.5	7.875	3941	250	3460-CBL
													4.5	6.25	3417-4238	50	3774-CBL
29211	30-025-	07433	29	-18S	-38E	C	11//30	TA	4003	4217	4270	4053-4150	12.5	18	243	250	CIRC
Oxy									CIBP			4180-4200	9.625	12	2796	400	CIRC
												4211-4215	7	8.75	4007	500	3014**
													5.5	6.25	3957-4238	50	3957
29221	30-025-	07430	29	-18S	-38E	F	9//30	P	4210	4118	4176	4154-4162	12.5	18	210	200	CIRC
Oxy									PBTD			4175-4185	9.625	12	2704	400	1236
												4195-4200	7	8.75	3979	500	2753
												4213-4267	4.5	6.125	3910-4213	50	3910
29222	30-025-	26934	29	-18S	-38E	F	4//81	I	4465	4175	4265	NONE	16	20	40	40	CIRC
Oxy													8.625	12.25	1605	950	CIRC
													5.5	7.875	4510	1050	CIRC
29231	30-025-	07438	29	-18S	-38E	K	10//30	P	4255	4106	4255	NONE	15.5	18	252	1000	CIRC**
Oxy													9.625	12.25	2729	600	CIRC
													7	8.75	3953	300	2718
													5	6.25	3906-4220	50	3906
29241	30-025-	07437	29	-18S	-38E	N	10//30	I	4255	4076	4239	NONE	12.5	18	217	160	CIRC
Oxy													9.625	12	2730	500	895
													7	8.75	3929	350	1850

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
													5.5	7.875	3822-4299	60	3822
29242	30-025-	28413	29	-18S	-38E	N	3//84	P	4370	4005	4257	4019	16	20	30	NA	CIRC
Oxy												4037	8.625	12.25	1511	750	CIRC
												4040	5.5	7.875	4368	750	2330
29311	30-025-	07432	29	-18S	-38E	B	10//30	P	4269	4044	4269	4090-4110	12.5	16	241	250	113
Oxy												4171	9.625	11.75	2776	400	2750
													7	8.75	4008	500	2949
													5.5	6.25	3921-4234	350	3786
29321	30-025-	07431	29	-18S	-38E	G	9//30	P	4301	4137	4271	3895	12.5	16	211	250	CIRC
Oxy									PBTD			4100	9.625	11.75	2756	250	921
													7	8.75	3995	300	2930-CBL
													5	6.25	3812-4308	100	3894-CBL
29322	30-025-	28883	29	-18S	-38E	G	11//84	I	4342	4160	4256	NONE	13.375	17.5	40	NA	CIRC
Oxy									PBTD				8.625	12.25	1520	620	CIRC
													5.5	7.875	4384	850	CIRC
29323	30-025-	28941	29	-18S	-38E	G	1//85	P	4180	3089	4272	NONE	13.375	17.5	40	NA	CIRC
Oxy									PBTD				8.625	12.25	1542	375	CIRC
													5.5	7.875	4370	450	575-CBL
29331	30-025-	07436	29	-18S	-38E	J	9//30	I	4261	4100	4258	4044-4065	9.625	11.75	2742	500	907
Oxy													7	8.75	3929	300	2115
													4.5	6.25	4270	750	3788 CBL
29341	30-025-	07445	29	-18S	-38E	O	10//30	P	4090	4050	4146	4010-4035	13.375	15	210	150	CIRC**
Oxy									PBTD				9.625	12	2750	700	CIRC**
													7	8.75	3934	300	3430-CBL
													5	6.25	4162	350	CIRC
29342	30-025-	28884	29	-18S	-38E	O	11//84	I	4375	4083	4250	NONE	13.375	17.5	40	NA	NA
Oxy													8.625	12.25	1520	620	CIRC
													5.5	7.875	4375	875	CIRC
29411	30-025-	07454	29	-18S	-38E	A	10//30	I	4335	4200	4335	4102-4137	12.5	16	245	250	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Oxy												4057-4091	9.625	11.75	2750	650	365**
												4154-4158	7	8.75	4045	300	2231**
													5.5	6.25	3941-4223	30	3941**
29431	30-025-	07458	29	-18S	-38E	I	10//30	P	4227	4155	4225	4010	15.5	18	228	200	CIRC**
Oxy									PBTD			4075	9.625	12.25	2720	600	978**
													7	8.75	3900	400	2086**
													5.5	6.25	3209-4229	120	3209**
29441	30-025-	07444	29	-18S	-38E	P	10//30	P	4211	4058	4266	4020-4028	13.375	18	232	150	CIRC**
Oxy									PBTD				9.625	12	2743	1400	CIRC**
													7	8.75	3950	300	3240-CBL
													5	6.5	4172	22	4020
29442	30-025-	28885	29	-18S	-38E	P	2//85	I	4237	4065	4210	4031	13.375	17.5	40	NA	CIRC
Oxy									CIBP			4036	9.625	12.25	1536	575	CIRC
													7	7.875	4370	1100	CIRC
29544	30-025-	34644	29	-18S	-38E	P	7//99	P	4359	4124	4256	NONE	14	18	40	50	CIRC
Oxy									PBTD				8.625	12.25	1565	725	CIRC
													5.5	7.875	4400	775	CIRC
																	TOC
29111	30-025-	23919	29	-18S	-38E	D	12//71	P	4287	4183	4287	3905-4250	8.625	11	310	150	CIRC
Oxy									PBTD				5.5	7.875	3905	300	2427**
29121	30-025-	07449	29	-18S	-38E	E	3//47	P	4275	3924	4275	4070-85	9.625	12.25	2739	650	890
Oxy												4110-20	7	8.75	3104	100	2640 CBL
												4130-50	4.5 Lnr	6.25	2900-4201	100	2900
29421	30-025-	07459	29	-18S	-38E	H	11//30	PA	308	3880	4232	NONE	12.5	16	220	200	CIRC**
Oxy									CICR				9.625	11.75	2720	600	518**
													7	8.75	3880	300	2914-CBL
													5.5	6.25	3796-4236	50	3866
29122	30-025-	28953	29	-18S	-38E	E	2//85	I	4215	4154	4211	NONE	13.375	17.5	40	NA	CIRC
Oxy									(CIBP)				8.625	11	1510	785	CIRC
													5.5	7.875	4370	435	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

FOR WELLS 28332,29231,29321,30223,32312,32431																	
Well Name	API No.			Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator							Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
State B #5	30-025-	07434		29	-18S	-38E	G	12//48	P	3224	3136	3224	1680-1682	10.75	13.75	220	200	CIRC**
Collins & Ware														7.625	9.875	1665	300	CIRC**
														5.5	6.75	3136	300	CIRC**
State B #6	30-025-	07435		29	-18S	-38E	F	1//47	P	3219	3137	3219	NONE	7.625	9.875	414	200	390
Collins & Ware														5.5	6.75	3137	394	CIRC**
St I #5	30-025-	23173		29	-18S	-38E	O	7//69	P	6970	6648	6930	NONE	8.625	12.25	3808	300	3418**
Texland Pet.														6.625	8.75	3575	530	CIRC**
														5.5	7.875	7022	NA	NA
State A #7	30-025-	22934		29	-18S	-38E	N	2//69	P	6050	5823	5941	NONE	11.75	15	360	250	CIRC**
Conoco														8.625	11	3800	240	2515-TS
														5.5	7.875	6050	405	3300-TS
State A #8	30-025-	23048		29	-18S	-38E	K	4//69	TA	3567	3652	5787	5824-5924	11.75	15	360	250	CIRC**
Conoco										CIBP				8.625	11	3800	240	3064**
														5.5	7.875	5960	405	4309**

** Denotes calculated TOC with 50% efficiency

WELL SCHEMATIC:
[illegible] OF TX- STATE #1

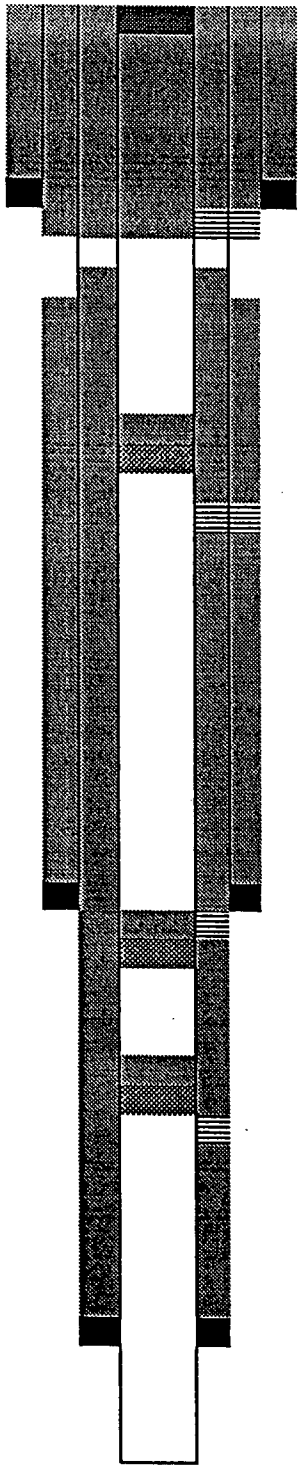
WELL PLUGGED:
11/25/89

Size: 13 3/8"
Depth: 217'
200 SX
TOC: SURF (C)
TOC: Circ. – Calc.
With 50% effic.

Size: 9"
Depth: 2735'
Hole size: 12.25"
Cmt: 500 sxs
TOC: 1200'- Calc.
With 50% effic.

Size: 6 5/8"
Depth: 3907'
Hole size: 7.875"
Cmt: 357 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 4191'



Weld ½" plate on top.

Perf 6 5/8" and 9" at 267'.
Pumped 170 sx cmt down
Prod csg, circ cmt out
Intermediate and surf csg
Annuli. Cut off 6 5/8" csg 3'
Below GL. Cap w/ ½" plate
And valve wellbore.

Set cicr at 1404'.

Perf 6 5/8" and 9" at 1500'.
Sqzd perfs w/200 sx cmt.

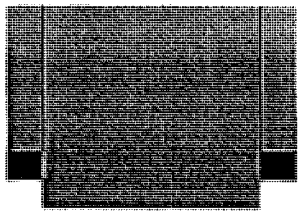
Perfd 6 5/8" csg at 2785'.
Sqzd perfs w/55 sx cmt.
Set cast iron cmt ret at 2681'.
Cap cmt ret w/35' cmt.

Capped CICR w/35' cmt to
3000'.
Set cast iron cmt ret at 3060'
Sqzd perfs w/106 sx to 3000'
Perfs at 3138' to 3241'

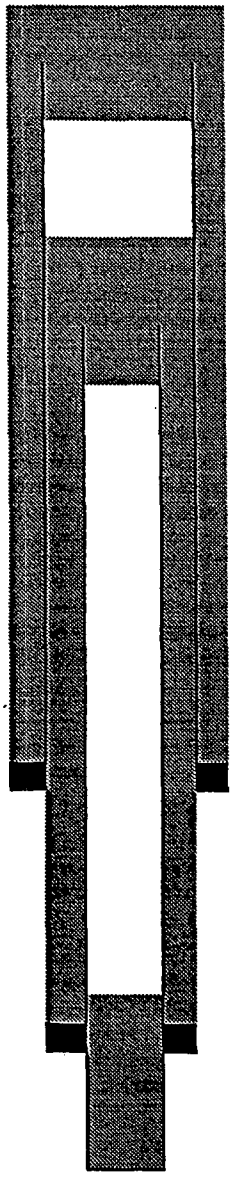
Grimes #5
Tidewater Oil Co.
Unit H, 1650 FNL & 990 FEL
Sec. 29, T-18S, R-38E

WELL PLUGGED:
3/17/81

Size: 12.5"
Depth: 214'
Hole Size: 17.5"
Cmt: 325 sxs
TOC: Circ.



Spotted 500 sxs at 400' to surface



9.625" top at 1198

Spotted 100 sxs at 1249'

7" top at 1750'

Spotted 100 sxs at 1800'

Size: 9.625"
Depth: 2715'
Hole Size: 12.25"
Cmt: 600 sxs
TOC:

Size: 7"
Depth: 3911'
Hole size: 8.75"
Cmt: 400 sxs
TOC:

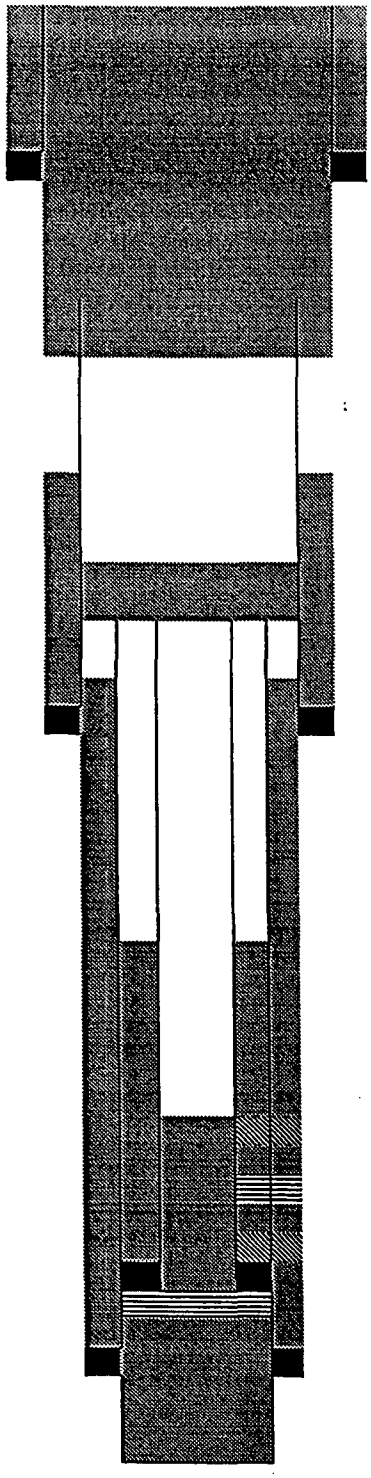
Spotted 100 sxs at 4107

TD: 4200'

W.D. Grimes #2
Tidewater Oil Co.
Unit H, 990 FEL & 2310 FNL
Sec 29, T-18S, R-38E

WELL PLUGGED:
2/18/82

Size: 15.5"
Depth: 230'
Hole size: 17.5"
Cmt: 200 sxs
TOC: Circ. – Calc.
50% efficiency



Circ. 15335 sxs from 1361 to surface

Cut off 9.625" at 1200'

25 sxs cmt. Plug

Cut off 7 and 5.5" at 2030'

Size: 9.625"
Depth: 2718'
Hole size: 12.25"
Cmt: 600 sxs
TOC:

Size: 5.5"
Depth: 3350
Hole size: 7"
Cmt: 100
TOC: 3088' – Calc
with 50% effc.

15 sxs plug

Perfs 3086-88, sqz'd w/ 100 sxs

Perfs 3148-3255

Perfs 3270-72, sqz'd w/ 50 sxs

Cmt Ret. 3350'

Size: 7"
Depth: 3880'
Hole size: 8.75"
Cmt: 300 sxs
TOC:

TD: 4176

WELL SCHEMATIC:
DEWATER WD GRIMES #1

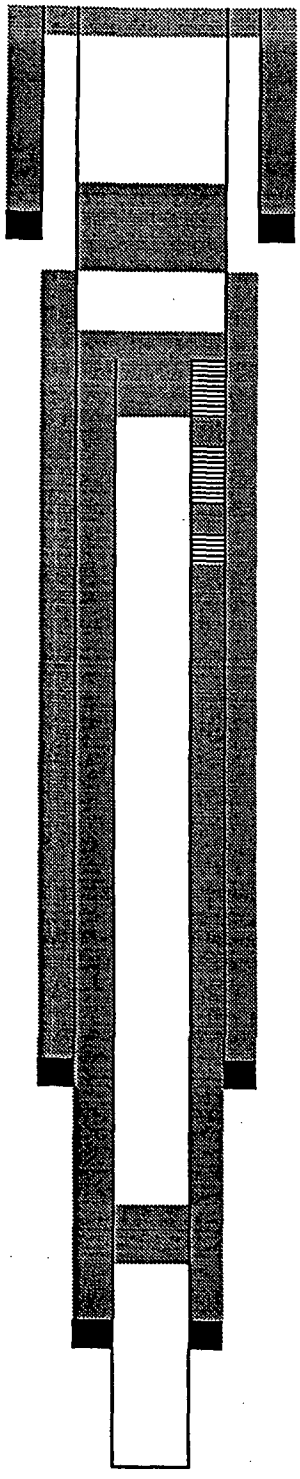
WELL PLUGGED:
7/25/68

Size: 12 ½"
Depth: 236'
Hole size: 17.5"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 9 5/8"
Depth: 2712'
Hole size: 12.25"
Cmt: 600 sxs
TOC: 273'- Calc.
With 50% effic.

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 300 sxs
TOC: 800' FP

TD:4160'



Laid 10 sx plug at surface.

Laid 25 sx cmt at bottom of 12 ½" csg.

Laid 25 sx over 7" stub.
Shot at 787' and pulled.
Shot at 899'.

Shot at 1044'.
Shot at 1193'.

Shot at 1404'.

Spotted 25 sx cmt plug from 3599' to 3467'.

WELL SCHEMATIC:
ALTURA NHU 29-421

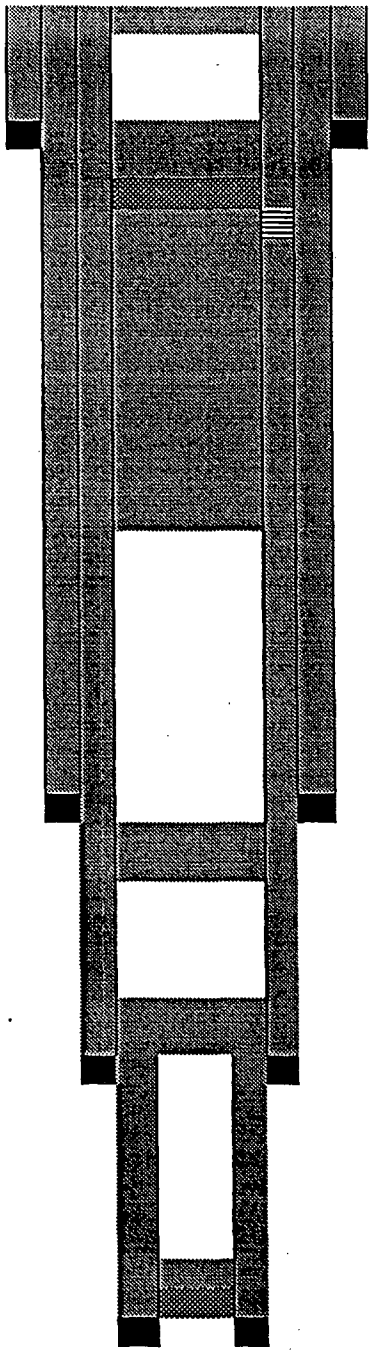
WELL PLUGGED:
12/3/97

12.5"
220'
200 SX
TOC: CIRC

9.625"
2720'
600 SX
TOC: 518'

7"
3880'
300 SX
TOC: 2914 CBL

5.5"
3796'-4236'
50 SX
TOC: 3866'



10 sx cmt from 62' to surf.

Stung out and left 60' cmt on Top of ret.

Perf at 500'. Set CICR at 308'

Squeeze 100 sx cmt below Ret. to surf in 7" csg. x 9.625" Csg.

Pumped 20 sx cmt from 1868 To 1748'.

Pumped 20 sx cmt from 2862 To 2742'.

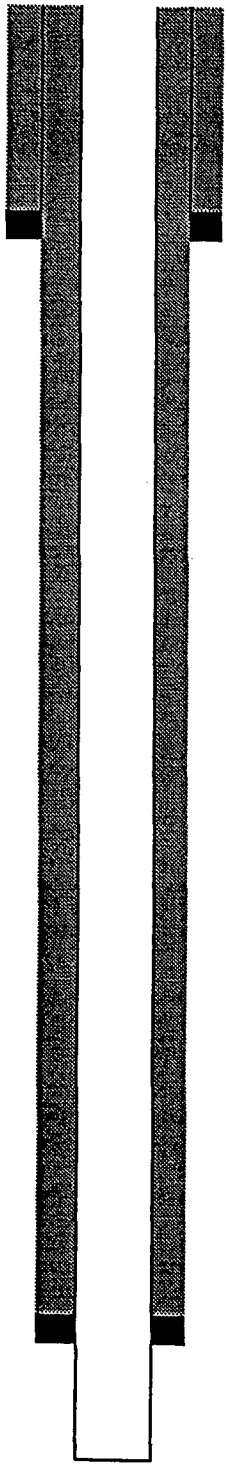
Pumped 20 sx cmt from 3873 To 3722'.

Set CIBP at 4100'. Cap w/40' Cmt.

W. D. Grimes #2
Humble Oil & Refining Co.
Unit A, NE/4 of NE/4
Sec 29, T-18S, R-38E

WELL PLUGGED:
3/23/48

Size: 8.625"
Depth: 242'
Hole size: 11"
Cmt: 150 sxs
TOC: Circ.- Calc.
50% efficiency



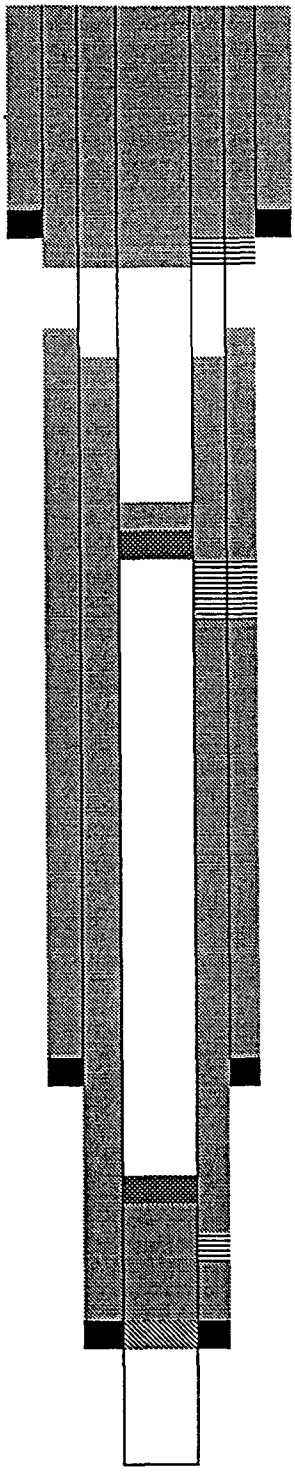
Size: 5.5"
Depth: 3140'
Hole size: 7.375"
Cmt.: 450 sxs
TOC: Circ.- Calc.
50% efficiency

TD: 4045'

WELL SCHEMATIC:
D OF TX STATE #2

WELL PLUGGED:
12/5/89

Size: 13"
Depth: 225'
Hole size: 17.5"
Cmt: 150 sxs
TOC: Circ. – Calc.
With 50% effic.



Sqzd perfs at 292' with 220 sx. Circ to surface

Size: 9 5/8"
Depth: 2810'
Hole size: 12.25"
Cmt: 725 sxs
TOC: Circ. – Calc.
With 50% effic.

Set cicr at 1404' and capped With cmt.
Perf'd at 1500'.
Sqzd perfs at 1500' with 300 sx

Size: 7"
Depth: 3951'
Hole size: 8.75"
Cmt: 300 sxs
TOC: 1240'- Calc.
With 50% effic.

PBTD: 3072'

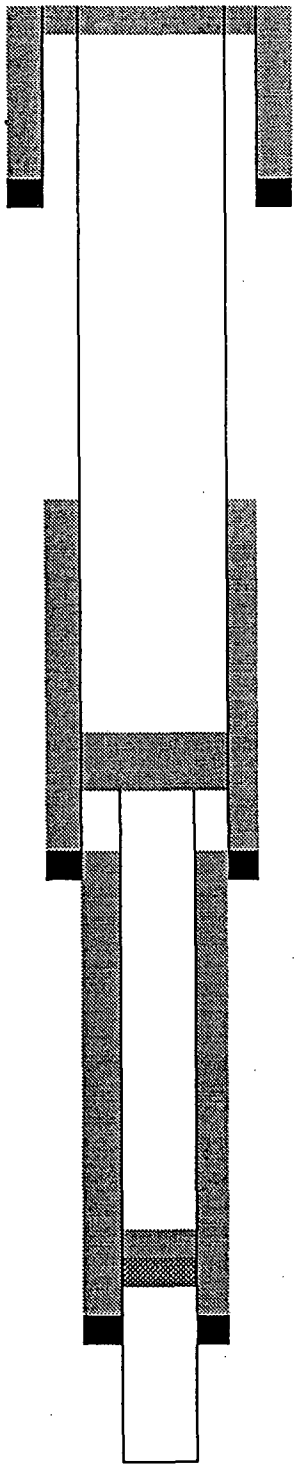
Set cicr at 2744'.

Perfs sqzd at 2852', sqzd With 55 sx.
Dumped 35' cmt onto CIBP.
CIBP at 3072'

WELL SCHEMATIC:
-O-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted 10' cmt plug at surf.

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

PBTD: 5959'

TD: 5986'

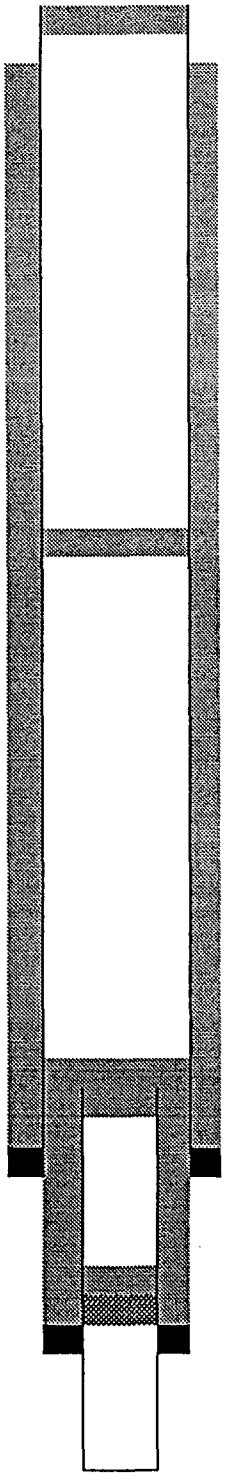
WELL SCHEMATIC:
GETTY G.O. MCKINLEY #3

WELL PLUGGED:
8/26/75

Size: 9 5/8"
Depth: 2755'
Hole size: 12.25"
Cmt: 600 sxs
TOC: 337' – Calc.
With 50% effic.

Size: 7"
Depth: 3166'
Hole size: 8.25"
Cmt: 100 sxs
TOC: 2595'- Calc.
With 50% effic.

TD: 3199'



Laid 10 sx cmt plug in top.

Laid 37 sx cmt plug from
1575' to 1475'.

Ran 2 3/8" tbg to 3000'.
Circulated hole with 123 bbls.
Brine water w/23 sx salt gel.
Pulled tbg.
Shot csg at 2547'. Pulled and
Laid down 84 joints(2555') 7"
Csg. Ran tbg to 2616' and
Laid 28sx cmt plug from
2616' to 2516'.

Set Titan CIBP at 3095'.
Dumped 7 sx cmt on top of
CIBP.

WELL SCHEMATIC:
EXXON BOWERS A FED #33

WELL PLUGGED:
10/3/72

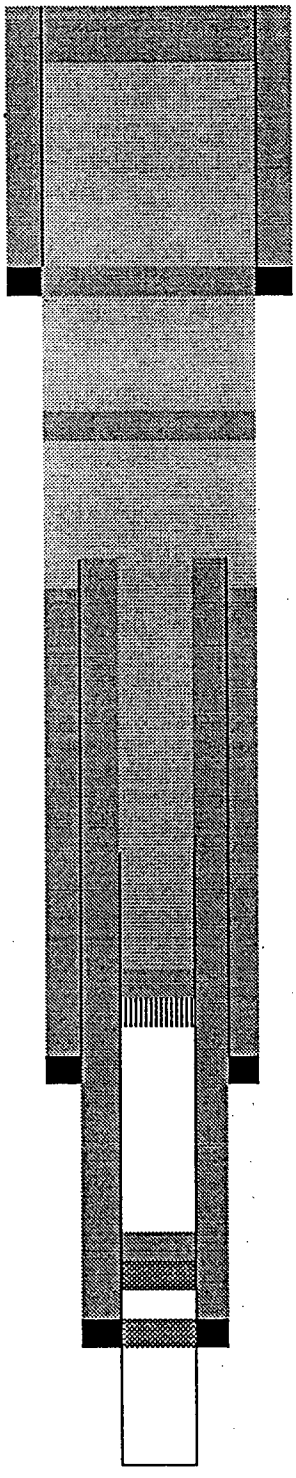
Size: 13 3/8"
Depth: 416'
Hole size: 17"
Cmt: 400 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 9 5/8"
Depth: 3836'
Hole size: 12.25"
Cmt: 350 sxs
TOC: 2555' T.S.

CIBP at 3970'

Size: 7"
Depth: 5988'
Hole size: 8.75"
Cmt: 550 sxs
TOC: 2900' – T.S.

TD: 6000'



Spot 20' cmt plug at surf

Spot 100' cmt plug at 416'

Run tbg to 1400' & spot 100' cmt plug

Cut & pull 9 5/8" csg from 1889'

Cut & pull 7" csg from 2560'

Spot 100' cmt on top of CIBP

Set CIBP at 5800' and Capped with cmt.

Set CIBP at 5900'.

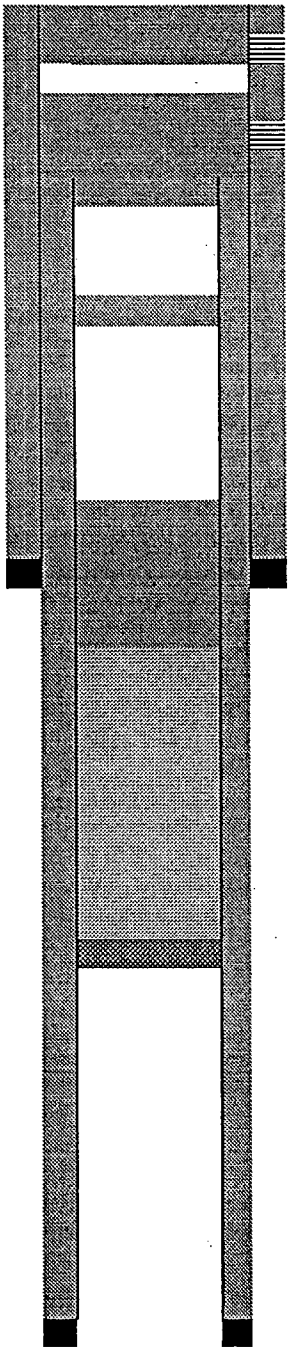
WELL SCHEMATIC:
EXXON BOWERS A FED #31

WELL PLUGGED:
8/30/90

Size: 8 5/8"
Depth: 3836'
Hole size: 11"
Cmt: 500 sxs
TOC: 1858' Calc.
With 50% effic.

Size: 5 ½"
Depth:7038'
Hole size: 7.875"
Cmt: 650 sxs
TOC: 3125' Calc.
With 50% effic.

TD: 7050'



Perf'd @ 450'. Pump 211 sx
Down 8 5/8" csg to surf.
Spot 77 sx from 1490-1200'
Perf'd at 1485'.
Cut off 5 ½" csg at 1500'.

Spotted 25 sx cmt plug at
2716'.

Spot 50 sx cmt from 4100' to
3600'.

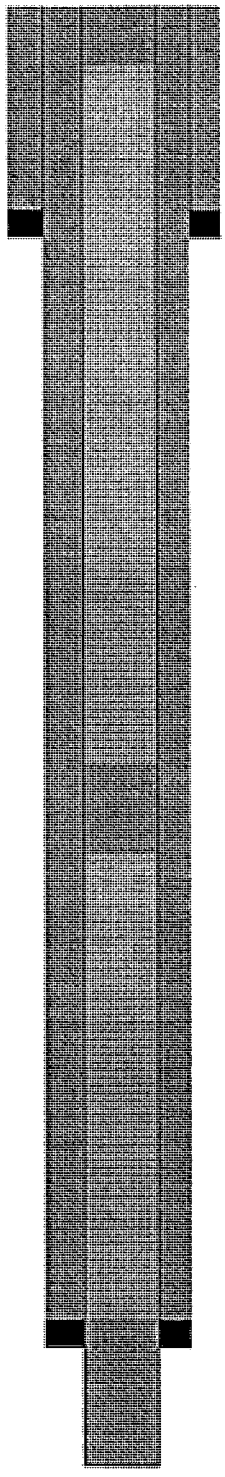
Displaced hole with salt gel
Mud.

Tagged CIBP w/35' cmt cap
At 5710'.

WELL SCHEMATIC:
EXXON BOWERS AB FED #1

WELL PLUGGED:
11/26/48

Size: 8 5/8"
Depth: 260'
Hole size: 11"
Cmt: 150 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted 20 sx cmt plug from 160' to surface.

All intervals between plugs Was filled with mud laden Fluid.

Size: 5 ½"
Depth: 3179'
Hole size: 7.625"
Cmt: 1050 sxs
TOC: Circ. – Calc.
With 50% effic.

Spotted 40 sx cmt plug from 1800' to 1480'.

TD: 3238'

Spotted 15 sx cmt plug from 3238' to 3136'.

WELL SCHEMATIC:
EXXON BOWERS A FED #9

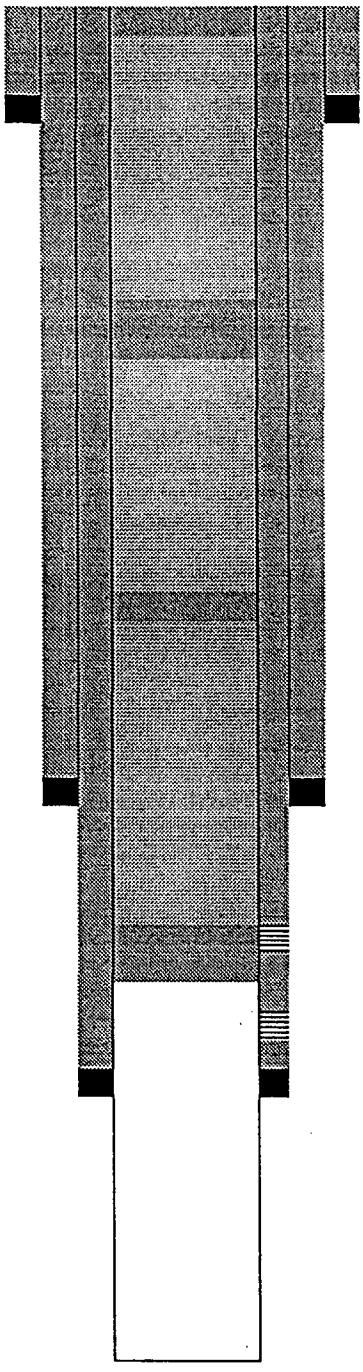
WELL PLUGGED:
12/3/70

12.5"
213'
650 SX
TOC: SURF (C)

9 5/8"
2736'
650 SX
TOC: SURF (C)

7"
3970'
300 SX
TOC: 2000(C)

TD: 4259'



Spotted 10 sx cmt plug from 0' to 25 '.

Hole was loaded with mud Laden fluids.

Spotted 20 sx cmt plug from 1400' to 1550'.

Spotted 40 sx cmt plug from 2300' to 2400'.

Perf's at 3220'-3227'.

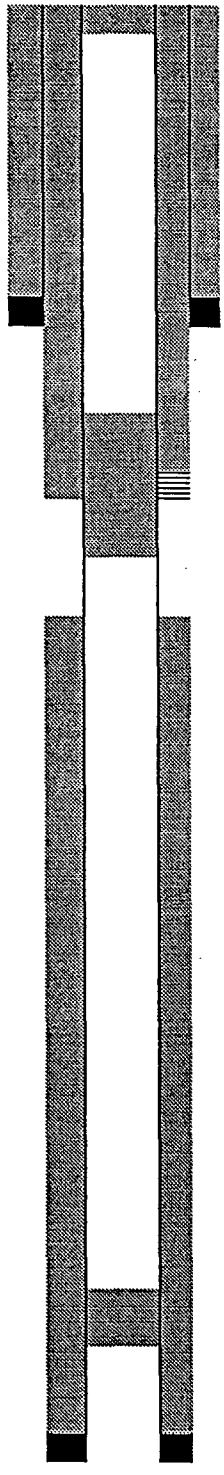
Spotted 50 sx cmt plug from 3000' to 3250'.

Squeezed perf's at 3726' To 3741'.

WELL SCHEMATIC:
EXXON BOWERS A #12

WELL PLUGGED
11/21/80

8 5/8"
222'
100 sxs.
TOC:N.A.



8 5/8 and 5 51/2 csg cut off 7' below GL.. ½ " plate welded on top.
10' cmt plug at surface.

Cmt. Ret. set at 350'

Sqzd. Perfs at 390' with 100 sxs. cmt from 500' to 350'.
Circ. to surface.

5 5/8"
3132'
575 sxs.
TOC: 880' TS

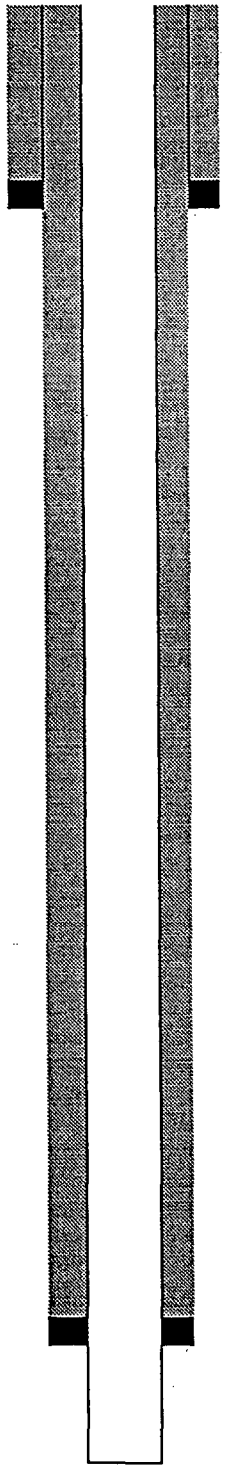
PBTD: 3088'

10 sxs. Cmt plug 3088-2988

Exxon
Unit O, 660 FSL & 660 FWL
Sec. 29, T-18S, R-38E

WELL PLUGGED:
12/21/70

Size: 8.625"
Depth: 496'
Hole size: 11"
Cmt: 400 sxs
TOC: CIRC- Calc.
with 50% effic.



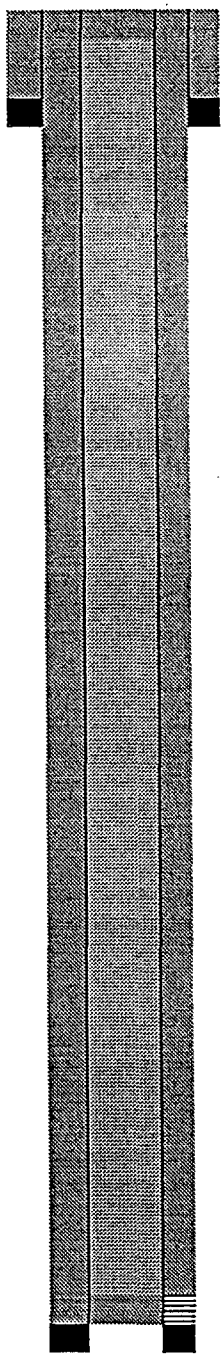
Size: 5.5"
Depth: 3120'
Hole size: 7.625"
Cmt: 1350 sxs.
TOC: CIRC-Calc.
With 50% effic.

TD: 3207'

WELL SCHEMATIC:
CONOCO STATE A #4

WELL PLUGGED:
1/12/71

Size: 10 ¾"
Depth: 200'
Hole size: 15"
Cmt: 250 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted a 10 sx cmt plug at Surface.

Filled well bore with 10# mud.

Size: 5 ½"
Depth: 3215'
Hole size: 7.875"
Cmt: 600 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 3215'

Set a 40 sx cmt plug over Perfs from 3164' to 3197'.

WELL SCHEMATIC: CONOCO STATE A #5

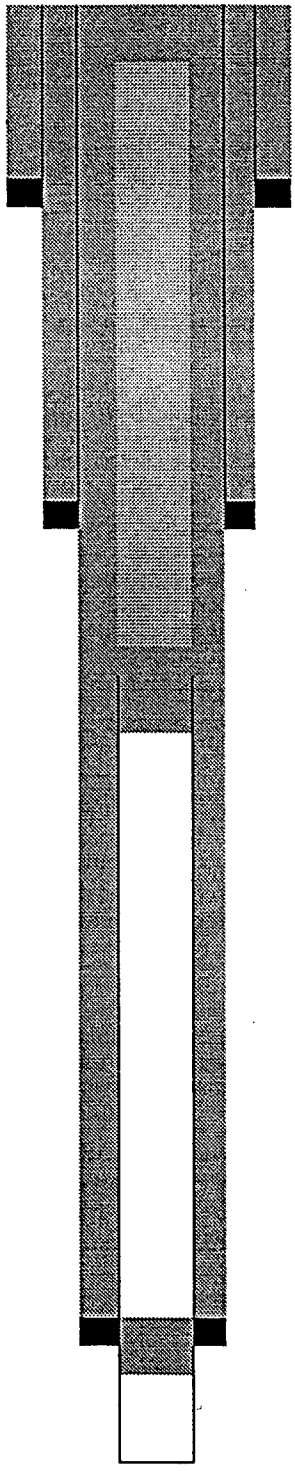
WELL PLUGGED:
1/12/71

Size: 10 ¾"
Depth: 272'
Hole size: 15"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 7 5/8"
Depth: 999'
Hole size: 9.875"
Cmt: 425 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 5 ½"
Depth: 3206'
Hole size: 7.875"
Cmt: 450 sxs
TOC: Circ. – Calc.
With 50% effic.

PBTD:3168'



Spotted a 10 sx cmt plug
At surface.

Filled well bore with 10# mud

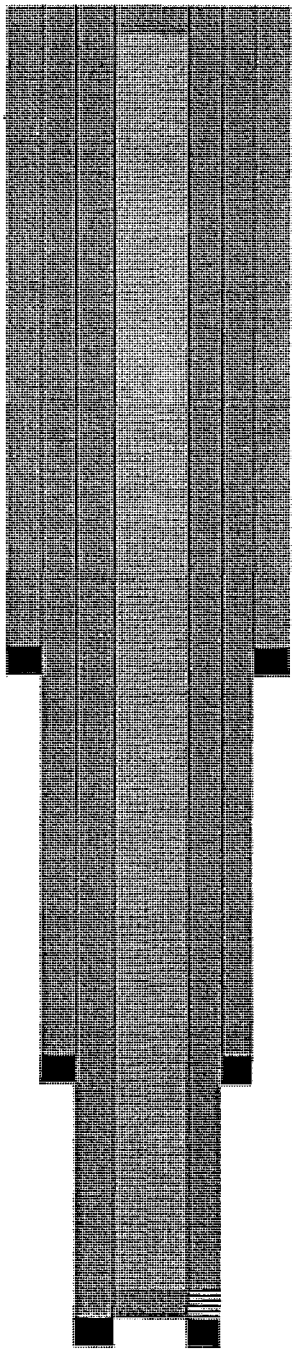
Cut 5 ½" csg at 1570' and
Pulled out of hole. Set a 55
Sx cmt plug in and out of
5 ½" stub.

Spotted 40 sx cmt plug over
Perfs from 3188' to 3168'.

WELL SCHEMATIC:
CONOCO STATE A #6

WELL PLUGGED:
1/12/71

Size: 8 5/8"
Depth: 1562'
Hole size: 10.75"
Cmt: 475 sxs
TOC: Circ. – Calc.
With 50% effic.



Set a 10 sx cmt plug at surf.

Filled well bore with 10# mud.

Size: 7"
Depth: 2721'
Hole size: 8.25"
Cmt: 350 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 5"
Depth: 3168'
Hole size: 6.25"
Cmt: 500 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 3172'

Set a 40 sx cmt plug over
Perfs from 3166' to 3158'.

LIST OF OFFSET OPERATORS & SURFACE OWNERS

Offset Operators

Occidental Permian Limited Partnership
P.O. Box 4294
Houston, TX 77210-4294

Lewis B. Burleson, Inc.
P.O. Box 2479
Midland, TX 79705

Marcum Drilling Co.
P.O. Box 3699
Midland, TX 79705

Chevron USA, Inc.
15 Smith Rd., Caydesta Plaza
Midland, TX 79705

Apache Corp.
2000 Port Oak Blvd., Ste. 100
Houston, TX 77056-4400

Conoco Inc.
10 Desta Dr. West, Suite 100W
Midland, TX 79705

HRC, Inc.
P.O. Box 5102
Hobbs, NM 88241

Rice Operating Co.
122 West Taylor
Hobbs, NM 88240

Exxon Corp.
Box 4697
Houston, TX 77210

Texland Petroleum
500 Throckmorton St., Ste. 3100
Fort Worth, TX 76102

Surface Owner

Grimes Land Company
P.O. Box 5102
Hobbs, NM 88240

H.R.C. INC.
P.O. Box 5102
Hobbs, NM 88241
(505)393-3194

RE: Brine Extraction Well
Hobbs State #10
Unit F, Sect. 29, Tws. 18S, Rng. 38E., Lea Co., NM

Dear Sir:

As per the Rules and Regulations of the Oil Conservation Division of New Mexico, you are being provided a copy of the Application for the construction of a brine extraction facility at the above location.

If you have any questions, please call Gary Schubert at (505)393-3194. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days. Objections and request for hearing should be addressed to Oil Conservation Division, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 or call (505)476-3440.

Thank you,

Gary M. Schubert

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1017

HOBBS, NM 88241

Postage	$ 1.95	UNIT ID: 0640
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 5.55	02/20/02

HOBBS NM 88240 FEB 20 2002 Clerk: KNTKB4 — Postmark Here

Sent To: HRC Inc.
Street, Apt. No.; or PO Box No.: P.O. Box 5102
City, State, ZIP+4: Hobbs, NM 88241

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1024

MIDLAND, TX 79705

Postage	$ 1.95	UNIT ID: 0640
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 5.55	02/20/02

HOBBS NM 88240 FEB 20 2002 Clerk: KNTKB4 — Postmark Here

Sent To: Conoco Inc.
Street, Apt. No.; or PO Box No.: 10 Desta Dr. West
City, State, ZIP+4: Midland, TX 79705

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 0997

HOUSTON, TX 77056

Postage	$ 1.95	UNIT ID: 0640
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 5.55	02/20/02

HOBBS NM 88240 FEB 20 2002 Clerk: KNTKB4 — Postmark Here

Sent To: Apache Corp.
Street, Apt. No.; or PO Box No.: 2000 Port Oak Blvd., Ste. 100
City, State, ZIP+4: Houston, TX 77056-4400

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1000

HOUSTON, TX 77210

Postage	$ 1.95	UNIT ID: 0640
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 5.55	02/20/02

HOBBS NM 88240 FEB 20 2002 Clerk: KNTKB4 — Postmark Here

Sent To: Exxon Corp.
Street, Apt. No.; or PO Box No.: Box 4697
City, State, ZIP+4: Houston, TX 77210

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 0980

FORT WORTH, TX 76102

Postage	$ 1.95	UNIT ID: 0640
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 5.55	02/20/02

HOBBS NM 88240 FEB 20 2002 Clerk: KNTKB4 — Postmark Here

Sent To: Texland Petroleum
Street, Apt. No.; or PO Box No.: 500 Throckmorton St., Ste. 3100
City, State, ZIP+4: Ft. Worth, TX 76102

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1046

HOUSTON, TX 77210

Postage	$ 1.95
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.55

UNIT ID: 0640
HOBBS NM 88240 Postmark Here FEB 20 2002 Clerk: KNTKB4 02/20/02 USPS

Sent To: Occidental Permian L.P.
Street, Apt. No. or PO Box No.: P.O. Box 4294
City, State, ZIP+4: Houston, TX 77210-4294

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1079

MIDLAND, TX 79705

Postage	$ 1.95
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.55

UNIT ID: 0640
HOBBS NM 88240 Postmark Here FEB 20 2002 Clerk: KNTKB4 02/20/02 USPS

Sent To: Lewis B. Burleson, Inc.
Street, Apt. No. or PO Box No.: P.O. Box 2479
City, State, ZIP+4: Midland, TX 79705

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1062

MIDLAND, TX 79705

Postage	$ 1.95
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.55

UNIT ID: 0640
HOBBS NM 88240 Postmark Here FEB 20 2002 Clerk: KNTKB4 02/20/02 USPS

Sent To: Chevron USA, Inc.
Street, Apt. No. or PO Box No.: 15 Smith Rd., Caydesta Plaza
City, State, ZIP+4: Midland, TX 79705

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1055

MIDLAND, TX 79705

Postage	$ 1.95
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.55

UNIT ID: 0640
HOBBS NM 88240 Postmark Here FEB 20 2002 Clerk: KNTKB4 02/20/02 USPS

Sent To: Marcum Drilling Co.
Street, Apt. No. or PO Box No.: P.O. Box 3699
City, State, ZIP+4: Midland, TX 79705

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1048

HOBBS, NM 88240

Postage	$ 1.95
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.55

UNIT ID: 0640
HOBBS NM 88240 Postmark Here FEB 20 2002 Clerk: KNTKB4 02/20/02 USPS

Sent To: Rice Operating Co.
Street, Apt. No. or PO Box No.: 122 West Taylor
City, State, ZIP+4: Hobbs, NM 88240

PS Form 3800, January 2001 — See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 2510 0007 4767 1031

HOBBS, NM 88241

Postage	$ 1.95
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.55

UNIT ID: 0640
HOBBS NM 88240 Postmark Here FEB 20 2002 Clerk: KNTKB4 02/20/02 USPS

Sent To: Grimes Land Company
Street, Apt. No. or PO Box No.: P.O. Box 5102
City, State, ZIP+4: Hobbs, NM 88241

PS Form 3800, January 2001 — See Reverse for Instructions

LEGAL NOTICE

Pursuant to the rules and regulations of the State of New Mexico Oil Conservation Commission, Santa Fe, NM, H.R.C. Inc. of Hobbs, NM, is filing application for brine extraction well and facility. The well is the Hobbs State #10, located 2565 FNL and 2330 FWL, Unit F, Section 29, Township 18 South, Range 38 East, Lea Co., NM. The well and facility will be producing brine water from the Salado formation at approximately 1700' to 2400'. Production will be 10 to 15 thousand bbls. per month with an operating pressure of 200# to 250#. The application can be reviewed at the OCD office, Hobbs, NM. Any questions concerning the application can be directed to Mr. Gary Schubert, P.O. Box 5102, Hobbs, NM 88241, (505)393-3194, or any request for hearing or objections should be directed to the Oil Conservation Commission, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87505, or call (505)476-3440, within fifteen (15) days.

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of February 17, 2002 and ending with the issue of February 17, 2002.

And that the cost of publishing said notice is the sum of $ 21.01 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 17th day of February 2002

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2002

LEGAL NOTICE
Pursuant to the rules and regulations of the State of New Mexico Oil Conservation Commission, Santa Fe, NM, H.R.C. Inc. of Hobbs, NM, is filing application for brine extraction well and facility. The well is the Hobbs State #10, located 2565 FNL and 2330 FWL, Unit F, Section 29, Township 18 South, Range 38 East, Lea Co., NM. The well and facility will be producing brine water from the Salado formation at approximately 1700' to 2400'. Production will be 10 to 15 thousand bbls. per month with an operating pressure of 200# to 250#. The application can be reviewed at the OCD office, Hobbs, NM. Any questions concerning the application can be directed to Mr. Gary Schubert, P.O. Box 5102, Hobbs, NM 88241, (505) 393-3194, or any request for hearing or objections should be directed to the Oil Conservation Commission, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87505, or call (505) 476-3440, within fifteen (15) days.

Published in the Lovington Daily Leader February 17, 2002.

ORIGINAL SENT TO DISTRICT
AWP

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

COPY

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

Form C-101
Revised March 17, 1999
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
H.R.C. P.O. Box 5102 Hobbs, NM 88241	[3] API Number 30 -

[3] Property Code	[5] Property Name	[6] Well No.
	Hobbs State	10

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2565	N	2330	W	Lea

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[9] Proposed Pool 1	[10] Proposed Pool 2

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	M	R	S	3655.3
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
NO	1700	Salt	Unknown	ASAP

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	9 5/8	28#	450	150 sx "c"	circulate
8 5/8	7	23#	1700	300 sx "c"	circulate
6 1/2	3.5 tubing	10.5	+ or - 2000		

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plan to drill a brine extraction well, will set 450' of 9 5/8" surface casing into the redbed and circulate cement to surface. We plan to run 7" casing to the top of the salt formation and cement it to surface. All cementing will be done by Halliburton. All casing tests and logs will be run as OCD requires.
BOP Schematic attached.

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Eddie W. Seay

Printed name: Eddie W. Seay

Title: Agent

Date: 2/14/2002 Phone: (505)392-2236

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: Expiration Date:

Conditions of Approval:

Attached ☐

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
	96173	BSW Salado

[4] Property Code	[5] Property Name	[6] Well Number
	Hobbs State	10

[7] OGRID No.	[8] Operator Name	[9] Elevation
131652	H. R. C. Inc.	3655.3

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2565	North	2330	West	Lea

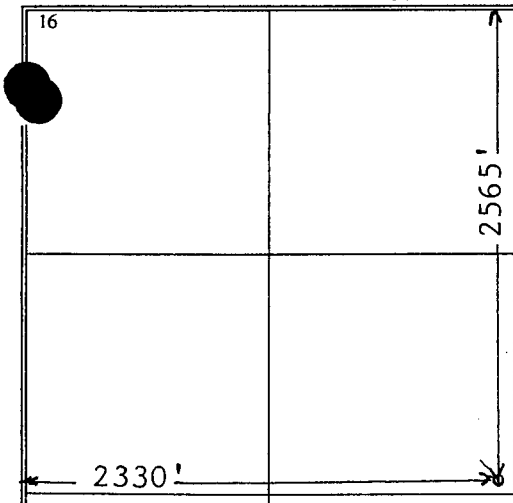
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



[17] OPERATOR CERTIFICATION

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

Signature

Gary M. Schubert
Printed Name

Owner
Title

2/12/02
Date

[18] SURVEYOR CERTIFICATION

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 belief.

02-09-02
Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number 6541

Side 1

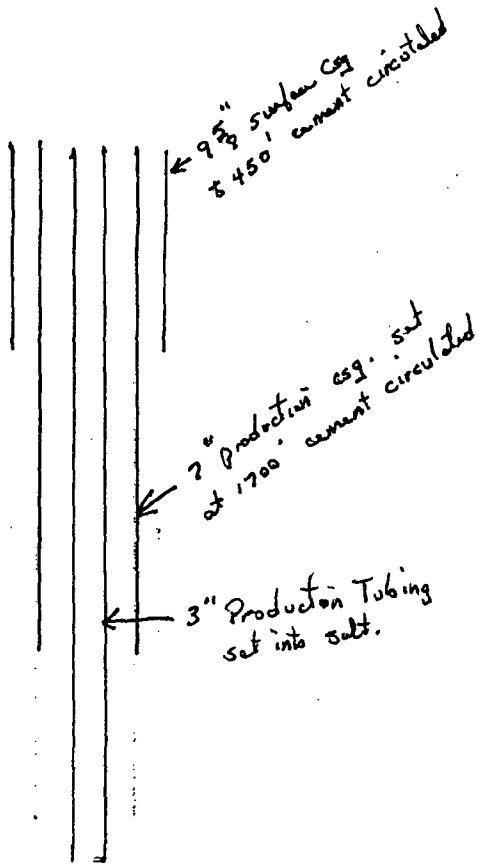
INJECTION WELL DATA SHEET

OPERATOR: H.R.C.

WELL NAME & NUMBER: Hobbs State #10

WELL LOCATION:	2565/N 2330/W	F	29	18 S	38 E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12 1/4" Casing Size: 9 5/8"

Cemented with: 150 sx sx. *or* _____ ft³

Top of Cement: class C Method Determined: circulate

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ sx. *or* _____ ft³

Top of Cement: _____ Method Determined: _____

Production Casing

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

Cemented with: 300 sx. *or* _____ ft³

Top of Cement: class C Method Determined: circulate

Total Depth: 1700'

Injection Interval

1700 feet to 2400'

(Perforated or (Open Hole) indicate which)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2" Lining Material: IPC

Type of Packer: NA

Packer Setting Depth: NA

Other Type of Tubing/Casing Seal (if applicable): tubing will be set into salt section.

Additional Data

1. Is this a new well drilled for injection? X Yes _____ No

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

2. Name of the Injection Formation: salt or Salado

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

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. NA

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

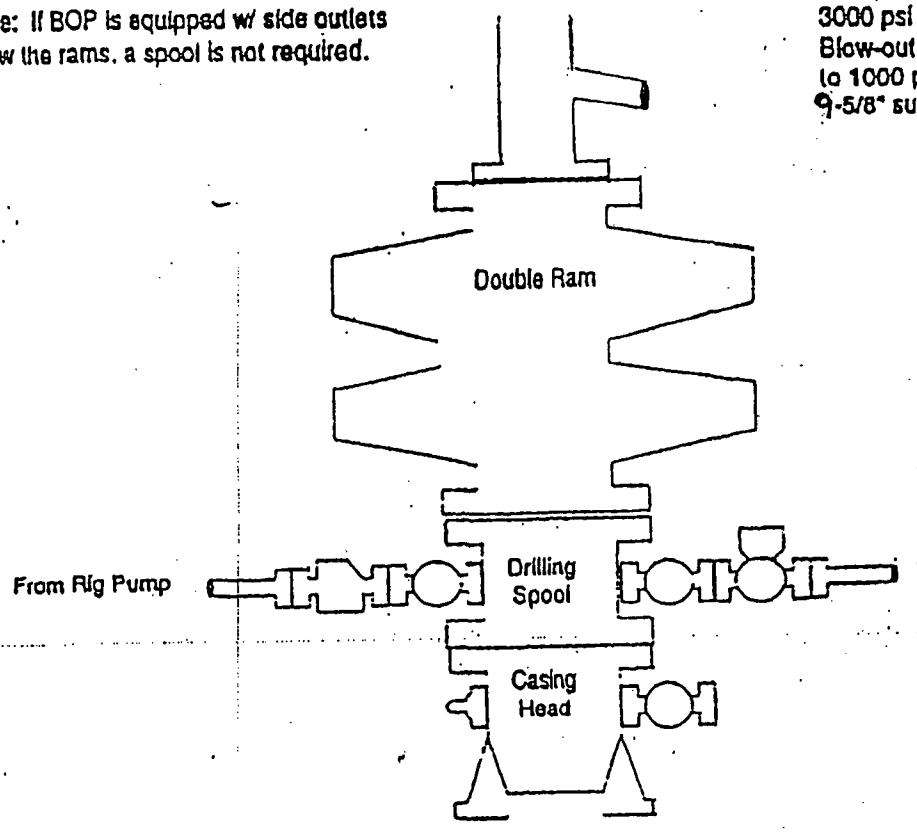
   Yates is below

   No oil or gas zone above the salt.

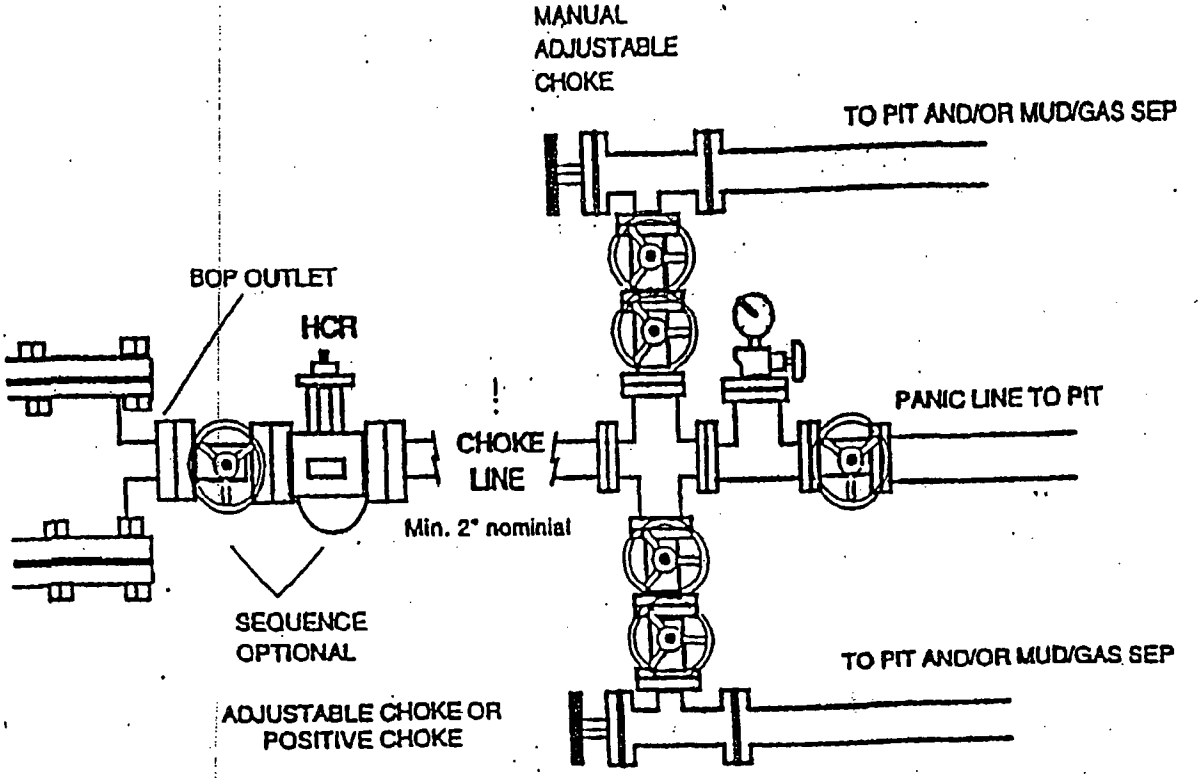
BOP Schematic

*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

3000 psi WP Double Ram Blow-out Preventor. Must be tested to 1000 psi prior to drilling out 9-5/8" surface casing.



Choke Manifold Schematic



February 20, 2002

Mr. Wayne Price
NMOCD Environmental Bureau
P.O. Box 6429
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: HRC
Brine and Discharge Plan
Sect. 29, T. 18 S., R. 38 E.

Mr. Price:

Find attached additional information for discharge plan. Much of the well information is attached to the new C-108.

1) Find lithology logs of two wells in this section drilled by Shell Oil Co. The top of the salt is at approximately 1580' and the base of the salt and top of Yates is at approximately 2600'.
2) Wellhead diagram and associated information including metering.
3) Liner information.
4) Groundwater monitoring and plat.
5) The legal description for the brine storage and process area is 990/N 1650/E Sect. 29, T. 18 S., R. 38 E. The well is in 2565/N 2330/W Sect. 29, T. 18 S., R. 38 E. The loading facility will be at the process area. Note map.
6) Bond needs to be transferred to new well.

If you need any additional information, please call.

Sincerely,

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

Form C-105
Revised 10-1-78

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

NO. OF COPIES RECEIVED		
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LAND OFFICE		
OPERATOR		

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

API #30-025-28413

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.:

1a. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] DRY [ ] OTHER

1b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] OTHER

7. Unit Agreement Name: N. HOBBS (G/SA) UNIT

8. Farm or Lease Name: SECTION 29

2. Name of Operator: SHELL WESTERN E&P INC.

9. Well No.: 242

3. Address of Operator: P. O. BOX 991, HOUSTON, TEXAS 77001

10. Field and Pool, or Wildcat: HOBBS (G/SA)

4. Location of Well: UNIT LETTER N LOCATED 100 FEET FROM THE SOUTH LINE AND 1400 FEET FROM THE WEST LINE OF SEC. 29 TWP. 18-S RGE. 38-E NMPM

12. County: LEA

15. Date Spudded	16. Date T.D. Reached	17. Date Compl. (Ready to Prod.)	18. Elevations (DF, RKB, RT, GR, etc.)	19. Elev. Cashinghead
12-16-83	12-23-83	3-12-84	3640.3' GL, 3650.3' DF	-------

20. Total Depth	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By	Rotary Tools	Cable Tools
4370'	-------	-----	→	X	

24. Producing Interval(s), of this completion — Top, Bottom, Name: 4019' - 4257' (SAN ANDRES)

25. Was Directional Survey Made: NO

26. Type Electric and Other Logs Run: L/VDL/CCL/GR; CET/GR; RFT/BHCS/SNPL/DLL/MSFL

27. Was Well Cored: NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"	CONDUCTOR	30'	20"		
8-5/8"	24#	1511'	12-1/4"	500 SX LITE + 250 SX CL C	
5-1/2"	14#	4368'	7-7/8"	250 SX CL C + 400 SX LITE	
				+ 100 SX CL C	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-3/8"	3797'	

31. Perforation Record (Interval, size and number)

4019' to 4257' (52 - 1/2" holes)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
4019' - 4257'	ACIDIZED W/8400 GALS 15% NEA

33. PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping — Size and type pump)	Well Status (Prod. or Shut-in)
3-10-84	PUMPING - SUBMERSIBLE	PRODUCING

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Gas—Oil Ratio
10-24-84	24	----		330	116	1689	352

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Oil Gravity — API (Corr.)
100	40					35.0

34. Disposition of Gas (Sold, used for fuel, vented, etc.): SOLD

Test Witnessed By:

35. List of Attachments: C-104(5), C-103(3), C-102(3), LOGS, INCLINATION REPORT(2)

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED A. J. Fore A. J. FORE TITLE SUPERVISOR REG. & PERMITS DATE NOVEMBER 16, 1984

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon		T. Ojo Alamo		T. Penn. "B"	
T. Salt	1572'	T. Strawn		T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka		T. Pictured Cliffs		T. Penn. "D"	
T. Yates	2625'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	2851'	T. Devonian		T. Menefee		T. Madison	
T. Queen	3363'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	3717'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	3979'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs		T. Wingate		T.	
T. Wolfcamp		T.		T. Chinle		T.	
T. Penn.		T.		T. Permian		T.	
T Cisco (Bough C)		T.		T. Penn. "A"		T.	

OIL OR GAS SANDS OR ZONES

No. 1, from ..... to ..... No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ..... to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	1505	1505	ANHYDRITE				
1505	1611	106	SALT				
1611	4370	2759	ANHYDRITE				

RECEIVED
NOV 19 1984
O. C. D.
HOBBS OFFICE

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

Form C-105
Revised 10-1-78

NO. OF COPIES RECEIVED		
DISTRIBUTION		
SANTA FE		
FILE		
U.S.G.S.		
LAND OFFICE		
OPERATOR		

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

API #30-025-28941

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.

1a. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] DRY [ ] OTHER

1b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] OTHER

7. Unit Agreement Name: N. HOBBS (G/SA) UNIT

8. Farm or Lease Name: SECTION 29

2. Name of Operator: SHELL WESTERN E&P INC.

9. Well No.: 323

3. Address of Operator: P.O. BOX 991, HOUSTON, TEXAS 77001

10. Field and Pool, or Wildcat: HOBBS (G/SA)

4. Location of Well: UNIT LETTER G LOCATED 2540 FEET FROM THE N LINE AND 2500 FEET FROM

12. County: LEA

THE E LINE OF SEC. 29 TWP. 18-S RGE. 38-E NMPM

15. Date Spudded	16. Date T.D. Reached	17. Date Compl. (Ready to Prod.)	18. Elevations (DF, RKB, RT, GR, etc.)	19. Elev. Cashinghead
1-18-85	1-26-85	2-23-85	3647.5' GL	-------

20. Total Depth	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By	Rotary Tools	Cable Tools
4370'	4200' (RBP)	------	→	X	

24. Producing Interval(s), of this completion — Top, Bottom, Name

3989' - 3995' (GRAYBURG) 4089' - 4095' (SAN ANDRES)

25. Was Directional Survey Made: NO

26. Type Electric and Other Logs Run

BHCS/GR, RFT, SNL/GR, DLL/MSFL/GR, CBL/VDL/CCL

27. Was Well Cored: NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	CONDUCTOR	40'	17-1/2"		-------
8-5/8"	24, 32#	1542'	12-1/4"	375 SX LITE + 250 SX HE II	-------
5-1/2"	14#	4369'	7-7/8"	450 SX LITE + 250 SX HE II	-------

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-7/8"	4108'	------

31. Perforation Record (Interval, size and number)

3989' - 4095' (26 - ½" holes)

4229' - 4272' (8 - ½" holes isolated by RBP @ 4200')

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
3989' - 3995'	SPOTTED 62 BBLS 15% NEA
4089' - 4095'	ACIDIZED W/1600 GALS 15% NEA
4229' - 4272'	ACIDIZED W/1200 GALS 15% NEA

33. PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping — Size and type pump)	Well Status (Prod. or Shut-in)
2-23-85	PUMPING - 25 X 200 X RWBC X 20 X 4 X 0 HIGHLAND	PRODUCING

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Gas—Oil Ratio
3-23-85	24	-----		15	2	793	133

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Oil Gravity — API (Corr.)
-----	30					35.0

34. Disposition of Gas (Sold, used for fuel, vented, etc.)

SOLD

Test Witnessed By

35. List of Attachments

C-104(5), C-102(3), LOGS, INCLINATION REPORT(2)

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED A. J. Fore A. J. FORE TITLE SUPERVISOR REG. & PERMITS DATE APRIL 17, 1985

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon		T. Ojo Alamo		T. Penn. "B"	
T. Salt	1619'	T. Strawn		T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka		T. Pictured Cliffs		T. Penn. "D"	
T. Yates	2640'	T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers	2885'	T. Devonian		T. Menefee		T. Madison	
T. Queen	3402'	T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg	3738'	T. Montoya		T. Mancos		T. McCracken	
T. San Andres	4023'	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs		T. Wingate		T.	
T. Wolfcamp		T.		T. Chinle		T.	
T. Penn.		T.		T. Permian		T.	
T Cisco (Bough C)		T.		T. Penn. "A"		T.	

OIL OR GAS SANDS OR ZONES

No. 1, from ____ to ____ No. 4, from ____ to ____

No. 2, from ____ to ____ No. 5, from ____ to ____

No. 3, from ____ to ____ No. 6, from ____ to ____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ____ to ____ feet ____

No. 2, from ____ to ____ feet ____

No. 3, from ____ to ____ feet ____

No. 4, from ____ to ____ feet ____

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	1542	1542	RED BEDS				
1542	1582	40	ANHYDRITE				
1582	2706	1124	SALT, ANHYDRITE, & SHALE				
2706	3175	469	SHALE & ANHYDRITE				
3175	3530	355	ANHYDRITE, SAND & SHALE				
3530	4370	840	DOLOMITE				

APR 25 1985

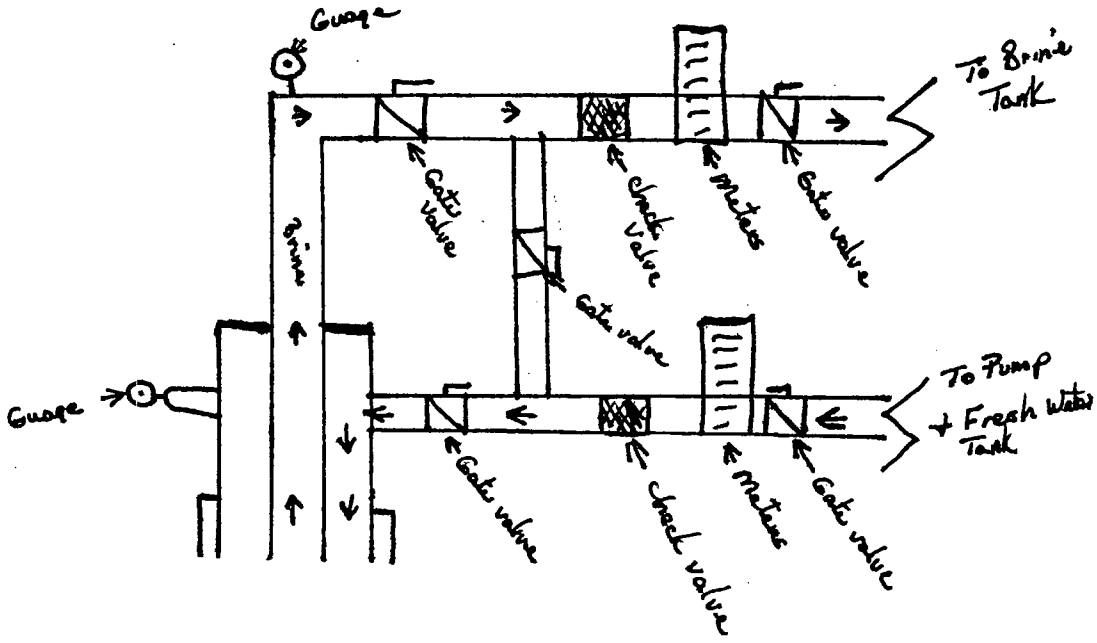
O.C.D.
HOBBS, OFFICE

Wellhead and Operations

The operations of the well area will be to inject fresh water down 7" casing and produce brine through the 3 1/2" tubing. The fresh water and brine will be measured with totalizing meters at the well. All volumes will be recorded and logged for reporting and billing.

The fresh water will be pumped into a 500 bl. tank prior to pumping down brine well. This will prevent any brine from entering the fresh water system. If an accidental back flow were to occur, the brine would go into the tank and not into the city water system. All lines going to and from the well, the brine storage tank, fresh water tank, and pumps will have check valves.

The well will be equipped with valves so that the flow of fresh water and brine can be reversed, to keep the tubing from having a salt build up. (See diagram below)



3

PERMALON®

Reef Industries, Inc.
P.O. Box 750245
Houston, TX 77275-0245
Tel: (713) 484-6892
Toll Free: 1-800-231-2417
Fax: (713) 947-2053

I wanted to provide you with some weatherability information on our Permalon Ply X-210. This high density, cross-laminated poly is designed to be UV resistant by a state of the art stabilization system. When exposed to harsh weather conditions, including intense sun, X-210 should last in excess of five years. When buried, this material should last indefinitely. X-210 is chemically inert, non-leachable, and is resistant to root penetration, rodents and microbials(it is not a food source). Additionally, it meets ASTM D-3083 (Soil Burial). Ply X-210 is not prone to stress-cracking (ESC), thus, making a very good moisture and Radon barrier.

I hope this information will serve useful to you and please do not hesitate to call if you should have any questions.

Respectfully,

David Dewsnap
Chemist
Reef Industries, Inc.

Raef Industries, Inc.
"Since 1957"

Product Development Group
11/18/1993

Physical Properties of Geomembrane / Geotextile Composite

Material/Property	X1GPET45	X2GPET45
Basis Weight oz/yd^2 ASTM D-3776	9.83	15.1
Thickness (mils/mm) ASTM D-2103	31/0.88	39/0.99
Tensile Strength (lb_f) ASTM D - 882 - 3 in. (MD/TD)	190/159	263/222
Tensile Elongation (%) ASTM D - 882 - 3 in. (MD/TD)	63/83	46/54
Grab Tensile Strength (lb_f) ASTM D - 4632 (MD/TD)	194/168	303/250
Grab Elongation (%) ASTM D - 4632 (MD/TD)	70/110	-
Trapezoid Tear Strength (lb_f) ASTM D - 4533 (MD/TD)	91/80	132/135
Puncture Resistance (lb_f) ASTM D - 4833	85	100
Puncture Elongation (in) ASTM D - 4833	0.66	0.63
Mullen Burst (lb_f) ASTM D - 3786	237	333
Puncture Prop. & Tear (lb_f) ASTM D - 2582 (MD/TD)	-	55/57
Dart Impact Strength (lb_m) ASTM D-1709	6.5	9.9

ASTM D - 882 : Tensile strength of thin plastic sheeting (less than 40 mils)
ASTM D - 4632: Breaking Load and Elongation of Geotextiles.

N.B. These are typical values and not be interpreted as specifications. (Average Roll Values will be presented on availability of sufficient data)

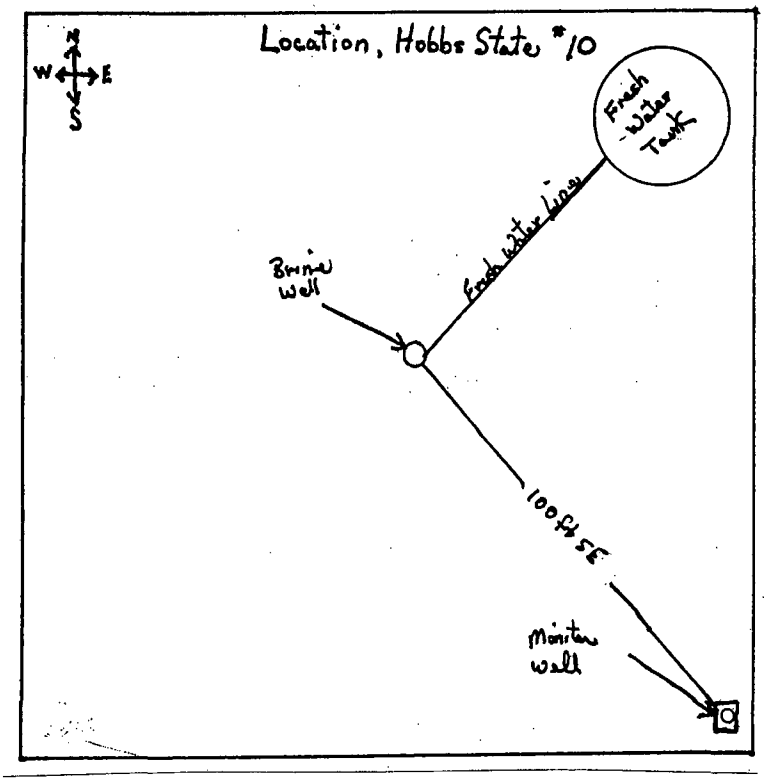
P.O. Box 750250 • Houston, Texas 77275-0250
Tel: (713) 943-0070 • U.S.A. Toll Free: 1-800-231-6074 • Canada Toll Free: 1-800-847-5616
Fax: (713) 943-8085

GROUNDWATER MONITORING

H.R.C. Inc. proposed to monitor the groundwater at the site by installing a two inch monitor well completed through the Ogallala formation. The well location will be down gradient on the edge of the brine well location, south southeast or along water gradient.

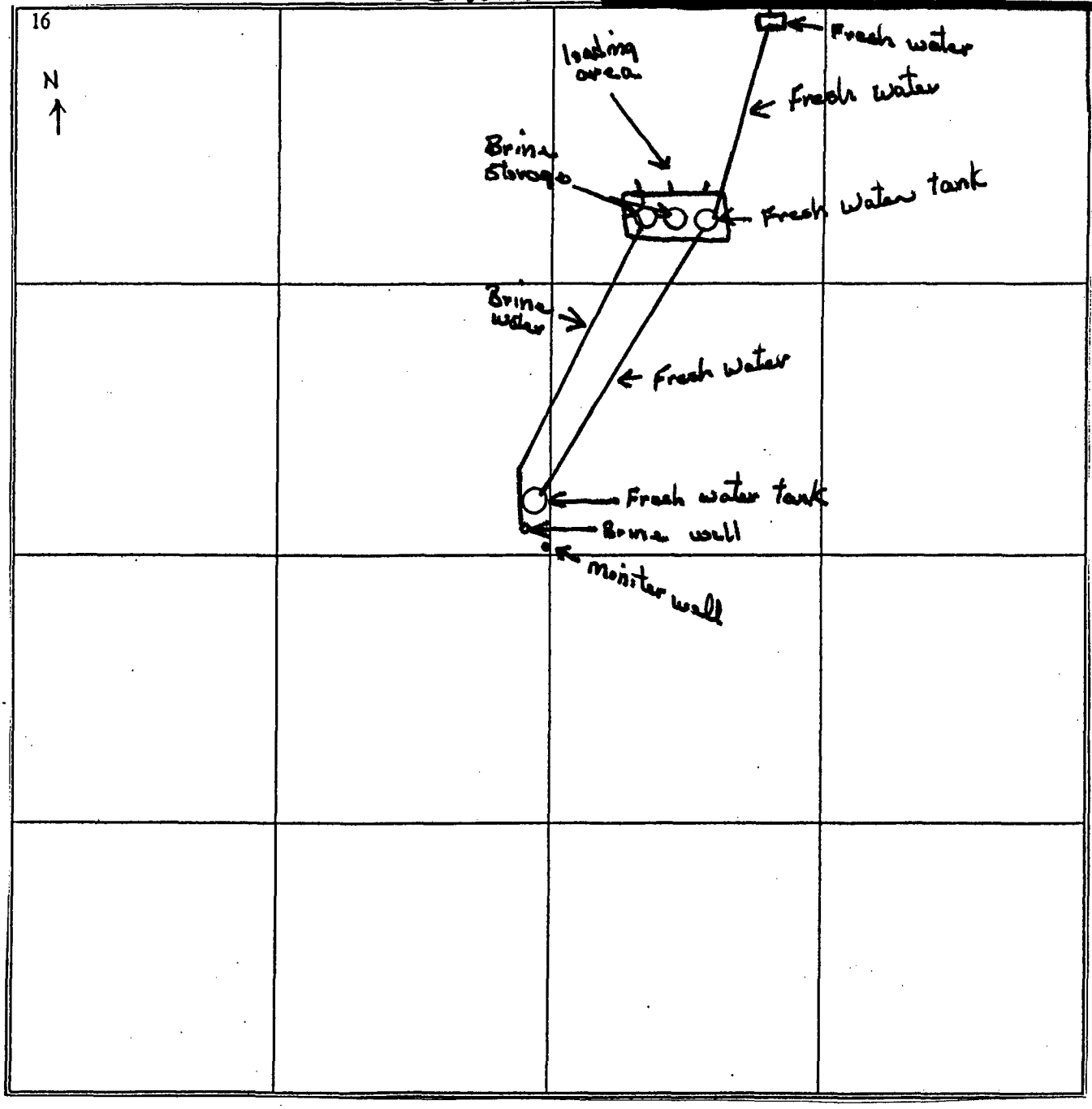
The installation will consist of drilling with am air rotary to the top of the redbed or base of the Ogallala. Running 2 inch schedule 40 pvc well casing to TD with .10 slot well screen across the entire saturated zone. Sand pack well to five feet above upper most perforations. Cap sand with 10 ft. of bentonite, and grout from top of bentonite to surface, installing a locking cover at surface. This will enable us to monitor the entire water area.

It is our proposal to take samples from this well prior to any brine activity, for background purposes. We plan to sample for BTEX, TPH, Cations, Anions, and Metals initially. After starting operations, we plan to sample the well on bi-annual schedule, testing for Cations and Anions. All results will be reported to the OCD as they are obtained.

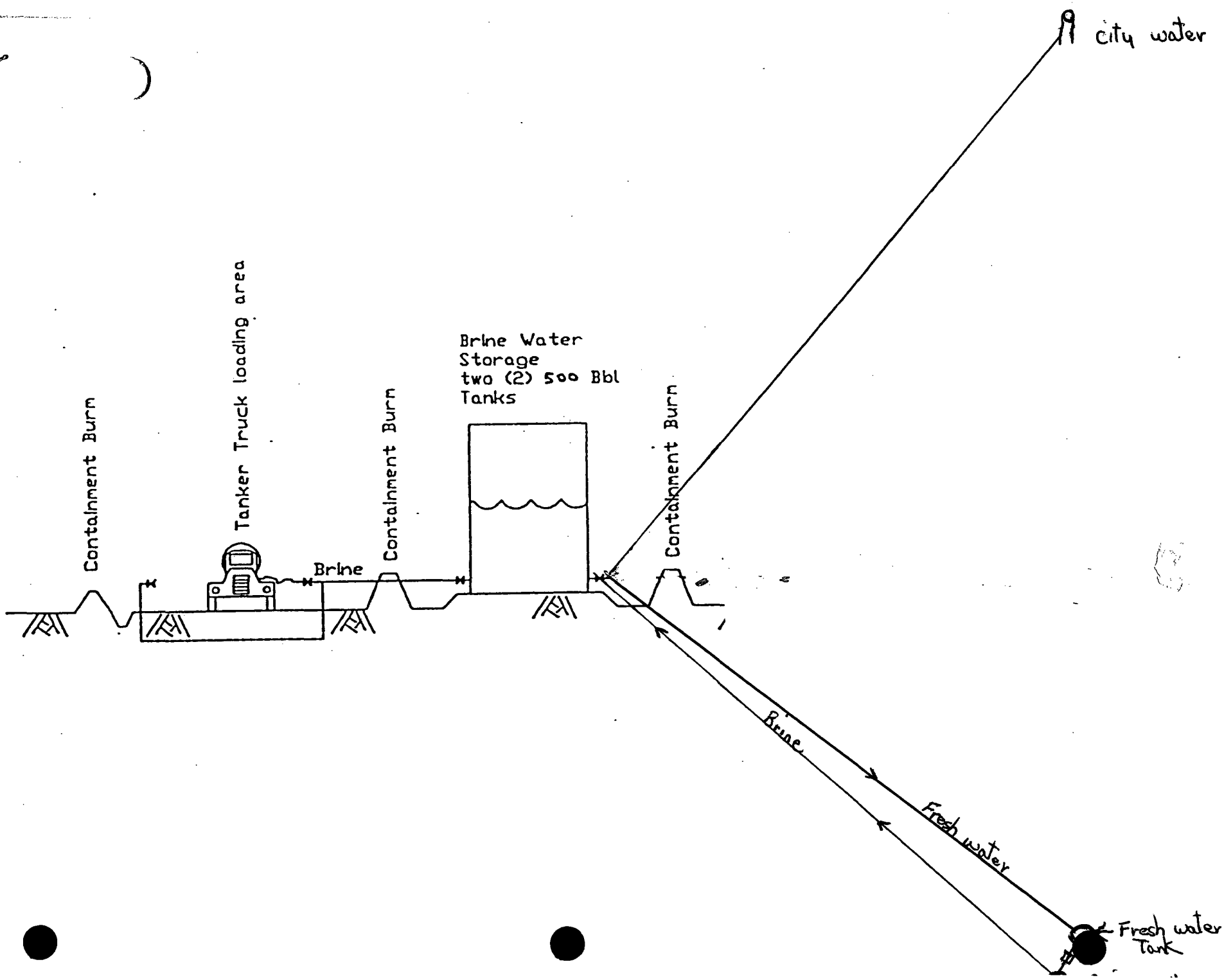


Section 29

City of Hobbs water line



5


city water
Containment Burn
Tanker Truck loading area
Brine
Containment Burn
Brine Water
Storage
two (2) 500 Bbl
Tanks
Containment Burn
Brine
Fresh water
Fresh water
Tank

6

Form O & G OCD
Adopted 6-1-86
Revised 12-00

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

H.R.C. Inc. (OPERATOR) of P.O. Box 5102 (address) has deposited with the First National Bank (name of state or national bank or savings association, which must be a federally-insured bank or savings institution in the State of New Mexico) of 600 West Bender, Hobbs, NM (address) (FINANCIAL INSTITUTION), the sum of $5,000.00 dollars in Certificate of Deposit or Savings Account No. 2802198-30 (FUND).

To comply with NMSA 1978, Section 70-2-14, OPERATOR hereby assigns and conveys all right, title and interest in the FUND to the FINANCIAL INSTITUTION in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department or successor agency of the State of New Mexico (DIVISION).

OPERATOR and the FINANCIAL INSTITUTION agree that as to the FUND:

a. The DIVISION acquires by this assignment the entire beneficial interest in the FUND, with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, or to the OPERATOR upon sale or proper plugging, in compliance with the rules and orders of the DIVISION, of the well(s) covered by this assignment.

b. OPERATOR retains no legal or beneficial interest in the FUND and has only the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION.

c. The FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or a court of competent jurisdiction made in a proceeding to which the DIVISION is a party. The FINANCIAL INSTITUTION waives all statutory or common law liens or rights of set-off against the FUND.

OPERATOR agrees that the FINANCIAL INSTITUTION may deduct from interest due OPERATOR any attorney fees incurred by the FINANCIAL INSTITUTION if claim or demand via writ, summons or other process arising from OPERATOR'S business is made upon the FINANCIAL INSTITUTION.

Signature of OPERATOR
Personally or by Authorized Officer

Gary Schubert, President
Title

Signature of Authorized Officer
of FINANCIAL INSTITUTION

Zane S. Bergman, President
Title

State of New Mexico
County of Lea) ss.

On this 3rd day of December, 20 01, before me personally appeared Gary Schubert and Zane S. Bergman, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission Expires:
10-7-04

6

Form O & G SCB
Adopted 6-1-86
Revised 12-00

ONE-WELL CASH BOND

KNOW ALL MEN BY THESE PRESENTS THAT H.R.C. Inc. (an individual) (a partnership) (a corporation organized in the State of New Mexico with its principal office at P.O. Box 5102 in the City of Hobbs, State of New Mexico and authorized to do business in the State of New Mexico) is held and firmly bound to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico (or its successor agency), as DIVISION in the sum of $ 5,000.00.

The conditions of this obligation are such that:

The PRINCIPAL desires to drill a well or purchase or operate an existing well, the depth of which does not exceed 5000 feet, to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals on property in the State of New Mexico, the particular identification and footage location of said well being as follows:
(well name and footage) Hobbs State #5 2280/FNL/1980 FWL in Section 29 Township 18S Range 38E, NMPM, Lea County, New Mexico.

The PRINCIPAL has deposited on behalf of the DIVISION $ 5,000.00, in the manner indicated on the Assignment, attached to this bond, being the principal sum intended to be secured. PRINCIPAL pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the well described above if dry, or when abandoned, in accordance with the rules and orders of the DIVISION in such way as to confine the oil, gas and water in the strata in which they are found, and to prevent same from escaping to other strata. If the PRINCIPAL does not so properly plug and abandon said well upon order of the DIVISION, the total sum of the bond shall be forfeited to the DIVISION, and such amount as is necessary may be used to properly plug said well. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in plugging said well, the PRINCIPAL, its successors, assigns, heirs or administrators shall be liable under the provisions of NMSA 1978, Section 70-2-38 of the Oil and Gas Act, and the DIVISION may take action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the PRICIPAL or its successors, assigns, heirs, or administrators or any of them shall plug the above-described well when dry or abandoned, in accordance with the rules and orders of the DIVISION, in such a manner as to confine the oil, gas, and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said well, then therefore, this obligation shall be null and void and the principal sum shall be paid to the PRINCIPAL or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

H.R.C. Inc.
PRINCIPAL

P.O. Box 5102 Hobbs, N.M. 88241
Address City State Zip

By _____
Signature

Gary Schubert, President
Title

By _____

If PRINCIPAL is a corporation, affix corporate seal here.

6

Form O & G SCB

ACKNOWLEDGMENT FORM FOR INDIVIDUALS OR PARTNERSHIPS

STATE OF_____)
ss.
COUNTY OF_____)

On this _____day of_____, 20___, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

_____
Notary Public

_____
My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
ss.
COUNTY OF Lea)

On this 3rd day of December, 20 01, before me personally appeared Gary Schubert, to me personally known who, being by me duly sworn, did say that he is President of H.R.C. Inc. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

10-7-04
My Commission Expires

APPROVED BY:

Oil Conservation Division of New Mexico

By_____

Date_____

Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval, and San Juan Counties, New Mexico:

Projected Depth of Proposed Well or Actual Depth of Existing Well	**Amount of Bond**
Less than 5,000 feet	**$ 5,000**
5,000 feet to 10,000 feet	**$ 7,500**
More than 10,000 feet	**$10,000**

All Other Counties in the State:

Projected Depth of Proposed Well or Actual Depth of Existing Well	**Amount of Bond**
Less than 5,000 feet	**$ 7,500**
5,000 feet to 10,000 feet	**$10,000**
More than 10,000 feet	**$12,500**

OLD LOCATION
STATE #5

December 10, 2001

NMOCD Environmental Bureau
ATTN: Wayne Price
P.O. Box 6429
1220 South Saint Francis Drive
Santa Fe, NM 87504

RE: H.R.C. Brine

Mr. Price:

Find within additional information as requested. If you have any questions or need any additional information, please call.

Sincerely,

Eddie W. Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236

TABLE OF CONTENTS

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NEW MEXICO 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance _____Disposal _____Storage
Application qualifies for administrative approval? ____Yes ____No X Brine

II. OPERATOR: H.R.C. Inc.

ADDRESS: P.O. Box 5102 Hobbs, NM 88241

CONTACT PARTY: Gary M. Schubert PHONE: (505)393-3194

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 X No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate 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: Eddie W. Seay TITLE: Agent

SIGNATURE: Eddie W. Seay DATE: 12/10/2001

* 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

VI. List of wells within.

VII. Fresh water will be used to produce brine by injecting fresh water down the back side of the tubing at 200# to 250# and producing brine out the tubing. Based on activity at the facility, productions could be 10 to 15 thousand bls. per month.

VIII. HYDROLOGY

Underground aquifers in this area are the Ogallala and Quaternary Alluvium formations. The groundwater in these formation is unconfined where the underlying red beds are relatively impermeable. This underlying layer prevents further downward or upward movement. From information reviewed, the groundwater flow from the Ogallala formation flows to the south southeast, the water level for this area ranges from 50' to 70' below ground level and the average depth of the wells are 150'. Find within State Engineers list of water wells in the general area and analytical from two of the wells.

GEOLOGY

The proposed site is located on the Central basin Platform of the Permian Basin. The sub-surface formations are in transitional area between Delaware Basins back reef or shelf area and the platform. The brine product is from the Salado Formation of the Ochoa series. The series is of upper Permian Age, and extends across the Delaware Basin, Central Basin Platforms, thins and pinches out on the eastern shelf. This series layers are predominately evaporates which contain strings of dolomite, shale, siltstone, and sandstone. The thickness of this salt section averages about 1000 ft. The Triassic rock overlying the Permian formation is the Dockem group, and is divisible into the Santa Rosa sandstone and the Chinle formation. The Tertiary rocks are represented by the Ogallala formation. This formation ranges in thickness from 0' to 300'. It is chiefly calcareous, unconsolidated sand, clay, silt and gravel. This is the formation most of Lea Co. obtains its drinking water from.

IX. No stimulation needed.

X. Logs on file with OCD.

XI. Attached.

XII. I, Eddie W. Seay, as agent, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the salt section and any underground source of drinking water near this site.

XIII. Proofs of Notice attached.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address.	2 OGRID Number
H. R. C. Inc. P. O. Box 5102 Hobbs, NM 88241	131652
	3 API Number 30-025-23662

4 Property Code	5 Property Name	6 Well No.
992279	Hobbs State	5

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
F	29	18S	38E		2280	North	1980	West	Lea

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County

9 Proposed Pool 1	10 Proposed Pool 2
BSW - Salado	

11 Work Type Code	12 Well Type Code	13 Cable/Rotary	14 Lease Type Code	15 Ground Level Elevation
		Workover		3655

16 Multiple	17 Proposed Depth	18 Formation	19 Contractor	20 Spud Date
		Salt		

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	9 5/8	36#	364	200	
8 3/4	7	23#	3826	140	
6 1/4	4 1/2	11.6 #	5986	120	

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Gary M. Schubert

Printed name: GARY M. SCHUBERT

Title: PRES.

Date: 7/9/01

Phone: 505-393-3194

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: Expiration Date:

Conditions of Approval:
Attached ☐

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SANTA FE		
FILE		
U.S.G.S.		
LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.: A-1469-Z

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT —" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [X] GAS WELL [ ] OTHER-

7. Unit Agreement Name:

2. Name of Operator: E S H Corporation

8. Farm or Lease Name: Hobbs State

3. Address of Operator: P. O. Box 774 , Midland, Texas 79701

9. Well No.: 5

4. Location of Well: UNIT LETTER F , 2280 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE, SECTION 29 TOWNSHIP 18 S RANGE 38 E NMPM.

10. Field and Pool, or Wildcat:

15. Elevation (*Show whether DF, RT, GR, etc.*): 3655 GL

12. County: Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]		COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [X]
PULL OR ALTER CASING [ ]	CHANGE PLANS [ ]	CASING TEST AND CEMENT JOB [ ]	
OTHER [ ]		OTHER [ ]	

17. Describe Proposed or Completed Operations (*Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work*) SEE RULE 1103.

5-11-73 - Set 4 1/2" Bridge Plug at 5757' with 35' of cement.
Estimated top of cement at 5722'

Shot and pulled Casing at 3744'

Pumped 25 sack plug at 3744' to 3644'

Spotted 10' plug at surface

Installed dry hole marker

Cleaned and leveled location

Location is clear and ready for inspection.

E.S. Hitchcock 915-694-7461
2809 Exeter 79705

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED E. S. Hitchcock TITLE President DATE 22 October 1973

E. S. Hitchcock

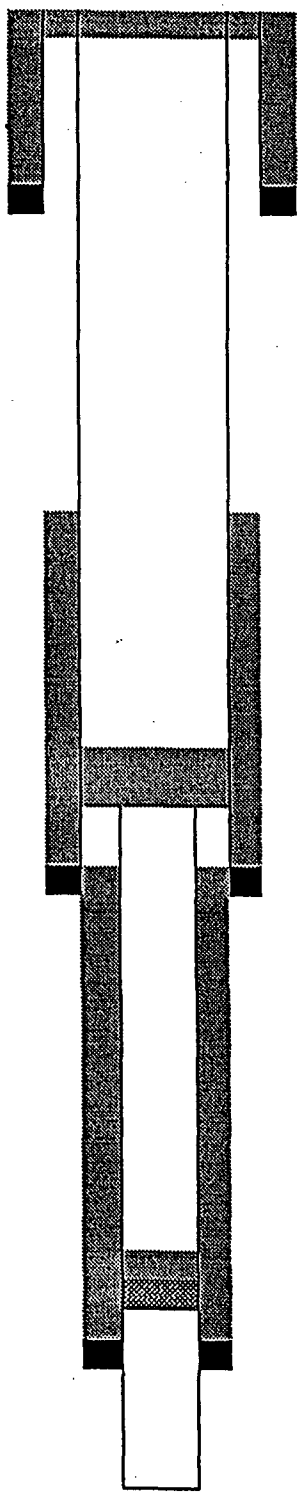
APPROVED BY John W. Runyan TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

WELL SCHEMATIC:
NEO-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.



Spotted 10' cmt plug at surf.

Existing condition of well # 5

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

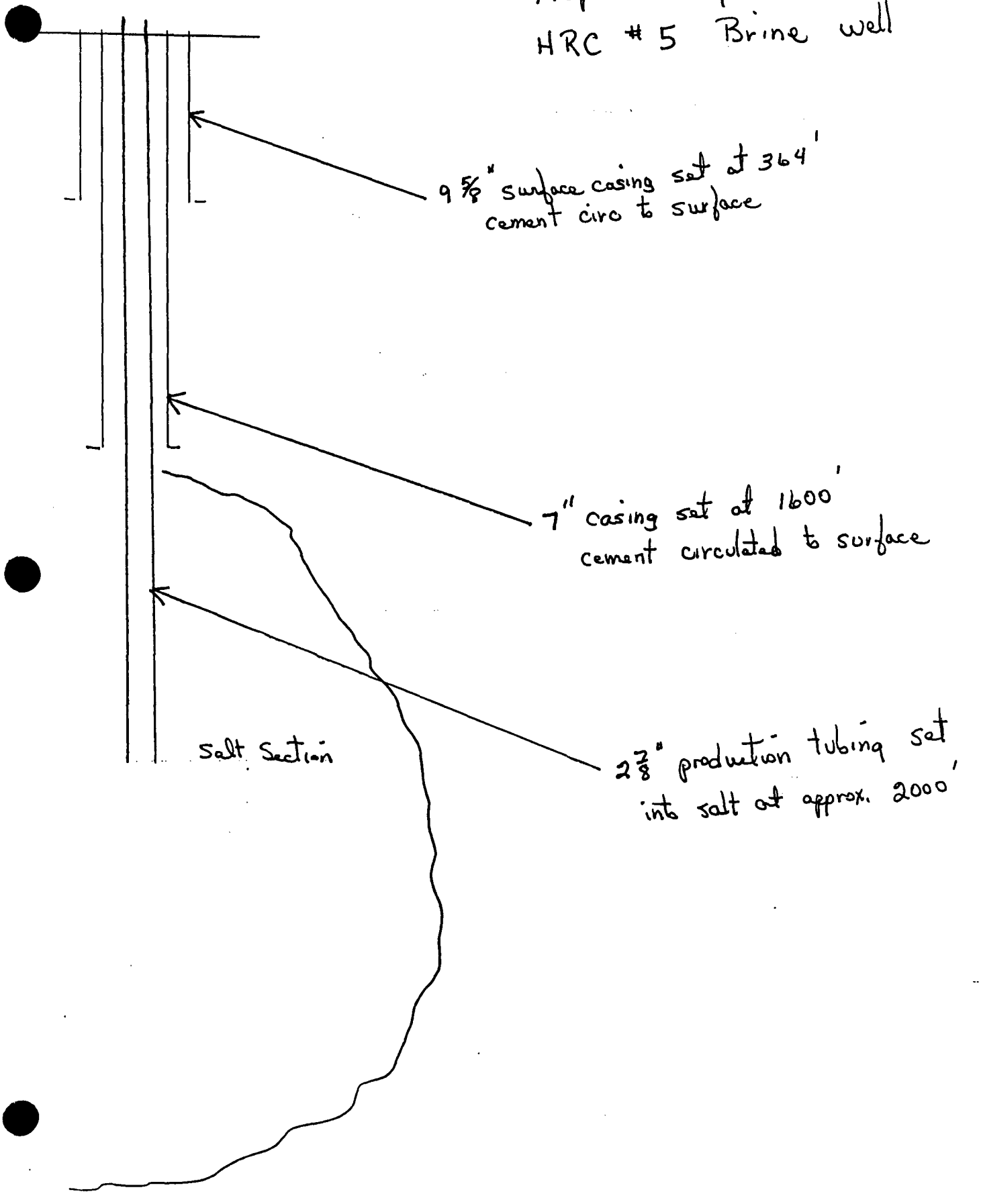
Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

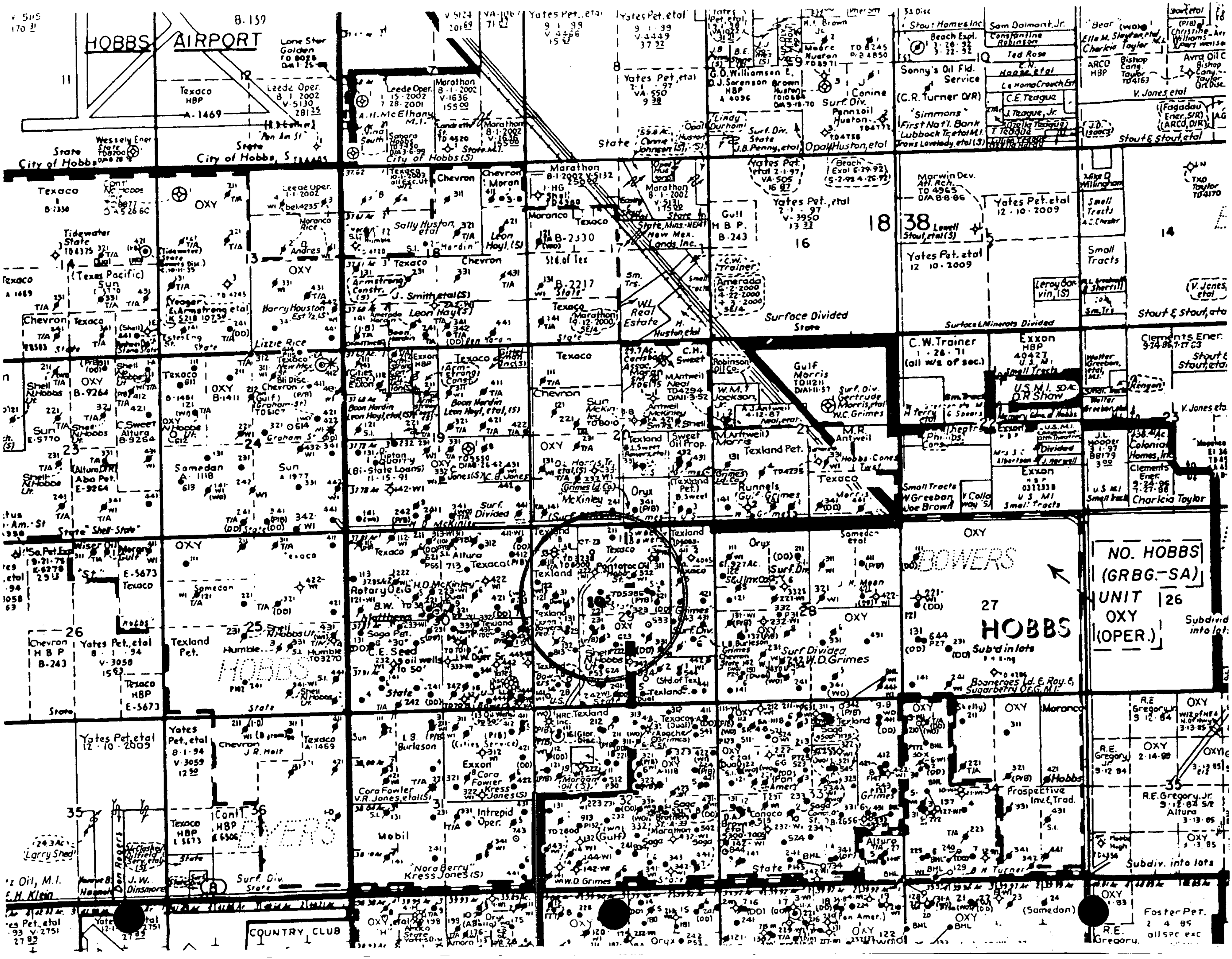
Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

PBTD: 5959'

TD: 5986'

Proposed completion for
HRC # 5 Brine well




HOBBS AIRPORT
City of Hobbs
State
Texaco
OXY
Chevron
Marathon
Yates Pet., etal
Surface Divided State
Gulf Morris
C.W. Trainer
Exxon HBP
NO. HOBBS (GRBG.-SA) UNIT OXY (OPER.)
HOBBS
BOWERS
Sub'd in lots
Subdiv. into lots
Texland Pet.
Sun
Somedan
Oryx
COUNTRY CLUB
Mobil
Intrepid Oper.
Prospective Inv. & Trad.
R.E. Gregory, Jr.
Foster Pet.
Stout & Stout, etal
Tidewater State
Small Tracts
Surf. Div.
W.D. Grimes
Kress Jones (S)

XI

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY	Altura Energy Ltd,
SAMPLE	Fresh Water Well for Wells 29321, 29231, 32312
SAMPLED BY	
DATE TAKEN	8/8/00
REMARKS	T18S-R38E-Sec29; Qtr Sec 4,1,2

Barium as Ba	0	
Carbonate alkalinity PPM	68	
Bicarbonate alkalinity PPM	260	
pH at Lab	7.21	
Specific Gravity @ 60°F	1	
Magnesium as Mg	32	
Total Hardness as CaCO3	56	
Chlorides as Cl	325	
Sulfate as SO4	130	
Iron as Fe	0	
Potassium	0.1	
Hydrogen Sulfide	0	
Rw	12	@ 23° C
Total Dissolved Solids	841	
Calcium as Ca	24	
Nitrate	2.2	

Results reported as Parts per Million unless stated

Langelier Saturation Index -54

Analysis by: Vickie Walker
Date: 8/11/00

XI

Laboratory Services, Inc.
4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY	Altura Energy Ltd,
SAMPLE	Fresh Water Well For Wells 33111 & 28131 + 29231
SAMPLED BY	
DATE TAKEN	5/9/00
REMARKS	T18S-R38E-Sec 29, Qtr Sec. 4,2,1

Barium as Ba	0	
Carbonate alkalinity PPM	40	
Bicarbonate alkalinity PPM	216	
pH at Lab	7.63	
Specific Gravity @ 60°F	1	
Magnesium as Mg	174	
Total Hardness as CaCO3	300	
Chlorides as Cl	155	
Sulfate as SO4	115	
Iron as Fe	0.1	
Potassium	0.09	
Hydrogen Sulfide	0	
Rw	9.4	@ 25° C
Total Dissolved Solids	850	
Calcium as Ca	126	
Nitrate	7.5	

Results reported as Parts per Million unless stated

Langelier Saturation Index 0.05

Analysis by: Vickie Walker
Date: 6/6/00

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Oxy									PBTD				7	8.75	4000	500	976**
28331	30-025-	07412	28	-18S	-38E	J	5//35	P	4280	4015	4268	4081-4093	10.75	13.5	245	150	CIRC
Oxy													7.625	9.625	1635	300	186
													5.5	6.25	4015	300	2662-CBL
													4.5	6.5	3987-4280	100	3987
28411	30-025-	07419	28	-18S	-38E	A	4//36	P	4223	4133	4225	15	12.5	16	227	160	CIRC**
Oxy									PBTD			17	7	8.75	4133	750	2550-CBL
												475					
28421	30-025-	07418	28	-18S	-38E	H	5//35	TA	4262	4020	4262	NONE	12.5	16	235	150	CIRC
Oxy													7	8.75	4020	200	2677-CBL
28422	30-025-	27243	28	-18S	-38E	H	5//48	I	4470	4239	4268	4222-4228	16	20	40	40	CIRC
Oxy												4242-4244	8.625	12.25	1600	850	CIRC
												4252-4256	5.5	7.875	4503	1050	CIRC
												4269-4271					
28431	30-025-	07413	28	-18S	-38E	I	8//35	P	4225	3993	4218	2660	10.75	13.5	225	150	CIRC**
Oxy													7.625	9.625	1640	400	CIRC**
													5.5	7.875	3993	400	2698-CBL
28441	30-025-	07411	28	-18S	-38E	P	1//35	I	4272	4102	4257	NONE	10.75	13.5	243	150	CIRC
Oxy									PBTD				7.625	9.625	1634	300	185
													5.5	6.25	4015	300	CIRC
29111	30-025-	23919	29	-18S	-38E	D	12//71	P	4287	4183	4287	3905-4250	8.625	11	310	150	CIRC
Oxy									PBTD				5.5	7.875	3905	300	2427**
29121	30-025-	07449	29	-18S	-38E	E	3//47	P	4275	3924	4275	4070-85	9.625	12.25	2739	650	890
Oxy												4110-20	7	8.75	3104	100	2640 CBL
												4130-50	4.5 Lnr	6.25	2900-4201	100	2900
29122	30-025-	28953	29	-18S	-38E	E	2//85	I	4215	4154	4211	NONE	13.375	17.5	40	NA	CIRC
Oxy									(CIBP)				8.625	11	1510	785	CIRC
													5.5	7.875	4370	435	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
29131	30-025-	07447	29	-18S	-38E	L	10//30	P	4168	4050	4210	NONE	12.5	18	225	250	CIRC
Oxy									PBTD				9.625	12	2750	650	660**
													7	8.75	3976	300	1504-CBL
													5	6.125	3870-4220	50	3930-CBL
29132	30-025-	26917	29	-18S	-38E	L	12//80	I	4470	4025	4245	NONE	16	20	40	40	CIRC
Oxy									PBTD				8.625	12.25	1595	785	CIRC
													5.5	7.875	4510	900	CIRC**
29141	30-025-	07448	29	-18S	-38E	M	8//30	I	4238	3690	4228	3960-4108	12.5	18	203	200	CIRC
Oxy									PBTD			4033-4053	9.625	12	2736	650	1000**
													7	8.75	3960	300	1850**
													5.5	7.875	3941	250	3460-CBL
													4.5	6.25	3417-4238	50	3774-CBL
29211	30-025-	07433	29	-18S	-38E	C	11//30	TA	4003	4217	4270	4053-4150	12.5	18	243	250	CIRC
Oxy									CIBP			4180-4200	9.625	12	2796	400	CIRC
												4211-4215	7	8.75	4007	500	3014**
													5.5	6.25	3957-4238	50	3957
29221	30-025-	07430	29	-18S	-38E	F	9//30	P	4210	4118	4176	4154-4162	12.5	18	210	200	CIRC
Oxy									PBTD			4175-4185	8.625	12	2704	400	1236
												4185-4200	7	8.75	3979	500	2753
												4213-4267	4.5	6.125	3910-4213	50	3910
29222	30-025-	26934	29	-18S	-38E	F	4//81	I	4465	4175	4265	NONE	16	20	40	40	CIRC
Oxy													8.625	12.25	1605	950	CIRC
													5.5	7.875	4510	1050	CIRC
29231	30-025-	07438	29	-18S	-38E	K	10//30	P	4255	4106	4255	NONE	15.5	18	252	1000	CIRC**
Oxy													9.625	12.25	2729	600	CIRC
													7	8.75	3953	300	2718
													5	6.25	3906-4220	50	3906
29241	30-025-	07437	29	-18S	-38E	N	10//30	I	4255	4076	4239	NONE	12.5	18	217	160	CIRC
Oxy													9.625	12	2730	500	895
													7	8.75	3929	350	1850

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
													5.5	7.875	3822-4299	60	3822
29242	30-025-	28413	29	-18S	-38E	N	3//84	P	4370	4005	4257	4019	16	20	30	NA	CIRC
Oxy												4037	8.625	12.25	1511	750	CIRC
												4040	5.5	7.875	4368	750	2330
29311	30-025-	07432	29	-18S	-38E	B	10//30	P	4269	4044	4269	4090-4110	12.5	16	241	250	113
Oxy												4171	9.625	11.75	2776	400	2750
													7	8.75	4008	500	2949
													5.5	6.25	3921-4234	350	3786
29321	30-025-	07431	29	-18S	-38E	G	9//30	P	4301	4137	4271	3895	12.5	16	211	250	CIRC
Oxy									PBTD			4100	9.625	11.75	2756	250	921
													7	8.75	3995	300	2930-CBL
													5	6.25	3812-4308	100	3894-CBL
29322	30-025-	28883	29	-18S	-38E	G	11//84	I	4342	4160	4256	NONE	13.375	17.5	40	NA	CIRC
Oxy									PBTD				8.625	12.25	1520	620	CIRC
													5.5	7.875	4384	850	CIRC
29323	30-025-	28941	29	-18S	-38E	G	1//85	P	4180	3089	4272	NONE	13.375	17.5	40	NA	CIRC
Oxy									PBTD				8.625	12.25	1542	375	CIRC
													5.5	7.875	4370	450	575-CBL
29361	30-025-	07436	29	-18S	-38E	J	9//30	I	4261	4100	4258	4044-4065	9.625	11.75	2742	500	907
Oxy													7	8.75	3929	300	2115
													4.5	6.25	4270	750	3788 CBL
29341	30-025-	07445	29	-18S	-38E	O	10//30	P	4090	4050	4146	4010-4035	13.375	15	210	150	CIRC**
Oxy									PBTD				9.625	12	2750	700	CIRC**
													7	8.75	3934	300	3430-CBL
													5	6.25	4162	350	CIRC
29342	30-025-	28884	29	-18S	-38E	O	11//84	I	4375	4083	4250	NONE	13.375	17.5	40	NA	NA
Oxy													8.625	12.25	1520	620	CIRC
													5.5	7.875	4375	875	CIRC
29411	30-025-	07454	29	-18S	-38E	A	10//30	I	4335	4200	4335	4102-4137	12.5	16	245	250	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name / Operator	API No.		Sec.	T	R	Un Ltr	Drill Date	Well Type	TD or PBTD	Top Perf	Bot. Perf	Sqz. Perfs	Csg. Size	Hole Size	Depth	No. of Sxs.	TOC
Oxy												4057-4091	9.625	11.75	2750	650	365**
												4154-4158	7	8.75	4045	300	2231**
													5.5	6.25	3941-4223	30	3941**
29431	30-025-	07458	29	-18S	-38E	I	10//30	P	4227	4155	4225	4010	15.5	18	228	200	CIRC**
Oxy									PBTD			4075	9.625	12.25	2720	600	978**
													7	8.75	3900	400	2086**
													5.5	6.25	3209-4229	120	3209**
29441	30-025-	07444	29	-18S	-38E	P	10//30	P	4211	4058	4266	4020-4028	13.375	18	232	150	CIRC**
Oxy									PBTD				9.625	12	2743	1400	CIRC**
													7	8.75	3950	300	3240-CBL
													5	6.5	4172	22	4020
29442	30-025-	28885	29	-18S	-38E	P	2//85	I	4237	4065	4210	4031	13.375	17.5	40	NA	CIRC
Oxy									CIBP			4036	9.625	12.25	1536	575	CIRC
													7	7.875	4370	1100	CIRC
29544	30-025-	34644	29	-18S	-38E	P	7//99	P	4359	4124	4256	NONE	14	18	40	50	CIRC
Oxy									PBTD				8.625	12.25	1565	725	CIRC
													5.5	7.875	4400	775	CIRC
30112	30-025-	29063	30	-18S	-38E	D	3//85	TA	4000	4034	4264	NONE	13.375	17.5	40	NA	NA
Oxy									CIBP				9.625	12.25	1520	250	CIRC
													7	8.75	4369	675	CIRC
30113	30-025-	29064	30	-18S	-38E	D	1//85	P	4310	4042	4285	NONE	13.375	17.5	55	NA	CIRC
Oxy									CIBP				8.625		1495	620	CIRC
													5.5	7.875	4370	990	CIRC
30121	30-025-	07464	30	-18S	-38E	E	9//30	I	4115	4160	4271	4042-4096	12.5	16	212	200	CIRC**
Oxy									PBTD				9.625	11.75	2749	400	1281**
													7	8.75	3994	425	2738-CBL
													5	6.125	3841-4312	40	CIRC-CBL
30131	30-025-	07481	30	-18S	-38E	L	10//30	P	4256	4082	4270	4006-70	9.625	11.75	2751	550	733
Oxy									CIBP			4116-40	7	8.75	3900	350	1783

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

FOR WELLS 28332,29231,29321,30223,32312,32431																
Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
St A #4	30-025-	23076	32	-18S	-38E	B	4//69	TA	5325	5375	5966	NA	11.75	15	380	350	CIRC
Amerada									CIBP				8.625	11	3810	590	2400
													5.5	7.875	5998	325	5281**
St A #5	30-025-	23116	32	-18S	-38E	A	6//69	P	6954	6674	6936	NA	11.75	15	385	400	CIRC**
Amerada													8.625	11	3798	590	1099**
													5.5	7.875	7000	501	4772**
State B #5	30-025-	07434	29	-18S	-38E	G	12//48	P	3224	3136	3224	1680-1682	10.75	13.75	220	200	CIRC**
Collins & Ware													7.625	9.875	1665	300	CIRC**
													5.5	6.75	3136	300	CIRC**
State B #6	30-025-	07435	29	-18S	-38E	F	1//47	P	3219	3137	3219	NONE	7.625	9.875	414	200	390
Collins & Ware													5.5	6.75	3137	394	CIRC**
St I #5	30-025-	23173	29	-18S	-38E	O	7//69	P	6970	6648	6930	NONE	8.625	12.25	3808	300	3418**
Texland Pet.													6.625	8.75	3575	530	CIRC**
													5.5	7.875	7022	NA	NA
State A #7	30-025-	22934	29	-18S	-38E	N	2//69	P	6050	5823	5941	NONE	11.75	15	360	250	CIRC**
Conoco													8.625	11	3800	240	2515-TS
													5.5	7.875	6050	405	3300-TS
State A #8	30-025-	23048	29	-18S	-38E	K	4//69	TA	3567	3652	5787	5824-5924	11.75	15	360	250	CIRC**
Conoco									CIBP				8.625	11	3800	240	3064**
													5.5	7.875	5960	405	4309**
State A-33 # 12	30-025-	23195	33	-18S	-38E	L	9//69	P	6985	6686	6946	NONE	13.375	17.5	422	375	CIRC
Conoco/Brothers Prod.									PBTD				9.625	12.5	3750	325	2850
													7	8.75	7018	525	3700

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Bowers A Fed. #28	30-025-	23022	29	-18S	-38E	M	4//69	P	5345	5856	5928	NONE	11.75	15	374	300	CIRC**
Exxon									CIBP				8.625	11	3850	500	1879**
													5.5	7.875	5989	450	3838**
Bowers A Fed. #29	30-025-	23131	29	-18S	-38E	L	5//69	P	6000	5808	5889	NONE	11.75	15	370	300	CIRC**
Exxon													8.625	11	3849	500	1877**
													4.5	7.875	6000	450	5087**
Bowers A Fed. #38	30-025-	28580	30	-18S	-38E	I	4//84	P	7006	6764	6962	NONE	13.375	17.5	1476	1220	CIRC
Exxon													10.75	12.25	4491	1650	CIRC
													5.5	7.875	7000	660	4985
WD Grimes #6	30-025-	23400	29	-18S	-38E	I	2//70	P	7018	6631	6984	NONE	13.375	17.5	377	400	CIRC**
Lewis B. Burleson									PBTD				9.625	12.25	3847	2300	CIRC**
													7	8.75	7049	540	3458**
HD McKinley #8	30-025-	23151	30	-18S	-38E	H	6//69	P	5615	3676	3754	NONE	13.375	17.5	360	340	CIRC
Getty													8.625	11	3842	1400	CIRC
													5.5	7.875	6057	650	3300
HD McKinley #9	30-025-	23221	30	-18S	-38E	G	8//69	TA	6961	5761	6965	NONE	13.375	17.5	378	400	CIRC**
Getty									CIBP				9.625	12.25	3851	1748	CIRC**
													7	8.75	6999	650	1933**
Grimes A #4	30-025-	07522	32	-18S	-38E	C	9//30	P	3884	3604	3700	270	15.5	20	220	200	CIRC**
Gulf									PBTD				9.625	12.25	2742	600	318**
													6.625	7.875	3931	400	CIRC**
Grimes NCT-A #17	30-025-	22792	32	-18S	-38E	C	11//68	P	6051	5780	5996	NONE	13.375	17.5	366	370	CIRC
Gulf/Chevron									PBTD				9.625	12.25	3399	1450	CIRC**
													7	8.75	6149	545	2510
Grimes NCT-A #18	30-025-	22915	32	-18S	-38E	F	2//69	P	6000	5772	5928	NONE	13.375	17.5	351	335	CIRC

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Marathon													5.5	7	3116	1000	CIRC
State #8	30-025-	07542	32	-18S	-38E	I	7//48	P	3192	3124	3192	NONE	8.625	11	300	125	CIRC
Marathon													5.5	7	3124	1000	CIRC
St #8	30-025-	07486	30	-18S	-38E	L	4//48	P	3180	3223	3271	NA	8.625	11	295	125	CIRC
Marathon										OH			5.5	7	3173	900	CIRC
Hobbs State #1	30-025-	23585	29	-18S	-38E	F	10//70	P	7032	6680	6992	NONE	12.75	17.5	356	400	CIRC
Marcum Drilling									PBTD				8.625	11	3795	300	2600
													5.5	7.875	7050	150	3839-CBL
Conoco-State #2	30-025-	23856	33	-18S	-38E	K	11//71	P	7075	5830	6533	NONE	13.375	17	402	410	CIRC
Penroc													9.625	12.25	3797	350	998
													7	8.75	7075	600	3503
Hobbs State #2	30-025-	23620	29	-18S	-38E	G	1//71	P	6397	6705	7031	6318-6350	9.625	12.75	358	200	CIRC
Marcum Drilling									PBTD				7	8.75	3850	250	2481**
													4.5	6.125	7075	425	1672**
Hobbs SWD F #WD29	30-025-	12802	29	-18S	-38E	F	2//60	I	5050	4469	5050	NA	9.625	12.25	400	300	CIRC**
Rice											OH		7	8.75	4700	700	CIRC**
State Land S32 #9	30-025-	23309	32	-18S	-38E	J	1//70	P	6710	5954	6560	NONE	13.375	17.5	364	160	90**
Saga									CIBP				9.625	12.25	3799	1140	CIRC**
													7	8.75	573-6998	490	CIRC**
Seed St 30 #1	30-025-	22994	30	-18S	-38E	K	2//69	P	45	10	45	NONE	7	8.5	10	2	CIRC**
C.E. Seed																	

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Bowers A #14	30-025-	07451	29	-18S	-38E	O	8//47	PA	3207	3162	3207	NONE	8.625	11	496	400	CIRC**
Exxon													5.5	7.625	3120	1350	CIRC**
Bowers A-B #1	30-025-	07453	29	-18S	-38E	D	9//48	PA	3238	3179	3238	NA	8.625	11	260	150	CIRC**
Exxon										OH			5.5	7.625	3179	1050	CIRC**
Bowers A Fed. #9	30-025-	07446	29	-18S	-38E	E	8//30	PA	4259	NA	NA	NA	9.625	12	2750	650	CIRC**
Exxon													7	8.75	3976	300	2011**
													5	6.25	4259	NA	NA
Bowers A Fed. #13	30-025-	07476	30	-18S	-38E	J	7//47	PA	3189	3148	3189	NA	8.625	11	225	200	CIRC**
Exxon										OH			5.5	7.625	3150	1350	CIRC**
Bowers A Fed. #17	30-025-	21900	30	-18S	-38E	J	10//66	PA	50	10	50	NONE	7	8	12	6	CIRC**
Exxon																	
Bowers A Fed. #31	30-025-	23176	29	-18S	-38E	E	6//69	PA	7050	6075	6991	NONE	8.625	11	3836	500	1858**
Exxon													5.5	7.875	7038	650	3125**
													2	7.875	7005	NA	NA
Bowers A Fed. #33	30-025-	23222	29	-18S	-38E	D	7//69	PA	3970	4144	5953	4256-66	13.375	17	416	400	CIRC**
Exxon									CIBP			5939	9.625	12.25	3836	350	2555-TS
													7	8.75	5988	550	2900-TS
Bowers A Fed. #34	30-025-	23260	30	-18S	-38E	J	8//69	PA	7010	5822	6979	5848-98	9.625	12.25	3850	550	2296**
Exxon												6932-75	3.5 B	7.875	6088	895	2600**
													3.5 D	7.875	6098	895	2615**
Bowers A Fed. #CT24	30-025-	21963	29	-18S	-38E	E	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Humble																	
Bowers A Fed. #CT25	30-025-	21964	29	-18S	-38E	E	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
Exxon																	
Bowers A Fed. #CT26	30-025-	21969	30	-18S	-38E	J	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Exxon																	
Bowers A Fed. #CT27	30-025-	21970	30	-18S	-38E	H	1//67	PA	35	NA	NA	NA	NA	NA	NA	NA	NA
Exxon																	
WD Grimes #2	30-025-	07455	29	-18S	-38E	A	2//48	PA	4045	NA	NA	NA	8.625	11	242	150	CIRC**
Humble													5.5	7.375	3205	450	CIRC**
G.O. Mckinley #3	30-025-	07461	30	-18S	-38E	H	7//30	PA	3199	NA	NA	NA	9.625	12.25	2755	600	337**
Marathon/Getty													7	8.25	3166	100	2995**
G.O. Mckinley #6	30-025-	07488	30	-18S	-38E	G	6//47	PA	3200	1453	NA	NA	8.625	11	1474	400	CIRC**
Marathon/Getty													5.5	5.875	3178	200	CIRC**
G.O. Mckinley #7	30-025-	07489	30	-18S	-38E	B	7//47	PA	3224	NA	NA	NA	8.625	11	1504	400	CIRC**
Marathon/Getty													5.5	6.5	3192	200	CIRC**
Hobbs State #5	30-025-	23662	29	-18S	-38E	F	1//71	PA	5959	5813	5879	NA	9.625	12.25	364	200	CIRC
Ne-O-Tex													7	8.75	3826	200	2250
													4.5	6.25	5986	120	3800 (C)
State-Northrup #1	30-025-	07535	32	-18S	-38E	J	6//30	PA	3227	3140	3203	NONE	12.5	16	1482	175	1046**
Ohio Oil									PBTD				10.75	12.25	2776	200	2050**
													7	8.75	3850	275	CIRC
													5	7	3244	500	CIRC
WD Grimes #6	30-025-	07428	28	-18S	-38E	F	11//47	PA	3325	NONE	NONE	NONE	9.625	13	441	300	CIRC**
Repollo/Sinclair													7	9	3185	800	CIRC**

** Denotes calculated TOC with 50% efficiency

OFFSET WELLS WITHIN ONE HALF MILE OF PROPOSED INJECTORS

Well Name	API No.		Sec.	T	R	Un	Drill	Well	TD or	Top	Bot.	Sqz.	Csg.	Hole		No. of	
Operator						Ltr	Date	Type	PBTD	Perf	Perf	Perfs	Size	Size	Depth	Sxs.	TOC
WD Grimes #5	30-025-	07424	28	-18S	-38E	L	7//47	PA	3150	3191	3197	NONE	8.625	11	409	195	CIRC**
Shell									CMT				4.5	7.875	1958	600	CIRC**
WD Grimes #6	30-025-	12500	28	-18S	-38E	M	7//47	PA	3090	3155	3161	NONE	8.625	11	411	200	CIRC**
Shell									CMT				5.5	7.875	2778	1400	CIRC**
Grimes #8	30-025-	07423	28	-18S	-38E	L	9//47	PA	3120	3215	3221	NONE	8.625	11	402	200	CIRC**
Shell									CMT				4.5	7.875	2108	850	CIRC**
McKinley A #9	30-025-	12492	19	-18S	-38E	N	8//47	PA	3247	3205	3247	NA	8.625	11	407	200	CIRC**
Shell													4.5	7.875	3168	850	CIRC**
WD Grimes #5	30-025-	07426	28	-18S	-38E	E	10//47	PA	3222	3212	3222	NONE	9.625	13	441	300	CIRC**
Sinclair													7	9	3185	600	CIRC**
St #1	30-025-	07442	29	-18S	-38E	P	8//30	PA	4191	3150	4191	NA	13.375	17.5	217	200	CIRC**
Std of Tx											OH		9	12.25	2735	500	1473**
													6.625	7.875	3907	174	2374**
St #2	30-025-	07443	29	-18S	-38E	O	9//30	PA	4171	3155	4156	NA	13	17.5	225	150	CIRC**
Std of Tx													9.625	12.25	2810	725	CIRC**
													7	8.75	3951	300	1973**
WD Grimes #1	30-025-	07456	29	-18S	-38E	I	8//30	PA	4160	3168	3189	3259-61	12.5	17.5	236	200	CIRC**
Tidewater												3049-50	9.625	12.25	2712	600	273**
													6.625	8.75	3826	300	2404**
Grimes #2	30-025-	07457	29	-18S	-38E	H	10//30	PA	4176	3148	3255	3086-3088	15.5	18	230	200	CIRC**
Tidewater												3270-3272	9.625	12.25	2718	600	282**
													7	8.75	3880	300	1867**
													5.5	7.875	3350	100	3088**
Grimes #5	30-025-	07460	29	-18S	-38E	H	12//30	PA	4196	NA	NA	NA	12.5	16	214	250	CIRC

** Denotes calculated TOC with 50% efficiency

WELL SCHEMATIC:
TURA NHU 29-421

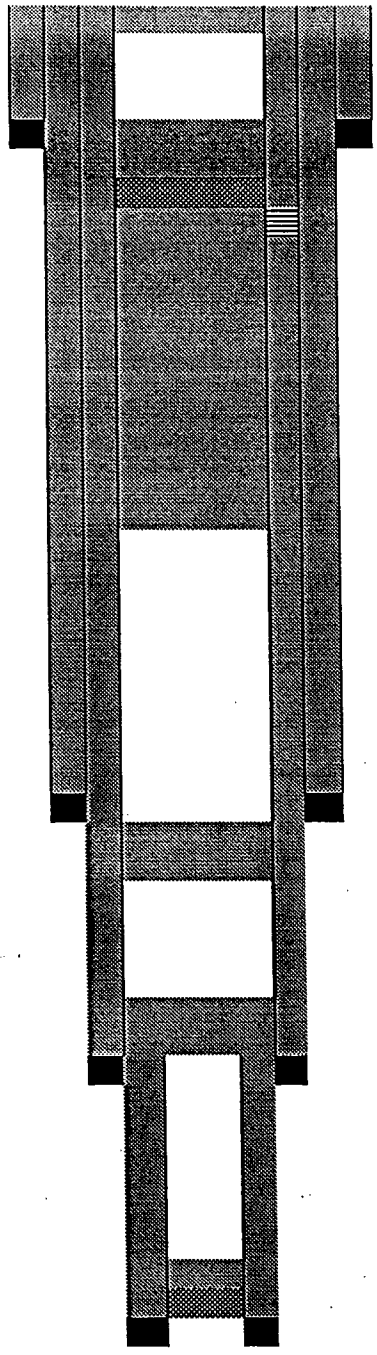
WELL PLUGGED:
12/3/97

12.5"
220'
200 SX
TOC: CIRC

9.625"
2720'
600 SX
TOC: 518'

7"
3880'
300 SX
TOC: 2914 CBL

5.5"
3796'-4236'
50 SX
TOC: 3866'



10 sx cmt from 62' to surf.

Stung out and left 60' cmt on Top of ret.

Perf at 500'. Set CICR at 308'

Squeeze 100 sx cmt below Ret. to surf in 7" csg. x 9.625" Csg.

Pumped 20 sx cmt from 1868 To 1748'.

Pumped 20 sx cmt from 2862 To 2742'.

Pumped 20 sx cmt from 3873 To 3722'.

Set CIBP at 4100'. Cap w/40' Cmt.

WELL SCHEMATIC:
EXXON BOWERS A FED #9

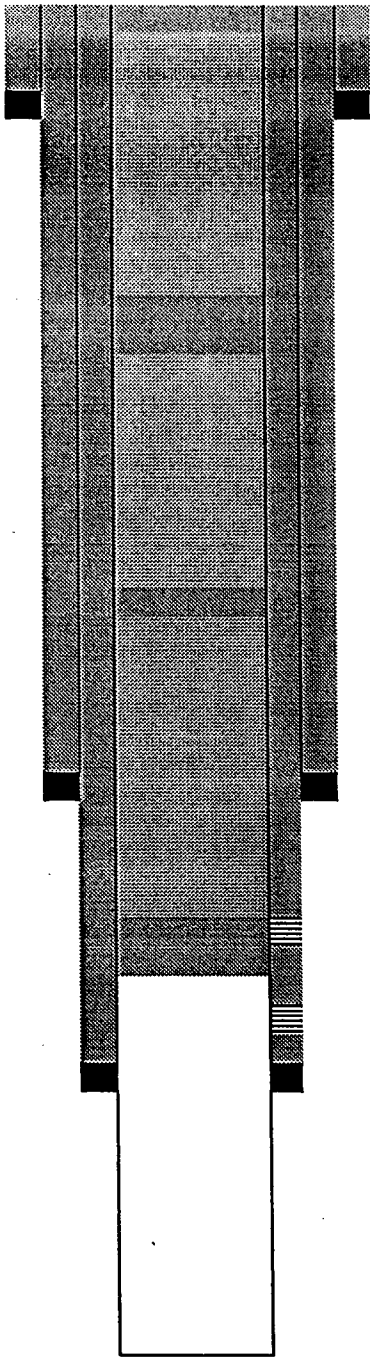
WELL PLUGGED:
12/3/70

12.5"
213'
650 SX
TOC: SURF (C)

9 5/8"
2736'
650 SX
TOC: SURF (C)

7"
3970'
300 SX
TOC: 2000(C)

TD: 4259'



Spotted 10 sx cmt plug from 0' to 25 '.

Hole was loaded with mud Laden fluids.

Spotted 20 sx cmt plug from 1400' to 1550'.

Spotted 40 sx cmt plug from 2300' to 2400'.

Perf's at 3220'-3227'.

Spotted 50 sx cmt plug from 3000' to 3250'.

Squeezed perf's at 3726' To 3741'.

WELL SCHEMATIC:
DEWATER WD GRIMES #1

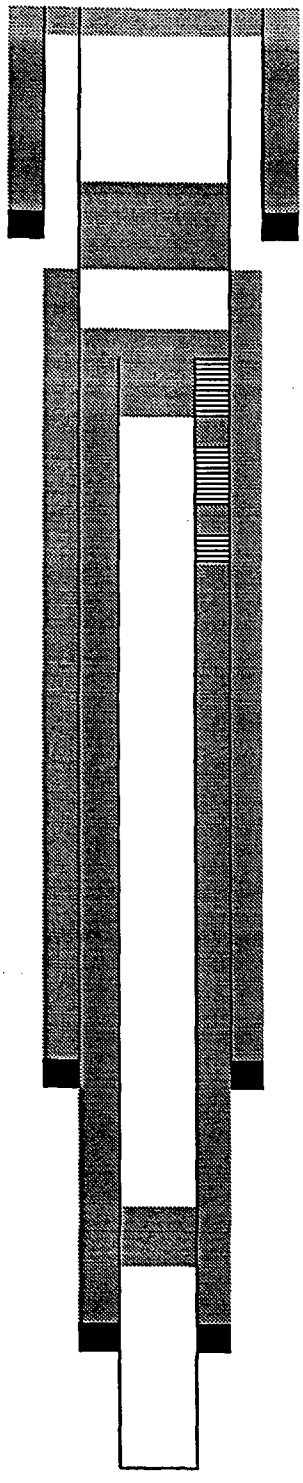
WELL PLUGGED:
7/25/68

Size: 12 ½"
Depth: 236'
Hole size: 17.5"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 9 5/8"
Depth: 2712'
Hole size: 12.25"
Cmt: 600 sxs
TOC: 273'- Calc.
With 50% effic.

Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 300 sxs
TOC: 800' FP

TD:4160'



Laid 10 sx plug at surface.

Laid 25 sx cmt at bottom of 12 ½" csg.

Laid 25 sx over 7" stub.
Shot at 787' and pulled.
Shot at 899'.

Shot at 1044'.
Shot at 1193'.

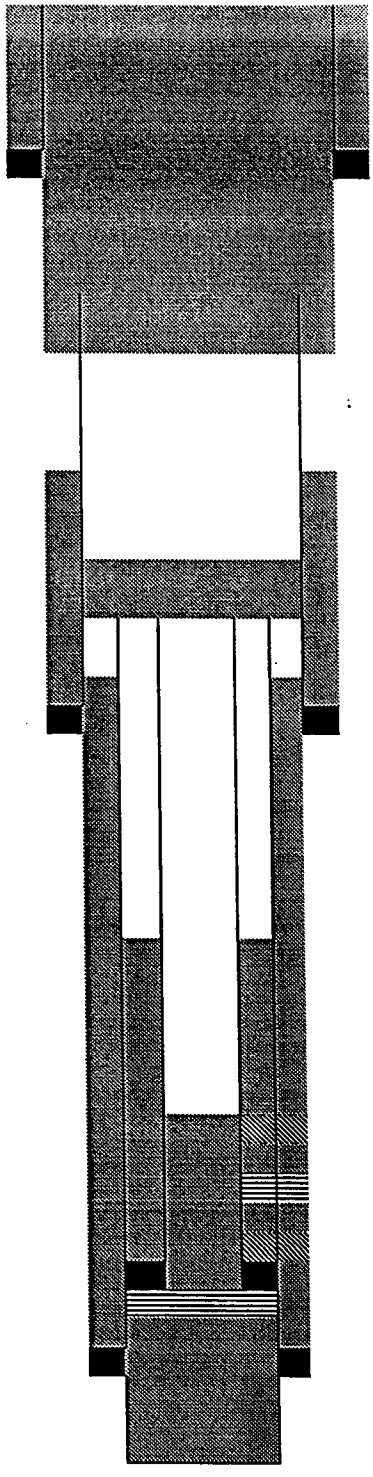
Shot at 1404'.

Spotted 25 sx cmt plug from 3599' to 3467'.

W.D. Grimes #2
Tidewater Oil Co.
Unit H, 990 FEL & 2310 FNL
Sec 29, T-18S, R-38E

WELL PLUGGED:
2/18/82

Size: 15.5"
Depth: 230'
Hole size: 17.5"
Cmt: 200 sxs
TOC: Circ. – Calc.
50% efficiency



Circ. 15335 sxs from 1361 to surface

Cut off 9.625" at 1200'

25 sxs cmt. Plug

Cut off 7 and 5.5" at 2030'

Size: 9.625"
Depth: 2718'
Hole size: 12.25"
Cmt: 600 sxs
TOC:

Size: 5.5"
Depth: 3350
Hole size: 7"
Cmt: 100
TOC: 3088' – Calc
with 50% effc.

15 sxs plug

Perfs 3086-88, sqz'd w/ 100 sxs

Perfs 3148-3255

Perfs 3270-72, sqz'd w/ 50 sxs

Cmt Ret. 3350'

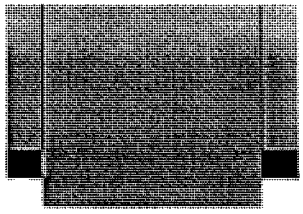
Size: 7"
Depth: 3880'
Hole size: 8.75"
Cmt: 300 sxs
TOC:

TD: 4176

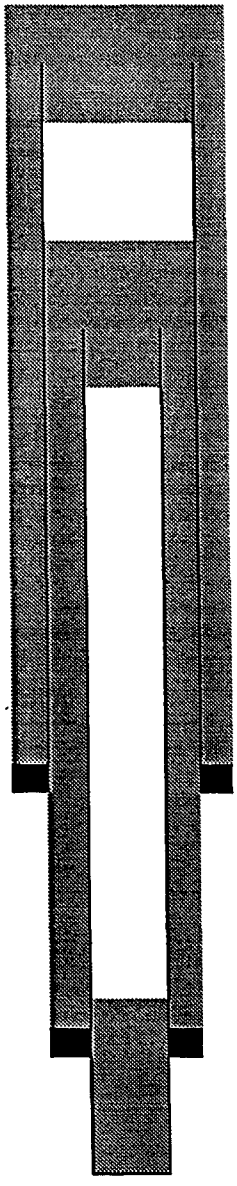
Grimes #5
Tidewater Oil Co.
Unit H, 1650 FNL & 990 FEL
Sec. 29, T-18S, R-38E

WELL PLUGGED:
3/17/81

Size: 12.5"
Depth: 214'
Hole Size: 17.5"
Cmt: 325 sxs
TOC: Circ.



Spotted 500 sxs at 400' to surface



9.625" top at 1198

Spotted 100 sxs at 1249'

7" top at 1750'

Spotted 100 sxs at 1800'

Size: 9.625"
Depth: 2715'
Hole Size: 12.25"
Cmt: 600 sxs
TOC:

Size: 7"
Depth: 3911'
Hole size: 8.75"
Cmt: 400 sxs
TOC:

Spotted 100 sxs at 4107

TD: 4200'

WELL SCHEMATIC:
[illegible] OF TX- STATE #1

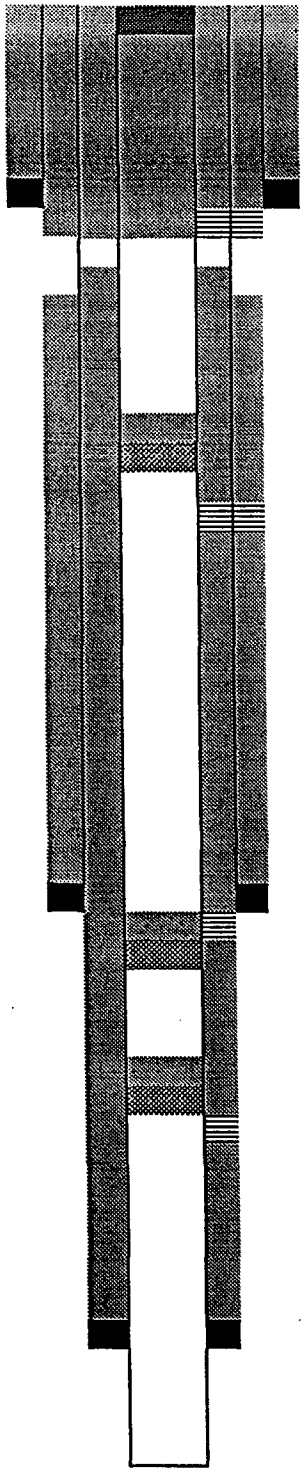
WELL PLUGGED:
11/25/89

Size: 13 3/8"
Depth: 217'
200 SX
TOC: SURF (C)
TOC: Circ. – Calc.
With 50% effic.

Size: 9"
Depth: 2735'
Hole size: 12.25"
Cmt: 500 sxs
TOC: 1200'- Calc.
With 50% effic.

Size: 6 5/8"
Depth: 3907'
Hole size: 7.875"
Cmt: 357 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 4191'



Weld ½" plate on top.

Perf 6 5/8" and 9" at 267'.
Pumped 170 sx cmt down
Prod csg, circ cmt out
Intermediate and surf csg
Annuli. Cut off 6 5/8" csg 3'
Below GL. Cap w/ ½" plate
And valve wellbore.

Set cicr at 1404'.

Perf 6 5/8" and 9" at 1500'.
Sqzd perfs w/200 sx cmt.

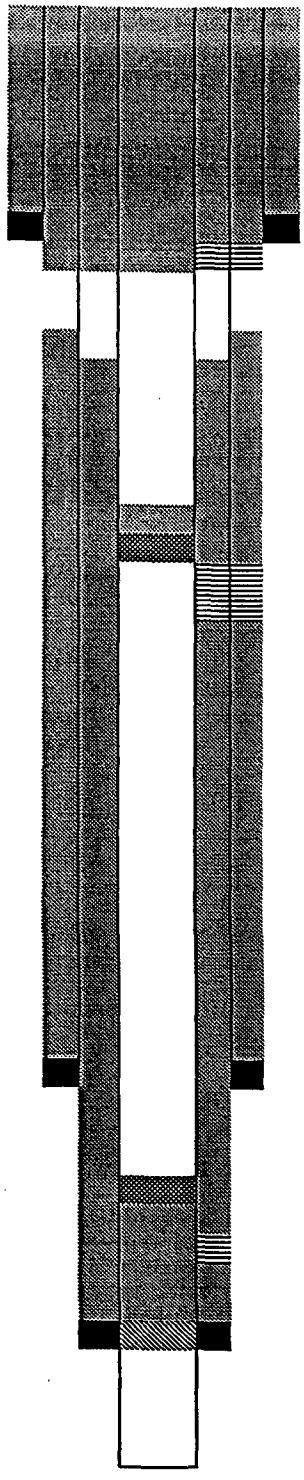
Perfd 6 5/8" csg at 2785'.
Sqzd perfs w/55 sx cmt.
Set cast iron cmt ret at 2681'.
Cap cmt ret w/35' cmt.

Capped CICR w/35' cmt to
3000'.
Set cast iron cmt ret at 3060'
Sqzd perfs w/106 sx to 3000'
Perfs at 3138' to 3241'

WELL SCHEMATIC:
[illegible] OF TX STATE #2

WELL PLUGGED:
12/5/89

Size: 13"
Depth: 225'
Hole size: 17.5"
Cmt: 150 sxs
TOC: Circ. – Calc.
With 50% effic.



Sqzd perfs at 292' with 220 sx. Circ to surface

Size: 9 5/8"
Depth: 2810'
Hole size: 12.25"
Cmt: 725 sxs
TOC: Circ. – Calc.
With 50% effic.

Set cicr at 1404' and capped With cmt.
Perf'd at 1500'.
Sqzd perfs at 1500' with 300 sx

Size: 7"
Depth: 3951'
Hole size: 8.75"
Cmt: 300 sxs
TOC: 1240'- Calc.
With 50% effic.

PBTD: 3072'

Set cicr at 2744'.

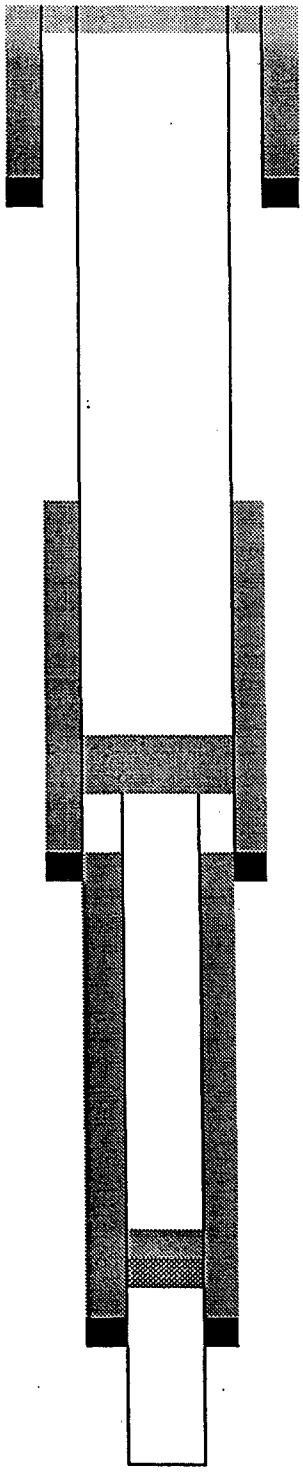
Perfs sqzd at 2852', sqzd With 55 sx.
Dumped 35' cmt onto CIBP.
CIBP at 3072'

WELL SCHEMATIC:
[illegible]-O-TEX HOBBS STATE #5

WELL PLUGGED:
5/11/73

Size: 9 5/8"
Depth: 364'
Hole size: 12.25"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Spotted 10' cmt plug at surf.



Size: 7"
Depth: 3826'
Hole size: 8.75"
Cmt: 200 sxs
TOC: 2250'

Shot and pulled csg at 3744'.
Pumped 255 sx cmt plug
From 3744' to 3644'.

Size: 41/2"
Depth: 5986'
Hole size: 6.25"
Cmt: 120 sxs
TOC: 3800'- Calc.
With 50% effic.

Set 4 ½" CIBP at 5757' and
Capped with 35' cmt. Est.
TOC is 5722'.

PBTD: 5959'

TD: 5986'

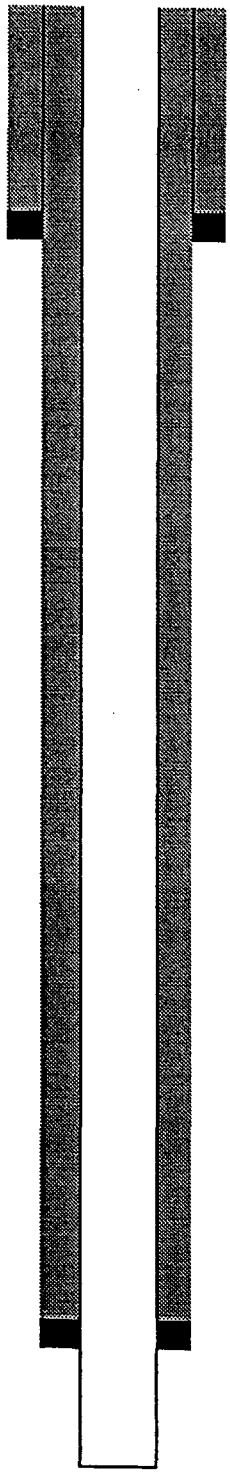
W. D. Grimes #2
Humble Oil & Refining Co.
Unit A, NE/4 of NE/4
Sec 29, T-18S, R-38E

WELL PLUGGED:
3/23/48

Size: 8.625"
Depth: 242'
Hole size: 11"
Cmt: 150 sxs
TOC: Circ.- Calc.
50% efficiency

Size: 5.5"
Depth: 3140'
Hole size: 7.375"
Cmt.: 450 sxs
TOC: Circ.- Calc.
50% efficiency

TD: 4045'



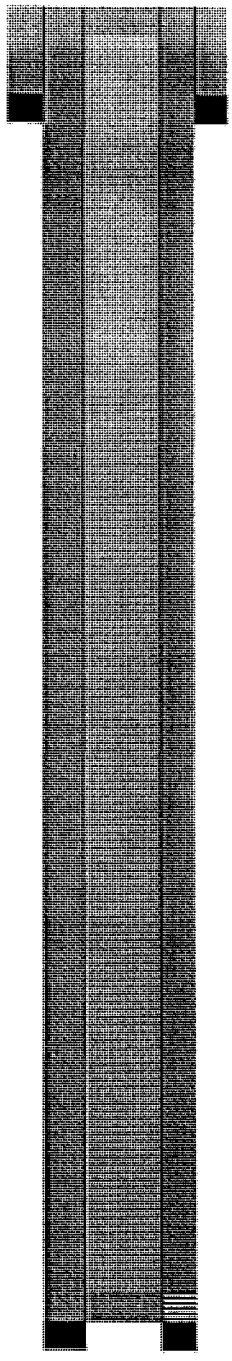
WELL SCHEMATIC:
CONOCO STATE A #4

WELL PLUGGED:
1/12/71

Size: 10 ¾"
Depth: 200'
Hole size: 15"
Cmt: 250 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 5 ½"
Depth: 3215'
Hole size: 7.875"
Cmt: 600 sxs
TOC: Circ. – Calc.
With 50% effic.

TD: 3215'



Spotted a 10 sx cmt plug at Surface.

Filled well bore with 10# mud.

Set a 40 sx cmt plug over Perfs from 3164' to 3197'.

WELL SCHEMATIC:
ONOCO STATE A #5

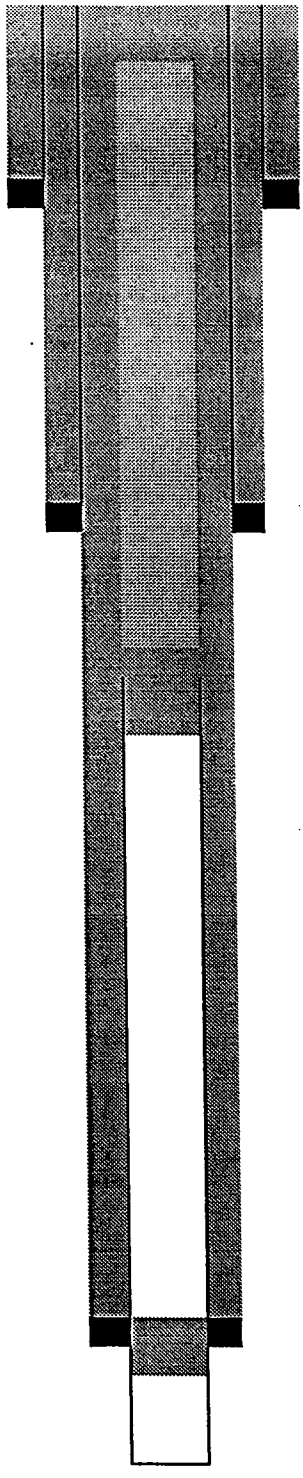
WELL PLUGGED:
1/12/71

Size: 10 ¾"
Depth: 272'
Hole size: 15"
Cmt: 200 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 7 5/8"
Depth: 999'
Hole size: 9.875"
Cmt: 425 sxs
TOC: Circ. – Calc.
With 50% effic.

Size: 5 ½"
Depth: 3206'
Hole size: 7.875"
Cmt: 450 sxs
TOC: Circ. – Calc.
With 50% effic.

PBTD:3168'



Spotted a 10 sx cmt plug
At surface.

Filled well bore with 10# mud

Cut 5 ½" csg at 1570' and
Pulled out of hole. Set a 55
Sx cmt plug in and out of
5 ½" stub.

Spotted 40 sx cmt plug over
Perfs from 3188' to 3168'.

LIST OF OFFSET OPERATORS & SURFACE OWNERS

North Hobbs (Grayburg/San Andres) Unit
Well No. 321
Letter G, Section 29, T-18-S, R-38-E
Lea County, New Mexico

Offset Operators

Occidental Permian Limited Partnership
P.O. Box 4294
Houston, TX 77210-4294

Conoco Inc.
10 Desta Dr. West
Midland, TX 79705

Lewis B. Burleson, Inc.
P.O. Box 2479
Midland, TX 79705

HRC, Inc.
P.O. Box 5102
Hobbs, NM 88241

Collins & Ware, Inc.
508 W. Wall, Suite 1200
Midland, TX 79701

Marcum Drilling Co.
P.O. Box 3699
Midland, TX 79705

Rice Operating Co.
122 West Taylor
Hobbs, NM 88240

Surface Owners

Grimes Land Company
P.O. Box 5102
Hobbs, NM 88240

H.R.C. INC.
P.O. Box 5102
Hobbs, NM 88241
(505)393-3194

RE: Brine Extraction Well
Hobbs State #5
Unit F, Sect. 29, Tws. 18S, Rng. 38E., Lea Co., NM

Dear Sir:

As per the Rules and Regulations of the Oil Conservation Division of New Mexico, you are being provided a copy of the Application for the construction of a brine extraction facility at the above location.

If you have any questions, please call Gary Schubert at (505)393-3194. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days. Objections and request for hearing should be addressed to Oil Conservation Division, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 or call (505)476-3440.

Thank you,

Gary M. Schubert

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

HOBBS NM 88240 DEC 12 2001 USPS — Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
HRC Inc.
Street, Apt. No.; or PO Box No.
P.O. Box 5102
City, State
Hobbs, NM 88241

PS Form 3800, July 1999 — See Reverse for Instructions

7099 3220 0002 3941 0227

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

HOBBS NM 88240 DEC 12 2001 USPS — Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Lewis B. Burleson, Inc.
Street, Apt. No.; or PO Box No.
P.O. Box 2479
City, State
Midland, TX 79705

PS Form 3800, July 1999 — See Reverse for Instructions

7099 3220 0002 3941 0218

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

HOBBS NM 88240 DEC 12 2001 USPS — Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Collins & Ware, Inc.
Street, Apt. No.; or PO Box No.
508 W. Wall, Suite 1200
City, State
Midland, TX 79701

PS Form 3800, July 1999 — See Reverse for Instructions

7099 3220 0002 3941 0201

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

HOBBS NM 88240 DEC 12 2001 USPS — Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Rice Operating Co.
Street, Apt. No.; or PO Box No.
122 West Taylor
City, State
Hobbs, NM 88240

PS Form 3800, July 1999 — See Reverse for Instructions

7099 3220 0002 3941 0188

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0171

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6 32

HOBBS NM 88240 DEC 12 2001 Postmark Here USPS

Name (Please Print Clearly) (To be completed by mailer)
Grimes Land Company
Street, Apt. No.; or PO Box No.
P.O. Box 5102
City, State, ZIP+4
Hobbs, NM 88241

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0164

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6 32

HOBBS NM 88240 DEC 12 2001 Postmark Here USPS

Name (Please Print Clearly) (To be completed by mailer)
Conoco Inc.
Street, Apt. No.; or PO Box No.
10 Desta Dr. West
City, State, ZIP+4
Midland, TX 79705

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0195

Article Sent To:

Postage	$ 1
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6 32

HOBBS NM 88240 DEC 12 2001 Postmark Here USPS

Name (Please Print Clearly) (To be completed by mailer)
Marcum Drilling Co.
Street, Apt. No.; or PO Box No.
P.O. Box 3699
City, State, ZIP+4
Midland, TX 79705

PS Form 3800, July 1999 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7099 3220 0002 3941 0225

Article Sent To:
HOUSTON, TX 77210

Postage	$ 1.72
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.32

UNIT ID: 0640
Postmark Here
Clerk: KJVVY1
12/12/01

Name (Please Print Clearly) (To be completed by mailer)
Occidental Permian L.P.
Street, Apt. No.; or PO Box No.
P.O. Box 4294
City, State, ZIP+4
Houston, TX 77210-4294

PS Form 3800, July 1999 See Reverse for Instructions

LEGAL NOTICE

Pursuant to the rules and regulations of the State of New Mexico Oil Conservation Commission, Santa Fe, NM, H.R.C. Inc. of Hobbs, NM, is filing application for a brine extraction well and facility. The well is the Hobbs State #5 located 2280 FNL and 1980 FWL, Unit F, Section 29, Township 18 South, Range 38 East, Lea Co. NM. The well and facility will be producing brine water from the Salado formation at approximately 2000 ft. with productions pressures of from 200# to 250#. The application can be reviewed at the OCD office, Hobbs, NM. Any questions concerning the application can be directed to Mr. Gary Schubert, P.O. Box 5102, Hobbs, NM 88241, (505)393-3194, or any request for hearing or objections should be directed to the Oil Conservation Commission, P.O. Box 6429, 1220 South Saint Francis Drive, Santa Fe, NM 87505, or call (505)476-3440, within fifteen (15) days.

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of December 12, 2001 and ending with the issue of December 12, 2001.

And that the cost of publishing said notice is the sum of $ 19.61 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 20th day of December 2001.

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2002

LEGAL NOTICE
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Published in the Lovington Daily Leader December 12, 2001.

GROUNDWATER MONITORING

H.R.C. Inc. proposed to monitor the groundwater at the site by installing a two inch monitor well completed through the Ogallala formation. The well location will be down gradient on the edge of the brine well location, south southeast or along water gradient.

The installation will consist of drilling with am air rotary to the top of the redbed or base of the Ogallala. Running 2 inch schedule 40 pvc well casing to TD with .10 slot well screen across the entire saturated zone. Sand pack well to five feet above upper most perforations. Cap sand with 10 ft. of bentonite, and grout from top of bentonite to surface, installing a locking cover at surface. This will enable us to monitor the entire water area.

It is our proposal to take samples from this well prior to any brine activity, for background purposes. We plan to sample for BTEX, TPH, Cations, Anions, and Metals initially. After starting operations, we plan to sample the well on bi-annual schedule, testing for Cations and Anions. All results will be reported to the OCD as they are obtained.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-104
Revised June 1, 2000

Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

[1] Operator name and Address	[2] OGRID Number
H. R. C., Inc. P. O. Box 5102 Hobbs, NM 88241	131652
	[3] Reason for Filing Code/ Effective Date: Change Operator

[4] API Number	[5] Pool Name	[6] Pool Code
30-0 25-23662	BSW Salado	96173

[7] Property Code	[8] Property Name	[9] Well Number
992279	Hobbs State	5

II. [10] Surface Location

Ul or lot no.	Section	Township	Range	Lot.Idn	Feet from the	North/South Line	Feet from the	East/West line	County
F	29	18S	38E		2280	North	1980	West	Lea

[11] Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Lse Code	[13] Producing Method Code	[14] Gas Connection Date	[15] C-129 Permit Number	[16] C-129 Effective Date	[17] C-129 Expiration Date

III. Oil and Gas Transporters

[18] Transporter OGRID	[19] Transporter Name and Address	[20] POD	[21] O/G	[22] POD ULSTR Location and Description

IV. Produced Water

[23] POD	[24] POD ULSTR Location and Description

V. Well Completion Data

[25] Spud Date	[26] Ready Date	[27] TD	[28] PBTD	[29] Perforations	[30] DHC, MC

[31] Hole Size	[32] Casing & Tubing Size	[33] Depth Set	[34] Sacks Cement

VI. Well Test Data

[35] Date New Oil	[36] Gas Delivery Date	[37] Test Date	[38] Test Length	[39] Tbg. Pressure	[40] Csg. Pressure

[41] Choke Size	[42] Oil	[43] Water	[44] Gas	[45] AOF	[46] Test Method

[47] I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Gary M. Schubert

Printed name: GARY M. SCHUBERT

Title: PRES.

Date: 6/29/01

Phone: 505-393-3194

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

[48] If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature	Printed Name	Title	Date
E. S. Hitchcock	E. S. Hitchcock	President	6/29/01


JUL 2001
RECEIVED
Hobbs
OCD

Bond

Form O & G OCD
Adopted 6-1-86
Revised 12-00

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

H.R.C. Inc. (OPERATOR) of P.O. Box 5102 (address) has deposited with the First National Bank (name of state or national bank or savings association, which must be a federally-insured bank or savings institution in the State of New Mexico) of 600 West Bender, Hobbs, NM (address) (FINANCIAL INSTITUTION), the sum of $5,000.00 dollars in Certificate of Deposit or Savings Account No. 2802198-30 (FUND).

To comply with NMSA 1978, Section 70-2-14, OPERATOR hereby assigns and conveys all right, title and interest in the FUND to the FINANCIAL INSTITUTION in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department or successor agency of the State of New Mexico (DIVISION).

OPERATOR and the FINANCIAL INSTITUTION agree that as to the FUND:

a. The DIVISION acquires by this assignment the entire beneficial interest in the FUND, with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, or to the OPERATOR upon sale or proper plugging, in compliance with the rules and orders of the DIVISION, of the well(s) covered by this assignment.

b. OPERATOR retains no legal or beneficial interest in the FUND and has only the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION.

c. The FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or a court of competent jurisdiction made in a proceeding to which the DIVISION is a party. The FINANCIAL INSTITUTION waives all statutory or common law liens or rights of set-off against the FUND.

OPERATOR agrees that the FINANCIAL INSTITUTION may deduct from interest due OPERATOR any attorney fees incurred by the FINANCIAL INSTITUTION if claim or demand via writ, summons or other process arising from OPERATOR'S business is made upon the FINANCIAL INSTITUTION.

Signature of OPERATOR
Personally or by Authorized Officer

Gary Schubert, President
Title

Signature of Authorized Officer
of FINANCIAL INSTITUTION

Zane S. Bergman, President
Title

State of New Mexico
County of Lea) ss.

On this 3rd day of December, 20 01, before me personally appeared Gary Schubert and Zane S. Bergman, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission Expires:
10-7-04

Form O & G SCB
Adopted 6-1-86
Revised 12-00

ONE-WELL CASH BOND

KNOW ALL MEN BY THESE PRESENTS THAT H,R.C. Inc. (an individual) (a partnership) (a corporation organized in the State of New Mexico with its principal office at P.O. Box 5102 in the City of Hobbs, State of New Mexico and authorized to do business in the State of New Mexico) is held and firmly bound to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico (or its successor agency), as DIVISION in the sum of $ 5,000.00.

The conditions of this obligation are such that:

The PRINCIPAL desires to drill a well or purchase or operate an existing well, the depth of which does not exceed 5000 feet, to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals on property in the State of New Mexico, the particular identification and footage location of said well being as follows:
(well name and footage) Hobbs State #5 2280 FNL/1980 FWL in Section 29 Township 18S Range 38E, NMPM, Lea County, New Mexico.

The PRINCIPAL has deposited on behalf of the DIVISION $ 5,000.00, in the manner indicated on the Assignment, attached to this bond, being the principal sum intended to be secured. PRINCIPAL pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the well described above if dry, or when abandoned, in accordance with the rules and orders of the DIVISION in such way as to confine the oil, gas and water in the strata in which they are found, and to prevent same from escaping to other strata. If the PRINCIPAL does not so properly plug and abandon said well upon order of the DIVISION, the total sum of the bond shall be forfeited to the DIVISION, and such amount as is necessary may be used to properly plug said well. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in plugging said well, the PRINCIPAL, its successors, assigns, heirs or administrators shall be liable under the provisions of NMSA 1978, Section 70-2-38 of the Oil and Gas Act, and the DIVISION may take action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the PRICIPAL or its successors, assigns, heirs, or administrators or any of them shall plug the above-described well when dry or abandoned, in accordance with the rules and orders of the DIVISION, in such a manner as to confine the oil, gas, and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said well, then therefore, this obligation shall be null and void and the principal sum shall be paid to the PRINCIPAL or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

H.R.C. Inc.
PRINCIPAL

P.O. Box 5102 Hobbs, N.M. 88241
Address City State Zip

By _____
Signature

Gary Schubert, President
Title

By _____

If PRINCIPAL is a corporation, affix corporate seal here.

Form O & G SCB

ACKNOWLEDGMENT FORM FOR INDIVIDUALS OR PARTNERSHIPS

STATE OF _____)
ss.
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

_____
Notary Public

_____
My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
ss.
COUNTY OF Lea)

On this 3rd day of December, 20 01, before me personally appeared Gary Schubert, to me personally known who, being by me duly sworn, did say that he is President of H.R.C. Inc. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

10-7-04
My Commission Expires

APPROVED BY:

Oil Conservation Division of New Mexico

By _____

Date _____

Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval, and San Juan Counties, New Mexico:

Projected Depth of Proposed Well or Actual Depth of Existing Well	**Amount of Bond**
Less than 5,000 feet	**$ 5,000**
5,000 feet to 10,000 feet	**$ 7,500**
More than 10,000 feet	**$10,000**

All Other Counties in the State:

Projected Depth of Proposed Well or Actual Depth of Existing Well	**Amount of Bond**
Less than 5,000 feet	**$ 7,500**
5,000 feet to 10,000 feet	**$10,000**
More than 10,000 feet	**$12,500**