

BW - 31

**GENERAL
CORRESPONDENCE**

YEAR(S):

2006

Stone, Ben, EMNRD

From: Stone, Ben, EMNRD
Sent: Tuesday, March 07, 2006 9:49 AM
To: 'garymschubert@aol.com'
Cc: Williams, Chris, EMNRD; Wink, Gary, EMNRD
Subject: HRC Brine Facility - Schubert 7 No.1

Mr. Schubert,

Wayne Price has recently taken over as the environmental bureau chief and has given your application for a brine well over to me.

The information you've submitted over the last several months looks essentially complete and I apologize for the obvious delay.

All that I need is an approved C-101 (Hobbs OCD district office) for your reentry into and completion of the well.

Apparently, the City of Hobbs has some interest and it is my understanding that you will be utilizing their waste water for your operation.

Anyway, as it stands now, once I receive the C-101 and visit with the manager of Hobbs Waste Water (at their request), I believe we can get your permit out very soon.

Thanks for your cooperation and patience!

Sincerely,

p.s. I had tried to contact Lorna who is listed as one contact but have been unable to get her by phone.

Ben Stone

*Oil Conservation Division
Environmental Bureau
1220 S. St. Francis Dr.
Santa Fe, NM 87505
505.476.3474
ben.stone@state.nm.us*

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 permit application(s) 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-031) – 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 J of Section 7, Township 19 South, Range 39 East, NMPM, Lea County, New Mexico. Treated effluent water obtained from the city of Hobbs will be injected in the Salado formation at a approximate depth of 2300 feet and brine water will be extracted out of the formation from a depth of approximately 1800 feet with an average total dissolved solids concentration of 300,000 mg/l. H.R.C. INC. proposes to re-enter the Sahara well #1 API#30-025-36781 (Now Schubert7#1) well located 2313 FSL and 2313 FEL of Section 7, Township 19 South, Range 39 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 permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit 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 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 permit based on information available. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of January 2006.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

S E A L

Mark Fesmire, Director

Price, Wayne, EMNRD

Subject: HRC Brine Well BW-31
Due Date: Friday, March 31, 2006

Status: Not Started
Percent Complete: 0%

Total Work: 0 hours
Actual Work: 0 hours

Owner: Stone, Ben, EMNRD



Ben Stone.doc (24 KB)



2006GWPUBNOT.D
OC (32 KB)



BWAPP.DOC (56 KB)



DP_BEf.rtf (15 KB)

Dear Mr. Stone:

Please find enclosed instructions (Ben Stone) and electronic versions of a typical brine well public notice, permit and application. This project will give you exposure to well permitting, discharge permitting, UIC area of review, brine well testing and operations, MIT and of course well logging which I'm sure you could teach me a thing or two.

This is about as tough as it gets here, so don't worry it's not that bad. I will put the files on your desk.

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

1. H.R.C. Brine Facility – Schubert 7 Well #1

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

Location:

3. Brine Well NW $\frac{1}{4}$ of SE $\frac{1}{4}$ Section 7 Township 19S. Range 39E.
Fluid Transfer and Storage Facility:
SE $\frac{1}{4}$ Section 26 Township 19S Range 38E.
(Map attached)

Surface Owners:

4. Gary M. and Marcia 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 the Schubert 7 well #1 and stored in 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 barrels per month.

6. Fluid Transfer and Storage:

Treated effluent water will be received at the brine well for injection from the S & H Enterprises Inc. farm (City of Hobbs treated effluent) water supply system via polyethylene pipe, the connection to the system is approximately 4 miles south of proposed brine well #1. 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 60 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 500 bl. tanks by polyethylene piping. All piping is low pressure with tank head pressure less than 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 load 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. This meter will be used by S & H Farms 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 well. A pressure gauge will be installed on the pump 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 reading, 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 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. The 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 brine well and its piping construction. Enclosed is schematic of proposed completion and a schematic of existing status.

The proposed construction will be:

8 5/8" production casing pulled and set at approximately 1600' with cement circulated to surface.

2 7/8" production tubing drilled into salt cavity and set approximately 2400'.

General operation is to pump fresh water down annulus between 2 7/8" tubing and 8 5/8" casing and produce brine water up to 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:

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 southeast of Hobbs, NM adjacent to 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 inches annually. The last recorded 100 year flood was in 1990, where 10 inches 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 list of water wells in the general area and analytical from one 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 1000ft. The Triassic rock overlaying 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 information most of Lea County 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 OCS may initiate in the future.

**H.R.C., Inc.
P O Box 5102
Hobbs, NM 88241
(505)393-6662**

RECEIVED

MAR 23 2005

OIL CONSERVATION
DIVISION

March 23, 2005

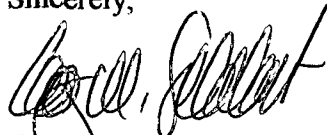
Mr. Wayne Price
NMOCD Environmental Bureau
P O Box 6429
Santa Fe, NM 87504

RE: Brine Supply Application

Mr. Price,

Please see the attached application for brine supply well and discharge permit. I believe everything is to be in order. If you have any questions or require any additional information, please give me a call or e-mail garymschubert@aol.com. Thanks for your cooperation.

Sincerely,



Gary M. Schubert

Feb 17, 2006

To: Ben Stone

From: Wayne Price

Subject: HRC Brine Well

Please find attached the file for the HRC BW-30 (existing well) and partial information on the new brine (BW-31). I have set up the admin permit for BW-31 but not the facility.

This permit application has been in purgatory for some time. I think what has happened is that Gary Schubert tried using his in house staff secretary who was not familiar with OCD rules and regs. The last time he used Eddie Seay for BW-30. Unfortunately for Gary here is what needs to be done and I would appreciate if you would ram rod this until completion.

1. Re-submit a complete copy of brine well application.
2. Submit a C-103 and C-108.
3. Check and make sure there is a bond on the well.
4. Public Notice was issued and we received a telephone call from the City of Hobbs Waste Water department. Please call the city of Hobbs and find out who we need to copy the draft permit to.
5. Prepare discharge permit draft. Use the BW-30 as a reference. I can E-mail you an electronic copy.
6. Once we have the draft we will list it on the web and wait 30 days.
7. During this time you can evaluate the permit application, C-103 and C-108.
8. When you receive the C-108 you need to check with Will Jones and make sure there is no other wells in the area of review that could be a problem.
9. When you receive the C-103 I would get with Chris and make sure they agree with the re-completion and what conditions they would require. We will want an casing MIT and cement bond log at a minimum.

GOOD LUCK!!!

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 6/1/2005
or cash received on _____ in the amount of \$ 100.00
from HRC, INC.
for NEW BRIDGE NBCC BW-31
Submitted by: WAYNE PRICE (Facility Name) Date: 6/28/05
Submitted to ASD by: [Signature] Date: "
Received in ASD by: _____ Date: _____
Filing Fee ☒ New Facility _____ Renewal _____
Modification _____ Other _____
(Optional)
Organization Code 521.07 Applicable FY 2005
To be deposited in the Water Quality Management Fund.
Full Payment _____ or Annual Increment _____

HRC, INC.
P.O. BOX 1606
HOBBS, NM 88241
(505) 393-3193

FIRST NATIONAL BANK
600 W. HENDER, (303) 922-8200
P.O. BOX 460
HOBBS, NM 88241
95-43-1122

6/1/2005

PAY
TO THE
ORDER OF Water Quality Management Fund

\$ 100.00

One Hundred and 00/100

DOLLARS

Water Quality Management Fund
1220 S. St. Francis
Santa Fe, NM 87505

MEMO

Schubert #7 Filing Fee

[Signature]

Price, Wayne

From: Price, Wayne
Sent: Wednesday, June 01, 2005 2:58 PM
To: 'garymschubert@aol.com'
Cc: Williams, Chris; Wink, Gary; Sheeley, Paul; Johnson, Larry; Anderson, Roger; Sanchez, Daniel
Subject: H.R.C. Inc. New brine well application
Contacts: Gary Schubert

Dear Mr. Schubert:

OCD is in receipt of H.R.C. Inc application for a new brine well to be located in UL J Section 7 Ts 19s R 39e. Your plan proposes to re-enter the Sahara well#1 API# 30-025-36781. The proposed completion does not meet OCD's minimum requirement for groundwater protection for EPA type Class III wells. OCD will require at least two strings of casing through the fresh water zone. The first string (outside) shall be embedded and terminate in the "Red Beds" and the second string shall be placed a minimum of 100 feet into the salt section. Both casing strings shall be cemented back to surface.

In order for OCD to continue the evaluation of the application please re-submit an amended plan to incorporate the above changes and include a \$100.00 filing fee made out to the New Mexico Water Quality Management Fund.

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

H.R.C. INC.

SCHUBERT 7 #1 SECT. 7, T. 19 S, R. 39 E

APPLICATION FOR BRINE EXTRACTION WELL

AND

DISCHARGE PLAN FOR BRINE FACILITY

March 8, 2005

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

Form C-101
May 27, 2004

Oil Conservation Division

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

Submit to appropriate District Office

☐ AMENDED REPORT

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

¹ Operator Name and Address HRC, Inc. P.O. Box 5102 Hobbs, NM 88241		² OGRID Number 131652
		³ API Number 30-025-36781
⁴ Property Code 301197	⁵ Property Name Schubert #7	⁶ Well No. 1
⁹ Proposed Pool 1 BSW-Salado		¹⁰ Proposed Pool 2

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
J	7	19	39		2313	South	2313	East	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

Additional Well Information

¹¹ Work Type Code	¹² Well Type Code	¹³ Cable/Rotary	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation
¹⁶ Multiple	¹⁷ Proposed Depth	¹⁸ Formation	¹⁹ Contractor	²⁰ Spud Date
Depth to Groundwater 80'		Distance from nearest fresh water 2303		Distance from nearest surface water
²¹ Proposed Casing and Cement Program				
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____				
Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	24 #	1865	800	surface

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.

Plugged back to 2947 by Sahara Operating. (See attached information on C-103 of 10/11/04 by Sahara Operating).

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative

Printed name: Gary M. Schubert

Title: President

E-mail Address: GaryMSchubert@aol.com

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Date: 3/8/05

Phone: 505-393-6662

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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-36781	² Pool Code 96173	³ Pool Name BSW - Salado
⁴ Property Code 301197	⁵ Property Name Schubert 7	⁶ Well Number 1
⁷ OGRID No. 131652	⁸ Operator Name HRC, Inc.	⁹ Elevation 3585

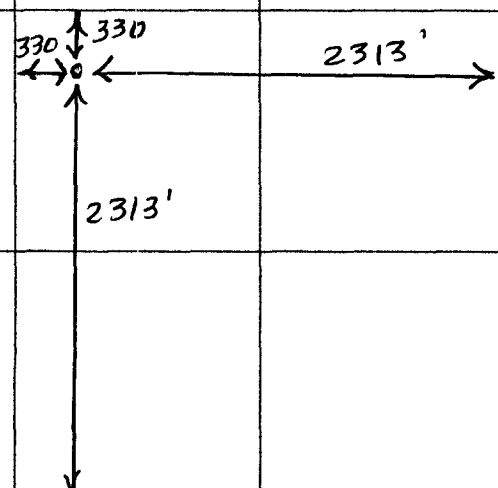
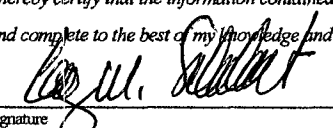
¹⁰ Surface Location

UL or lot no. J	Section 7	Township 19	Range 39E	Lot Idn	Feet from the 2313	North/South line South	Feet from the 2313	East/West line East	County Lea
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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.						

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 President GaryMSchubert@AOL.com Title and E-mail Address 3/8/05 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
1301 W. Grand Ave., 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

Form C-103
May 27, 2004

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

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Schubert 7
8. Well Number 1
9. OGRID Number 131652
10. Pool name or Wildcat BSW-Salado

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. Type of Well: Oil Well ☐ Gas Well ☒ Other(Brine Supply)

2. Name of Operator
HRC, Inc.

3. Address of Operator
P.O. Box 5102 Hobbs, NM 88241

4. Well Location
Unit Letter J : 2313 feet from the South line and 2313 feet from the East line
Section 7 Township 19 Range 39 NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3585 GL

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. 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 recompletion.

1. Rig up completion unit.
2. Run in hole w/2 7/8" tbg to 2300'
3. Install wellhead and circ. fresh water down csg. to circulate brine water through tbg.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE President DATE 3/8/05

Type or print name _____ E-mail address: _____ Telephone No. _____
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

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

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

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

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

Operator Name and Address SAHARA OPERATING COMPANY P.O. BOX 4130, MIDLAND, TX 79701		OGRID Number 020077
Property Code 34123	Property Name Schubert 7	API Number 30-025-36781
Proposed Pool 1 Wildcat - Abo		Well No. 1
Proposed Pool 2 Wildcat - Drinkard		

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	7	19-S	39-E		2313'	South	2313'	East	Lea

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

Additional Well Information

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code F	Ground Level Elevation 3585'
Multiple No	Proposed Depth 8000'	Formation Abo	Contractor Unknown	Spud Date 7/28/04
Depth to Groundwater 80'		Distance from nearest fresh water well 2,303'		Distance from nearest surface water + 2 miles
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 2500 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

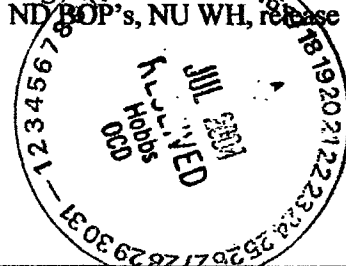
Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	1850'	800	Surface
7-7/8"	5-1/2"	15.5 & 17.0#	8000'	1000	1000'

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.

Drill 12.25" hole to 1850' w/fresh water. Set 8.625" casing and cement to surface. NU BOP's and H2S equipment. Drill 7-7/8" hole w/cut brine. Set and cement 5-1/2" casing @ TD with 2-stage cement job utilizing DY tool. Calculate cement volume based on caliper log to ensure that top of cement is well within surface casing. ND BOP's, NU WH, release drilling rig. Move in completion unit, perforate and acidize pay zone. Place well on test.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway



I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Robert McAlpine		Approved by: <i>Robert McAlpine</i>	
Title: President		Title: PETROLEUM ENGINEER	
E-mail Address: Saharam@sbcbglobal.net		Approval Date: JUL 23 2004	
Date: 7-16-04		Expiration Date:	
Phone: 432-697-0967		Conditions of Approval Attached <input type="checkbox"/>	

State of New Mexico

DISTRICT I

P.O. Box 1080, Hobbs, NM 88241-1080

DISTRICT II

P.O. Drawer 80, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, N.M. 87504-2088

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36281	Pool Code	Pool Name WILDCAT
Property Code 34123	Property Name SCHUBERT 7	Well Number 1
OGED No. 020077	Operator Name SAHARA OPERATING COMPANY	Elevation 3585'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	7	19-S	39-E		2313'	SOUTH	2313'	EAST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
4.0	N		

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=611116.0 N X=884695.7 E</p> <p>LAT.=32°40'25.78" N LONG.=103°04'59.41" W</p>	<h3>OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p></p> <p>Signature ROBERT McALPINE</p> <p>Printed Name PRESIDENT</p> <p>Title 6/20/04</p> <p>Date</p> <h3>SURVEYOR CERTIFICATION</h3> <p>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.</p> <p>MAY 5, 2004</p> <p>Date Surveyed JR</p> <p>Signature & Seal of Professional Surveyor </p> <p>Certificate No. GARY EMDIN 12841</p>
--	--

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0719

DISTRICT III
1880 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 38-025-36281	Pool Code	Pool Name WILDCAT
Property Code 34123	Property Name SCHUBERT 7	Well Number 1
OCRID No. 020077	Operator Name SAHARA OPERATING COMPANY	Elevation 3585'

Surface Location

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J	7	19-S	39-E		2313'	SOUTH	2313'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot in	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 410	Joint or Infill N	Consolidation Code	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

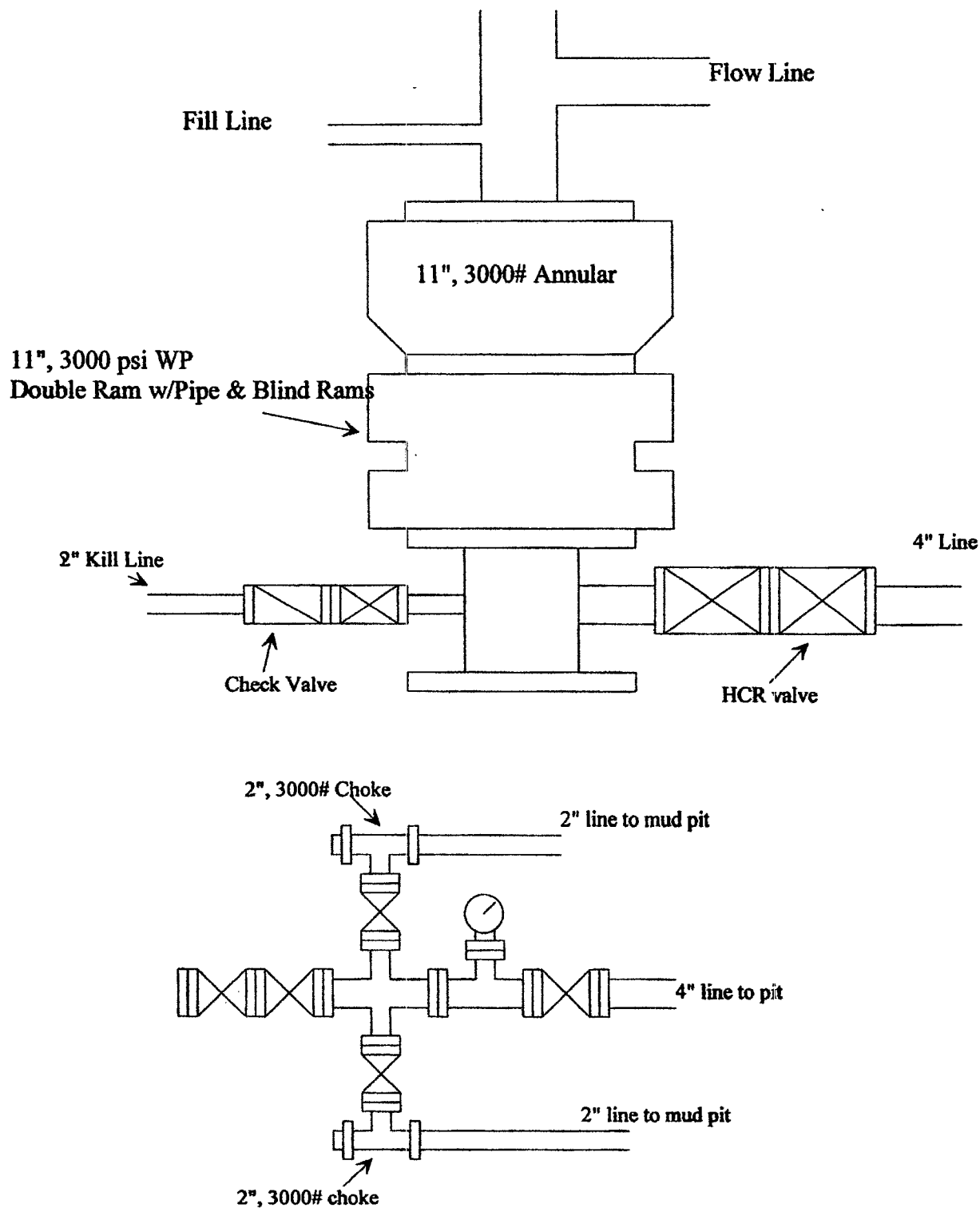
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=611116.0 N X=884695.7 E</p> <p>LAT.=32°40'25.78" N LONG.=103°04'59.41" W</p> <p>Diagram showing well location with dimensions: 330' (vertical), 2313' (horizontal), and 330' (diagonal).</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i> Signature ROBERT McALPINE Printed Name PRESIDENT Title 6/20/04 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 5, 2004 Date Surveyed <i>[Signature]</i> Signature & Seal of Professional Surveyor NEW MEXICO 04-13-0728 Certificate No. CARY-KIDSON 12841</p>
--	---

SAHARA OPERATING COMPANY

Schubert 7 #1

Sec. 7, T19S, R39E, Lea Cty, NM

Blow Out Preventer Schematic



Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
May 27, 2004

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

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.)		WELL API NO. 30-025-36781
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator SAHARA OPERATING COMPANY		6. State Oil & Gas Lease No.
3. Address of Operator P.O. BOX 4130, Midland, TX 79704		7. Lease Name or Unit Agreement Name Schubert 7
4. Well Location Unit Letter <u>J</u> : <u>2313</u> feet from the <u>South</u> line and <u>2313</u> feet from the <u>East</u> line Section <u>7</u> Township <u>19S</u> Range <u>39E</u> NMPM County <u>Lea</u>		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3585' GL		9. OGRID Number 020077
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat Wildcat
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☒ P AND A ☐
CASING/CEMENT JOB ☒

OTHER: ☐

13. 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 recompletion.

Move in Rod Ric Rig #10. Spudded 12.25" hole @ 1800 hrs, 9-22-04
9-24-04: Drilled to surface casing point of 1865'. Ran 8-5/8" casing as follows:

8.625" sawtooth csg shoe, 8rd	0.82'
1 jt, 8-5/8" 24# 8rd ST&C new csg	40.64'
8-5/8" Float Collar	1.20'
45 jts 8-5/8" 24# 8rd ST&C new csg	1826.96'

Total length string 1869.62'. Set casing @ 1865'. Dressed casing w/12 centralizers. RU BJ and cemented with 700 sx 35:65:6 lead mixed to 12.7 PPG. Tailed w/200 sx class C w/2% CaCl₂ mixed to 14.8 ppg. Circulated 278 sx to pit. WOC. Nipped up BOP on 3M flanged wellhead. Tested casing to 1500# for 30 minutes OK. Tested blinds, manifold and HCR. Rigged up H₂S equipment. TIH w/bit, tested pipe rams, hydril and kill valves to 1500# OK. Drilled shoe after 18 hrs WOC.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

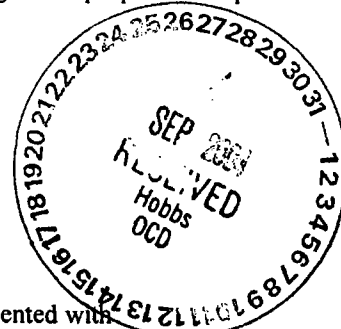
SIGNATURE Robert McAlpine TITLE President DATE 9-27-04

Type or print name Robert McAlpine E-mail address: sahararm@sbcglobal.net Telephone No. 432-697-0967

For State Use Only

APPROVED BY: Paul J. King TITLE PETROLEUM ENGINEER DATE SEP 29 2004

Conditions of Approval (if any):



Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
May 27, 2004

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

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.)		WELL API NO. 30-025-36781
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other DRY HOLE <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator SAHARA OPERATING COMPANY		6. State Oil & Gas Lease No.
3. Address of Operator P.O. BOX 4130, Midland, TX 79704		7. Lease Name or Unit Agreement Name Schubert 7
4. Well Location Unit Letter <u>J</u> : <u>2313</u> feet from the <u>South</u> line and <u>2313</u> feet from the <u>East</u> line Section <u>7</u> Township <u>19S</u> Range <u>39E</u> NMPM County <u>Lea</u>		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3585' GL		9. OGRID Number 020077
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☒
CASING/CEMENT JOB ☐

OTHER: ☐

13. 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 recompletion.

10/7/04 Drilled to TD of 7900' @ 0530 hrs. Circ hole clean, TOH & Ran logs.
10/8/04 Rec'd plugging procedure from Paul Kautz. TIH OEDP and set plug #1, 30 sx @ 7900', LDDP, set plug #2 - 35 sx @ 5710', LDDP, set plug #3 - 40 sx @ 4089'. LDDP, set plug #4 - 100 sx @ 2947' (top of Yates formation). At request of surface owner, suspended P&A operations, will transfer wellbore and responsibility for location and pits to

HRC, Inc.
P.O. Box 5102
Hobbs, New Mexico, 88241
OGRID #131652

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to the OCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE President DATE 10-11-04

Type or print name Robert McAlpine

E-mail address: sahararm@sbcglobal.net Telephone No. 432-697-0967

For State Use Only

APPROVED BY: Gary W. Wink TITLE _____ DATE _____

Conditions of Approval (if any) _____

OCD FIELD REPRESENTATIVE II/STAFF MANAGER OCT 18 2004

WELL LOGS

API number:	30-025-36781		
OGRID:		Operator:	SAHARA OPERATING CO
		Property:	SCHUBERT 7 # 1

surface	ULSTR:	J	7	T 19S	R 39E
			2313	FSL	2313 FEL

BH Loc	ULSTR:	J	7	T 19S	R 39E
			2313	FSL	2313 FEL

Ground Level:	3585	DF:	3598	KB:	3599
Datum:	KB			TD:	7900

Land: **STATE**

Completion Date: (1) **10/9/2004**
 Date Logs Received: **11/15/2004** ****Late****
 Date Logs Due in: (2) **10/29/2004**

Confidential:	NO			Date out:	
---------------	----	--	--	-----------	--

Confidential period: 90 Days for State & Fee, 1 Year for federal

Date Due In: (1) is equal to Completion Date (1) + 20 days

Logs	Depth interval		
DSN/SDL	1862	7600	Spectral Density Dual Spaced Neutron
DLL/MSFL	2800	7680	Dual Laterolog Micro Spherically Focused Log
BHC	1862	7624	Borehole Compensated Sonic

OCD TOPS

Rustler	1773	Strawn			
Tansill		Atoka			
Yates	2930	Morrow			
7R	3159				
T. Bowers Sd					
B. Bowers Sd					
Queen	3722				
Penrose					
Grayburg	4080				
San Andres	4396				
Glorieta	5715				
Tubb	6820				
Drinkard	7050				
Abo	7464				
Wolfcamp					

ROD RIC CORPORATION

Post Office Box 1767
Midland, Texas 79702
(432) 682-7880

Well Name & Number: Schubert 7 #1

30-025-36781

Operator: Sahara Operating Company

Attention: Drilling Department

Unit J

2313/S & 2313/E

Location: Sec.7, T-19-S, R-39-E

Lea County, New Mexico

The undersigned hereby certifies that he/she is an authorized representative of the drilling contractor who drilled the above described well and that he/she has conducted the deviation tests and obtained the following results:

RECORD OF INCLINATION

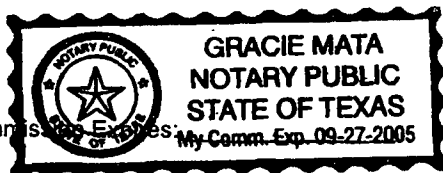
*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X 100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
343	343	0.50	0.87	2.98	2.98
540	197	0.75	1.31	2.58	5.56
840	300	1.00	1.75	5.25	10.81
1,317	477	1.00	1.75	8.35	19.16
1,817	500	2.00	3.49	17.45	36.61
2,084	267	1.75	3.05	8.14	44.75
2,402	318	1.50	2.62	8.33	53.08
2,751	349	1.00	1.75	6.11	59.19
3,227	476	0.75	1.31	6.24	65.43
3,727	500	0.50	0.87	4.35	69.78
4,202	475	1.00	1.75	8.31	78.09
4,679	477	1.25	2.18	10.40	88.49
5,186	507	3.25	5.67	28.75	117.24
5,442	256	3.50	6.10	15.62	132.86
5,694	252	3.25	5.67	14.29	147.15
6,148	454	3.25	5.67	25.74	172.89
6,528	380	2.50	4.36	16.57	189.46
6,973	445	2.50	4.36	19.40	208.86
7,448	475	2.50	4.36	20.71	229.57
7,639	191	2.25	3.93	7.51	237.08
7,860	221	2.25	3.93	8.69	245.77

Drilling Contractor: Rod Ric Drilling, LP

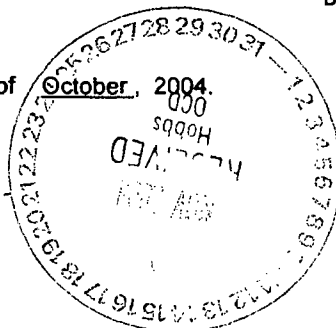
By: Pamela D. Latham

Pamela D. Latham -- Secretary

Subscribed and sworn to me before this 12th day of October, 2004.



My Comm. Expires: 09-27-2005



Gracie Mata

Notary Public

Midland County, Texas

KC

Submit To Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

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 and Natural Resources

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

Form C-105
Revised March 25, 1999

WELL API NO.	30-025-36781
5. Indicate Type of Lease	STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
State Oil & Gas Lease No.	V-6626

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input checked="" type="checkbox"/> OTHER _____	7. Lease Name or Unit Agreement Name Schubert 7
b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER	8. Well No. 1
2. Name of Operator SAHARA OPERATING COMPANY	9. Pool name or Wildcat Wildcat
3. Address of Operator P.O. BOX 4130, Midland, TX 79704	

4. Well Location Unit Letter <u>J</u> : <u>2313</u> Feet From The <u>South</u> Line and <u>2313</u> Feet From The <u>East</u> Line Section <u>7</u> Township <u>19S</u> Range <u>39E</u> NMPM Lea County					
10. Date Spudded <u>9-22-04</u>	11. Date T.D. Reached <u>10-7-04</u>	12. Date Compl. (Ready to Prod.) <u>Dry Hole</u>	13. Elevations (DF& RKB, RT, GR, etc.) <u>3585' GL</u>	14. Elev. Casinghead <u>3585'</u>	
15. Total Depth <u>3600-7900</u>	16. Plug Back T.D.	17. If Multiple Compl. How Many Zones?	18. Intervals Drilled By <u>0-7900'</u>	Rotary Tools	Cable Tools
19. Producing Interval(s), of this completion - Top, Bottom, Name				20. Was Directional Survey Made <u>NO</u>	
21. Type Electric and Other Logs Run <u>CNL/LDT; BHC Sonic; Laterolog, Gamma Ray</u>				22. Was Well Cored <u>NO</u>	

23. CASING RECORD (Report all strings set in well)					
CASING SIZE <u>8-5/8"</u>	WEIGHT LB./FT. <u>24.0</u>	DEPTH SET <u>1865'</u>	HOLE SIZE <u>12-1/4"</u>	CEMENTING RECORD <u>900 SX</u>	AMOUNT PULLED <u>- 0 -</u>
24. LINER RECORD					
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	
25. TUBING RECORD					
SIZE	DEPTH SET	BACKER SET			
26. Perforation record (interval, size, and number)					
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.					
DEPTH INTERVAL			AMOUNT AND KIND MATERIAL USED		

28. PRODUCTION							
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)				Well Status (Prod. or Shut-in) <u>Dry Hole</u>	
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)	Test Witnessed By <u>KV</u>
--	--------------------------------

30. List Attachments <u>Logs, record of inclination</u>
--

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief		
Signature <u>Robert McAlpine</u>	Printed Robert McAlpine Name	Title President
		Date 11-11-04

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 25 through 29 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

T. Anhy	1775	T. Canyon	
T. Salt	1880	T. Strawn	
B. Salt	2900	T. Atoka	
T. Yates	2930	T. Miss	
T. 7 Rivers	3160	T. Devonian	
T. Queen	3710	T. Silurian	
T. Grayburg	4080	T. Montoya	
T. San Andres	4396	T. Simpson	
T. Glorieta	5715	T. McKee	
T. Paddock	5858	T. Ellenburger	
T. Blinebry	6260	T. Gr. Wash	
T. Tubb	6820	T. Delaware Sand	
T. Drinkard	7050	T. Bone Springs	
T. Abo	7464	T.	
T. Wolfcamp		T.	
T. Penn		T.	
T. Cisco (Bough C)		T.	

Northwestern New Mexico

T. Ojo Alamo	T. Penn. "B"
T. Kirtland-Fruitland	T. Penn. "C"
T. Pictured Cliffs	T. Penn. "D"
T. Cliff House	T. Leadville
T. Menefee	T. Madison
T. Point Lookout	T. Elbert
T. Mancos	T. McCracken
T. Gallup	T. Ignacio Otzte
Base Greenhorn	T. Granite
T. Dakota	T.
T. Morrison	T.
T. Todilto	T.
T. Entrada	T.
T. Wingate	T.
T. Chinle	T.
T. Permian	T.
T. Penn "A"	T.

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
No. 2, from.....to.....

No. 3, from.....to.....
No. 4, 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.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology
2600	2900	300	Salt, Redbed, Shale
2900	3130	230	Anhydrite, salt, shale
3130	4080	950	Anhydrite, Dolomite
4080	4430	350	Dolomite, Anhydrite
4430	7500	3070	Dolomite, Limestone
7500	7900	400	Dolomite

Feb 22 05 03:44p

p. 2

Page 1 of 1

District I
1625 N. French Dr., Hobbs, NM
88240

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-104A
Permit 2278

Change of Operator**Previous Operator Information**


OGRID: 20077
Name: SAHARA OPERATING CO
Address: PO Box 4130
Address:
City, State, Zip: Midland, TX 79704

New Operator Information

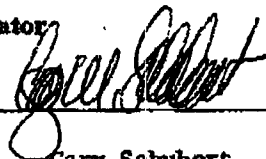
Effective Date: 10/18/2004
OGRID: 131652
Name: HRC INC
Address: PO BOX 5102
Address:
City, State, Zip: HOBBS, NM 88240

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: 
Printed Name: George McAlpine
Title: Vice-President
Date: 02/22/05 Phone: 432-697-0967

New Operator

Signature: 
Printed Name: Gary Schubert
Title: Manager
Date: 02/22/05 Phone: 505-393-6662

NMOCD Approval

Electronic Signature: Chris Williams, District I

Date: February 23, 2005

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

H.R.C., INC. ("OPERATOR") of P.O. BOX 5011
HOBBS N.M. 88241 (address) has deposited with
FIRST NATIONAL BANK (name of federally insured state or national
bank or savings association in the State of New Mexico) of 600 WEST BENDER
HOBBS N.M. (address) (FINANCIAL INSTITUTION), the sum of
\$7,500.00 dollars (\$) in Certificate of Deposit or Savings Account No. 280219833 (FUND).

To comply with NMSA 1978, Section 70-2-14, as amended, OPERATOR hereby assigns all right, title and interest in the FUND, except as herein otherwise provided, to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico (the DIVISION).

OPERATOR and 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, without further consent by the OPERATOR. FINANCIAL INSTITUTION hereby acknowledges that the DIVISION is FINANCIAL INSTITUTION'S customer with respect to the FUND.
- b. OPERATOR retains no legal or beneficial interest in the FUND except the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION following final disposition, or plugging and abandonment in accordance with all rules and orders of the DIVISION, of all wells in the State of New Mexico for which this Assignment now or hereafter serves as financial assurance
- c. FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or of a court order entered in a proceeding to which the DIVISION is a party. FINANCIAL INSTITUTION hereby waives all statutory or common law liens or rights of set-off or recoupment against the FUND by reason of any indebtedness or obligation of OPERATOR to FINANCIAL INSTITUTION now existing or hereafter incurred.
- d. OPERATOR agrees that FINANCIAL INSTITUTION may deduct, solely from interest due OPERATOR, any costs or attorney fees incurred by FINANCIAL INSTITUTION by reason of any claim or demand via writ, summons or other process made upon FINANCIAL INSTITUTION arising from OPERATOR'S business. FINANCIAL INSTITUTION agrees that no such costs or fees shall be deducted from the principal of the FUND prior to final release thereof to OPERATOR by the DIVISION.

This agreement shall be governed by the laws of the State of New Mexico.

H.R.C. INC.

Operator

By:

Signature of individual OPERATOR
or Authorized Officer

Title PRESIDENT

FIRST NATIONAL BANK

Financial Institution

By:

Signature of Authorized Officer
of FINANCIAL INSTITUTION

Title PRESIDENT

NOTE: If the officer executing this instrument on behalf of the Financial Institution is not the President, a Vice President or a branch manager, attach a copy of a certified resolution of the Board of Directors evidencing such officer's authority.

INDIVIDUAL ACKNOWLEDGMENT:

State of New Mexico
County of _____

This instrument was acknowledged before me on _____, 20__ by

(Individual Operator)

Notary Public

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY:

State of New Mexico:
County of Lea:

This instrument was acknowledged before me on Dec 21st, 2004 by Gary Schubert,
as President, of H.R.C., Inc. (Name of Person Signing)
(Capacity, e.g., Partner, President, etc.) (Name of Operator)
a Corporation
(Partnership, Corporation or Limited Liability Company)



OFFICIAL SEAL

Mary Martinez

NOTARY PUBLIC-STATE OF NEW MEXICO

Mary Martinez
Notary Public

SEAL

My commission expires: 8-9-08

My Commission Expires:
8-9, 2008

FINANCIAL INSTITUTION ACKNOWLEDGMENT:

State of New Mexico:
County of Lea:

This instrument was acknowledged before me on Dec. 21st, 2004 by Zane S. Bigham,
as President, of First National Bank (Name of Officer)
(Title) (Name of Financial Institution)



OFFICIAL SEAL

Mary Martinez

NOTARY PUBLIC-STATE OF NEW MEXICO

Mary Martinez
Notary Public

SEAL

My Commission Expires:
8-9, 2008

My commission expires: 8-9-08

**Existing Condition
H.R.C., Inc.
Schubert 7 #1**

Casing:

Size: 8 5/8

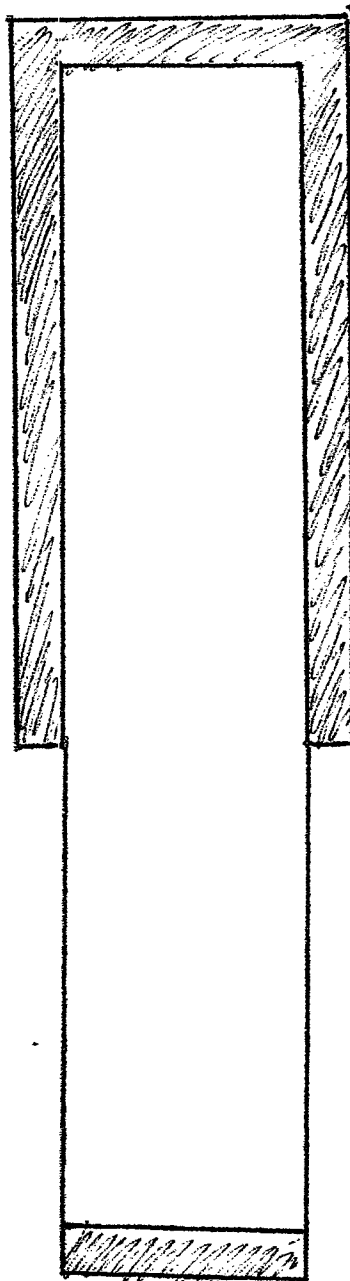
Depth: 1865'

Hole size: 12.25"

Cmt: 900 sxs

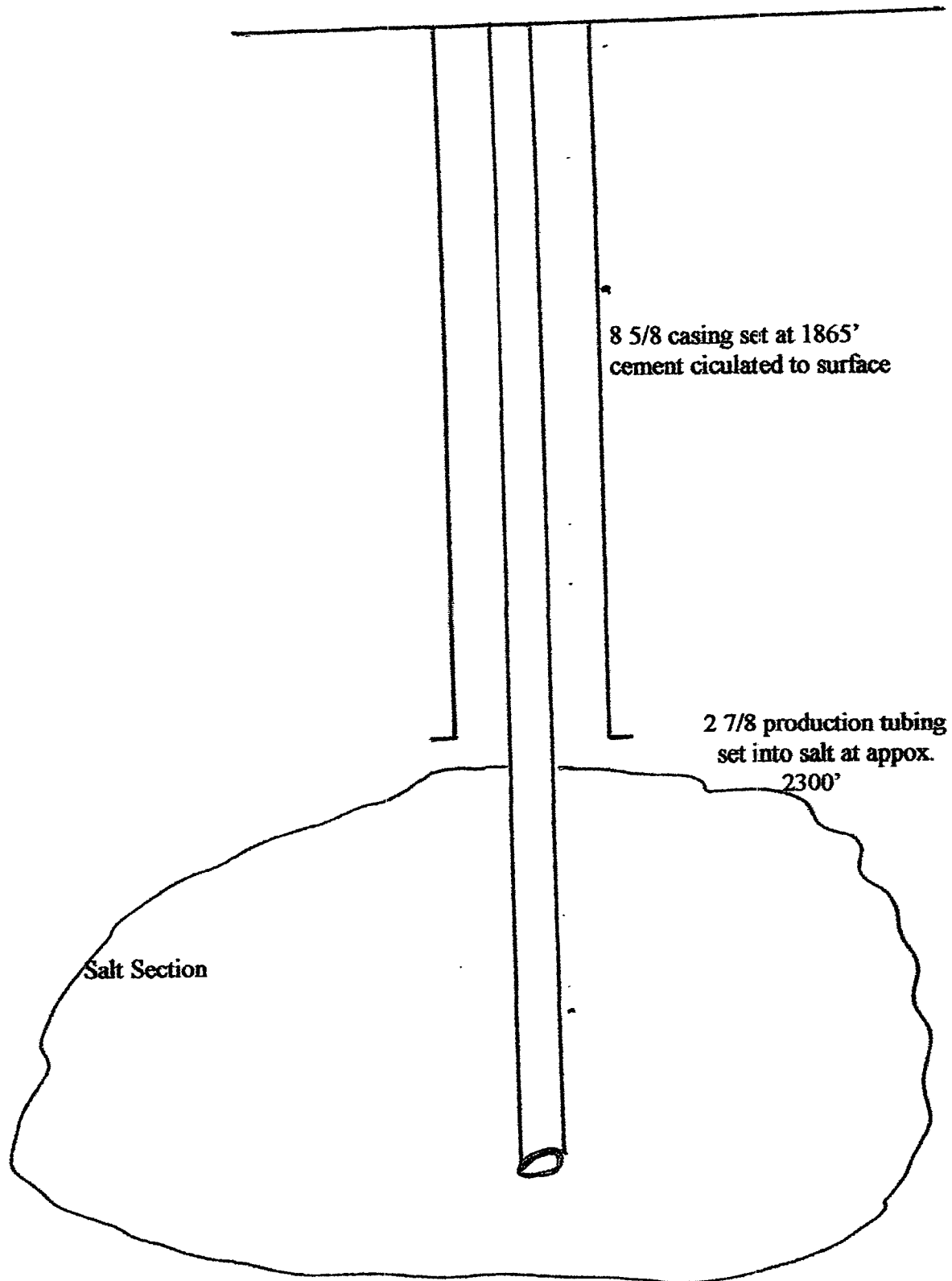
TOC: circ. 278 sx.

To pit

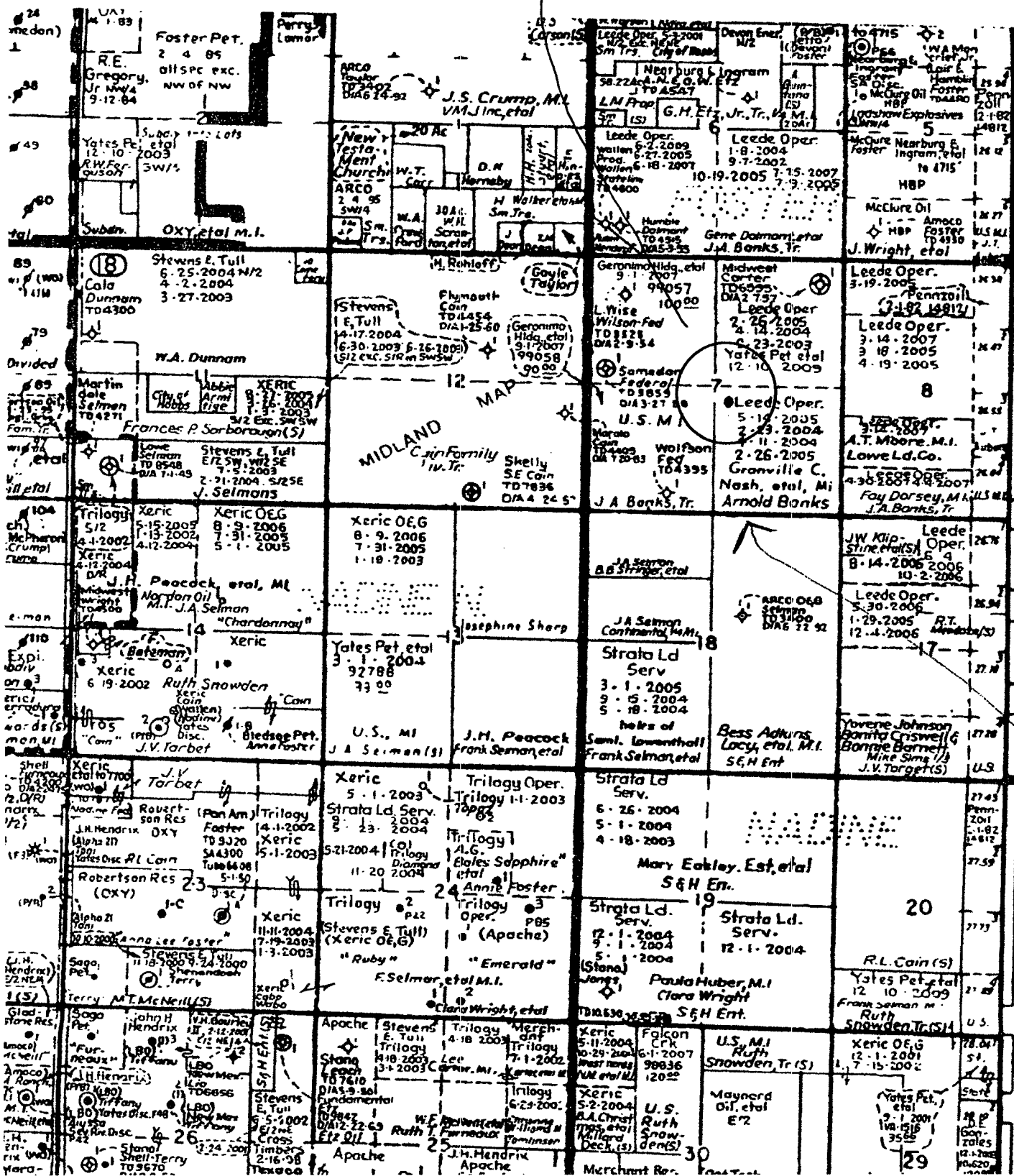


**Well plugged back to
2947'
(10/8/04)
(See attached C-103
Of 10/11/04)**

Proposed completion for
HRC Brine Well
Schubert 7 #1

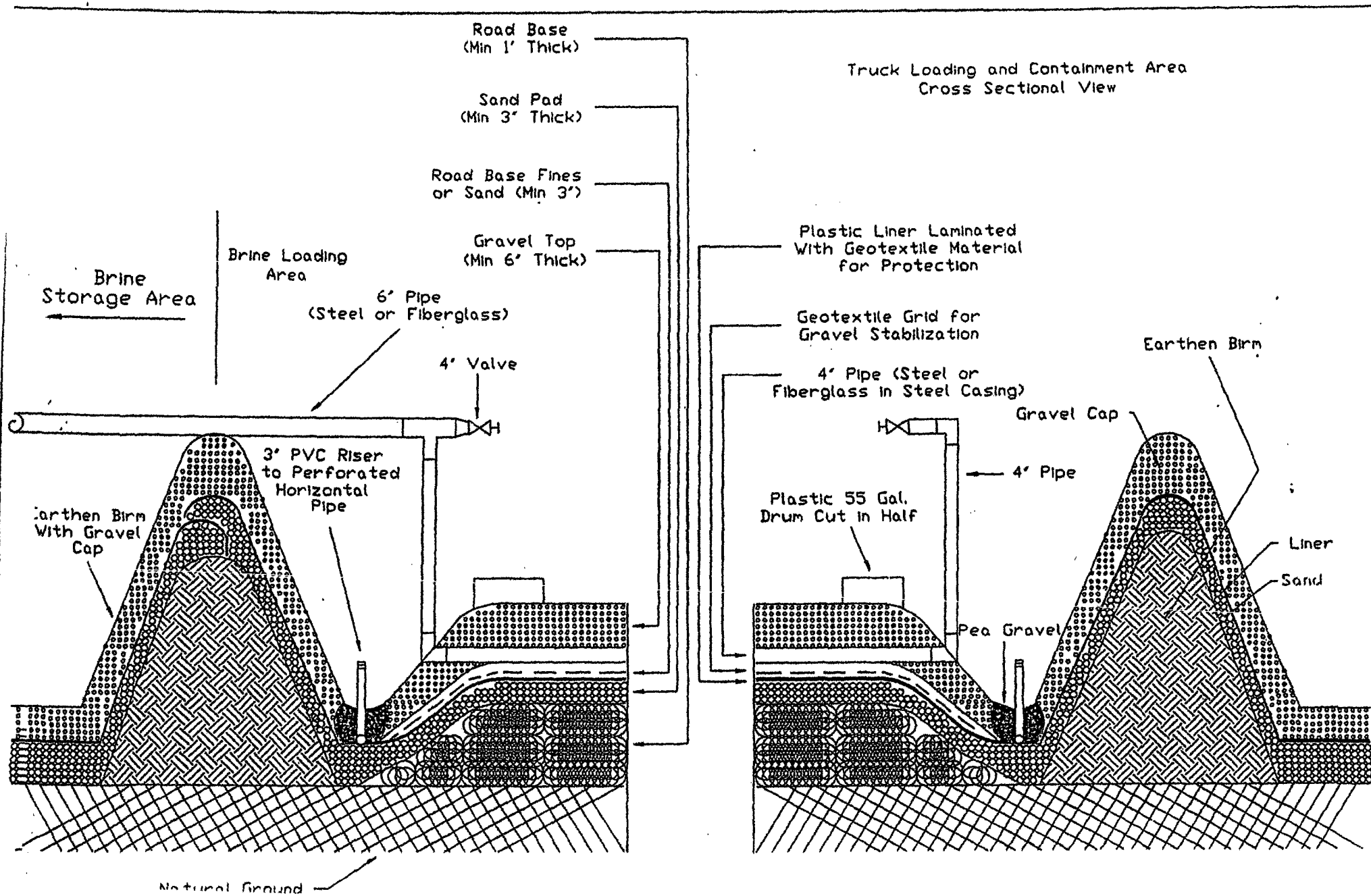


BULK. A-10

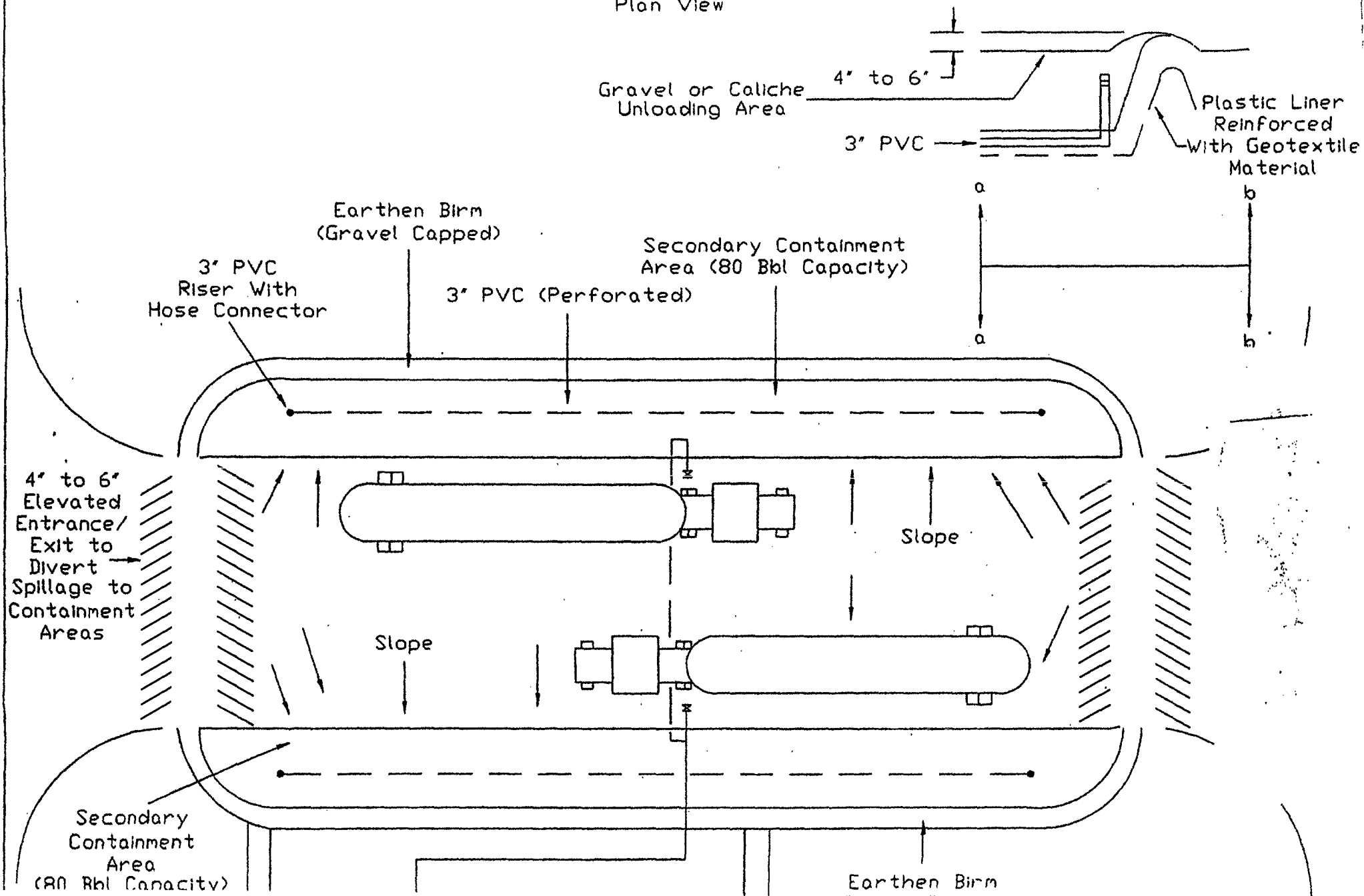


LIST OF WELLS WITHIN AREA OF REVIEW

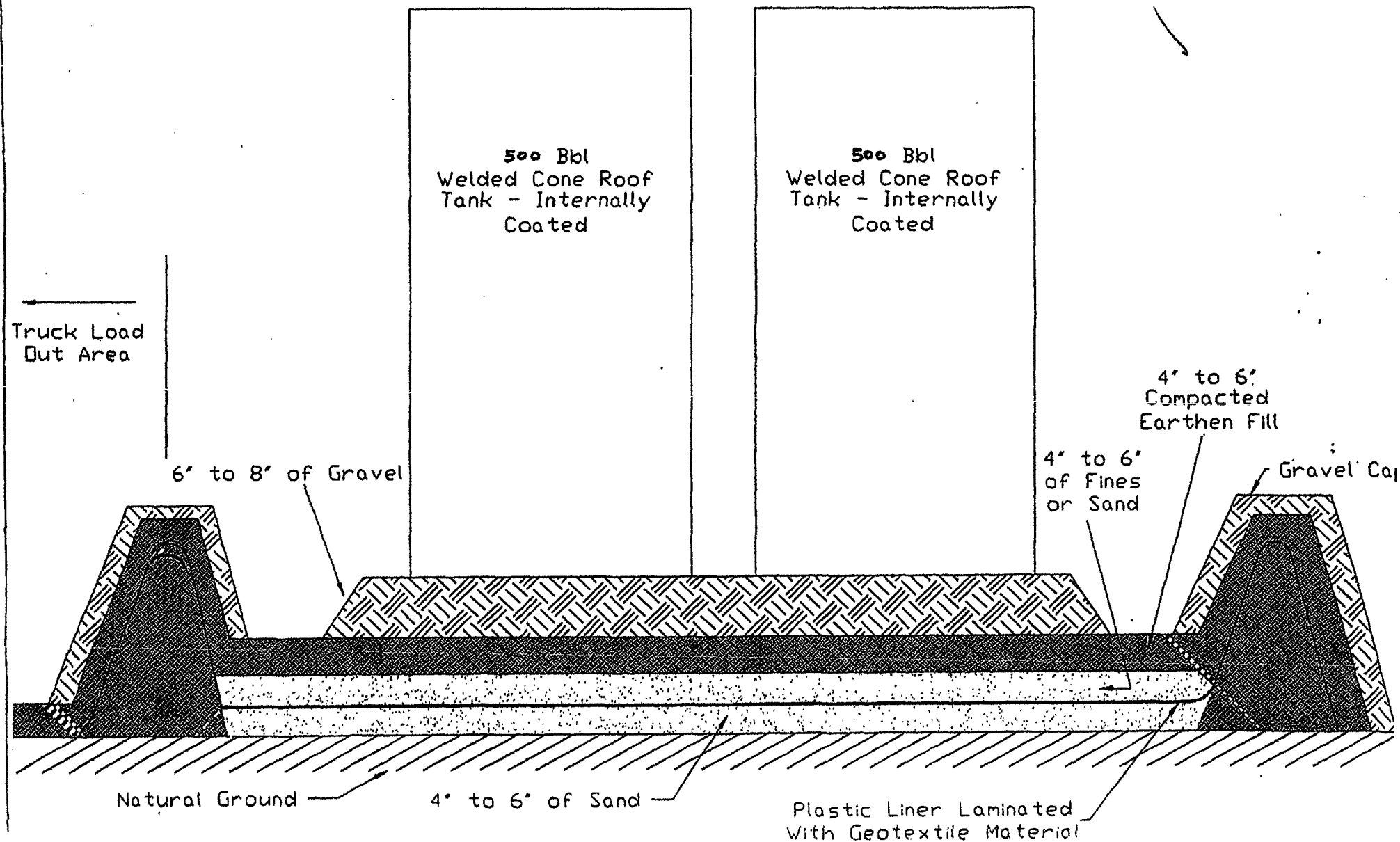
No wells within area of review.

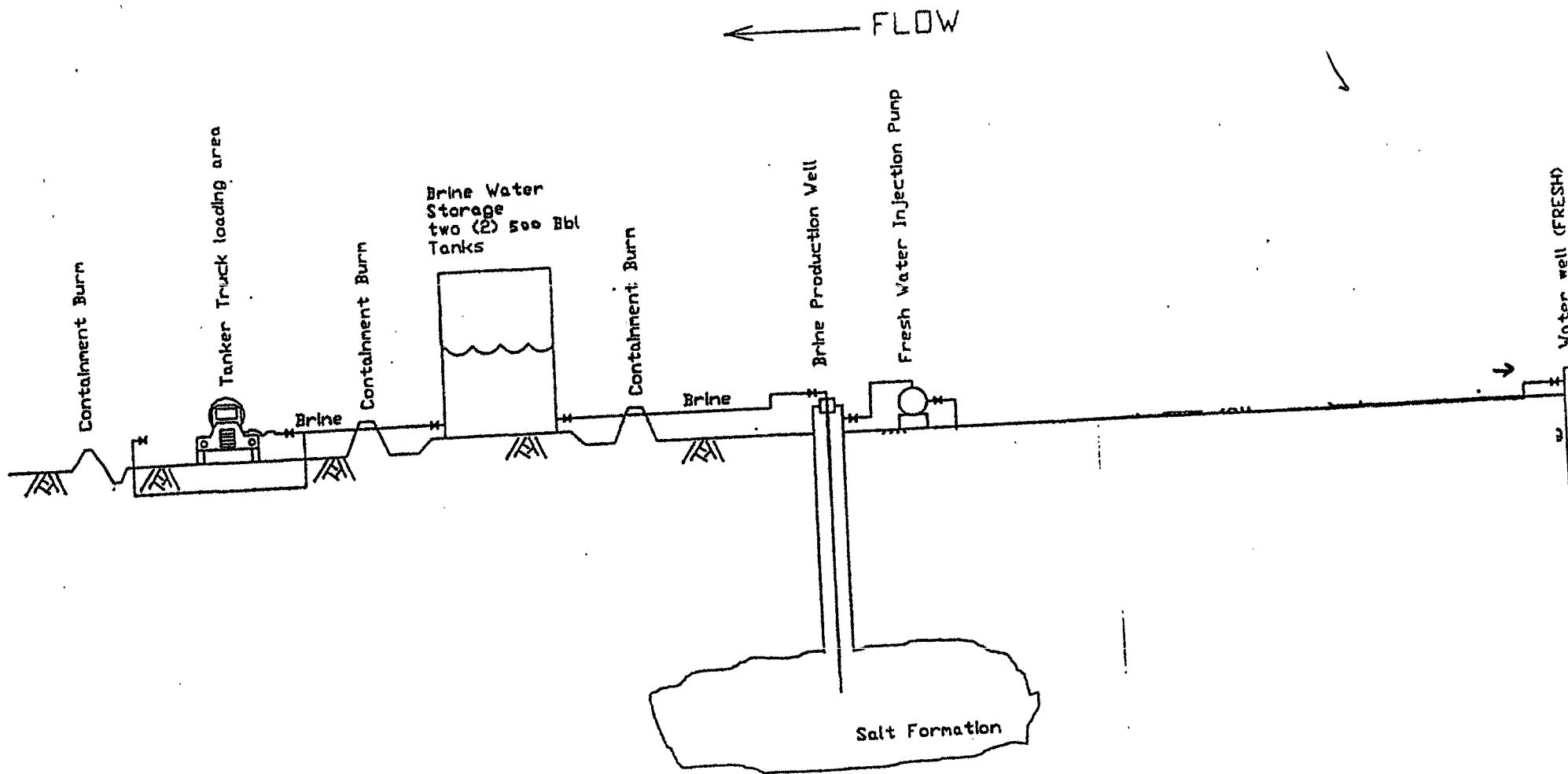


Truck Loading and Containment Area
Plan View



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





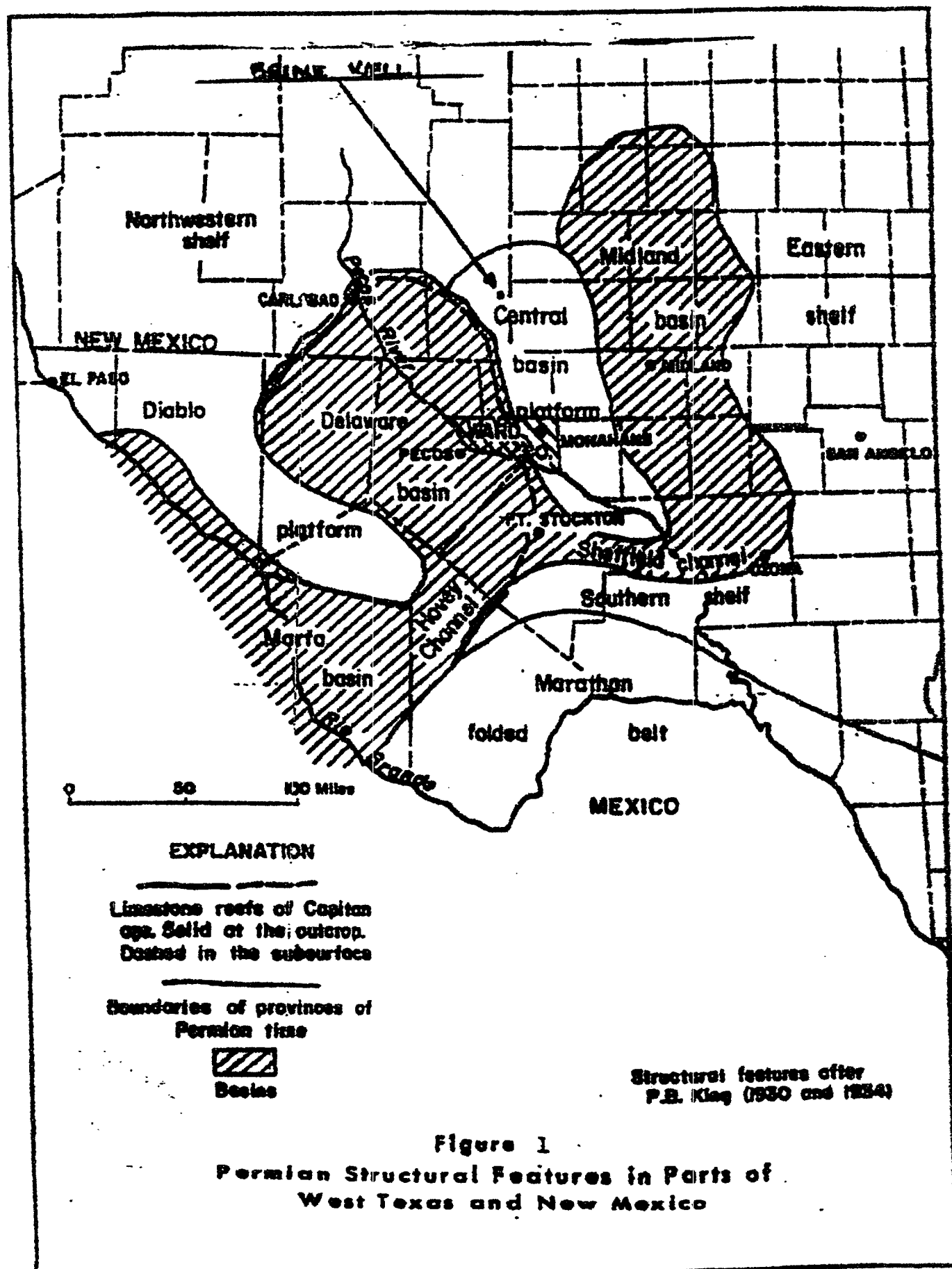
PROCESS FLOW DIAGRAM

GENERALIZED SECTIONS SOUTHEASTERN NEW MEXICO

PLATFORM - SHELF				DELAWARE BASIN									
SYSTEM	SERIES	GROUP	FORMATION	FORMATION	GROUP	SERIES	SYSTEM						
QUATERNARY			"Bottom, Colliette & Abeyrath"				QUATERNARY						
TERTIARY			OGALLALA	OGALLALA			TERTIARY						
CRETACEOUS	(Wedge on Shelf)												
TRIASSIC	DOGMUD	DOGMUD	CHINLE Sandy Shale Dip. Leds Rhyolite	CHINLE Sandy Shale Dip. Leds Rhyolite	DOGMUD	DOGMUD	TRIASSIC						
			Red Beds	Red Beds									
PERMIAN	GUADALUPIAN	N.D.	SAN ANDRES	BUSHY CANYON	DELAWARE MOUNTAIN		GUADALUPIAN						
			ARTESIA GROUP										
			CHALK BLUFF										
			WHITENORSE										
			TANSILL										
	LEONARDIAN	N.D.	ABO	BONE SPRINGS	BONE SPRINGS		LEONARDIAN						
			UPPER										
			MIDDLE										
			LOWER										
			YESO										
PENNSYLVANIAN	"WUECO" WOLF-CAMP	"WUECO" WOLF-CAMP	GLORIETA		"WUECO" WOLF-CAMP		WOLF-CAMP						
			PADOCK										
			BLINEBRY										
			TUGB										
			ORINKARD										
	VIRGIL	CISCO	UNDEFINED	UNDEFINED	CISCO		VIRGIL						
			MISS-DUNI		CANTON								
			DES MOINES		STRABN								
			ATOKA		ATOKA								
			MORROW		MORROW								
MISSISSIPPIAN	HERAHEC	N.D.	MISS. L.S.	MISS. L.S.	N.D.		MISSISSIPPIAN						
			OSAGE		HERAHEC								
			UNDERHORN		OSAGE								
DEVONIAN	N.D.	N.D.	DEVONIAN	DEVONIAN	N.D.		DEVONIAN						
SILURIAN	WAGARAY	FUSSELLMAN	MONTOYA	MONTOYA	N.D.		SILURIAN						
			MCNEE	MCNEE									
			WADDELL	WADDELL									
ORDOVICIAN	N.D.	N.D.	SIMPSON	SIMPSON			ORDOVICIAN						
			CONNELL	CONNELL									
			JOINS	JOINS									
GRANITE WASH				GRANITE WASH									
PRE-CAMBRIAN				PRE-CAMBRIAN									

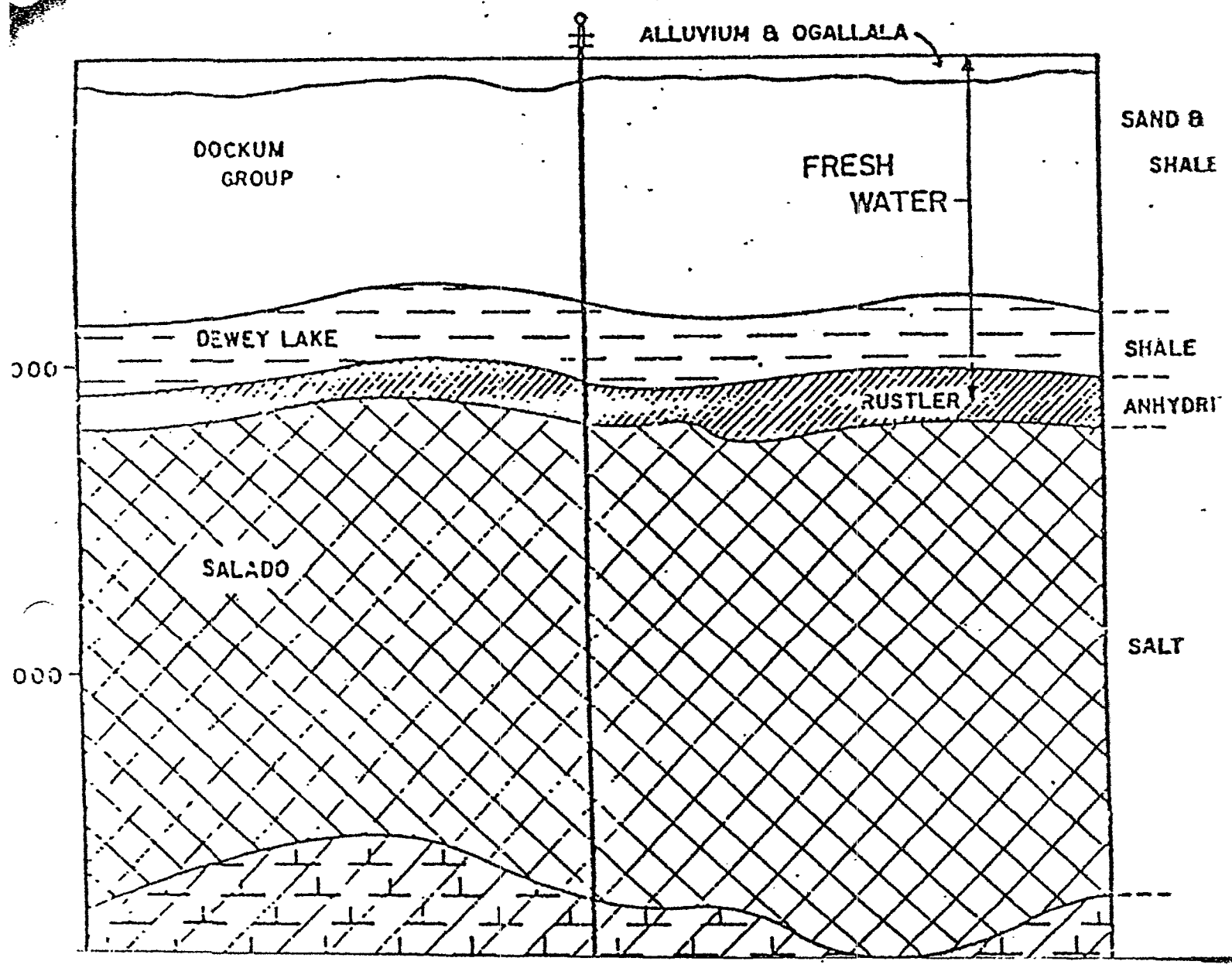
N.D. = Not Defined.

John W. Ramsey
N.M. D.C.C. - Hobbs



SCHEMATIC OF A LEA COUNTY INJECTION WELL

M. HOLLAND OGD '80



WELL LOGS

API number:	30-025-36781		
OGRID:		Operator:	SAHARA OPERATING CO
		Property:	SCHUBERT 7 # 1

surface	ULSTR:	J	7	T 19S	R 39E
			2313	FSL	2313 FEL

BH Loc	ULSTR:	J	7	T 19S	R 39E
			2313	FSL	2313 FEL

Ground Level:	3585	DF:	3598	KB:	3599
Datum:	KB			TD:	7900

Land: **STATE**

Completion Date: (1) **10/9/2004**
 Date Logs Received: **11/15/2004** ****Late****
 Date Logs Due in: (2) **10/29/2004**

Confidential:	NO			Date out:	
---------------	----	--	--	-----------	--

Confidential period: 90 Days for State & Fee, 1 Year for federal

Date Due In: (1) is equal to Completion Date (1) + 20 days

Logs	Depth interval		
DSN/SDL	1862	7600	Spectral Density Dual Spaced Neutron
DLL/MSFL	2800	7680	Dual Laterolog Micro Spherically Focused Log
BHC	1862	7624	Borehole Compensated Sonic

OCD TOPS

Rustler	1773	Strawn			
Tansill		Atoka			
Yates	2930	Morrow			
7R	3159				
T. Bowers Sd					
B. Bowers Sd					
Queen	3722				
Penrose					
Grayburg	4080				
San Andres	4396				
Glorieta	5715				
Tubb	6820				
Drinkard	7050				
Abo	7464				
Wolfcamp					

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 25 through 29 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 1775	T. Canyon	T. Ojo Alamo	T. Penn. "B"
T. Salt 1880	T. Strawn	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt 2900	T. Atoka	T. Pictured Cliffs	T. Penn. "D"
T. Yates 2930	T. Miss	T. Cliff House	T. Leadville
T. 7 Rivers 3160	T. Devonian	T. Menefee	T. Madison
T. Queen 3710	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg 4080	T. Montoya	T. Mancos	T. McCracken
T. San Andres 4396	T. Simpson	T. Gallup	T. Ignacio Otzie
T. Glorieta 5715	T. McKee	Base Greenhorn	T. Granite
T. Paddock 5858	T. Ellenburger	T. Dakota	T.
T. Blinebry 6260	T. Gr. Wash	T. Morrison	T.
T. Tubb 6820	T. Delaware Sand	T. Todilto	T.
T. Drinkard 7050	T. Bone Springs	T. Entrada	T.
T. Abo 7464	T.	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. 2, from.....to.....
No. 3, from.....to.....
No. 4, 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.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology	From	To	Thickness In Feet	Lithology
2600	2900	300	Salt, Redbed, Shale				
2900	3130	230	Anhydrite, salt, shale				
3130	4080	950	Anhydrite, Dolomite				
4080	4430	350	Dolomite, Anhydrite				
4430	7500	3070	Dolomite, Limestone				
7500	7900	400	Dolomite				

School District: 160

Owner No: 0041465

RESIDENTIAL	FULL VALUE	TAXABLE VALUE
NON-RES	FULL VALUE	TAXABLE VALUE
LAND	78888	26296
IMPROVEMENT	1068	356
NET		26652
TOTAL NET VALUE		26652

YEAR	BILL NO.	TAX	INTEREST	PENALTY	LATE	AMOUNT DUE

☐ If your address has changed, please check this box and indicate address changes on the back of this coupon.



PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
H.R.C. INC.
ATTN: GARY SCHUBERT
P.O. BOX 5011
HOBBS, NM 88241
FAX TO: (505) 393-6662

Receiving Date: 03/07/05
Reporting Date: 03/10/05
Project Owner: SCHUBERT
Project Name: IRR WELL
Project Location: SEC 7-T19S-R39E

Sampling Date: 03/07/05
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (μ S/cm)	T-Alkalinity (mgCaCO ₃ /L)
------------	-----------	--------------	--------------	--------------	-------------	-------------------------------	--

ANALYSIS DATE:	03/08/05	03/08/05	03/08/05	03/08/05	03/08/05	03/08/05
H9614-1 IRR. WELL	64	106	33	4.01	1077	180
Quality Control	NR	58	54	4.90	1322	NR
True Value QC	NR	50	50	5.00	1413	NR
% Recovery	NR	116	108	98.0	93.6	NR
Relative Percent Difference	NR	3.1	3.8	0.8	0.7	NR
METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1	

Cl ⁻ (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
---------------------------	---------------------------	---------------------------	----------------------------	--------------	---------------

ANALYSIS DATE:	03/08/05	03/08/05	03/08/05	03/08/05	03/08/05	03/08/05
H9614-1 IRR. WELL	180	107	0	220	6.63	948
Quality Control	950	50.33	NR	961	7.03	NR
True Value QC	1000	50.00	NR	1000	7.00	NR
% Recovery	95.0	101	NR	96.1	100	NR
Relative Percent Difference	5.0	0.2	NR	1.6	0.9	1.4
METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1

Chemist

Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR

H.R.C. INC.

ATTN: GARY SCHUBERT

P.O. BOX 5011

HOBBS, NM 88241

FAX TO: (505) 393-6662

Receiving Date: 03/07/05

Reporting Date: 03/10/05

Project Owner: SCHUBERT

Project Name: IRR WELL

Project Location: SEC 7-T19S-R39E

Sampling Date: 03/07/05

Sample Type: GROUNDWATER

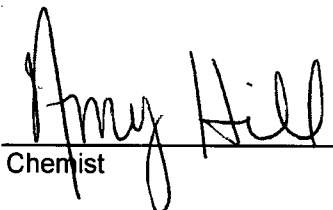
Sample Condition: COOL & INTACT

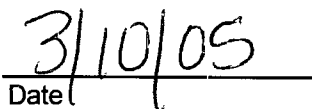
Sample Received By: BC

Analyzed By: AH

LAB NUMBER	SAMPLE ID	NO3 (mg/L)	Specific Gravity (mg/L)
ANALYSIS DATE:		03/08/05	03/08/05
H9614-1	IRR. WELL	4.38	0.9929
Quality Control		3.04	NR
True Value QC		3.00	NR
% Recovery		101	NR
Relative Percent Difference		1.0	NR

METHODS: EPA 600/4-79-020	353.3	Gravimetric
---------------------------	-------	-------------


Chemist


Date



PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
H.R.C. INC.
ATTN: GARY SCHUBERT
P.O. BOX 5011
HOBBS, NM 88241
FAX TO: (505) 393-6662

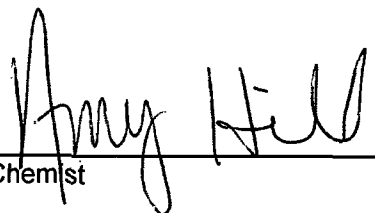
Receiving Date: 03/07/05
Reporting Date: 03/10/05
Project Owner: SCHUBERT
Project Name: IRR WELL
Project Location: SEC 7-T19S-R39E

Sampling Date: 03/07/05
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: AH

Total Metals

LAB NUMBER	SAMPLE ID	Ba (mg/L)	Fe (mg/L)
ANALYSIS DATE:		03/10/05	03/10/05
H9614-1	IRR. WELL	<1	0.256
Quality Control		24.32	5.240
True Value QC		25.00	5.000
% Recovery		97.3	105
Relative Percent Difference		1.0	0.4

METHODS: EPA 600/4-79-020	208.1	236.1
---------------------------	-------	-------


Chemist

3/10/05
Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page ____ of ____

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

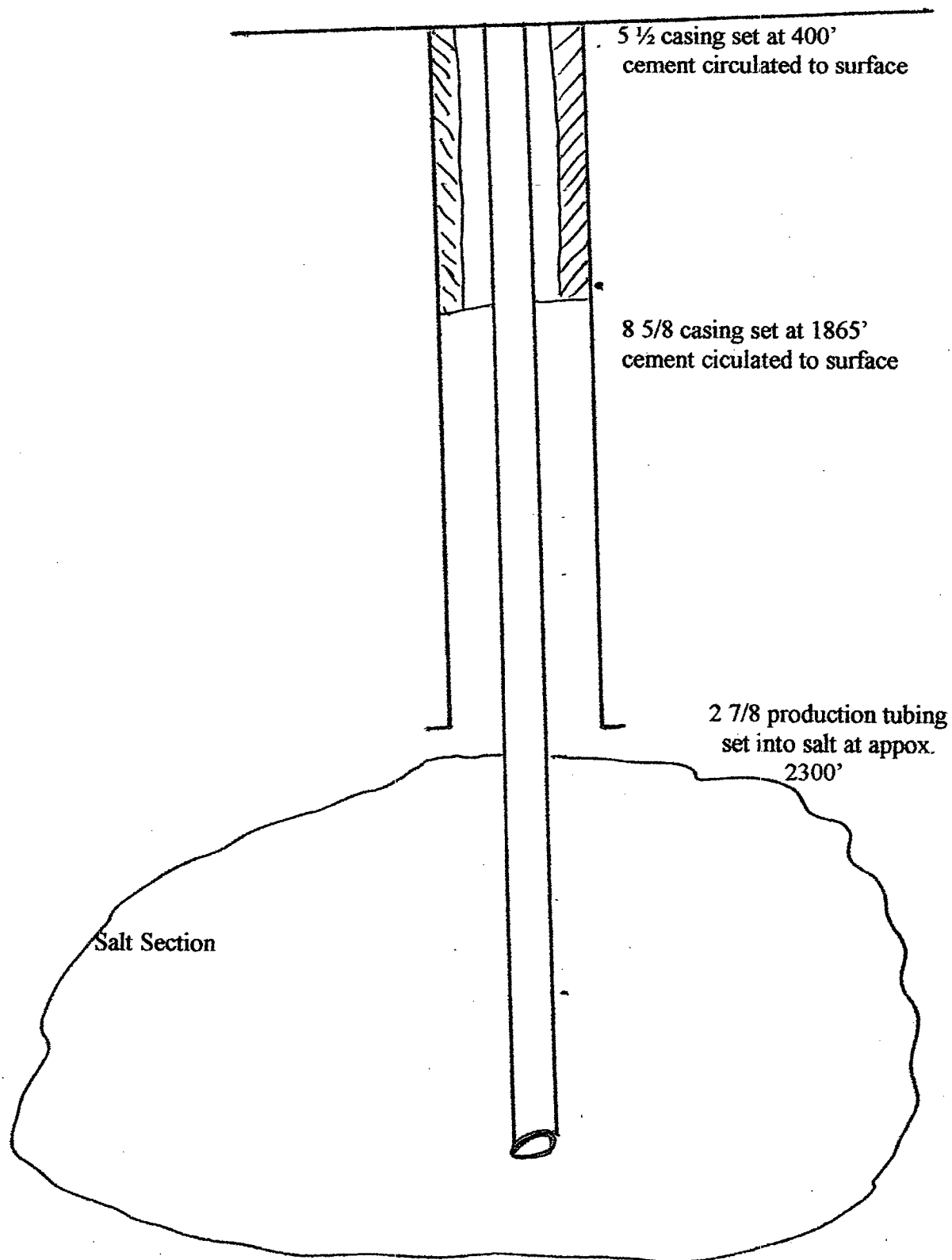
† Cardinal cannot accept verbal changes. Please fax written changes to (325) 673-7020.

RECEIVED

OCT 24 2005

OIL CONSERVATION
DIVISION

Proposed completion for
HRC Brine Well
Schubert 7 #1



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 brine well and its piping construction. Enclosed is schematic of proposed completion and a schematic of existing status.

The proposed construction will be:

5 ½ casing set at approximately 400' with cement circulated to surface

8 5/8" production casing set at approximately 1600' with cement circulated to surface.

2 7/8" production tubing drilled into salt cavity and set approximately 2400'.

General operation is to pump fresh water down annulus between 2 7/8" tubing and 8 5/8" casing and produce brine water up to 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:

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:

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
May 27, 2004

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

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Schubert 7
8. Well Number 1
9. OGRID Number 131652
10. Pool name or Wildcat BSW-Salado

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. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other(Brine Supply)	
2. Name of Operator HRC, Inc.	
3. Address of Operator P.O. Box 5102 Hobbs, NM 88241	
4. Well Location Unit Letter <u>J</u> : <u>2313</u> feet from the <u>South</u> line and <u>2313</u> feet from the <u>East</u> line Section <u>7</u> Township <u>19</u> Range <u>39</u> NMPM County <u>Lea</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3585</u> GL	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input checked="" type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. 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 recompletion.

1. Rig up completion unit.
2. Run in hole with 5 1/2" casing to 400' with D.V. tool on end
3. Pump cement through 5 1/2" casing and back outside with D.V. tool to fill annulus between 5 1/2" casing and 8 5/8" casing with cement; circulate cement to surface
4. Drill out cement and center of D.V. tool
5. Run in hole with 2 7/8" tubing to 2300'
6. Install wellhead and circulate fresh water down casing to circulate brine water through tubing.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE President DATE 3/8/05

Type or print name
For State Use Only

E-mail address:

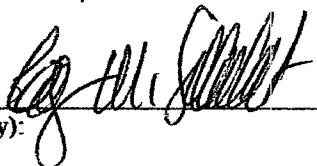
Telephone No.

APPROVED BY:

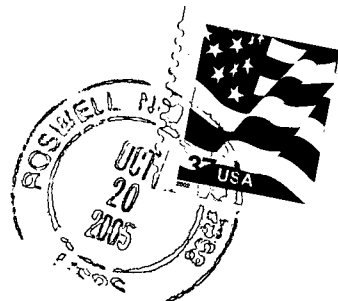
TITLE

DATE

Conditions of Approval (if any):

A handwritten signature in black ink, appearing to be "Eg. H. Smith", is written over the "APPROVED BY:" line.

HRC INC.
P O Box 5102
Hobbs, NM 88241

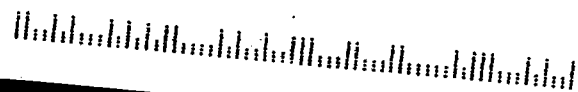


OCD
1220 S. St. Francis Dr.
Santa Fe, NM

87504

Attn:
Wayne
Price

87305+4000-20 C011



Gary M. Schubert
(505) 393-7662

To: Wayne Price Fax: 505-476-3462
From: Gary Date: 1/10/06
Re: _____ Pages: 8
CC: _____
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

If you have any problems with this transmission please contact Lorna Dudenhofer at

Wayne,
here are the other forms you
requested. - If needed anything else
Please Call. -

Thanks -

Lorna

Submit 3 Copies To Appropriate District

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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

May 27, 2004

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.)		WELL API NO. 30-025-36781
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other (Brine Supply)		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator HRC, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 5102 Hobbs, NM 88241		7. Lease Name or Unit Agreement Name Schubert 7
4. Well Location Unit Letter <u>J</u> : <u>2313</u> feet from the <u>South</u> line and <u>2313</u> feet from the <u>East</u> line Section <u>7</u> Township <u>19</u> Range <u>39</u> NMPM County <u>Lea</u>		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3585 GL</u>		9. OGRID Number 131652
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat BSW-Salado
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mill Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☒ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐

OTHER: ☐OTHER: ☐

13. 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 recompletion.

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I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE

TITLE

President

DATE 3/8/05

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 brine well and its piping construction. Enclosed is schematic of proposed completion and a schematic of existing status.

The proposed construction will be:

5 1/2" casing set at approximately 400' with cement circulated to surface

8 5/8" production casing set at approximately 1600' with cement circulated to surface.

2 7/8" production tubing drilled into salt cavity and set approximately 2400'.

General operation is to pump fresh water down annulus between 2 7/8" tubing and 8 5/8" casing and produce brine water up to 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.

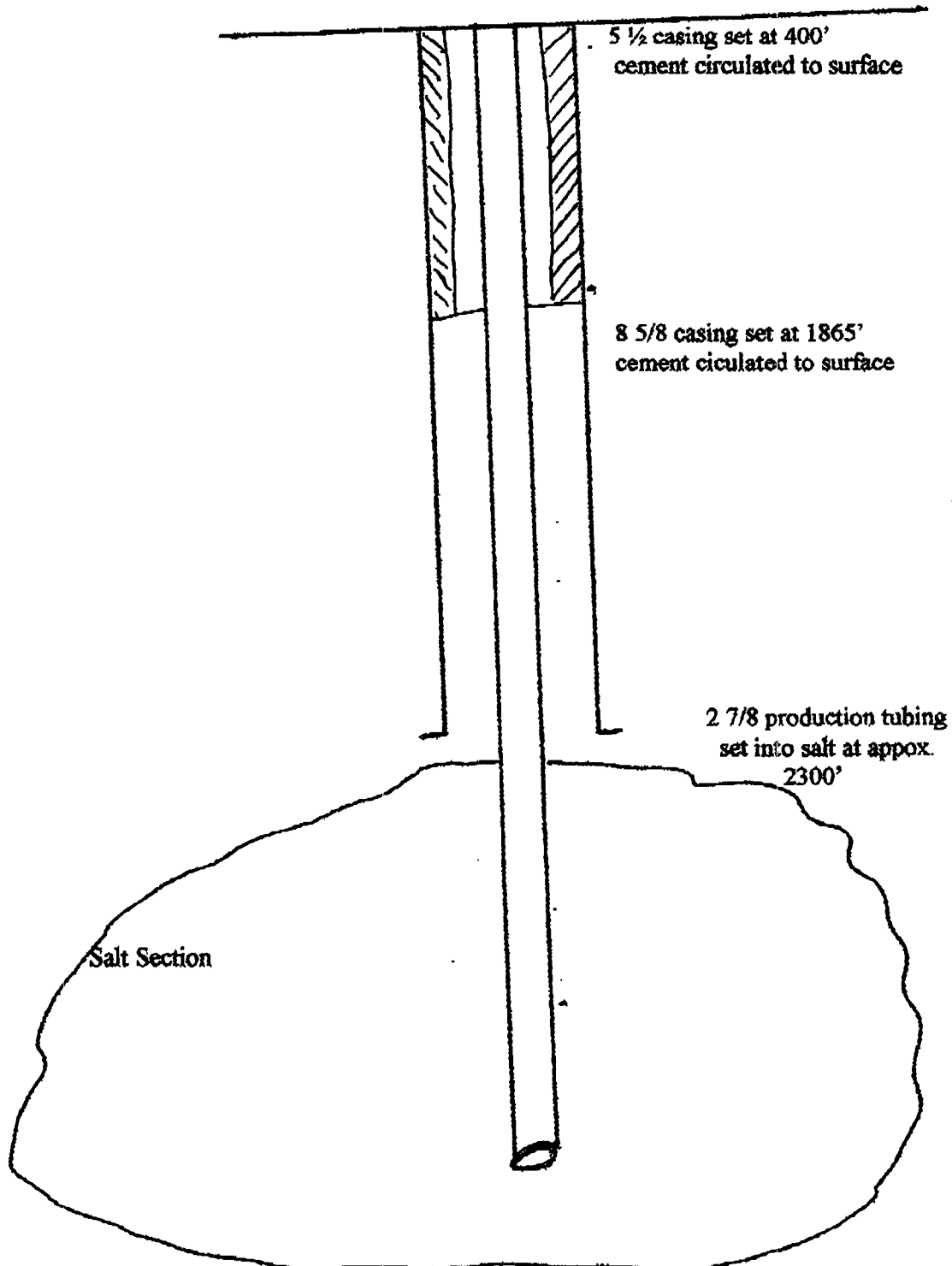
The OCD office will be notified for approval prior to any drilling, deepening or plug back operations using the appropriate forms and notification. The OCD will also be notified before any remedial work, plugging or altering of well has started and after approval.

8. Reporting and Clean up of Spills:

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:

Proposed completion for
HRC Brine Well
Schubert 7 #1



Type or print name
For State Use Only

E-mail address:

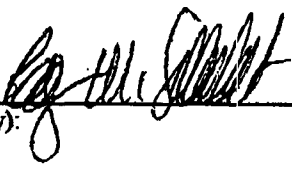
Telephone No.

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any):

A handwritten signature in black ink, appearing to be "Gary Schubert", is written over the "APPROVED BY:" line and extends slightly into the "Conditions of Approval" line.

Form O & G CBA
Revised 1-1-03

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

H.R.C., INC. ("OPERATOR") of P.O. BOX 5011
HOBBES N.M. 88241 (address) has deposited with
FIRST NATIONAL BANK (name of federally insured state or national
bank or savings association in the State of New Mexico) of 600 WEST BENDER
HOBBES N.M. (address) (FINANCIAL INSTITUTION) the sum of
\$7,500.00 dollars (\$) in Certificate of Deposit or Savings Account No. 280219833 (FUND).

To comply with NMSA 1978, Section 70-2-14, as amended, OPERATOR hereby assigns all right, title and interest in the FUND, except as herein otherwise provided, to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico (the DIVISION).

OPERATOR and FINANCIAL INSTITUTION agree that as to the FUND:

- 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, without further consent by the OPERATOR. FINANCIAL INSTITUTION hereby acknowledges that the DIVISION is FINANCIAL INSTITUTION'S customer with respect to the FUND.
- OPERATOR retains no legal or beneficial interest in the FUND except the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION following final disposition, or plugging and abandonment in accordance with all rules and orders of the DIVISION, of all wells in the State of New Mexico for which this Assignment now or hereafter serves as financial assurance.
- FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or of a court order entered in a proceeding to which the DIVISION is a party. FINANCIAL INSTITUTION hereby waives all statutory or common law liens or rights of set-off or recoupment against the FUND by reason of any indebtedness or obligation of OPERATOR to FINANCIAL INSTITUTION now existing or hereafter incurred.
- OPERATOR agrees that FINANCIAL INSTITUTION may deduct, solely from interest due OPERATOR, any costs or attorney fees incurred by FINANCIAL INSTITUTION by reason of any claim or demand via writ, summons or other process made upon FINANCIAL INSTITUTION arising from OPERATOR'S business. FINANCIAL INSTITUTION agrees that no such costs or fees shall be deducted from the principal of the FUND prior to final release thereof to OPERATOR by the DIVISION.

This agreement shall be governed by the laws of the State of New Mexico.

H.R.C., INC.

Operator

By:

Signature of individual OPERATOR
or Authorized Officer

Title: PRESIDENT

FIRST NATIONAL BANK

Financial Institution

By:

Signature of Authorized Officer
of FINANCIAL INSTITUTION

Title: PRESIDENT

NOTE: If the officer executing this instrument on behalf of the Financial Institution is not the President, a Vice President or a branch manager, attach a copy of a certified resolution of the Board of Directors evidencing such officer's authority.

INDIVIDUAL ACKNOWLEDGMENT:

State of New Mexico
County of _____

This instrument was acknowledged before me on _____ 20__ by _____
(Individual Operator) _____
Notary Public

SEAL

My Commission Expires: _____

ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY:

State of New Mexico
County of Lea:

This instrument was acknowledged before me on Dec. 21st, 2004 by Gary Schubert
(Name of Person Signing)
as President of H.R.C., Inc.
(Capacity, e.g., Partner, President, etc.) (Name of Operator)
Corporation
(Partnership, Corporation or Limited Liability Company)



OFFICIAL SEAL

Mary Martinez

NOTARY PUBLIC-STATE OF NEW MEXICO

Notary Public

My commission expires: 09-08

SEAL

My Commission Expires: 09-08 2005

FINANCIAL INSTITUTION ACKNOWLEDGMENT:

State of New Mexico
County of Lea:

This instrument was acknowledged before me on Dec. 21st, 2004 by Zane S. Bygman
(Name of Officer)
as President of First National Bank
(Title) (Name of Financial Institution)



OFFICIAL SEAL

Mary Martinez

NOTARY PUBLIC-STATE OF NEW MEXICO

Notary Public

My commission expires: 09-08

SEAL

My Commission Expires: 09-08 2005



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 6, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mr. Gary Shubert
H.R.C., Inc.
P.O. Box 5011
Hobbs, NM 88241

RE: \$7,500 Single-Well Cash Bond
H.R.C., Inc., Principal
First National Bank - Hobbs - Depository - Account No. 280219833
Schubert 7 No. 1 - 2313' FSL and 2313' FEL
Section 7, Township 19 South, Range 39 East,
Lea County, New Mexico
Bond No. OCD 785

Dear Mr. Shubert:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

A handwritten signature in black ink, appearing to read "David K. Brooks".

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division - Hobbs, NM

First National Bank
600 W. Bender
Hobbs, NM 88241-0460

P. 01

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
JAN-10	03:50 PM	15053936662	2' 48"	8	RECEIVE	OK		

Price, Wayne

From: Price, Wayne
Sent: Wednesday, June 01, 2005 2:58 PM
To: 'garymschubert@aol.com'
Cc: Williams, Chris; Wink, Gary; Sheeley, Paul; Johnson, Larry; Anderson, Roger; Sanchez, Daniel
Subject: H.R.C. Inc. New brine well application
Contacts: Gary Schubert

Dear Mr. Schubert:

OCD is in receipt of H.R.C. Inc application for a new brine well to be located in UL J Section 7 Ts 19s R 39e. Your plan proposes to re-enter the Sahara well#1 API# 30-025-36781. The proposed completion does not meet OCD's minimum requirement for groundwater protection for EPA type Class III wells. OCD will require at least two strings of casing through the fresh water zone. The first string (outside) shall be embedded and terminate in the "Red Beds" and the second string shall be placed a minimum of 100 feet into the salt section. Both casing strings shall be cemented back to surface.

In order for OCD to continue the evaluation of the application please re-submit an amended plan to incorporate the above changes and include a \$100.00 filing fee made out to the New Mexico Water Quality Management Fund.

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

**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 permit application(s) 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-031) - 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 J of Section 7, Township 19 South, Range 39 East, NMPM, Lea County, New Mexico. Treated effluent water obtained from the city of Hobbs will be injected in the Salado formation at a approximate depth of 2300 feet and brine water will be extracted out of the formation from a depth of approximately 1800 feet with an average total dissolved solids concentration of 300,000 mg/l. H.R.C. INC. proposes to re-enter the Sahara well #1

API#30-025-36781 (Now Schubert#1) well located 2313 FSL and 2313 FEL of Section 7, Township 19 South, Range 39 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 permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit 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 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 permit based on information available. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of January 2006.

**STATE OF
NEW MEXICO
OIL CONSERVATION
DIVISION**

S E A L

Mark Fesmire,
Director

Legal #78265
Pub. January 16, 2006

Advertising Receipt

Hobbs Daily News-Sun

201 N Thorp

P O Box 850

Hobbs, NM 88241-0850

Phone: (505) 393-2123

Fax: (505) 397-0610

Oil Conservation Division

1220 S. St. Francis

Santa Fe, NM 87505

ED MARTIN
STATE OF NEW MEXICO OIL &
CONSERVATION DIVISION *
1220 S. ST. FRANCIS
SANTA FE, NM 87505

Cust#: 01100060-000
Ad#: 67535545
Phone: (505)476-3492
Date: 01/12/06

Ad taker: C2

Salesperson: 08

Classification: 673

Description	Start	Stop	Ins.	Cost/Day	Surcharges	Total
07 07 Daily News-Sun	01/13/06	01/13/06	1	92.40		92.40
Bold						1.00
Affidavit for legals						3.00

Payment Reference:

LEGAL NOTICE
January 13, 2006

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 permit application(s) 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-031) - 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

Total: 96.40
Tax: 0.00
Net: 96.40
Prepaid: 0.00

Total Due 96.40

OK for APPROVAL
1/25/06

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, Daniel Russell

Editor

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

of _____

1 issue(s).
Beginning with the issue dated5

January 13, 2006
and ending with the issue dated

January 13, 2006

Daniel Russell

Editor

Sworn and subscribed to before

17th day of

January, 2006

[Signature]

Notary Public.

My Commission expires
February 07, 2009
(Seal)



OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires: _____

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

LEGAL NOTICE
January 13, 2006

NOTICE OF PUBLICATION

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

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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 permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m. Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/oed/>. Prior to ruling on any proposed discharge permit 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 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 permit based on information available. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of January 2006.

STATE OF NEW MEXICO
OIL CONSERVATION

Mark Fesmire, Director
#22069

01100060000 67535545
STATE OF NEW MEXICO OIL &
CONSERVATION DIVISION
1220 S. ST. FRANCIS
SANTA FE, NM 87505

NOTICE OF PUBLICATION

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

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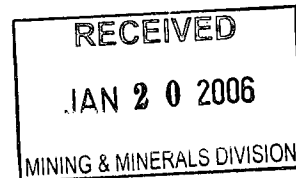
GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of January 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director

THE SANTA FE
NEW MEXICAN
Founded 1849



EMNRD MINING & MINERALS

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STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, R. Lara, 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 # 78265 a copy of which is hereto attached was published in said newspaper 1 day(s) between 01/16/2006 and 01/16/2006 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 16th day of January, 2006 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/S/ R. Lara
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 16th day of January, 2006

Notary Laura E. Harding

Commission Expires: 11/23/07

