

Nearburg Exploration Company, L.L.C.

Exploration and Production
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Midland, Texas 79705
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2005 MAR 25 AM 11 37

March 21, 2005

Engineering Bureau of the Oil Conservation Division
New Mexico Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Order SWD-967
McKittrick 11 Federal SWD Well No. 5
API No. 30-015-33611

Ladies and Gentlemen:

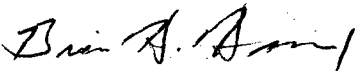
The above referenced administrative order requested that the following information be provided to the Engineering Bureau as preparation for injection into the McKittrick 11 Federal SWD Well No. 5.

1. The Cisco/Canyon open hole section from 8750-9257' MD (8383-8869' TVD) was swabbed tested from February 28 to March 1, 2005 and a representative formation water sample was obtained and analyzed by BJ Services (see attached water analysis for details).
2. The initial static fluid levels encountered each morning before swab testing were at 6500' MD, or 6235' TVD. The subsea pressure datum that Nearburg Producing Company has used in the McKittrick Hills Area of the Indian Basin Upper Penn Associated Field is at -3963' SS, or 7976' TVD in McKittrick 11 Federal SWD Well No. 5 (KB at 4013'). Thus, the Cisco/Canyon bottom hole pressure at datum in McKittrick 11 Federal SWD Well No. 5 is estimated from fluid levels to be:

$$765 \text{ psi} = (7976' \text{ TVD minus } 6235' \text{ TVD}) \times 0.433 \text{ psi/ft} \times 1.015 \text{ specific gravity}$$

If you have any additional questions concerning the above data, please contact me at 432-686-8235 at extension 206.

Sincerely,



Brian H. Huzzey
Senior Staff Engineer



Water Analysis

Date: 3/2/2005

2401 Sivley, Artesia NM 88210
Phone (505) 746-3140 Fax (505) 746-2293

Analyzed For

Company	Well Name	County	State
Nearburg	McKittrick 11 Fed 5	Eddy	New Mexico

Sample Source

Sample

1

Formation

Depth

Specific Gravity	1.015	SG @ 60 °F	1.015
pH	6.60	Sulfides	Not Tested
Temperature (°F)	60	Reducing Agents	Not Tested

Cations

Sodium (Calc)	in Mg/L	4,185	in PPM	4,123
Calcium	in Mg/L	200	in PPM	197
Magnesium	in Mg/L	24	in PPM	24
Soluable Iron (FE2)	in Mg/L	25.0	in PPM	25

Anions

Chlorides	in Mg/L	5,333	in PPM	5,255
Sulfates	in Mg/L	2,000	in PPM	1,970
Bicarbonates	in Mg/L	127	in PPM	125
Total Hardness (as CaCO3)	in Mg/L	600	in PPM	591
Total Dissolved Solids (Calc)	in Mg/L	11,894	in PPM	11,718
Equivalent NaCl Concentration	in Mg/L	10,631	in PPM	10,474

Scaling Tendencies

*Calcium Carbonate Index 25,376

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 400,000

Below 500,000 Remote / 500,000 - 10,000,00 Possible / Above 10,000,000 Probable

*This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.

Remarks

Report # 1736