

DATE IN <u>3.19.12</u>	SUSPENSE <u>4/4/12</u>	ENGINEER <u>WVJ</u>	LOGGED IN <u>3.19.12</u>	TYPE <u>SWD</u>	APP NO. <u>1207941989</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



COG 279137

South Craig 10 SWD #1

26
 4/10/12
 Lease
 Notice

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

A-20-265-26E

RECEIVED
 2012 MAR 16 11:55 AM
 3555-5783
 7/10 PST

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jeff Gasch Jeff Gasch Operations Engineer 2/23/12
 Print or Type Name Signature Title Date
 e-mail Address jgasch@concho.com



March 15, 2012

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

RE: Application For Authorization To Inject
South Craig 10 SWD #1
Township 26 South, Range 26 East, N.M.P.M.
Section 10: 660' FNL & 660' FEL
Eddy County, New Mexico

RECEIVED OOD
MAR 16 P 1:55

Dear Mr. Jaramillo:

COG Operating LLC respectfully requests administrative approval for authorization to inject the South Craig 10 SWD #1 well as referenced above. Enclosed, for your review, please find one fully executed original and two copies of the application.

Please do not hesitate to contact us at (575) 748-6940 should you have any questions.

Sincerely,

William Miller
Landman

WM/sw
Enclosures

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance Disposal _____ Storage
Application qualifies for administrative approval? Yes _____ No
- II. OPERATOR: COG Operating LLC
ADDRESS: 550 West Texas Avenue, Suite 100, Midland, TX 79701
CONTACT PARTY: Jeff Gasch, Operations Engineer PHONE: 432-818-2335
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Jeff Gasch TITLE: Operations Engineer
SIGNATURE: [Signature] DATE: 2/23/12
E-MAIL ADDRESS: jgasch@concho.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

C-108 Application for Authority to Inject
South Craig 10 SWD #1
660' FNL & 660' FEL
A-10-26S-26E, Eddy County

COG Operating LLC proposes to re-enter the captioned well, clean out to 5400', squeeze cement the Delaware Sand 1926-1950' and convert it to salt water disposal service into the Delaware Sand from 3551-5383'.

- V. Map is attached.
- VI. No wells penetrate the proposed injection zone within the ½ mile radius area of review.
- VII.
 - 1. Proposed average daily injection rate = 4000 BWPD
Proposed maximum daily injection rate = 7000 BWPD
 - 2. Closed system.
 - 3. Proposed maximum injection pressure = 710 psi
(0.2 psi/ft x 3551 ft)
 - 4. Source of injected water will be Delaware, Bone Spring and Wolfcamp produced water. No compatibility problems are expected. Analyses of Delaware, Bone Spring and Wolfcamp waters from analogous wells are attached. We have numerous Delaware SWD's in the area and we have not encountered any compatibility issues with our Delaware, Bone Spring and Wolfcamp injected waters.
- VIII. The injection zone is the Delaware Sandstone, a fine-grained sandstone from 3551' to 5383'. Any underground water sources will be shallower than 630'.
- IX. The Delaware sand injection interval will be acidized with approximately 24 gals/ft of 7-1/2% HCl acid. If necessary, the injection interval may be fraced with up to 300,000 lbs. of 20/40 mesh sand.
- X. Well logs have benn filed with the Division. A section of the sonic log showing the injection intervals is attached.
- XI. There are no fresh water wells within a mile of the proposed SWD well.
- XII. After examining the available geologic and engineering data, no evidence was found of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Proof of Notice is attached.

III.

WELL DATA

INJECTION WELL DATA SHEET

OPERATOR: COG Operating LLC

WELL NAME & NUMBER: South Craig 10 SWD #1 (formerly Shewell Federal No. 1)

WELL LOCATION: 660'FNL + 660'FEL A 10 26S 26E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

See attached "Before" and "After" Wellbore schematics.

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8" @ 630'
Cemented with: 700 sx. or - ft³
Top of Cement: surface Method Determined: circulated

Intermediate Casing

Hole Size: 11" Casing Size: 8 5/8" @ 1726
Cemented with: 800 sx. or - ft³
Top of Cement: surface Method Determined: circulated

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2" @ 5500'
Cemented with: 1075 sx. or - ft³
Top of Cement: orig: 726' P+A: surface Method Determined: orig: Temp survey P+A: perf 690' circulate to surface
Total Depth: 5500'

Injection Interval

3551' feet to 5383'

Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: IPC or Duoline 20
 Type of Packer: 10K nickel plated double grip retrievable
 Packer Setting Depth: ± 3500'
 Other Type of Tubing/Casing Seal (if applicable): NIA

Additional Data

1. Is this a new well drilled for injection? Yes No

If no, for what purpose was the well originally drilled? Dil and gas.

2. Name of the Injection Formation: Delaware Sand

3. Name of Field or Pool (if applicable): Cottonwood Draw

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. Yes.

See attached wellbore schematics.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

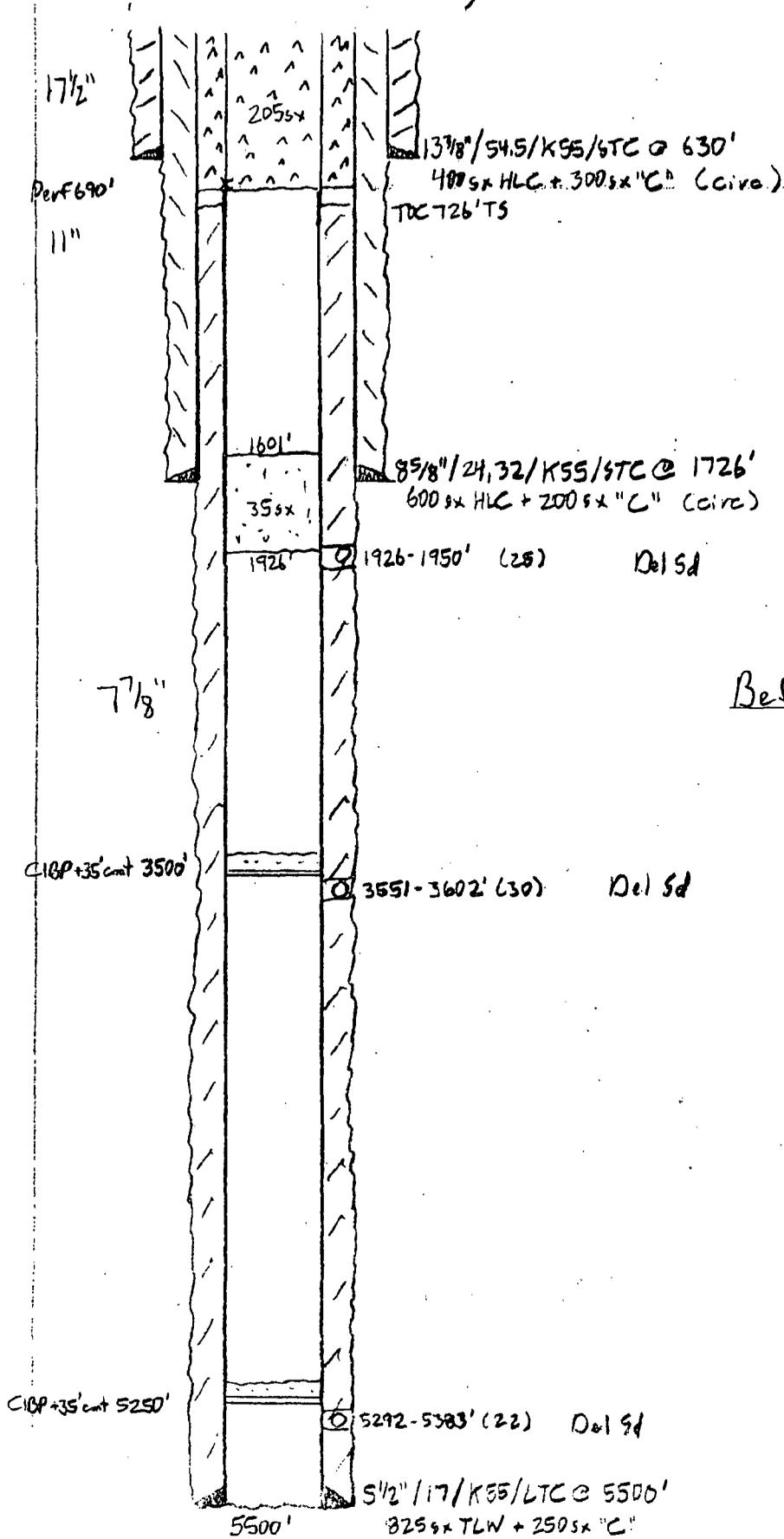
Overlying: None in immediate area. Delaware 4758-4973' produces 1.6 miles NE.

Underlying: Bone Spring 5650-6200' ±

30-015-24469

(Formerly Shewell Fed. 1)
660' FNL, 660' FEL
A-10-265-26e
Eddy, Nm

Zero:
KB:
GL: 3345'



Before SWD Conversion

30-015-24469

South Craig 10 SWD No.1

(Formerly Shewell Fed. 1)

660' FNL, 660' FEL

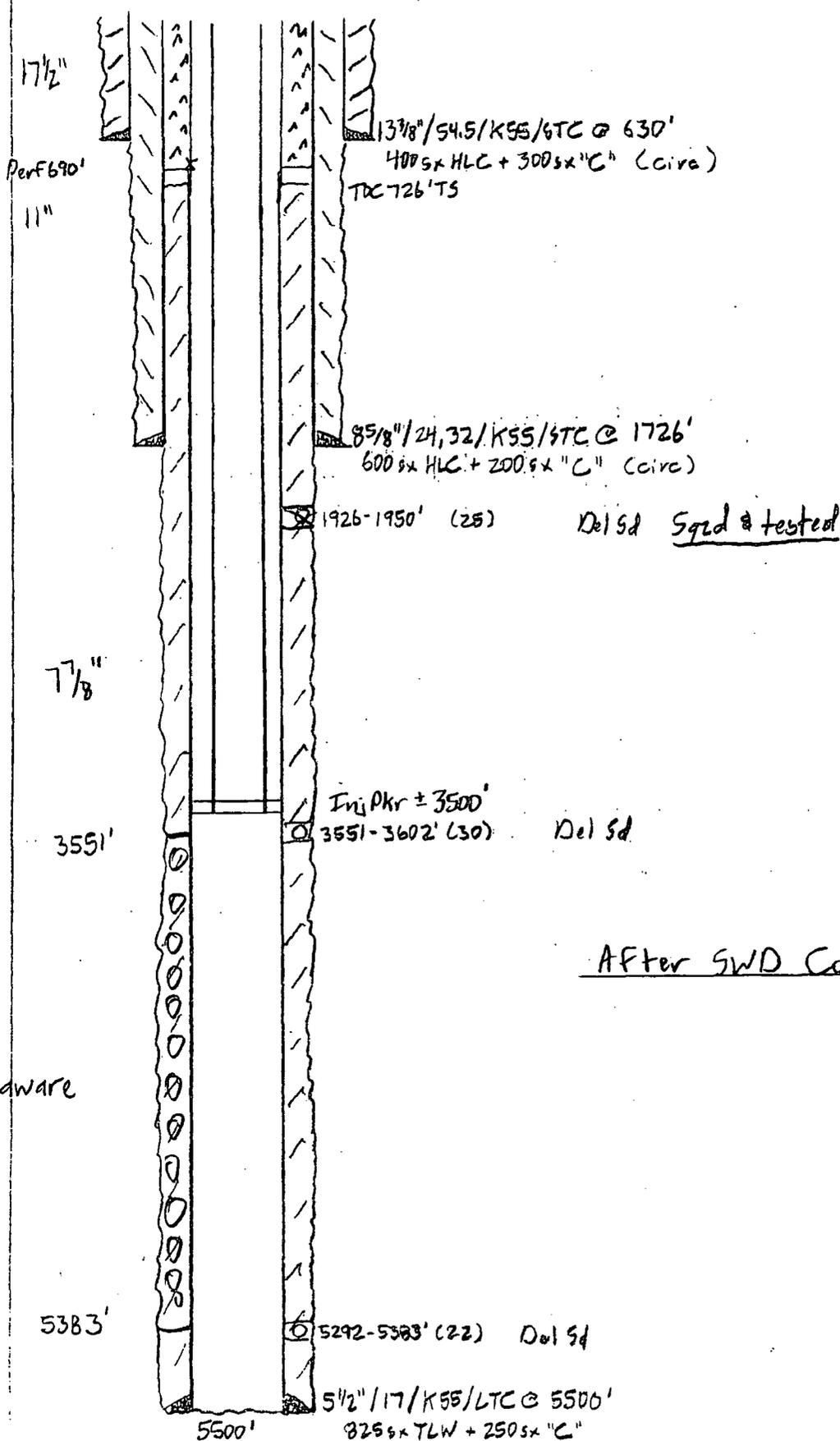
A-10-26s-26e

Eddy, Nm

Zero:

KB'

GL: 3345'



After SWD Conversion

Delaware

V.

MAP

VII.

Water Analysis Produced and Receiving Formation Water

Water Analysis Produced Water

Forwarded by Bill Polk/BJSC/SERVICES on 02/11/2010 07:56 AM

Analytical Laboratory Report for:	 BJ Chemical Services
MARBOB ENERGY CORPORATION	Account Representative: William D Polk

Bone Spring Production Water Analysis

Listed below please find water analysis report from: Sro, State Unit Com Well #2

Lab Test No:	2010106750	Sample Date:	02/01/2010
Specific Gravity:	1.135		
TDS:	207535		
pH:	6.25		
Resistivity:	.095@73F	ohms/M	

Cations:	mg/L	as:
Calcium	3281	(Ca ⁺⁺)
Magnesium	1376	(Mg ⁺⁺)
Sodium	75076	(Na ⁺)
Iron	22.44	(Fe ⁺⁺)
Potassium	1592.0	(K ⁺)
Barium	3.51	(Ba ⁺⁺)
Strontium	975.00	(Sr ⁺⁺)
Manganese	1.21	(Mn ⁺⁺)
Anions:	mg/L	as:
Bicarbonate	708	(HCO ₃ ⁻)
Sulfate	500	(SO ₄ ⁼)
Chloride	124000	(Cl ⁻)
Gases:		
Carbon Dioxide	410	(CO ₂)
Hydrogen Sulfide	0	(H ₂ S)

MARBOB Lab Test
ENERGY No:
CORPORATION 2010106750

DownHole SATTM
Scale Prediction
@ 100 deg. F

2/11/2010

Analytical Laboratory Report for:
COG OPERATING LLC



Account Representative:
William D Polk

Wolfcamp **Production Water Analysis**

Listed below please find water analysis report from: Rabbit Hunter 10 State, 2H

Lab Test Number	Sample Date
2011129667	09/28/2011

Specific Gravity:	1.098	
TDS:	149922	
pH:	7.24	
Resistivity:	.08@70F	ohms/M

Cations	mg/L
Calcium as Ca ⁺⁺	1909
Magnesium as Mg ⁺⁺	266
Sodium as Na ⁺	22962
Iron as Fe ⁺⁺	11.00
Potassium as K ⁺	286.0
Barium as Ba ⁺⁺	2.03
Strontium as Sr ⁺⁺	570.00
Manganese as Mn ⁺⁺	0.41
Anions	mg/L
Bicarbonate as HCO ₃ ⁻	366
Sulfate as SO ₄ ⁼	750
Chloride as Cl ⁻	122800
Gases	mg/L
Carbon Dioxide as CO ₂	90
Hydrogen Sulfide as H ₂ S	0.0

Water Analysis Receiving Formation

Analytical Laboratory Report for:

MARBOB ENERGY CORPORATION**Chemical Services**Account Representative:
Polk, Bill*Delaware* **Partial Water Analysis**

Listed below please find water analysis report from: WILLOW STATE, 2

Lab Test No: 2008125125 Sample Date: 06/24/2008

Cations:	mg/L	as:
Calcium	30900.00	(Ca ⁺⁺)
Magnesium	4910.00	(Mg ⁺⁺)
Sodium	60300	(Na ⁺)
Iron	23.00	(Fe ⁺⁺)
Potassium	1260.0	(K ⁺)
Barium	1.76	(Ba ⁺⁺)
Strontium	981.00	(Sr ⁺⁺)
Manganese	10.50	(Mn ⁺⁺)
Anions:	mg/L	as:
Sulfate	0	(SO ₄ ⁻²)
Chloride	229000	(Cl ⁻)
Gases:		
Carbon Dioxide		(CO ₂)
Hydrogen Sulfide		(H ₂ S)



New Mexico Office of the State Engineer

Point of Diversion by Location

(with Owner Information)

WR File Nbr	Sub basin	Use	Diversion	Owner	County	POD Number	Grant	(quarters are 1=NW 2=NE 3=SW 4=SE)				(NAD83 UTM in meters)				
								Source	q	q	q	X	Y			
<u>C 01887</u>		STK	3	TRY-Y RANCH	ED	<u>C 01887</u>		Shallow	4	4	2	15	26S	26E	568614	3545497*
<u>C 01888</u>		STK	3	TRY-Y RANCH	ED	<u>C 01888</u>			3	2	3	15	26S	26E	567613	3545063*
<u>C 02439</u>		STK	3	DORIS & OWEN CARLETON	ED	<u>C 02439</u>			2	4	2	15	26S	26E	568614	3545697*

Record Count: 3

PLSS Search:

Section(s): 2, 3, 4, 9, 10, 11, 14, 15, 16 Township: 26S Range: 26E

Sorted by: File Number

All greater than 1 mile away...

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

X.

**Sonic Log Across
Proposed Delaware
Sand Injection Interval**

CSF

RECEIVED BY
Form 331
Dec. 1973
APR 25 1985
O. C. D.
ARTESIA, OFFICE

Form Approved.
Budget Bureau No. 42-R1424

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

5. LEASE NM-18215
6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----
7. UNIT AGREEMENT NAME -----
8. FARM OR LEASE NAME Shewell Federal
9. WELL NO. 1
10. FIELD OR WILDCAT NAME Wildcat (Delaware)
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 10-26S-26E
12. COUNTY OR PARISH Eddy
13. STATE New Mexico
14. API NO. 30-015-24469
15. ELEVATIONS (SHOW DF, KDB, AND WD) 3345' GR

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 Form 9-331-C for such proposals.)

1. oil well gas well other DRY

2. NAME OF OPERATOR
Exxon Corporation ✓

3. ADDRESS OF OPERATOR
P.O. Box 1600, Midland, Texas 79702

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 660' FNL and 660' FEL of Sec. 10
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH:

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:	SUBSEQUENT REPORT OF:
TEST WATER SHUT-OFF <input type="checkbox"/>	<input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	<input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	<input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	<input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	<input type="checkbox"/>
MULTIPLE COMPLETE <input type="checkbox"/>	<input type="checkbox"/>
CHANGE ZONES <input type="checkbox"/>	<input type="checkbox"/>
ABANDON* <input type="checkbox"/>	<input checked="" type="checkbox"/>
(other)	

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The above well was plugged as follows on May 30, 1984:

Circulate hole w/9.5# brine
Spot plug @ 1601-1926' w/35 sx ClC
Perf. 690' w/2 shots
Spot 220 sx ClC cement down 5 1/2" casing until cement surfaces out of 8 5/8" annulus.
Install dry hole marker

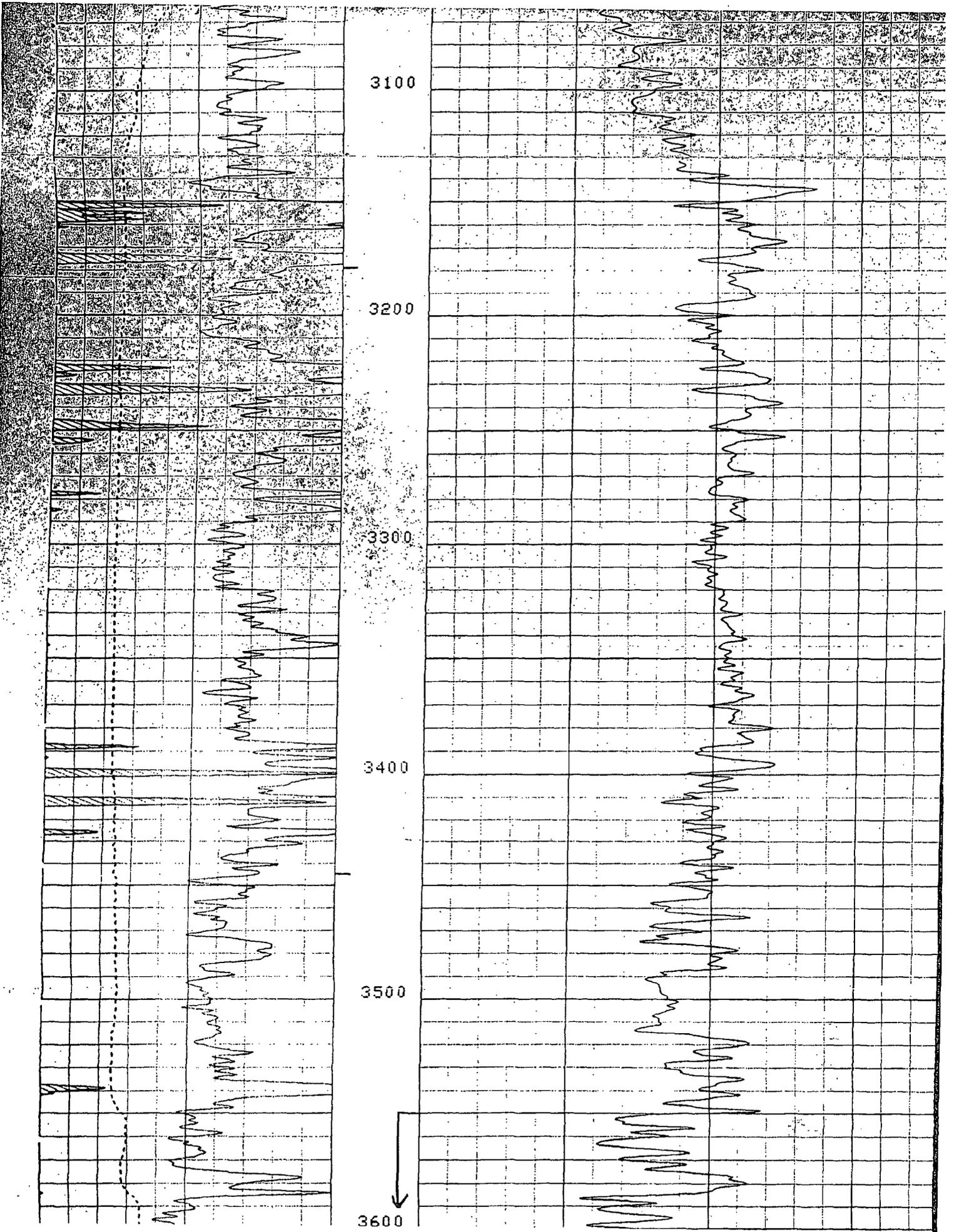


Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

18. I hereby certify that the foregoing is true and correct
SIGNED Mesa Kripling TITLE Unit Head DATE June 13, 1984

(This space for Federal or State office use)
APPROVED BY [Signature] TITLE _____ DATE 4-24-85
CONDITIONS OF APPROVAL IF ANY: 09

*See Instructions on Reverse Side



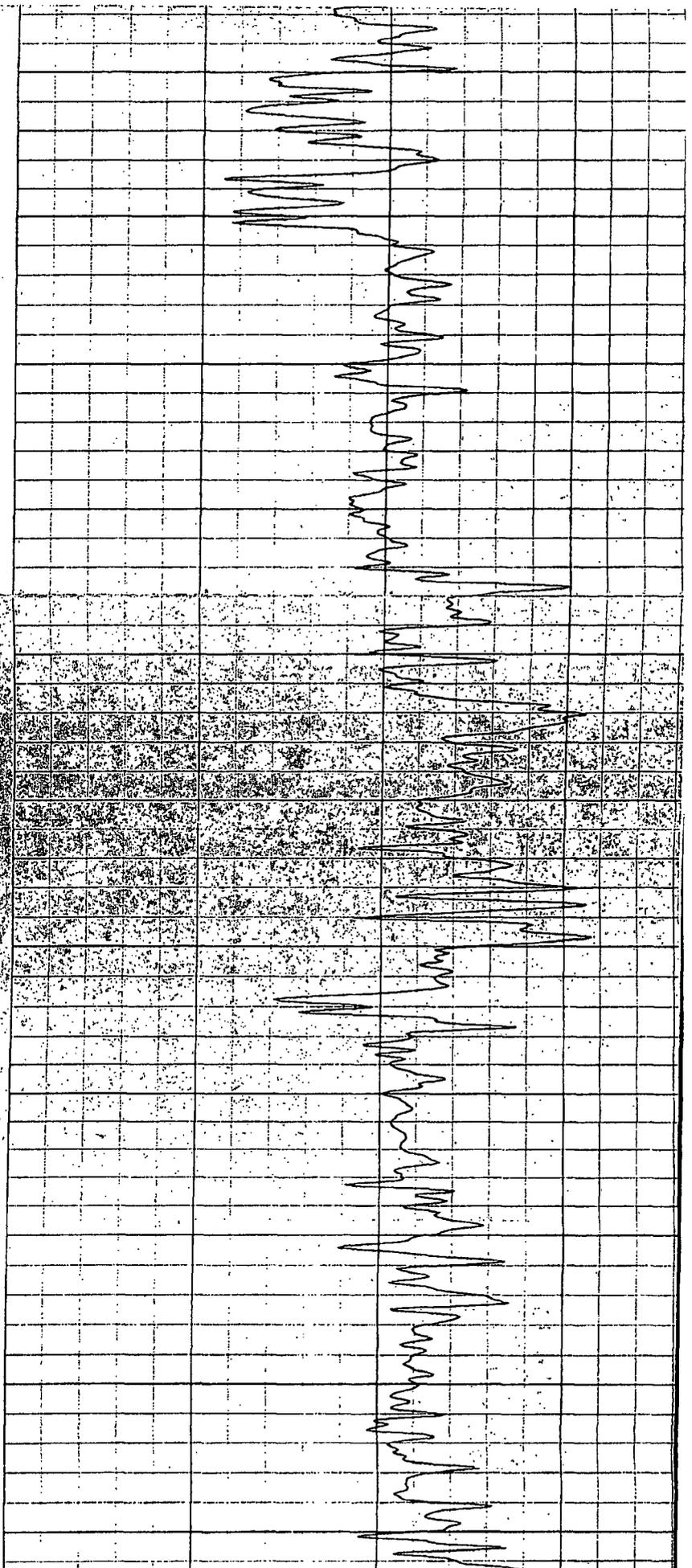
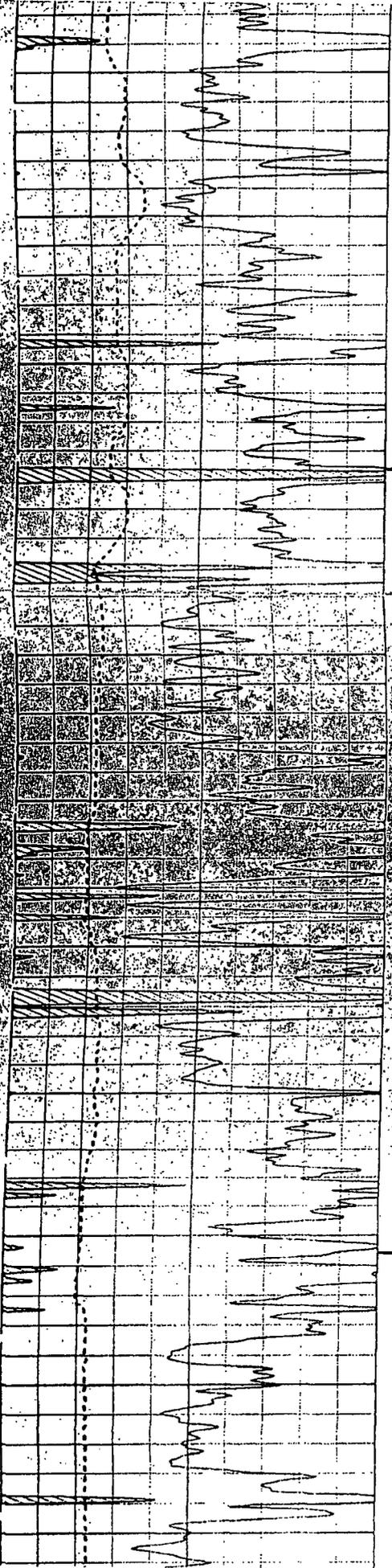
3600

3700

3800

3900

4000



4000

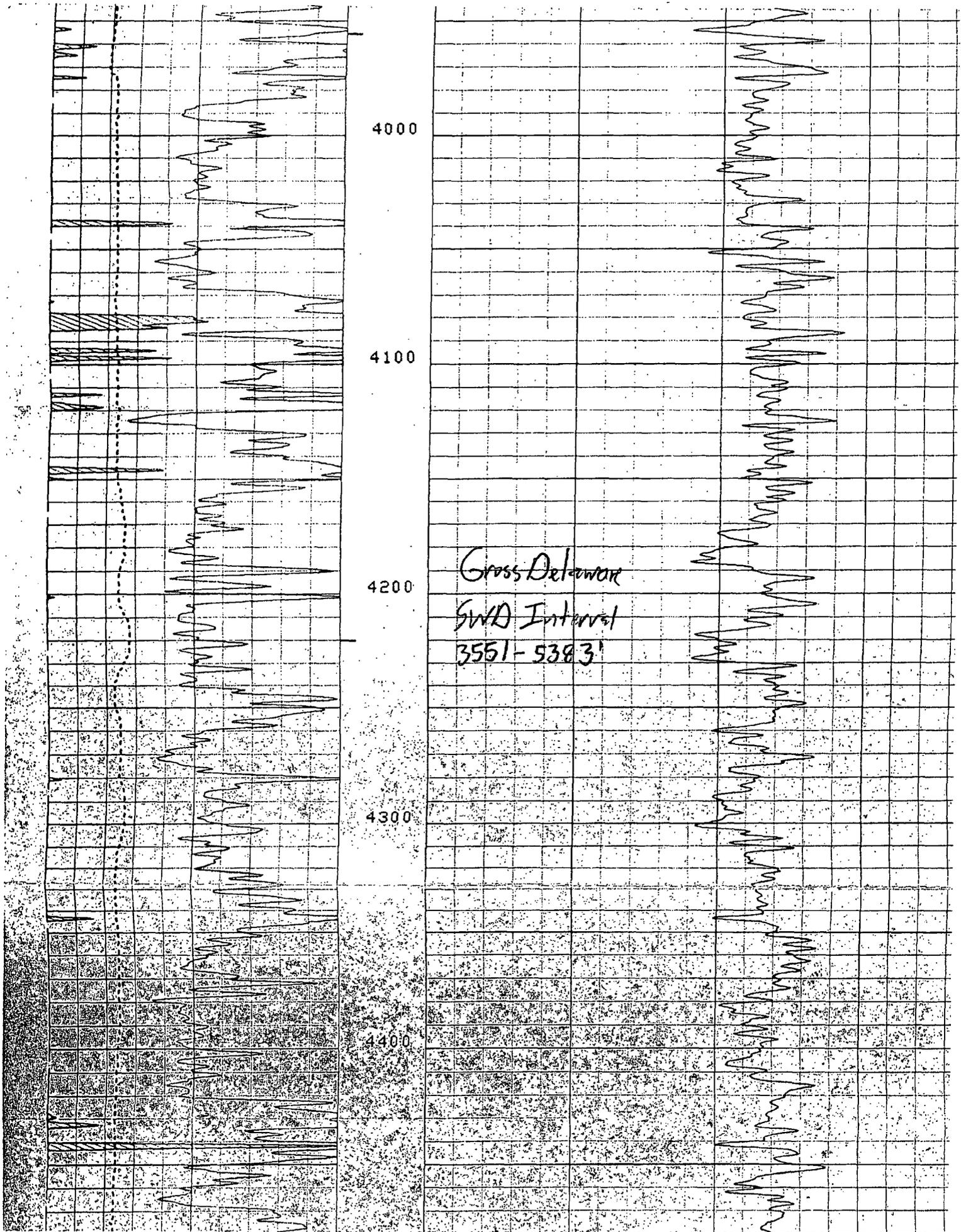
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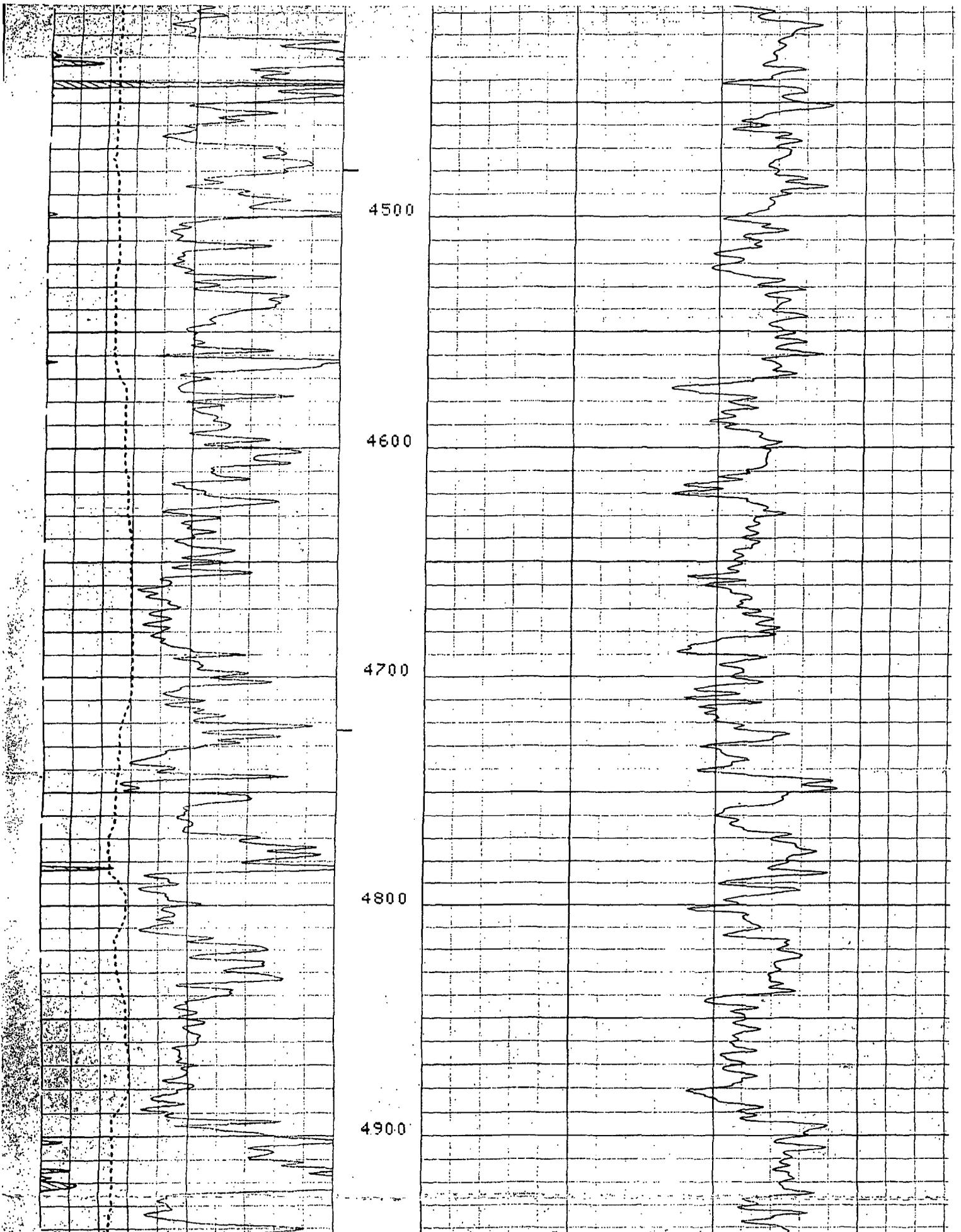
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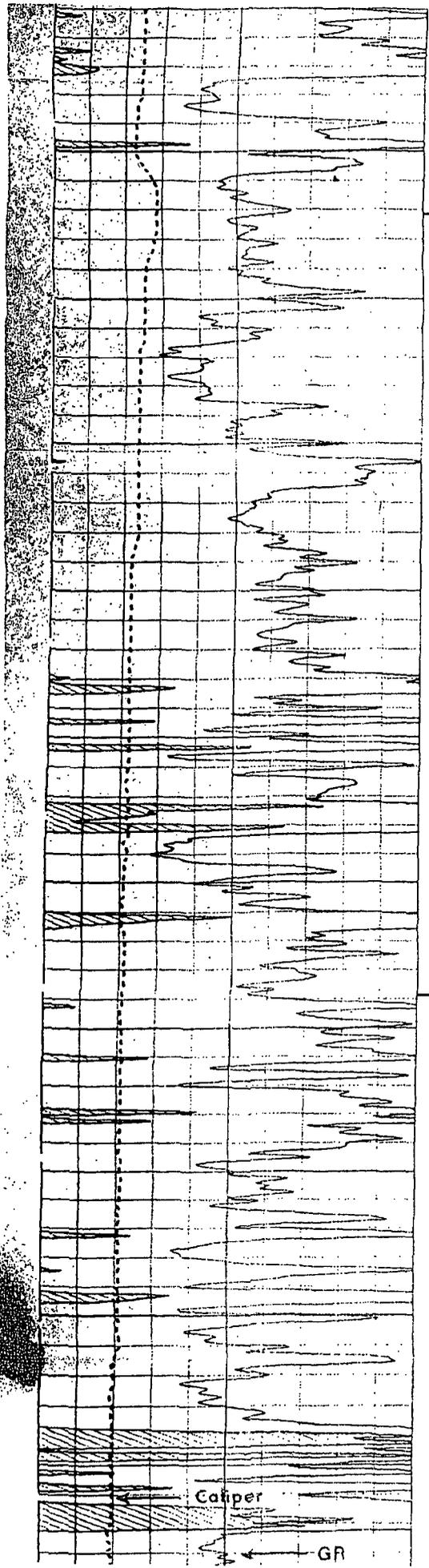
4300

4400

Gross Delay
SWD Interval
3551-5383'







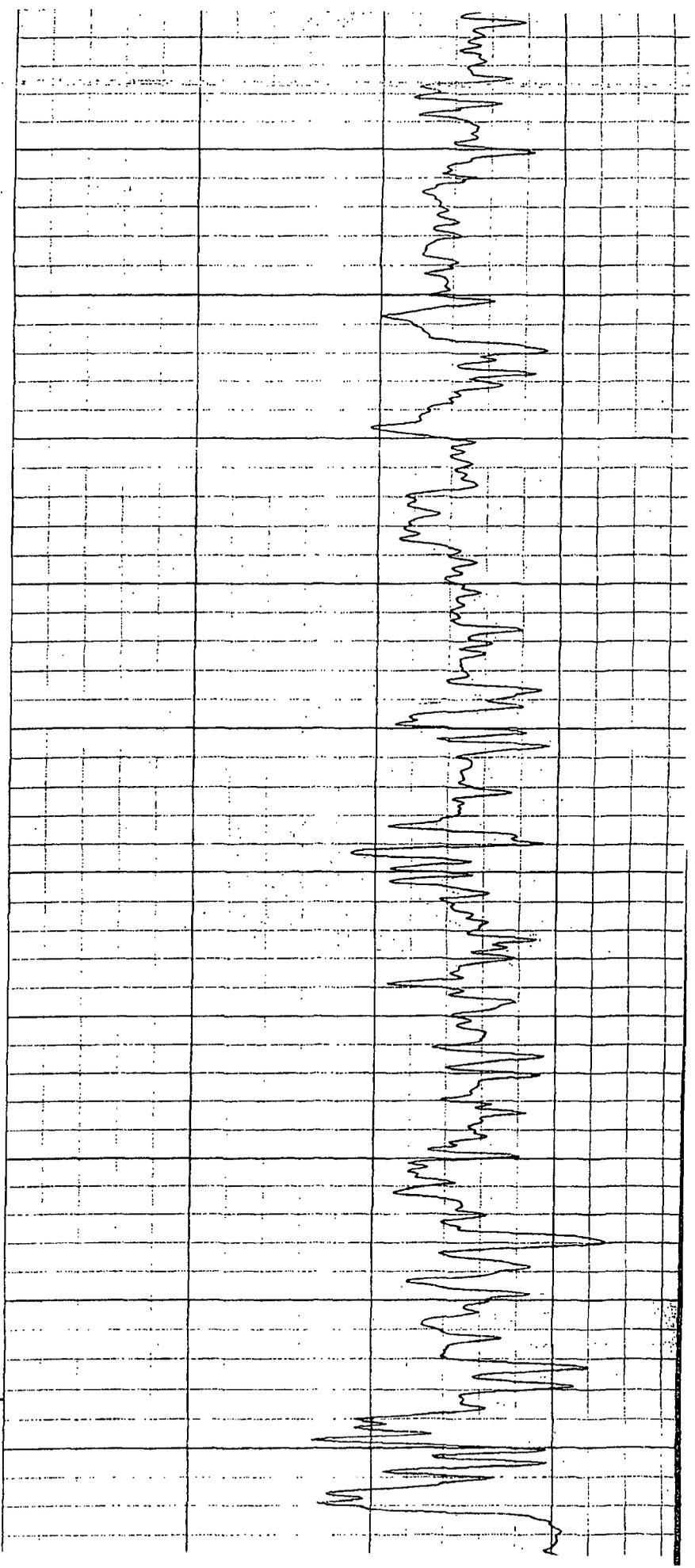
5000

5100

5200

5300

5400





March 7, 2012

Artesia Daily Press
P. O. Box 190
Artesia, NM 88211-0190

**Re: Legal Notice
Salt Water Disposal Well**

To Whom It May Concern:

Enclosed is a legal notice regarding New Mexico Oil Conservation Division C-108 Application for Authorization to Inject for a salt water disposal well.

Please run this notice and return the proof of notice to the undersigned at:

COG Operating LLC, 2208 W. Main St., Artesia, NM 88210

Sincerely,

A handwritten signature in black ink, appearing to read "WJM".

William Miller
Landman

WM/sw
Enclosures

ARTESIA DAILY PRESS
LEGAL NOTICES

COG Operating LLC, 550 West Texas Avenue, Suite 100, Midland, TX 79701 has filed Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well, the South Craig 10 SWD No. 1 is located 660' FNL & 660' FEL, Section 10, Township 26 South, Range 26 East, Eddy County, New Mexico. Disposal water will be sourced from area wells producing from the Delaware, Bone Spring, and Wolfcamp formations. The disposal water will be injected into the Delaware Sandstone formation at a depth of 3551' to 5383' at a maximum surface pressure of 710 psi and a maximum rate of 7000 BWPD. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, New Mexico 87505, within fifteen (15) days of this notice. Any interested party with questions or comments may contact Jeff Gasch at COG Operating LLC, 550 West Texas Avenue, Suite 100, Midland, TX 79701 or call 432-818-2335.

Published in the Artesia Daily Press, Artesia, New Mexico
_____, 2012.

Affidavit of Publication

NO. 22061

STATE OF NEW MEXICO

County of Eddy:

Brienne Green



being duly sworn, says that he is the Editor

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive weeks/days on the same

day as follows:

First Publication	<u>March 11, 2102</u>
Second Publication	_____
Third Publication	_____
Fourth Publication	_____
Fifth Publication	_____

Subscribed and sworn to before me this
12th day of March 2012



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015



10th Latisha Romine
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

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March 7, 2012

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Re: Application to Inject
South Craig 10 SWD #1
Township 26 South, Range 26 East, N.M.P.M.
Section 10: 660' FNL & 660' FEL
Eddy County, New Mexico

To Whom It May Concern:

Enclosed for your review is a copy of COG Operating LLC's application to convert the referenced well to salt water disposal. As a requirement of the New Mexico Oil Conservation Division, we are notifying you because you have been identified as an operator or surface owner. Any objections must be submitted in writing to NMOCD, 1220 S. St. Francis Drive, Santa Fe, New Mexico 87505. Objections must be received within fifteen (15) days of receipt of this letter.

Please do not hesitate to contact us at 575-748-6940 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Miller".

William Miller
Landman

WM/sw
Enclosures



March 7, 2012

Cimarex Energy Company
600 N. Marienfeld, Ste. 600
Midland, TX 79701

Re: Application to Inject
South Craig 10 SWD #1
Township 26 South, Range 26 East, N.M.P.M.
Section 10: 660' FNL & 660' FEL
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Please do not hesitate to contact us at 575-748-6940 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "William Miller".

William Miller
Landman

WM/sw
Enclosures

7011 1570 0003 6389 6001

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Petroleum Corporation
 105 South 4th Street
 Artesia, NM 88210
 South Craig 10 SWD #1

2. Article Number
(Transfer from service label)

7011 1570 0003 6389 6001

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *J. Delgado* Agent Addressee

B. Received by (Printed Name) *J. Delgado* C. Date of Delivery *3-9-11*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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

OFFICIAL USE

For delivery information visit our website at www.usps.com

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)

Postmark Here

Total Postage & Fees \$
 Yates Petroleum Corporation

Sent to:
 Street, Apt. No. or PO Box No. 105 South 4th Street
 City, State, ZIP+4 Artesia, NM 88210
 South Craig 10 SWD #1

PS Form 3800, August 2008 See Reverse for Instructions

7011 1570 0003 6389 6018

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cimarex Energy Company
 600 N. Marienfeld, Ste. 600
 Midland, TX 79701
 South Craig 10 SWD #1

2. Article Number
(Transfer from service label)

7011 1570 0003 6389 6018

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Janet Garnett* Agent Addressee

B. Received by (Printed Name) *JANET GARNETT* C. Date of Delivery *3-9-11*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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

OFFICIAL USE

For delivery information visit our website at www.usps.com

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)

Postmark Here

Total Postage & Fees \$
 Cimarex Energy Company

Sent to:
 Street, Apt. No. or PO Box No. 600 N. Marienfeld, Ste. 600
 City, State, ZIP+4 Midland, TX 79701
 South Craig 10 SWD #1

PS Form 3800, August 2008 See Reverse for Instructions

Jones, William V., EMNRD

From: Savannah Wilkinson [shaller@concho.com]
Sent: Monday, April 16, 2012 1:36 PM
To: Jones, William V., EMNRD
Cc: Dean Chumbley; Jeff Gasch; William Miller
Subject: RE: South Craig 10 SWD #1
Attachments: BLM - Return Receipt.pdf

Mr. Jones,

I received the return receipt on the notice to the BLM and the delivery date was 04/11/2012. Please see attachment. If you need any additional information, please let me know. Thank you!

*Savannah Wilkinson
Land Assistant
COG OPERATING LLC
2208 W. Main St.
Artesia, New Mexico 88210
575.748.6942*



From: William Miller
Sent: Tuesday, April 10, 2012 3:29 PM
To: william.v.jones@state.nm.us
Cc: Savannah Wilkinson
Subject: South Craig 10 SWD #1

Mr. Jones,

Sec. 11 & Sec. 10 & Sec. 2 T26S R26E is operated by Yates Petroleum.

The S/2 of Sec. 3 T26S R26E is operated by Cimarex Energy.

Savannah sent notice to the BLM for the surface ownership and we will provide you the date they receive it. Thank you.

William Miller

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
620 East Greene Street
Carlsbad, NM 88220-6292
South Craig 10 SWD #1

2. Article Number
(Transfer from service label)

7011 1570 0000-7781 1628

COMPLETE THIS SECTION ON DELIVERY

- A. Signature *A. Casarez* Agent Addressee
X
- B. Received by (Printed Name) *A. Casarez* C. Date of Delivery *9/11/12*
- D. Is delivery address different from Item 1? Yes No
If YES, enter delivery address below:

3. Service Type
- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Jones, William V., EMNRD

From: Ingram, Wesley W [wingram@blm.gov]
Sent: Thursday, April 12, 2012 4:05 PM
To: Jones, William V., EMNRD
Subject: COG proposal for South Craig 10 SWD 1

Will,

COG has submitted a proposal to convert the Shewell Federal 1 to an SWD and rename as the South Craig 10 SWD 1. The operator stated that they have several Delaware SWD wells in the area. I don't find one within greater than a 2 mile radius.

The operator will have to file an APD to re-enter the well and we will cover the other items at that time. The BLM will not approve a frac treatment.

The BLM will not object to this proposal.

Sincerely,
Wesley W. Ingram
Supervisory Petroleum Engineer
Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Phone: 575-234-5982
Fax: 575-234-5927

Jones, William V., EMNRD

From: Jeff Gasch [jgasch@concho.com]
Sent: Monday, April 02, 2012 3:26 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Shapard, Craig, EMNRD; Wesley_Ingram@blm.gov
Subject: RE: Disposal application from COG Operating, LLC: South Craig 10 SWD #1 30-015-24469 Delaware from 3551 to 5383 feet

Thanks Will. You are correct that the permit was originally submitted by Marbob but that approval has expired because the work was not done.

I'm headed to Artesia so I'll get the answers to your questions tomorrow. I'll also check our well files in Artesia and see if we have any additional logs.

Thanks,

Jeff Gasch
Operations Engineer
COG Operating LLC
432-818-2335 (office)
432-638-7433 (cell)

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Monday, April 02, 2012 4:05 PM
To: Jeff Gasch
Cc: Ezeanyim, Richard, EMNRD; Shapard, Craig, EMNRD; Wesley_Ingram@blm.gov
Subject: Disposal application from COG Operating, LLC: South Craig 10 SWD #1 30-015-24469 Delaware from 3551 to 5383 feet

Hello Jeff,

Just reviewed this application. Actually very well done, thank you.

Looks like this was approved a year or two ago by Marbob but never re-entered and used for disposal, so likely it expired?

I normally ask for the formation tops above and below the disposal interval – but found the Delaware and Bone Spring tops in the Well File, so we are OK. If there are members of the Delaware in this area, let us know what the tops are, (Bell Canyon, Cherry Canyon, Brushy Canyon).

The only log we have on file is that Sonic Log, the well file says three or four other logs were run. Please look in your internal file as received from Marbob and if you find more than the Sonic Log, send copies of the other logs to our Hobbs office for scanning into the imaging system. Be sure and put the API number on the cover sheet of each log.

Who is the surface owner? And were they notified by certified mail? (even if the BLM is the owner, they must be notified with a complete copy of the application).

Yates and Cimarex were notified but you didn't say which lands inside the ½ mile AOR are owned by each of these. Our attorney requests that the tracts of land be identified and the owners of each tract.

If you address these requests, we can release this on 4/4/12 as 15 days from the date received here in Santa Fe, unless there are more certified notices to be sent out; if so, we must wait 15 days from the date of last notice.

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



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Jones, William V., EMNRD

From: Jeff Gasch [jgasch@concho.com]
Sent: Tuesday, April 10, 2012 1:45 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Shapard, Craig, EMNRD; Wesley_Ingram@blm.gov
Subject: RE: Disposal application from COG Operating, LLC: South Craig 10 SWD #1 30-015-24469 Delaware from 3551 to 5383 feet

Will,

Sorry, It's taken a little longer than expected to get you a response. Our land group in Artesia is mailing the notification to the surface owner today (it is BLM). We'll forward copies of the certified mail receipt when available. They are also working on the AOR map with owners identified and will send that ASAP.

We did find image files for the OH logs and I will have a copy printed and sent to the OCD office in Hobbs. The tops within the Delaware are as follows:

Lamar 1849'
Bell Canyon 1899'
Cherry Canyon 2752'
Brushy Canyon 3898'

Thanks for your help and let me know if you need anything else.

Thanks,

Jeff Gasch
Operations Engineer
COG Operating LLC
432-818-2335 (office)
432-638-7433 (cell)

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Monday, April 02, 2012 4:05 PM
To: Jeff Gasch
Cc: Ezeanyim, Richard, EMNRD; Shapard, Craig, EMNRD; Wesley_Ingram@blm.gov
Subject: Disposal application from COG Operating, LLC: South Craig 10 SWD #1 30-015-24469 Delaware from 3551 to 5383 feet

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William V. Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



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Jones, William V., EMNRD

From: William Miller [wmiller@concho.com]
Sent: Tuesday, April 10, 2012 3:29 PM
To: Jones, William V., EMNRD
Cc: Savannah Wilkinson
Subject: South Craig 10 SWD #1

Mr. Jones,

Sec. 11 & Sec. 10 & Sec. 2 T26S R26E is operated by Yates Petroleum.

The S/2 of Sec. 3 T26S R26E is operated by Cimarex Energy.

Savannah sent notice to the BLM for the surface ownership and we will provide you the date they receive it. Thank you.

William Miller
Landman
COG OPERATING LLC
2208 W Main St
Artesia, New Mexico 88210-3720
575.748.6940



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Injection Permit Checklist (11/15/2010)

WFX _____ PMX _____ SWD 1239-A Permit Date 4/11/12 UIC Qtr A (M/T)

Wells 1 Well Name(s): SOUTH CRAIG 10 SWD # 1 (was SHEWELL Falt #1)

API Num: 30-0 15-24469 Spud Date: 4/26/03 New/Old: N (UIC primacy March 7, 1982)

Footages 660FSL/660FEL Unit A Sec 10 Tsp 26S Rge 26E County EDDY

General Location: 5 mi N of TX, 20 mi W. of Red Bluff

Operator: COG OPERATING LLC Contact Jeff Gersch

OGRID: 229137 RULE 5.9 Compliance (Wells) 8/3223 (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed Current Status: PEAEO

Planned Work to Well: Re-enter to 5400' SQZ Del

Diagrams: Before Conversion After Conversion Elogs in Imaging File: only SONIC / many logs were run!

Well Details:	Sizes		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
	Hole.....	Pipe				
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2</u>	<u>13 3/8</u>	<u>630'</u>		<u>700 SX</u>	<u>CIRC</u>
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Intern	<u>11</u>	<u>8 5/8</u>	<u>4726'</u>		<u>800 SX</u>	<u>CIRC</u>
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> LongSt	<u>7 7/8</u>	<u>5 1/2</u>	<u>5500 TD</u>		<u>1075 SX</u>	<u>726' TS / PEA to Surf.</u>
New <input type="checkbox"/> Existing <input type="checkbox"/> LIner						
New <input type="checkbox"/> Existing <input type="checkbox"/> OpenHole						

Depths/Formations:	Depths, Ft.	Formation	Tops?
Formation(s) Above	<u>1850</u>	<u>Del</u>	<input checked="" type="checkbox"/>
Injection TOP:	<u>3551</u>	<u>Del</u>	Max. PSI <u>710</u> OpenHole <input type="checkbox"/> Perfs <input checked="" type="checkbox"/>
Injection BOTTOM:	<u>5383</u>	<u>Del</u>	Tubing Size <u>2 7/8</u> Packer Depth <u>3500'</u>
Formation(s) Below	<u>5422</u>	<u>BS</u>	

Capitan Reef? _____ (Potash? _____ Noticed? _____) [WIPP? _____ Noticed? _____] Salado Top/Bot _____ Cliff House? _____

Fresh Water: Depths: <630' Formation _____ Wells? NONE Analysis? _____ Affirmative Statement

Disposal Fluid Analysis? Sources: Del / B.S. / W.C.

Disposal Interval: Analysis? Production Potential/Testing: _____

Notice: Newspaper Date 3/11/12 Surface Owner BLM Mineral Owner(s) _____

RULE 26.7(A) Affected Persons: YPC / Cimrex (3/9/12)

AOR: Maps? Well List? Producing in Interval? _____ Wellbore Diagrams? _____

.....Active Wells 0 Repairs? _____ Which Wells? _____

.....P&A Wells 0 Repairs? _____ Which Wells? _____

Issues: _____ Request Sent _____ Reply: _____