

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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

[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.

Print or Type Name

Signature

Title

Date

e-mail Address



CDX Gas, LLC
2010 Afton Place
Farmington, NM 87401
Main: 505-326-3003
Fax: 505-325-4007

October 7, 2005

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

Subject: Reactivation of Administrative Order SWD-816
 Application for Saltwater Disposal
 Jicarilla Contract 146-28
 API# 3003922145
 Rio Arriba County, NM

Dear Mr. Jones:

CDX Gas, LLC (CDX Rio, LLC as operator) requests permission to convert the above listed gas well to a saltwater disposal well. Permission to convert this well to disposal operations was granted by NMEMNRD under Administrative Order SWD-816 on November 13, 2001. Amoco Production Company was the operator of the well at that time but did not go forward with the work. CDX Rio, LLC has since taken over operation of the well (January 2004) and wishes to proceed with the conversion to reduce water disposal costs.

A copy of Administrative Order SWD-816 approving salt water disposal is attached.

CDX Gas, LLC geologists have made a thorough review of the "area of interest" and found no evidence of open faults or any hydrologic connections between the disposal zone and any underground sources of drinking water. Also, there have been no operational changes in the "area of interest" since November 2001.

CDX Rio, LLC is in the process of re-notifying the surface owner (Jicarilla Apache Nation) and leasehold operators within ½ mile of the subject well. It is also preparing a "Public Notice" to be posted in the Rio Grande Sun, a well circulated newspaper in Rio Arriba County. CDX Rio, LLC will forward "proofs of notification" to you as soon as they are received.

If you should have any questions or require additional information, please call me at 505-324-5403 or email at robert.stuard@cdxgas.com . Thank you very much.

Sincerely,

Robert M. Stuard
Senior Facilities Engineer
CDX Gas, LLC



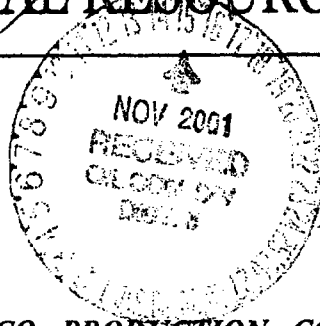
NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury
Cabinet Secretary

BM



Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-816

APPLICATION OF AMOCO PRODUCTION COMPANY FOR SALT WATER DISPOSAL, RIO ARRIBA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Amoco Production Company made application to the New Mexico Oil Conservation Division on October 23, 2001, for permission to complete for salt water disposal its Jicarilla Contract "146" No. 28 (API No. 30-039-22145) located 1170 feet from the South line and 1170 feet from the West line (Unit M) of Section 9, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

Amoco Production Company is hereby authorized to complete its Jicarilla Contract "146" No. 28 (API No. 30-039-22145) located 1170 feet from the South line and 1170 feet from the West line (Unit M) of Section 9, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Cliffhouse member of the Mesaverde formation from approximately 4,577 feet to 4,776 feet through 2 3/8 inch plastic-lined tubing set in a packer located at approximately 4,500 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations, the perforated interval in the well from 2,919 feet to 2,972 feet (Pictured Cliffs) shall be cement squeezed in order to effectively isolate this zone. In addition, a CICR shall be set at a depth of 4,800 feet and the applicant shall squeeze below the retainer with 25 sacks of cement, all in accordance with the procedure set forth within the application.

Prior to commencing injection operations, the casing shall be pressure tested from the surface down to the proposed packer setting depth, to assure the integrity of the casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 915 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Cliffhouse member of the Mesaverde formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of: (i) the conductance of remedial cement operations on the well; (ii) the installation of disposal equipment; and (iii) the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

Administrative Order SWD-816

Amoco Production Company

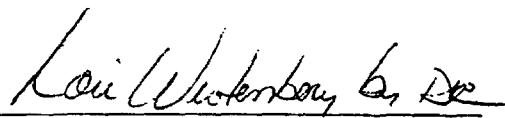
November 13, 2001

Page 3

The operator shall submit monthly reports of the disposal operations on Division Form C-120-A, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 13th day of November, 2001.



LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division – Aztec /
EPA-Region VI

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes X No
- II. OPERATOR: CDX Rio, LLC
ADDRESS: 2010 Afton Place, Farmington, NM 87401
CONTACT PARTY: Robert M. Stuard PHONE: 505-324-5403
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Robert M. Stuard TITLE: Senior Facilities Engineer

SIGNATURE:  DATE: Oct 7, 2005

E-MAIL ADDRESS: robert.stuard@cdxgas.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: Amoco Production Company applied for a permit to dispose of produced saltwater in the subject well and was granted approval by NMEMNRD under Administrative Order SWD-816, Nov 13, 2001.

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:
- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
 - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
 - (3) A description of the tubing to be used including its size, lining material, and setting depth.
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.
- Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.
- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
- (1) The name of the injection formation and, if applicable, the field or pool name.
 - (2) The injection interval and whether it is perforated or open-hole.
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well.
 - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
 - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: CDX RIO, LLCWELL NAME & NUMBER: Jicarilla Contract 146-28WELL LOCATION: 1170' FSL - 1170' FWL
FOOTAGE LOCATIONUNIT LETTER MSECTION 9TOWNSHIP 25NRANGE 5WWELLBORE SCHEMATICCURRENT WELLBORE DIAGRAMJicarilla Contract 146 - 28
2001 Rio Arriba County, NM
Unit M Section 9 T25N - R5W

KB: 10' above GL

8-5/8" 24# K55 @
295' w/ 315 sx
Circ 20 sx to sfc

SN @ 2929'

2-3/8" 4.7# J55 tbgs @
2962'CIBP @ 4490' capped w/
4 sx cmt4-1/2" 11.6# K55 @
5408' w/ 1070 sx
Class B Lite, 6#
gel, followed by
100 sx neat.

PC Perfs:

2914' - 2930'
2952' - 2958'

Mesaverde Perfs:

4577' - 4829'

4934' - 5252'

PBTD: 5320'
TD: 5408'WELL CONSTRUCTION DATASurface CasingHole Size: 12-1/4" Casing Size: 8-5/8"Cemented with: 315 sx. or ft³Top of Cement: Surface Method Determined: circIntermediate CasingHole Size: Casing Size: Cemented with: sx. or ft³Top of Cement: Method Determined: Production CasingHole Size: 7-7/8" Casing Size: 4-1/2"Cemented with: 1170 sx. or ft³Top of Cement: Unknown Method Determined: Total Depth: 5408'Injection IntervalPerforated 4577' feet to 4829'

(Perforated or Open Hole; indicate which)

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

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

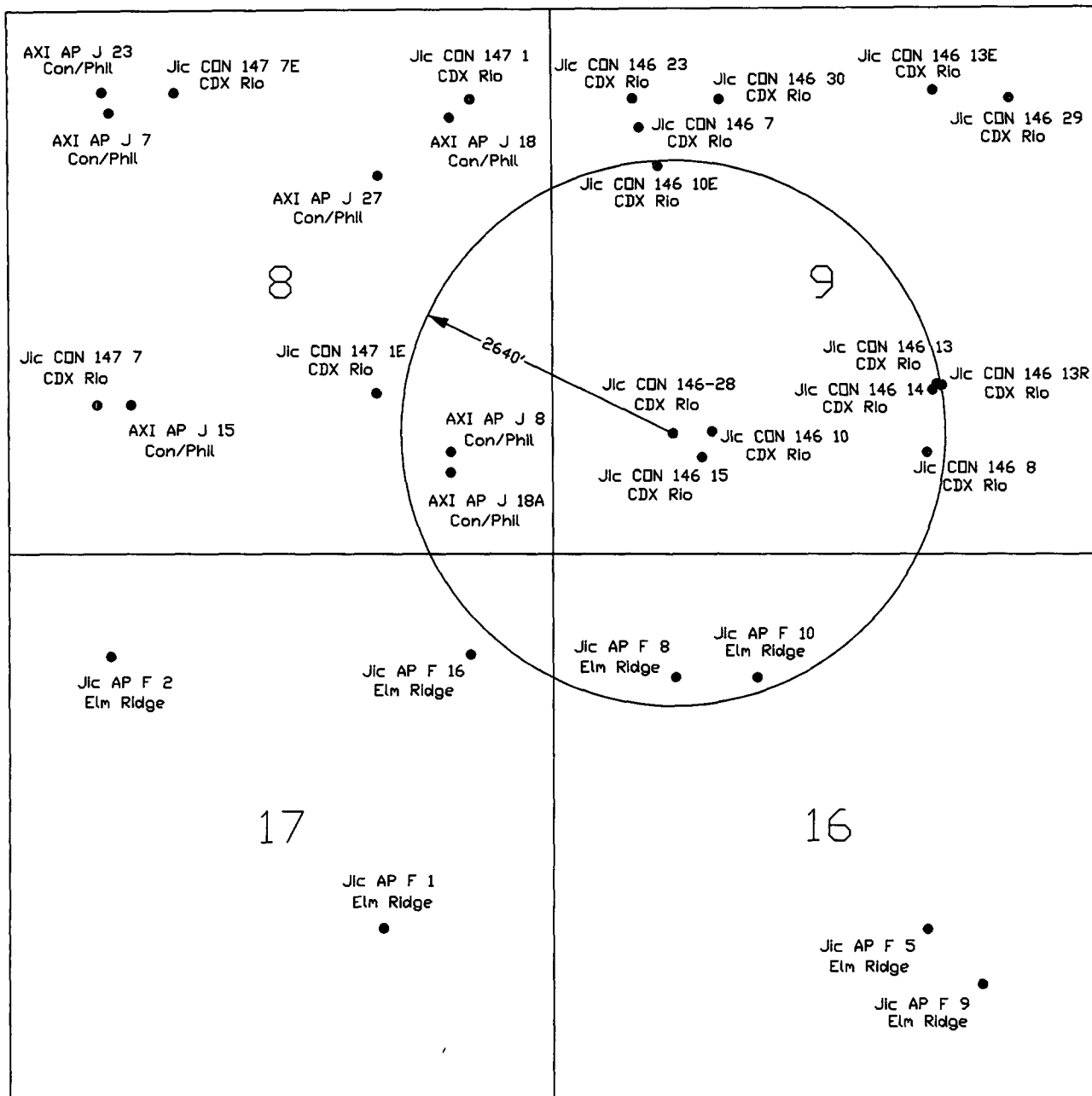
If no, for what purpose was the well originally drilled? Producing Gas Well

2. Name of the Injection Formation: Blanco Mesaverde
3. Name of Field or Pool (if applicable): Blanco Mesaverde
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. Picture Cliffs 2914'-2958'

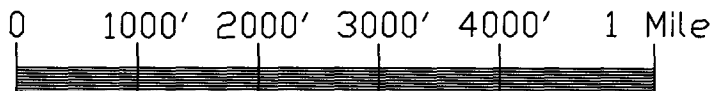
Mesaverde: Cliffhouse and Menefee 4577' -4829'; Pt. Lookout 4934' -5252' (to be P&A'd)

Cast iron cement retainer set at 4900', capped with 4 sacks cement

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



T25N R5W



Application For Authorization
To Inject
Section V
October 2005

CDX Rio, LLC
Proposed SWD Well
Jicarilla Contract 146-28
Rio Arriba Co., NM

**State of New Mexico
Energy, Minerals and Natural
Resources Department**

Form C-108

Application For Authorization to Inject

Applicant: CDX Rio, LLC
2010 Afton Place
Farmington, NM 87401
505-326-3003

Well: Jicarilla 146-28
Sec 9, T25N, R5W
Rio Arriba County

Responses to Section VII

Attach data on the proposed operation, including:

1. Proposed avg. and max. daily rate and volume to be injected: **1000 BPD**
2. Whether the system is open or closed: **Closed System**
3. Proposed average and maximum injection pressure: **1500 psi**
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water: **Fluid to be injected is produced water**
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.): **See attached water analysis. Analysis is from a "Mesaverde only" well approximately 5 miles NE of the proposed disposal well. All Mesaverde zones are open in the well, therefore, the analysis is representative of the entire formation.**

MV ONLY



Key Pressure Pumping Services

Water Analysis Result Form
Farmington, NM.
708 S. Tucker
Phone:(505)325-4192
Fax:(505)564-3524
Zip:87401

UNLOCK YOUR POTENTIAL

Pressure Pumping Services

Operator:	CDX Gas	API # 3003922298	Sample Date:	January 19, 2005
		SEC 24	Analysis Date:	January 24, 2005
Well :	Jicarilla C-4E	T26 N	District:	Farmington
		R 5 W		
Formation:	MESAVERDE		Requested by:	Cliff Anderson
County:	Rio Arriba, NM		Technician:	Justin Shepherd
Depth:			Source:	

PHYSICAL AND CHEMICAL DETERMINATION

SPECIFIC GRAVITY: 1.002 AT 70 Degrees F.

pH:	7.46	MAGNESIUM:	10 ppm
RESISTIVITY:	0.50 ohm/meter	CALCIUM:	32 ppm
IRON:	0 ppm	BICARBONATES:	1339 ppm
H2S:	0 ppm	CHLORIDES:	6387 ppm
POTASSIUM:	28 ppm	SODIUM :	4593 ppm
SULFATES:	0 ppm	TDS:	12390 ppm

CaCO3 Scale Tendency = Remote

CaSO4 Scale Tendency = Remote

REMARKS:

Data contained in this document is based on the best information & most current test procedures and materials available. No liability is expressed or implied.

MV
ALL 3 ZONES

Application For Authorization To Inject
Section IX
Stimulation Program

CDX Rio, LLC
Jicarilla Contract 146-28
Sec 9, T25N, R5W
Rio Arriba County, New Mexico

Procedure

1. MIRUSU. Record TP, CP. NU tree. NU BOP.
2. POOH with tubing, visually inspect tubing.
3. RU air package and drill out CIBP at 4490' (capped with 4 sacks cmt). Run bit and scraper and circulate hole clean to PBTD (5320').
4. RU for logging. Run GR-CBL/CCL from PBTD to top of cement or surface, whichever occurs first.
5. RIH with CICR. Set CICR at 4900'.
6. Cement squeeze lower MV perfs (4934 to 5252') with 100 sacks cement (minimum). Pull out of CICR and spot 5 sacks cement on top of it. Do not reverse circulate tubing.
7. POOH and run in packer and set at 4500'. Pump water into upper MV perfs (4577' to 4829') to test injectivity. Max injection pressure 1500 psi surface. (Note: Consult with Farmington Office before proceeding to next step. Additional work may be required.)

After successful MV injectivity test:

8. POOH and run in packer and a RBP. Set RBP at 4525'. Set packer at 3000'. Pressure test casing to 1000 psi surface. Hold pressure and monitor for 15 minutes. Monitor annulus pressure during test.

After successful lower casing pressure test:

9. Release packer and retrieve RBP. Set RBP at 2850'. Pull up two stands and let tubing and packer hang loose. Shut-in tubing and pressure test casing using backside connection. Pressure test casing to 1000 psi surface. Hold pressure and monitor for 15 minutes. Monitor annulus pressure during test.

After successful upper casing pressure test:

10. POOH and run in CICR and CIBP. Set CIBP at 3050'. Set CICR at 2800'.
11. Cement squeeze PC perfs (2914' to 2958') with 100 sacks cement minimum.
12. Pull out of CICR and reverse circulate tubing with 1.5 times tubing volume.
13. POOH and run bit and scraper, drill out CICR and clean out hole to CIBP at 3050'. Pull up two stands and let bit and scraper hang loose. Shut-in tubing.
14. Pressure test PC squeeze to 1000 psi and hold for 15 minutes using backside connection. Set chart recorder to record pressure test. Monitor annulus pressure during test.

After successful PC squeeze pressure test:

15. Drill out CIBP at 3050'. Clean out hole to top of cement on initial CICR at 4900'.
16. POOH with bit and scraper.
17. RIH with injection string:
 - Arrowset Packer
 - On/off tool with 1.78" F-profile and blanking plug installed
 - 1 jt new 2-3/8" IPC tubing
 - 1.78" ID F-nipple
 - New 2-3/8" IPC tubing
18. Set packer at 4500'.
19. Load annulus with 2% KCL water. Monitor annulus to check for bleed off.
20. Load tubing with water and pressure test to 1500 psi. Monitor annulus pressure.
21. RU wireline. Make gauge ring run. Retrieve blanking plug.
22. Acidize open MV perfs with 2000 gallons 15% HCL. Displace acid with 10 bbls water.
23. Rig well for injection and perform step rate test. Maximum injection pressure is 1500 psi. Monitor annulus pressure during test.
24. RDMOSU.
25. Perform/witness New Mexico UIC test prior to start-up of disposal operations.

CURRENT WELLBORE DIAGRAM

Jicarilla Contract 146 - 28
2001 Rio Arriba County, NM
Unit M Section 9 T25N - R5W

KB: 10' above GL

PC Perfs:

2914' - 2930'
2952' - 2958'

Mesaverde Perfs:

4577' - 4829'

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8-5/8" 24# K55 @
295' w/ 315 sxs
Circ 20 sxs to sfc

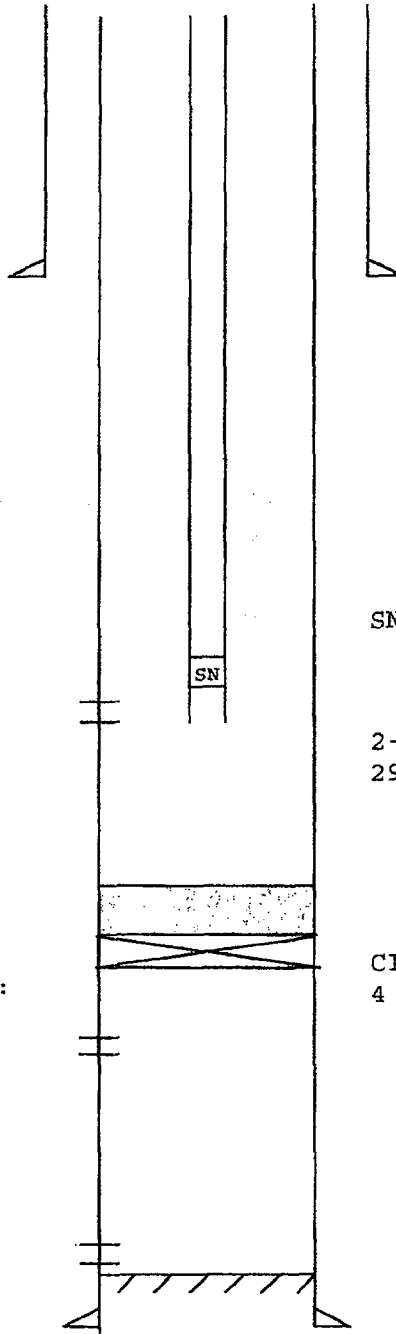
SN @ 2929'

2-3/8" 4.7# J55 tbg @
2962'

CIBP @ 4490' capped w/
4 sxs cmt

4-1/2" 11.6# K55 @
5408' w/ 1070 sxs
Class B Lite, 6%
gel, followed by
100 sxs neat.

PBTD: 5320'
TD: 5408'



PROPOSED WELLBORE DIAGRAM

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2001 Rio Arriba County, NM
Unit M Section 9 T25N - R5W

KB: 10' above GL

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2952' - 2958'

Mesaverde Perfs:

4577' - 4829'

4934' - 5252'
(capped)

8-5/8" 24# K55 @
295' w/ 315 sxs
Circ 20 sxs to sfc

2-3/8" 4.7# J55 IPC tbg @
4500'

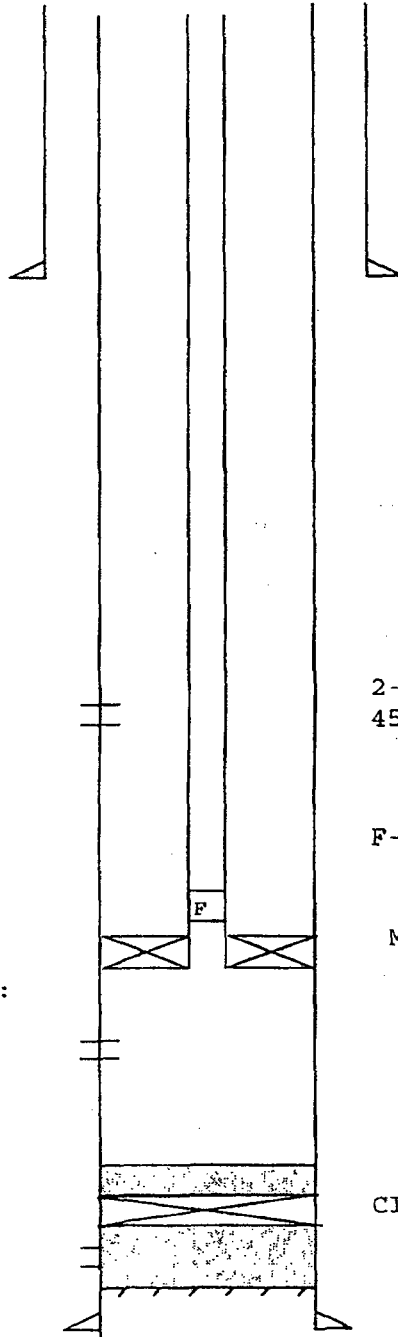
F-Nipple @ 4499'

Model D pkr @ 4500'

CICR @ 4900'

4-1/2" 11.6# K55 @
5408' w/ 1070 sxs
Class B neat

PBTD: 5320'
TD: 5408'



DATE IN 9.6.05	SUSPENSE	ENGINEER Jones	LOGGED IN 9.7.05	TYPE PC	APP NO. PSEM0525032924
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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



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

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[D] Other: Specify _____

*Identical ownership
Pool commingling*

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

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[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.

<u>Celeste G. Dale</u>	<u>Celeste H. Dale</u>	<u>Regulatory Specialist</u>	<u>08/31/05</u>
Print or Type Name	Signature	Title	Date
<u>Celeste.g.dale@conocophillips.com</u>			
e-mail Address			



2005 SEP 6 PM 1 39

ConocoPhillips Company
4001 Penbrook Street
Odessa, TX 79762

EXPLORATION & PRODUCTION
Permian Basin Business Unit

August 31, 2005

Mr. David Catanach
Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

Re: Surface Commingling
Leamex #5 Battery (#B-2148), Leamex (Wolfcamp) &
Leamex #6 Battery (#B-2148), Maljamar (Grayburg-San Andres)
Sec. 16, T-17-S, R-33-E
Lea County, NM

Dear Sir:

ConocoPhillips Company (OGRID #217817) respectfully requests an Exception to Statewide Rule 303-A and Statewide Rule 309-A to surface commingle production from the subject pools. ConocoPhillips respectfully requests approval to commingle the Leamex (Wolfcamp) oil production with the Maljamar (Grayburg-San Andres) oil production, to store and move the production from this facility, to reduce potential environmental exposure and increase production operations efficiently. We plan to consolidate the two batteries, utilizing the best equipment from the two. The gas production from the Leamex (Wolfcamp) and Maljamar (Grayburg-San Andres) on the Leamex lease is metered separately and will remain segregated.

In accordance with the provisions of Statewide Rule 303-B and Statewide Rule 309-B, the pertinent information and supporting data are included herein:

Determination of production from each well produced into the consolidated battery will be provided by well tests.

Both leases share a common working interest, royalty interest, and overriding royalty interest.

No loss of revenue to the State is expected. Your consideration and administrative approval given this matter will be greatly appreciated. The required \$30 filing fee is enclosed herein. If any further information is needed, please me at 432-368-1667.

Sincerely,

Celeste G. Dale
Regulatory Specialist, Permian

Cc: Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

/cgd
Attachments

COPY



ConocoPhillips Company
4001 Penbrook Street
Odessa, TX 79762

EXPLORATION & PRODUCTION
Permian Basin Business Unit

August 31, 2005

State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Re: Surface Commingling
Leamex #5 Battery (#B-2148), Leamex (Wolfcamp) &
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Sincerely,

A handwritten signature in cursive script, appearing to read "Celeste G. Dale".

Celeste G. Dale
Regulatory Specialist, Permian

Cc: Mr. David Catanach
Oil Conservation Division
P. O. Box 6429
Santa Fe, NM 87505

COPY

**LEAMEX #5 BATTERY and LEAMEX #6 BATTERY
SURFACE COMMINGLING**

	State	ConocoPhillips Lease Number	ConocoPhillips Working Interest %	ConocoPhillips Net Revenue Interest %	State of NM Royalty Interest %	Overriding Royalty Interest %
Lease	Lease Number	Lease Number	Interest %	Interest %	Interest %	Interest %
Leamex #5 Battery	B-2148	AP600018	100	87.5	12.5	0.0
Leamex #6 Battery	B-2148	AP600018	100	87.5	12.5	0.0

LEAMEX #5 BATTERY and LEAMEX #6 BATTERY
SURFACE COMMINGLING

VALUE OF COMMINGLED LIQUID HYDROCARBONS

	Leamex #5 Battery	Leamex #6 Battery
Oil Gravity (deg API)	35.2	40.2
Total Sulfur (Wt %)	1.197	0.133
Specific Gravity	0.8488	0.8241
Oil Volume (BOPD)	18	56

There will be no loss in commercial value of the commingled production.

**LEAMEX #5 BATTERY and LEAMEX #6 BATTERY
SURFACE COMMINGLING**

	Leamex #5 Battery	Leamex #6 Battery	Total	% Wolfcamp	% G-SA	Commingled Average
Formation	Wolfcamp	G-SA	-	-	-	-
Test Date	7/02	7/02	-	-	-	-
BO	18	56	74	24.32	75.68	100.00
BW	31	112	143	21.68	78.32	100.00
MCFG	25	78	103	24.27	75.73	100.00
Oil API Gravity (deg)	35.2	40.2	-	-	-	39.0
Oil Total Sulfur (wt. %)	1.197	0.133	-	-	-	0.364
Oil Specific Gravity	0.8488	0.8241	-	-	-	0.8301
Gas BTU Content - Dry	1528	1261	-	-	-	1326
Oil Price (\$/BO)	50.86	50.83	-	-	-	50.83
Gas Price (\$/MCF)	5.36	5.36	-	-	-	5.36



Laboratory Services, Inc.

2609 W. Marland
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

CONOCO PHILLIPS
HOBBS, NEW MEXICO
JUN 29 2004
RECEIVED
MALJAMAR

SULFUR IN CRUDE OIL

ConocoPhillips
Attention: Mr. Len Majors
P. O. Box 180
Maljamar, New Mexico 88264

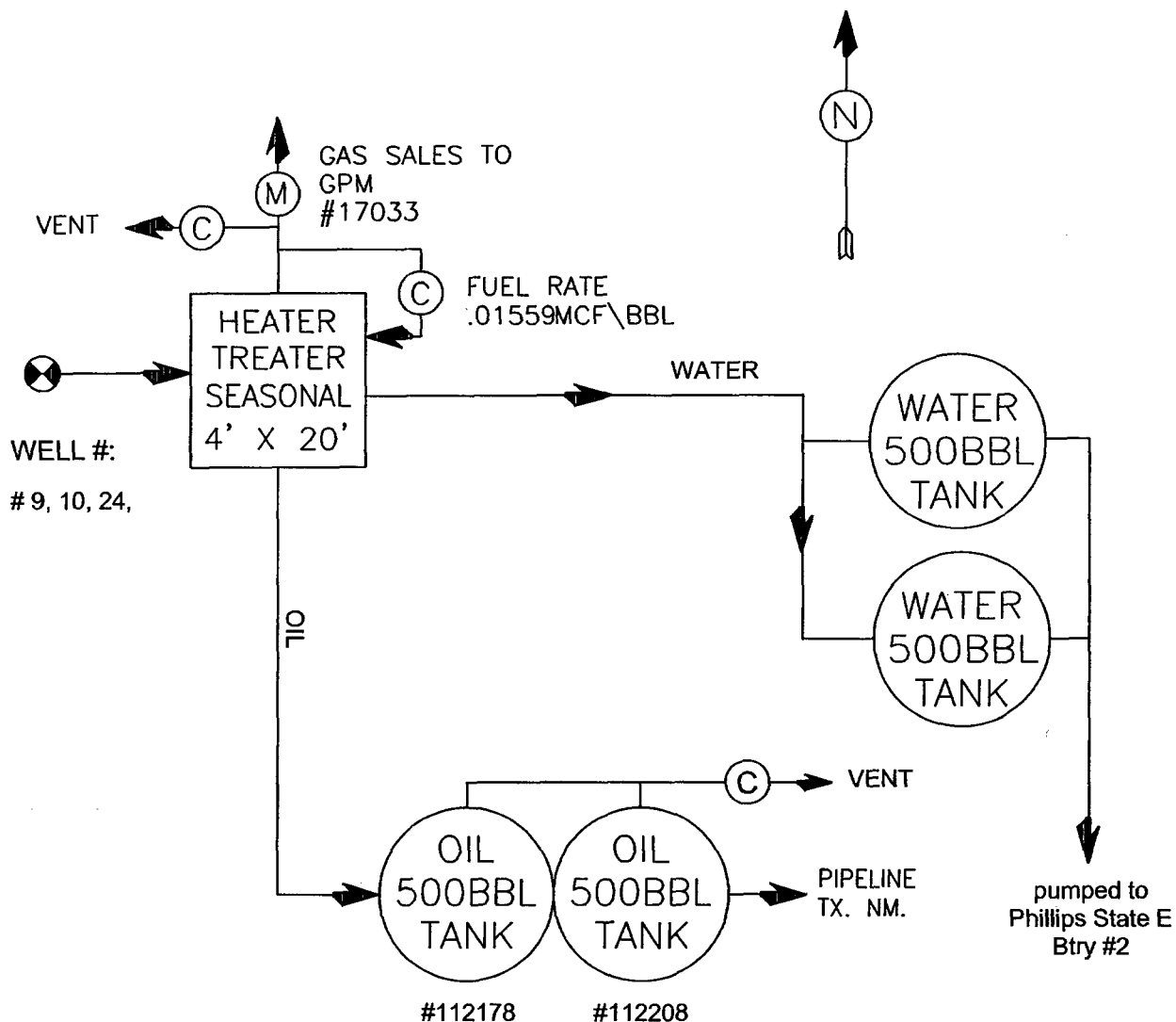
Jun 24, 2005

	Total Sulfur	API Gravity @ 60° F	Specific Gravity @ 60° F
Leamex Battery 5	1.197 wt. %	35.2	0.8488
Leamex Battery 6	0.133 wt. %	40.2	0.8241

Thank You,
Vickie Sullivan

ANALYSIS_ID	17033-00	17093-00
Location	LEAMEX Btty 5	LEAMEX Btty 6
COMPANY_NAME	PHILLIPS PETROLEUM COMPANY	PHILLIPS PETROLEUM COMPANY
SAMPLE_DATE	Apr-05	Apr-05
DEF_SAMPLE_TYPE	SP	SP
SAMPLE_PRESSURE	14.64999962	14.64999962
DRY_ENERGY_FACT	1528.400024	1260.599976
SAT_ENERGY_FACT	1502.5	1239.400024
GRAVITY	0.922200024	0.929199994
METHANE_MOL	60.86000061	52.58399963
ETHANE_MOL	15.34899998	10.44299984
PROPANE_MOL	11.56299973	8.409999847
I_BUTANE_MOL	1.488999963	1.5
N_BUTANE_MOL	4.940999985	4.114999771
I_PENTANE_MOL	1.110999942	1.282999992
N_PENTANE_MOL	0	0
N_HEXANE_MOL	1.805999994	1.876000047
NITROGEN_MOL	2.553999901	19.5
CO2_MOL	0.314999998	0.162
HYDROGEN_MOL	0	0
H2S_MOL	0.012	0.126000002

— Oil
 — Water
 — Gas
 — Emulsion



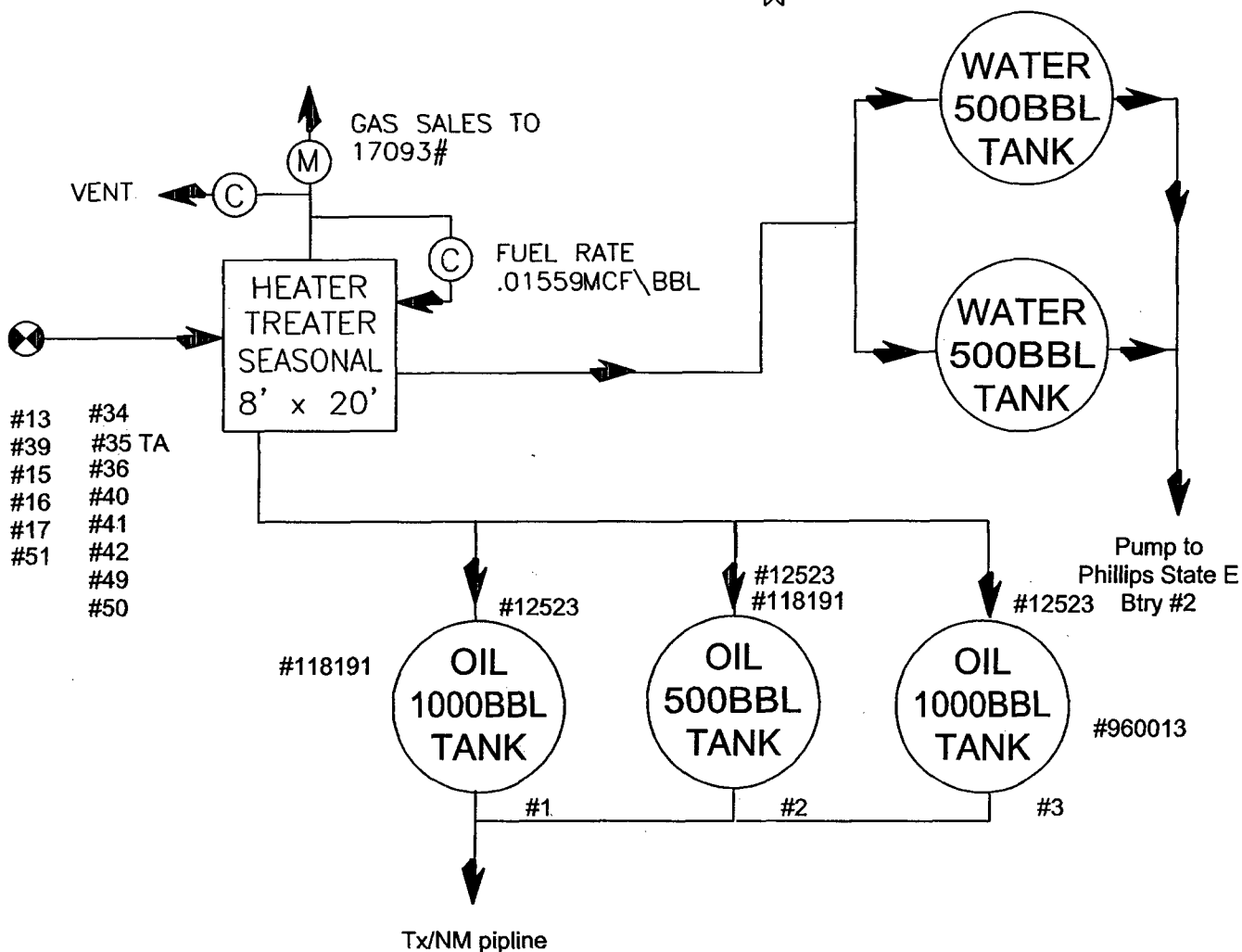
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NO.	REVISION			BY DGU	DATE	CHKD	APP'D
FOR BIDS	<div style="text-align: center;"> <p>4001 Penbrook Odessa, Texas</p> </div>					JA NO.	FILE CODE
FOR APPR						AFE NO.	SCALE
FOR CONST						NO	
DRAWN 4/15/93	DGU	Facility Name: LEAMEX BATTERY #5				FILE NAME: LEAMEX5.DWG	
CHECKED		Facility Code: 600018				DWG NO. 1.0	
APP'D		Revised 1/20/05					


FORM 1778 (8x10.5)

RC-ORIGINAL

FORM 1779-S 7-84

— Oil
 — Water
 — Gas
 — Emulsion



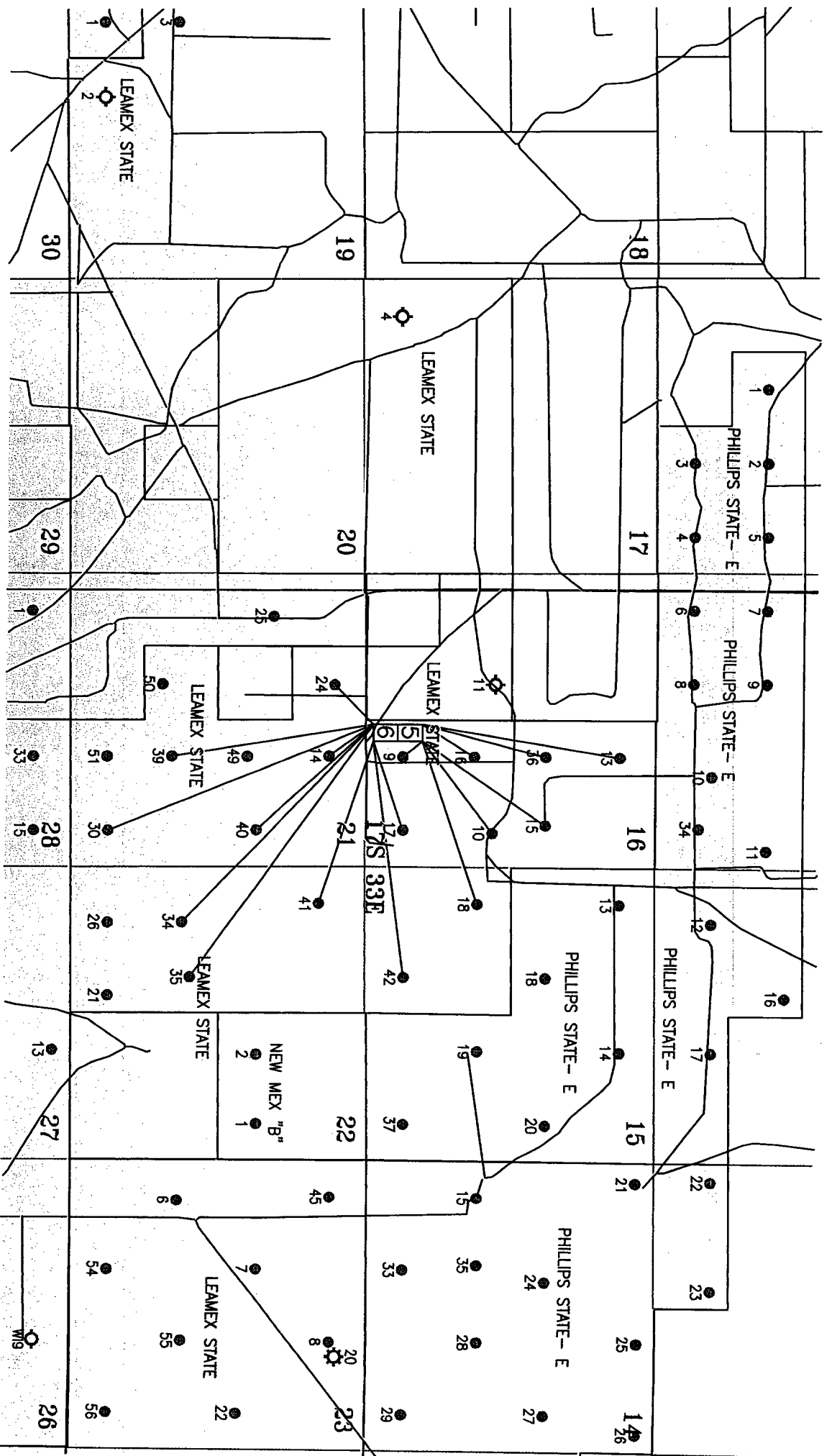
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NO.	REVISION			BY CDS	DATE	CHKD	APP'D	
FOR BIDS	<div style="text-align: center;">  <p>4001 Penbrook Odessa, Texas</p> </div>					JA NO.	FILE CODE	
FOR APPR						AFE NO.	SCALE	
FOR CONST						NO		
DRAWN 12/05/96	DGU	Facility Name: LEAMEX 6 BATTERY Facility Code: 600018 Revised 1/20/05					FILE NAME: leamex6.dwg	
CHECKED							DWG NO. 1.0	
APP'D								

FORM 1779 (8x10.5)

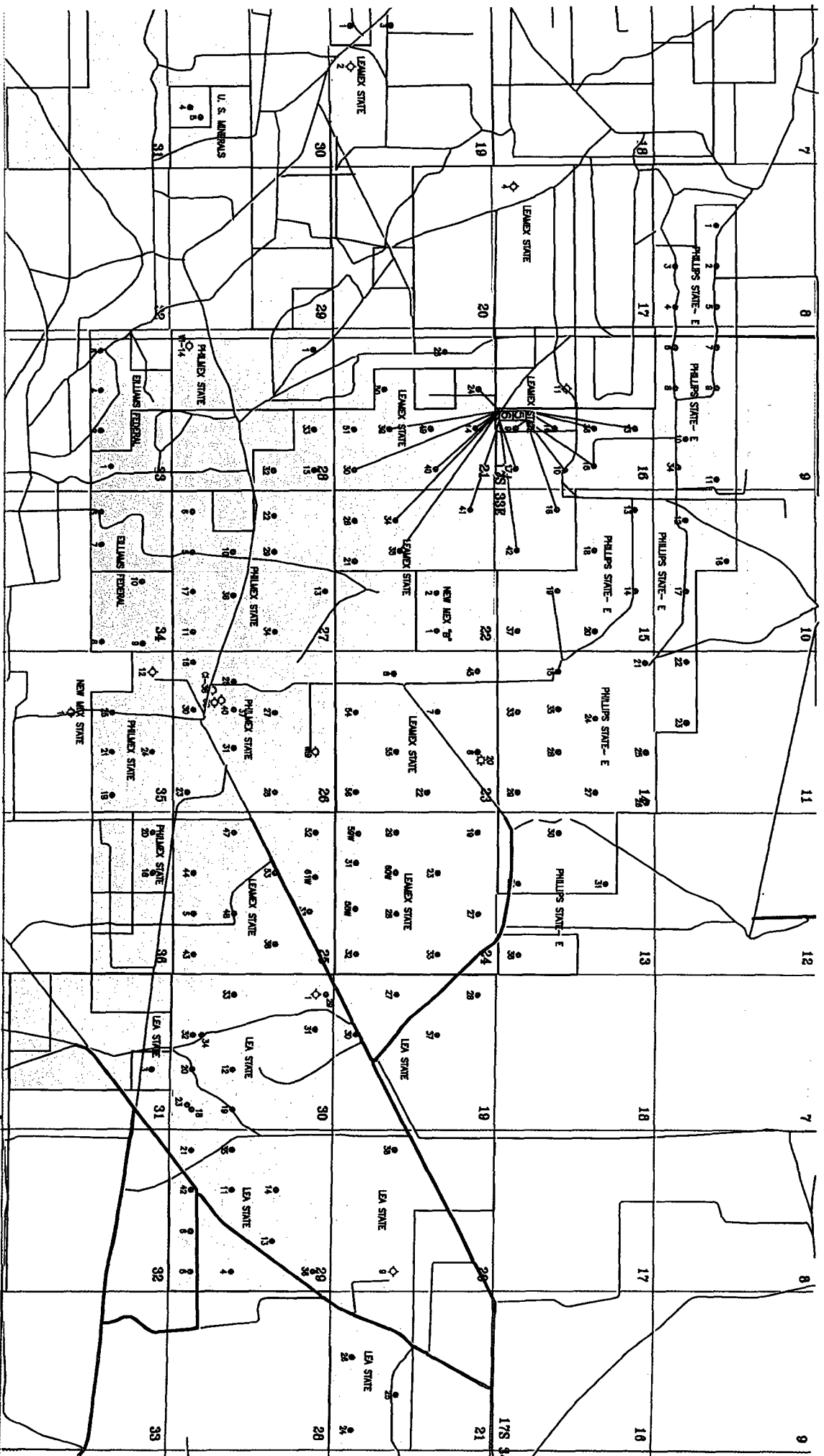
RC-ORIGINAL

FORM 1779-S 7-84

LEAMEX #5 BATTERY AND LEAMEX #6 BATTERY SECTION 16 - TOWNSHIP 17S - RANGE 33E



LEAMEX #5 BATTERY AND LEAMEX #6 BATTERY
SECTION 16 - TOWNSHIP 17S - RANGE 33E



North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	CONOCO - PHILLIPS PETROLEUM CO	Sales RDT:	33512
Region:	PERMIAN BASIN	Account Manager:	WAYNE PETERSON (505) 910-9389
Area:	MALJAMAR, NM	Sample #:	329334
Lease/Platform:	LEAMEX UNIT	Analysis ID #:	52762
Entity (or well #):	BATTERY 5	Analysis Cost:	\$40.00
Formation:	UNKNOWN		
Sample Point:	HEATER		

Summary		Analysis of Sample 329334 @ 75 °F							
Sampling Date:	6/30/05	Anions		mg/l	meq/l	Cations		mg/l	meq/l
Analysis Date:	7/12/05	Chloride:	75779.0		2137.45	Sodium:	40422.8		1758.29
Analyst:	STACEY SMITH	Bicarbonate:	0.0		0.	Magnesium:	2091.0		172.01
		Carbonate:	0.0		0.	Calcium:	4401.0		219.61
TDS (mg/l or g/m3):	126023.9	Sulfate:	2182.0		45.43	Strontium:	83.0		1.89
Density (g/cm3, tonne/m3):	1.094	Phosphate:				Barium:	0.1		0.
Anion/Cation Ratio:	1	Borate:				Iron:	363.0		13.12
		Silicate:				Potassium:	702.0		17.95
						Aluminum:			
Carbon Dioxide:	300 PPM	Hydrogen Sulfide:			5 PPM	Chromium:			
Oxygen:		pH at time of sampling:			7	Copper:			
Comments:		pH at time of analysis:				Lead:			
		pH used in Calculation:			7	Manganese:			
						Nickel:			

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-4.48	0.00	-0.04	0.00	-0.05	0.00	-0.01	0.00	0.18	0.00	0
100	0	-4.65	0.00	-0.09	0.00	-0.04	0.00	-0.03	0.00	-0.01	0.00	0
120	0	-4.81	0.00	-0.13	0.00	0.00	0.00	-0.03	0.00	-0.17	0.00	0
140	0	-4.95	0.00	-0.17	0.00	0.06	111.03	-0.03	0.00	-0.31	0.00	0

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	CONOCO - PHILLIPS PETROLEUM CO	Sales RDT:	33512
Region:	PERMIAN BASIN	Account Manager:	WAYNE PETERSON (505) 910-9389
Area:	MALJAMAR, NM	Sample #:	329333
Lease/Platform:	LEAMEX UNIT	Analysis ID #:	52763
Entity (or well #):	BATTERY 6	Analysis Cost:	\$40.00
Formation:	UNKNOWN		
Sample Point:	HEATER		

Summary		Analysis of Sample 329333 @ 75 °F					
Sampling Date:	6/30/05	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	7/12/05	Chloride:	76957.0	2170.68	Sodium:	42981.0	1869.57
Analyst:	STACEY SMITH	Bicarbonate:	41.5	0.68	Magnesium:	987.0	81.19
TDS (mg/l or g/m3):	127482.6	Carbonate:	0.0	0.	Calcium:	4478.0	223.45
Density (g/cm3, tonne/m3):	1.095	Sulfate:	1223.0	25.46	Strontium:	116.0	2.65
Anion/Cation Ratio:	1	Phosphate:			Barium:	0.1	0.
		Borate:			Iron:	197.0	7.12
		Silicate:			Potassium:	502.0	12.84
Carbon Dioxide:	375 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		7.2	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		7.2	Lead:		
					Manganese:		
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.11	0.31	-0.28	0.00	-0.29	0.00	-0.11	0.00	-0.07	0.00	0.02
100	0	0.12	0.31	-0.33	0.00	-0.28	0.00	-0.13	0.00	-0.26	0.00	0.03
120	0	0.14	0.62	-0.38	0.00	-0.24	0.00	-0.14	0.00	-0.42	0.00	0.04
140	0	0.15	0.62	-0.41	0.00	-0.19	0.00	-0.14	0.00	-0.57	0.00	0.06

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.
Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.
Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.



Baker Petrolite

Analysis: 37661

Water Analysis Report by Baker Petrolite

CONOCO - PHILLIPS PETROLEUM CO

LEAMEX UNIT
BATTERY 5
HEATER

Account Manager
WAYNE PETERSON

Summary		Analysis of Sample 329334 @ 75°F					
Sampling Date	6/30/05	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date	7/12/05	Chloride	75779	2137	Sodium	40423	1758
Analyst	STACEY SMITH	Bicarbonate	0.00	0.00	Magnesium	2091	172
		Carbonate	0.00	0.00	Calcium	4401	220
TDS (mg/l or g/m ³)	126024	Sulfate	2182	45.4	Strontium	83.0	1.89
Density (g/cm ³ or tonne/m ³)	1.094	Phosphate	N/A	N/A	Barium	0.10	0.00
Anion/Cation Ratio	1.00	Borate	N/A	N/A	Iron	363	13.0
		Silicate	N/A	N/A	Potassium	702	18.0
Carbon Dioxide	300 PPM	Hydrogen Sulfide		5 PPM	Aluminum	N/A	N/A
		pH at time of sampling		7.00	Chromium	N/A	N/A
		pH at time of analysis			Copper	N/A	N/A
		pH used in Calculations		7.00	Lead	N/A	N/A
					Manganese	N/A	N/A
					Nickel	N/A	N/A

Specific ion interactions calculated only for ions in bold faced type.

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000bbl										
Temp.	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		Calc. CO ₂
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0.	-4.48		-0.04		-0.05		-0.01		0.18	0.02	0.00
100	0.	-4.65		-0.09		-0.04		-0.03		-0.01		0.00
120	0.	-4.81		-0.13		0.00	0.15	-0.03		-0.17		0.00
140	0.	-4.95		-0.17		0.06	111	-0.03		-0.31		0.00

Note 1: The amount of scale indicates the severity of the problem. The saturation index (SI) indicates how difficult it is to control the problem.

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Analysis: 37661

Water Analysis Report by Baker Petrolite

CONOCO - PHILLIPS PETROLEUM CO

LEAMEX UNIT
BATTERY 6
HEATER

Account Manager
WAYNE PETERSON

Summary		Analysis of Sample 329333 @ 75°F					
Sampling Date	8/30/05	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date	7/12/05	Chloride	76957	2171	Sodium	42981	1870
Analyst	STACEY SMITH	Bicarbonate	41.5	0.68	Magnesium	987	81.2
		Carbonate	0.00	0.00	Calcium	4478	223
TDS (mg/l or g/m ³)	127483	Sulfate	1223	25.5	Strontium	116	2.65
Density (g/cm ³ or tonne/m ³)	1.095	Phosphate	N/A	N/A	Barium	0.10	0.00
Anion/Cation Ratio	1.00	Borate	N/A	N/A	Iron	197	7.05
		Silicate	N/A	N/A	Potassium	502	12.8
Carbon Dioxide	375 PPM				Aluminum	N/A	N/A
		Hydrogen Sulfide		0 PPM	Chromium	N/A	N/A
		pH at time of sampling		7.20	Copper	N/A	N/A
		pH at time of analysis			Lead	N/A	N/A
		pH used in Calculations		7.20	Manganese	N/A	N/A
					Nickel	N/A	N/A

Specific Ion Interactions calculated only for ions in bold faced type.

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000bbl										
Temp.	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		Calc. CO ₂
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0.	0.11	0.33	-0.28		-0.29		-0.11		-0.07		0.02
100	0.	0.13	0.45	-0.33		-0.28		-0.13		-0.26		0.03
120	0.	0.14	0.59	-0.38		-0.24		-0.14		-0.42		0.04
140	0.	0.15	0.77	-0.41		-0.19		-0.14		-0.57		0.06

Note 1: The amount of scale indicates the severity of the problem. The saturation index (SI) indicates how difficult it is to control the problem.

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Jones, William V., EMNRD

From: Dale, Celeste G [Celeste.G.Dale@conocophillips.com]
Sent: Tuesday, September 27, 2005 7:05 AM
To: Jones, William V., EMNRD
Subject: RE: Pool Commingle - Leamex #5 and #6
Attachments: Leamex #5 and #6 Batteries Surf Commingling.xls

Bill,
Attached is the listing of wells you requested. I am still waiting on the letter from the landman. She's in Houston and our offices are closed until tomorrow.

Thank you,
Celeste

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Tuesday, September 13, 2005 11:43 AM
To: Dale, Celeste G
Subject: Pool Commingle - Leamex #5 and #6

Hello Celeste:
Please send two things:

- 1) A spreadsheet by email containing all wells to be included in this commingle.
Include in the spreadsheet the following:
API number, Well name, Pools the well produces from, Spacing orientation of each Pool, Well location (Spot, Section, Tsp, Rge)
- 2) Send a signed letter of certification from a landman or attorney that the ownership in all wells/pools to be commingled is identical.

Thank You,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

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Mid America - Permian Basin
P. O. Box 2197, WL3-5050
Houston, TX 77252-2197

October 5, 2005

Oil Conservation Division
Santa Fe, New Mexico
Attn: Mr. William V. Jones

Re: Surface Commingling Application
Learnex #5 and #6 Batteries
Lea County, New Mexico

Dear Mr. Jones:

Please be advised that I have reviewed the ownership in the wells included in the referenced Surface Commingling and can attest that the ownership is 100% ConocoPhillips Company.

Should you have any questions, please give me a call at (832) 486-2618.

Sincerely yours,

CONOCOPHILLIPS COMPANY

Linda H. Hicks

Linda H. Hicks
Senior Landman

LHH/s

Royalty is ~~same~~ as per conversation w/ LINDA 10/6/05 UNIFORM

Leamex #5 Battery and Leamex #6 Battery Consolidation					
	Well				Pool
Lease	Number	API Number	Location	Pool	Spacing
Leamex	9	30-025-01435	O-16-17S-33E	Leamex (Wolfcamp)	40
Leamex	10	30-025-01436	I-16-17S-33E	Leamex (Wolfcamp)	40
Leamex	13	30-025-23119	B-16-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	15	30-025-23135	H-16-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	16	30-025-23272	J-16-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	17	30-025-24541	P-16-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	18	30-025-24542	L-15-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	24	30-025-26432	C-21-17S-33E	Leamex (Wolfcamp)	40
Leamex	30	30-025-27403	P-21-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	34	30-025-27978	L-22-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	35	30-025-27995	K-22-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	36	30-025-28423	G-16-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	40	30-025-29952	H-21-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	41	30-025-30078	D-22-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	42	30-025-30079	N-15-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	49	30-025-30426	G-21-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	50	30-025-30427	K-21-17S-33E	Maljamar (Grayburg - San Andres)	40
Leamex	51	30-025-30248	O-21-17S-33E	Maljamar (Grayburg - San Andres)	40