

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



Mesquite
161968

RECEIVED OCD

ABOVE THIS LINE FOR DIVISION USE ONLY

2010 MAY 17 A 11:24 Durstate SWD #1

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-83728

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]

SWD-247
~~EPT-318~~

- [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] X Offset Operators, Leaseholders or Surface Owner
 - [C] X Application is One Which Requires Published Legal Notice
 - [D] X Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 - [E] X For all of the above, Proof of Notification or Publication is Attached, and/or,
 - [F] X Waivers are Attached or being mailed direct to OCD

[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.

Mesquite SWD, Inc	Kay Havenor	<i>Kay C Havenor</i>	Agent	May 7, 2010
_____	_____	_____	_____	_____
Print or Type Name	Signature		Title	Date

KHavenor@georesources.com
e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? X Yes _____ No

II. OPERATOR: Mesquite SWD, Inc.

ADDRESS: P.O. Box 1479 Carlsbad, NM 88221

CONTACT PARTY: Kay Havenor PHONE: 575-622-0283

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: Kay Havenor TITLE: Agent

SIGNATURE: *Kay Havenor* DATE: May 5, 2010

E-MAIL ADDRESS: KHavenor@georesources.com 575-622-0283

* 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: _____

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: Mesquite SWD, Inc.

WELL NAME & NUMBER: Dorstate SWD No. 1

WELL LOCATION: 1980' FNL & 660' FEL
FOOTAGE LOCATION

H
UNIT LETTER

27
SECTION

25S
TOWNSHIP

28E
RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA
Surface Casing

Hole Size: 17-1/2" Casing Size: 13-1/2"
Cemented with: 550 sx. or ft³
Top of Cement: Surface Method Determined: Circulated

See attached well diagram

Intermediate Casing

Hole Size: 12-1/4" Casing Size: 8-5/8"
Cemented with: 1700 sx. or ft³
Top of Cement: Surface Method Determined: Circulated

Production Casing

Hole Size: 7-7/8" Casing Size: 4-1/2"
Cemented with: 1050 sx. or ft³
Top of Cement: 2316' Method Determined: CBL
Total Depth: 8000'

7

Injection Interval
Perfs 2582' - 3500' OA

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2-3/8" N80 upset Lining Material: IPC 1850 coated

Type of Packer: Lok-Set

Packer Setting Depth: Approx 2550 ft

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

Additional Data

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

If no, for what purpose was the well originally drilled? Oil/gas

2. Name of the Injection Formation: Delaware Mtn Group: Bell Canyon and Cherry Canyon

3. Name of Field or Pool (if applicable): NA (Not Applicable)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. No

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: No commercial Delaware Mountain Group production in the 2-mile area.

Bone Spring is being tested as productive below 6200' in Sec 27, T25S-R28E. Morrow gas is produced in the greater area



HCW EXPLORATION, INC.

P. O. Box 10585
Suite 200
601 N. Loraine Street
Midland, Texas 79702
(915) 683-3303

DORSTATE #1
Eddy County, New Mexico

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AUG 08 1981

NO. 101
MIDLAND, TEXAS

Page -2-
C-103

Spudded 17 1/2" surface hole behind cable tool spudder on April 19, 1981. Drilled to TD 428'. Ran 12 jts (439.74') 13 3/8", 48#, H-40, ST&C casing set @ 428'. Dowell cemented w/100 sx Class-H w/3% D-13 and 2% D-16 plus 450 sx Class-C w/2% CaCl and 1/4# Celloflake per sk. Circulated 60 sx to surface. P.D. @ 5:00 p.m. April 20, 1981. WOC 18 hrs. Tested 13 3/8" casing and BOP to 750 psi for 30 mins, held OK. Drilled 12 1/4" hole to TD 2557'. Ran 6 jts (252.48') 8 5/8", 32#, K-55, ST&C casing and 53 jts (2314.17') 8 5/8", 24#, K-55, ST&C casing set @ 2557'. Dowell cemented w/1500 sx GS-35 Poz w/3% CaCl, 4% gel & 10# Colite and 1/4# celloflake per sk plus 200 sx Class-C w/2% CaCl. Circulated 145 sx to surface. P.D. @ 1:15 a.m. April 25, 1981 WOC 18 hrs. Tested 8 5/8" casing and BOP's to 1800 psi for 30 mins, held OK. Drilled 7 7/8" hole to TD 8000'. Ran logs. Ram 99 jts (3988.22') 4 1/2", 11.60#, K-55, LT&C casing and 92 jts (4018.37') 4 1/2", 10.50#, LT&C casing set @ 7997', w/Dowell stage cementing collar at 3394'. Cemented 1st stage w/350 sx 50/50 Lt Poz-3 w/4% gel, 3# KCL & 1/4# celloflake per sk plus 200 sx Class-C w/3% D-108, 2/10% D-65 and D-46, 3# KCL per sk. Good circ thruout. P.D. on 1st stage at 4:30 p.m. 5-15-81 (circ 4 hrs), 2nd stage thru stage tool @ 3394' w/300 sx, 50/50 Lt Poz-3 w/4% gel, 3# KCL and 1/4# celloflake per sk. plus 200 sx Class-C w/3% gel, 3/10% D-108, 2/10% D-46 & D-65 and 3# KCL per sk. P.D. @ 10:15 p.m. 5-15-81. Good circ thruout. Drilled out stage collar at 3394' w/drilling rig on 5-17-81. (WOC 30+ hrs before drilling stage collar. Tested 4 1/2" casing to 1500 psi for 30 mins, held OK)

Moved in completion unit on 5-19-81. Perforated Bone Springs @ 7204', 28,38,54,74,94', 7308', 22,40,52,66,78', 7420',36,46,66,74', 7501',52,59,72,82,92', 7604',12,20,52, 59,66' & 7890' (30 holes). Treated w/1500 gals, 15% acid. Fraced w/41,000 gals and 69,000# sand on 5-28-81. Perforated Bone Springs @ 6842',52,60,81,90,98', 6914', 25,31,40,49,56,66,76,90,97', 7011', 24,29,55,68,73,95', 7102',09,26,34,50,58,65', (30 holes). Treated w/4,500 gals 15% acid. Fraced w/84,000 gals and 200,000# sand on 6-10-81. Perforated Bone Springs @ 6412',23,30,32,53,70,78,85', 6502',14,29,46,57, 67,76,90;, 6614',25,39,45,54,67,80,86,94', 6704', 17,30,59,70' (30 holes). Treated w/3,800 gals, 15% acid. Fraced w/69,400 gals and 265,000# sand on 6-25-81. Well is now awaiting production testing.

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 radioactivity 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 36 through 34 shall be reported for each zone. The form is to be filed in quadruplicate except on state land, where six copies are required. See Rule 117.5.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy <u>820</u>	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt <u>1776</u>	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
T. Salt <u>2362</u>	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates _____	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____	T. Devonian _____	T. Menelee _____	T. Madison _____
T. Queen _____	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres _____	T. Simpson _____	T. Gallup _____	T. Ignacio Qizte _____
T. Glorieta _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Illinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Granite _____	T. Todillo _____	T. _____
T. Drinkard _____	T. Delaware Sand _____	T. Entrada _____	T. _____
T. Abo _____	T. Bone Springs <u>6310</u>	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn. _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____	No. 4, from _____ to _____
No. 2, from _____ to _____	No. 5, from _____ to _____
No. 3, from _____ to _____	No. 6, from _____ to _____

IMPORTANT WATER SANDS

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

No. 1, from _____ to _____	feet _____
No. 2, from _____ to _____	feet _____
No. 3, from _____ to _____	feet _____
No. 4, from _____ to _____	feet _____

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
820	1776		Rustler				
1776	2362		Castile				
2362	2580		Salado				
2580	2630		Lamar				
2630	3470		Bell Canyon				
3470	4720		Cherry Canyon				
4720	6310		Brushy Canyon				
6310	TD		Bone Spring				

X

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

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OPERATOR	

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

RECEIVED

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
L-5369

10. TYPE OF WELL Oil

OIL WELL GAS WELL DRY OTHER

b. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESVR. OTHER

7. Unit Agreement Name

8. Form or Lease Name
Dorstate

2. Name of Operator
HCW Exploration, Inc.

3. Address of Operator
Box 10585, Midland, Texas 79702

9. Well No.
1

10. Field and Pool, or Wildcat
Wildcat (Bone Spr)

4. Location of Well
UNIT LETTER H LOCATED 1980 FEET FROM THE North LINE AND 660 FEET FROM
East LINE OF SEC. 27 TWP. 25-S RGE. 28-E NMPM

12. County
Eddy

15. Date Spudded 4-18-81 16. Date T.D. Reached 5-15-81 17. Date Compl. (Ready to Prod.) 5-19-81 18. Elevations (DI, RKB, RT, GR, etc.) 2968 GR

20. Total Depth 8000' 21. Plug Back T.D. 7955' 22. If Multiple Compl., How Many

19. Elev. Cushinghead

23. Intervals Drilled By
Rotary Tools Cable Tools

24. Producing Interval(s), of this completion - Top, Bottom, Name
7204-7890' (30 holes) 6842-7165' (30 holes) 6412-6770' (30 holes)

25. Was Directional Survey Made
No

26. Type Electric and Other Logs Run
CDL/DIL/MLL

27. Was Well Cored
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48#	428'	17 1/2"	100 sx C1-C + 450 sx C1-C	
8 5/8"	24#	2557'	12 1/4"	1500 sx GS-35 + 200 sx C1-C	
7 7/8"	11.6#	7997'	4 1/2"	1st Stage 350 sx 50:50 Poz + 200 sx C1-C 2nd Stage 300 sx 50:50 Poz + 200 sx C1-C	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 3/8"	7800	None

31. Perforation Record (Interval, size and number)

<u>7204-7890' (30 holes)</u>
<u>6842-7165' (30 holes)</u>
<u>6412-6770' (30 holes)</u>

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
<u>7204-7890'</u>	<u>3,000 gals, 15% acid + 60,000 frac</u>
<u>6842-7165'</u>	<u>4,500 gals, 15% acid + 60,000 frac</u>
<u>6412-6770'</u>	<u>3,800 gals, 15% acid</u>
	<u>+ 60,000 frac</u>

3. PRODUCTION

4. Date First Production 7-8-81 Production Method (Flowing, gas lift, pumping - Size and type pump) 2" x 1 1/4" x 16' x 20' Well Status (Prod. or Shut-in) Prod.

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
<u>8-22-81</u>	<u>24</u>	<u>-----</u>	<u>-----</u>	<u>37</u>	<u>152</u>	<u>80</u>	<u>4175</u>

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
<u>-----</u>	<u>40</u>	<u>-----</u>	<u>37</u>	<u>152</u>	<u>80</u>	<u>39</u>

4. Disposition of Gas (Sold, used for fuel, vented, etc.) uel & vented Test Witnessed By

5. List of Attachments
C-102, C-104 & Hole devi certification.

6. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED D.C. Helm D.C. Helm TITLE Vice President DATE 8-24-81

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OIL CONSERVATION DIVISION **REVIEWED**

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

JUN 2 1982

Form C-103
Revised 10-1-78

O. C. D.
ARTESIA, OFFICE

5a. Indicate Type of Lease
State Fee
5. State Oil & Gas Lease No.
L - 5369

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

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- Dry Hole	7. Unit Agreement Name
2. Name of Operator HCW Exploration, Inc. ✓	8. Farm or Lease Name Dorstate
3. Address of Operator P. O. Box 10585 Midland, Texas 79702	9. Well No. 1
4. Location of Well UNIT LETTER H, 1980 FEET FROM THE North LINE AND 660 FEET FROM THE East LINE, SECTION 27 TOWNSHIP 25 South RANGE 28 East N.M.P.M.	10. Field and Pool, or Wildcat Wildcat (Delaware)
15. Elevation (Show whether DF, RT, GR, etc.) 2968' GR	12. County Eddy

16. 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"/>	Bone Spring PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER Completion Attempt (Delaware) <input checked="" type="checkbox"/>

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

Moved in completion unit on 4-23-82. Pulled rods and pump. Installed BOP. Pulled 2 3/8" tubing. Ran retrieving tool and tubing to RBP at 6330'. Pulled RBP out of hole. Ran 4 1/2" CIBP on wireline and set at 6400' to plug off Bone Spring perforations 6412'-7890' (90 holes). Dumped 35' of cement on top of CIBP at 6400'. Ran another 4 1/2" CIBP on wireline and set at 6200' to plug off Bone Spring perforations 6241'-6382' (26 holes). Dumped 35' of cement on top of CIBP at 6200'. Ran GR-CCL-CBL from 3500'-2150'. Found top of cement behind 4 1/2" casing at 2350'. 8 5/8" casing is set at 2557' with cement circulated to surface. Bone Spring formation plugged and abandoned 4-24-82. Ran another 4 1/2" CIBP on wireline and set at 3350'. Pressure tested 4 1/2" CIBP at 3550' and 4 1/2" casing to 1000 psi, held OK. Perforated Delaware Zone with 1 JSPF at 3126, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38. Total of 13 holes with 0.42" diameter. Ran 4 1/2" packer and tubing. Set packer at 3046'. Swabbed tubing dry with no show of oil or gas. Acidized with 1500 gals. 7 1/2% MCA + 26 ball sealers. Flowed and swabbed all load water + 47 bbls. formation water. Released packer at 3046' and pulled tubing and packer. Ran 4 1/2" RBP and set at 3100'. Pressure tested RBP and 4 1/2" casing to 1000 psi, held OK. Perforated Delaware Zone with 1 JSPF at 3066, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84. Total of 19 holes with 0.42" diameter. Ran retrieving tool, 4 1/2" packer and tubing. Set packer 2977'. Swabbed tubing dry with no show of oil or gas. Acidized with 2000 gals. 7 1/2% MCA + 40 ball sealers.
(Continued on attached sheet)

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

SIGNED Steve Douglas Steve Douglas TITLE Division Engineer DATE 6-1-82

APPROVED BY Mike Wilton TITLE OIL AND GAS INSPECTOR DATE JUN 11 1982

CONDITIONS OF APPROVAL, IF ANY:

look under

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501
NOV 16 1984
O. C. D.
ARTESIA, OFFICE

Form C-103
Revised 10-1-76

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OPERATOR	<input checked="" type="checkbox"/>

5a. Indicate Type of Lease
State Fee
5. State Oil & Gas Lease No.
L-5369

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

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER: Salt Water Disposal	7. Unit Agreement Name
2. Name of Operator Fluid Waste, Inc.	8. Farm or Lease Name Dorstate
3. Address of Operator 1008 W. Pierce, Suite 2-A, Carlsbad, New Mexico 88220	9. Well No. 1
4. Location of Well UNIT LETTER H 1980 FEET FROM THE North LINE AND 660 FEET FROM THE East LINE, SECTION 27 TOWNSHIP 25S RANGE 28E NMPM.	10. Field and Pool, or Wildcat
15. Elevation (Show whether DF, RT, GR, etc.) 2968' GR	12. County Eddy

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK
TEMPORARILY ABANDON
PULL OR ALTER CASING
OTHER _____

PLUG AND ABANDON
CHANGE PLANS

SUBSEQUENT REPORT OF:

REMEDIAL WORK
COMMENCE DRILLING OPNS.
CASING TEST AND CEMENT JOBS
OTHER: Recompletion

ALTERING CASING
PLUG AND ABANDONMENT

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

10/24/84 - kill well; 10/25 & 27-Squeezed 250 sx cement into perfs 2919' - 3138' (415 holes); 10/28 & 29-drill out cmt; 10/30-Squeezed 200 sx cmt into perfs 6241' - 6382' (26 holes); 10/31-drill out cmt & test sqzd perfs 2919'-3138' and 6241'-6382' with 500 psi - held OK, test witnessed by Mike Williams, OCD-Artesia; clean out 4 1/2" csg ; run PVC lined 2-7/8" OD EUE tbg and set pkr at 6352'; 11/6-put 500 psi on annulus and ran injection test into Bone Spring formation.

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

SIGNED Becky Hughes TITLE Agent DATE 11/15/84

Original Signed By
Mike Williams

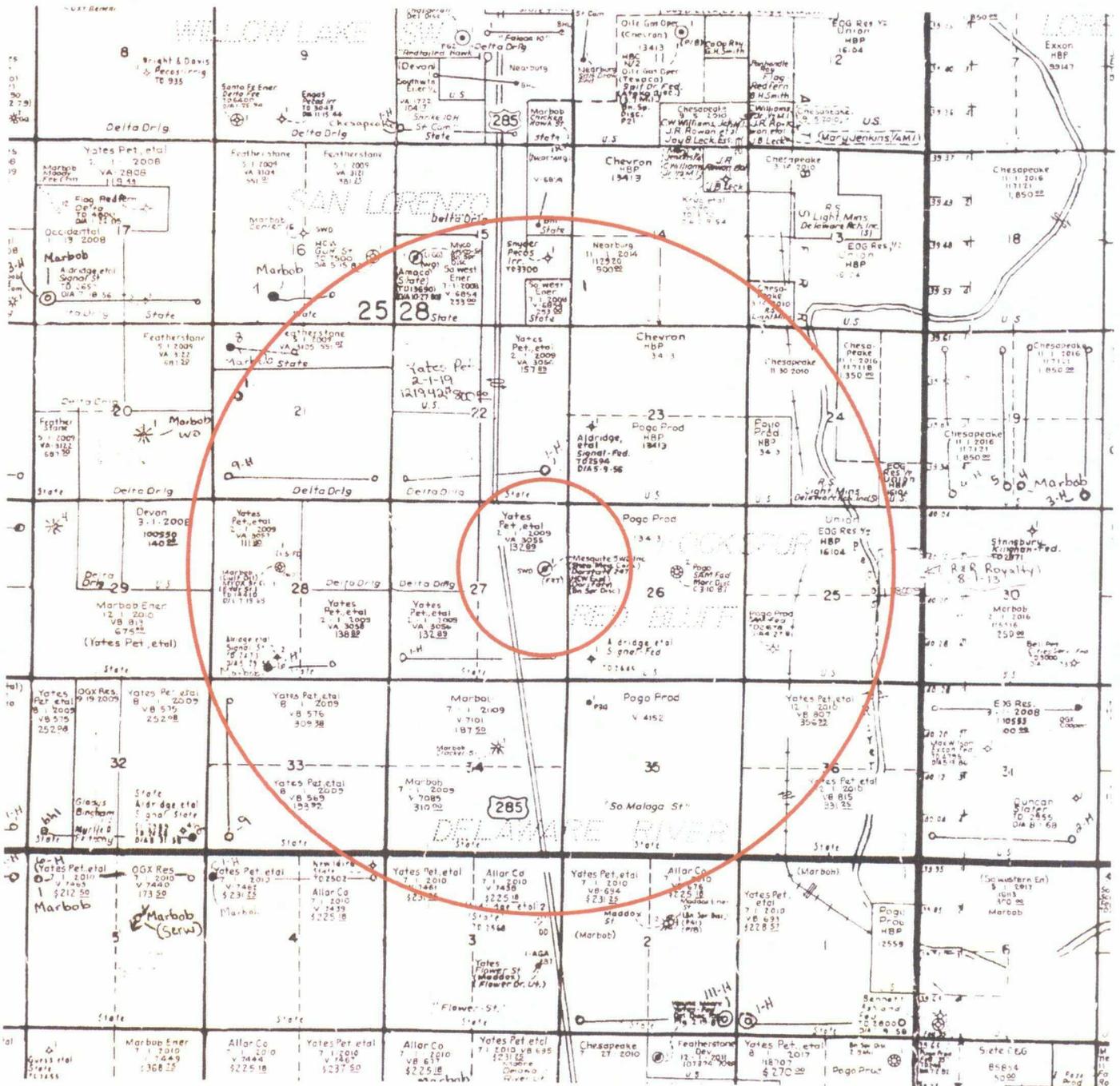
APPROVED BY Oil & Gas Inspector DATE DEC 7 1984

CONDITIONS OF APPROVAL, IF ANY:

Dorstate SWD No. 1
1980' FNL & 660' FEL
Sec. 27, T25S-R28E
Eddy County, NM

Item V:

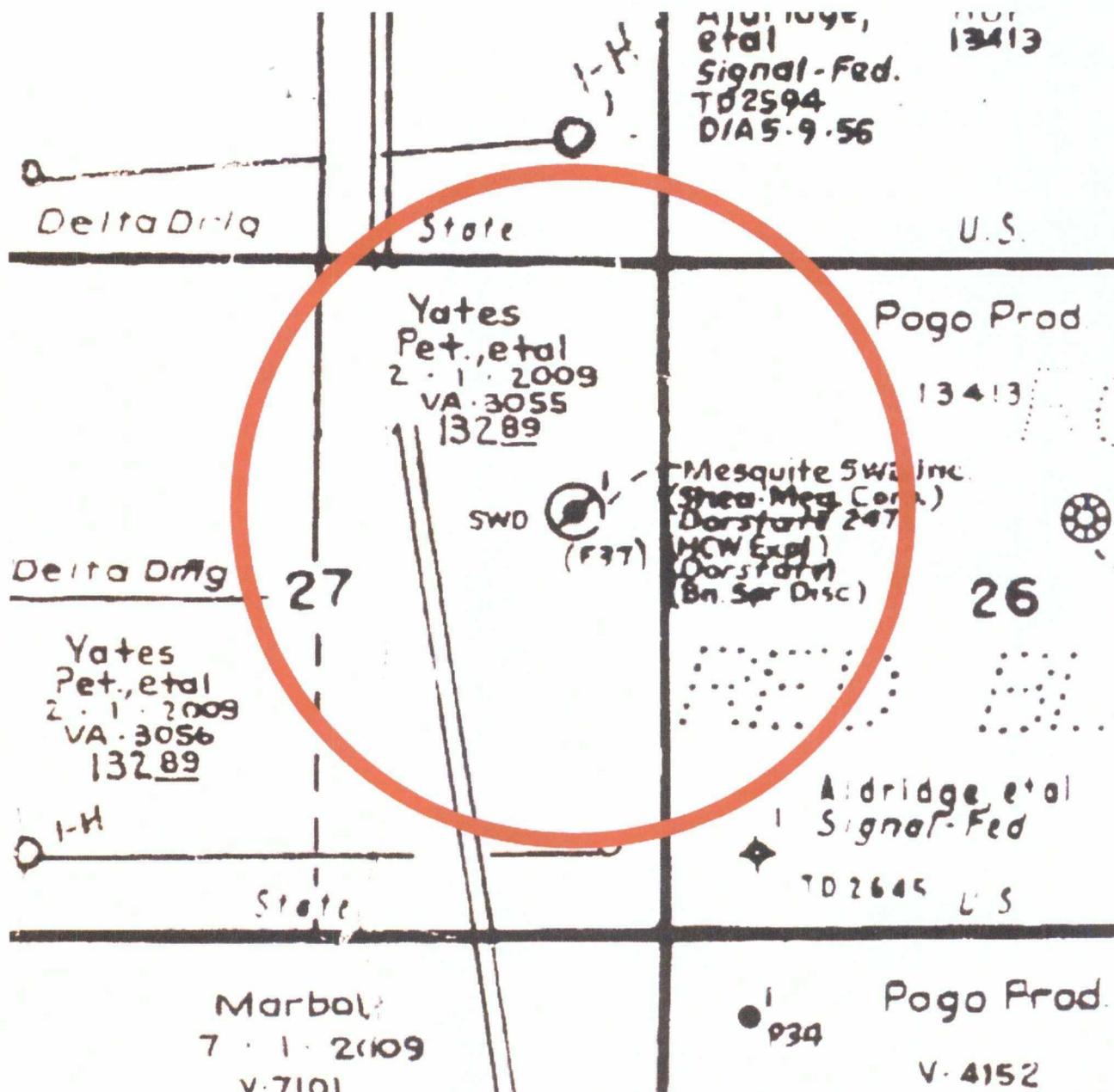
Area of Review
1/2 Mile AOR and 2 Mile Radius



Dorstate SWD No. 1
1980' FNL & 660' FEL
Sec. 27, T25S-R28E
Eddy County, NM

Enlarged Veiw of AOR
Centered in Unit H Sec. 27, T25S-R28E
Eddy Co., NM

Item V(a):



Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

Item VI: Data on wells in AOR.

All Known Wells in AOR

API	WELL NAME	STATUS	UNIT	SEC	TOWNS	RANGE	NS	EW	OPERATOR	LSND	SFUD DATE	PLUG DATE	ELEV-GL	TVE DEPTH	HIGH EST PERF
1	3001523728 Dorstate #1	SWD	H	27	25E	28E	1980-N	660-E	Mesquite SWD, Inc.	State	3/30/1981	Not P&A	2555	9000	5412

No other wells in AOR

Item VI(a): Construction of wells in the AOR:

- 30-015-23728 Mesquite SWD #1, H-Sec. 27-T25S-R28E 13-3/8" @ 433' w/550 sxs, circulated. 8-5/8" @ 2557' w/1700 sxs, circulated. TD 8000". 4-1/2" 8000' w/1050 sxs TOC 2316". Perf 7204'-7890', 6842'-7165', 6412-6770'. CIBP 6400' w/35' cement on top. CIBP 3350'. Perf 2919'-3138' w/37 holes. Squeezed Perfs 2919'-3138' on re-entry for Bone Springs SWD. DO CIBP 3350' and cement and CIBPs @ 6200' and 6400'. Completed as SWD in Bone Springs.

Target re-complete well.

Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

Item VII:

1. The maximum injected volume anticipated is 10,000 BWPD. Average anticipated is 8,000 BWPD.
2. Injection will be through a closed system.
3. Maximum injection pressure is expected to be 512 PSI.
4. Sources will be produced water from the surrounding region.
5. Water sample analysis Delaware Formation 30-015-29367 Sec. 1, T25S-R28E, Eddy Co. See figure from WATIS database below. This is the closest Delaware water sample available, approximately 359,300 ppm TDS.

NM WAIDS



Water Samples for Well HOPI FEDERAL 001
API = 3001529367
Formation = DEL
Field = WILLOW LAKE
Current Water Production Information

Instructions:

- Click For general information about this sample.
- Click For scale calculation pages (Stiff-Davis or Oddo Tomson methods).
- Click To select **this water sample** for water mixing. It will lead to the main page, and add the sample ID to the mixing table.
- Click **664** Click the hyperlinked sample number to make a .csv for that sample, or select several check boxes and click Submit for multiple samples
 The ions are in (mg/L) units.

	SampleID	T	R	S	SO4	CL	CO3	HCO3	K	Na	Ca	Mg
<input type="checkbox"/>	<u>5869</u>											
		25S	28E	01	84	221998	0	74	746	109024	25348	2749
<input type="checkbox"/> SELECT/DESELECT ALL												

Dorstate SWD No. 1
1980' FNL & 660' FEL
Sec. 27, T25S-R28E
Eddy County, NM

Item VIII:

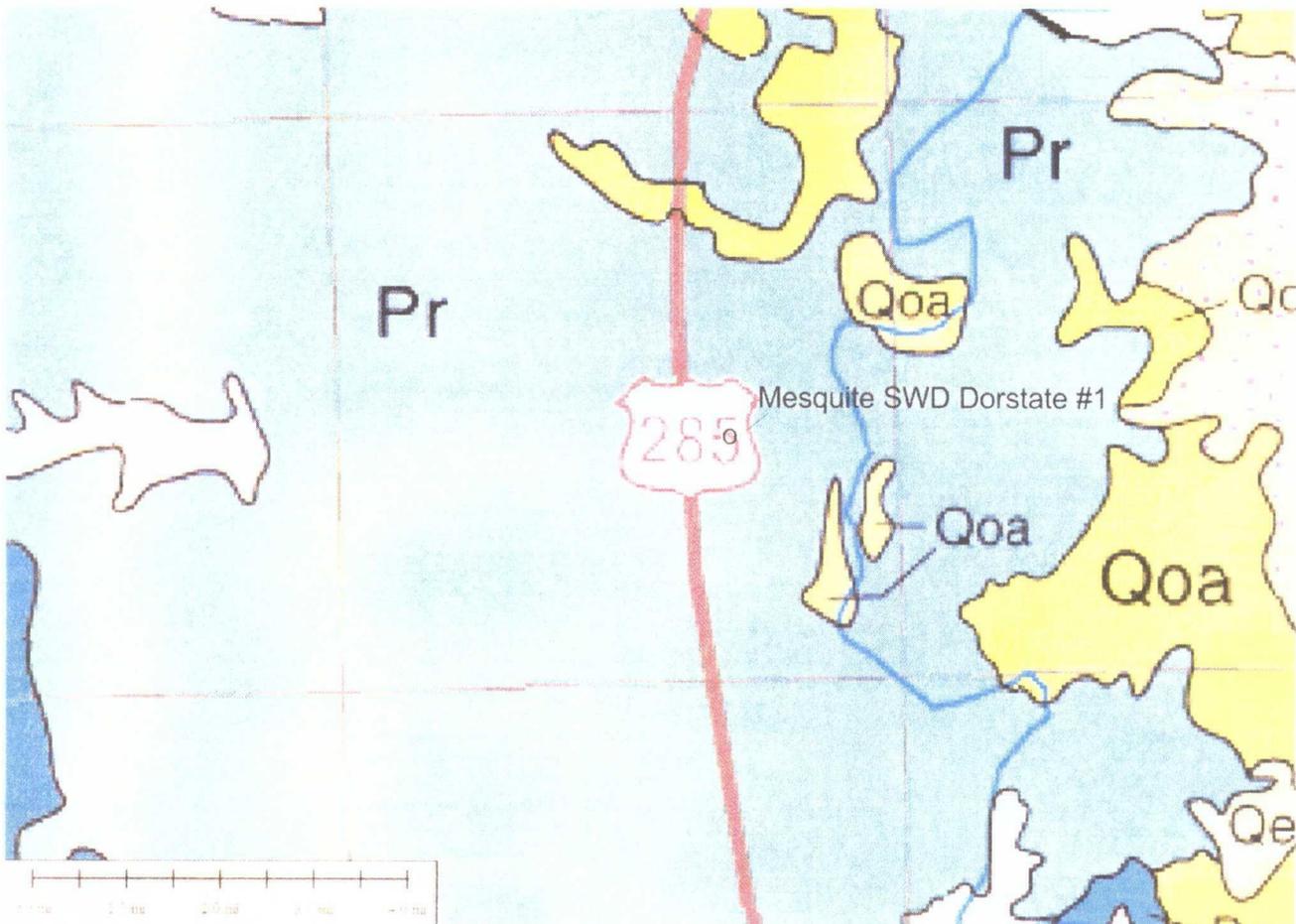
The injection formation will be the Delaware Mountain Group. The overall proposed injection interval will include the Bell Canyon Formation to approximately the uppermost 50 ft of the Cherry Canyon Formation. The group is comprised of intermixed sandstones, siltstones and clays.

Shallow potable groundwater in the township is sparse and basically restricted to thin Quaternary alluvial deposits shown in yellow on the map below. No potable groundwater is reported from the Rustler (Pr) Formation.

A shallow stock water well (C-1278) was permitted and drilled within the two-mile area shown in Item V, above and its probable location is shown in the Spot satellite image and topographic map below. This well is reported being in the SE/4 of SW/4, Sec. 28, T25S-R28E. The well is reported as being 205 ft deep with a depth to water of 90 ft.

A shallow stock water well (C-1453) is reported in Sec. 36, T25S-R28E with a well depth of 69 ft and a water level of 35 ft. The depth of the well and water level suggests it must be along Red Bluff Draw and close to its joining the Pecos River approximately 2,300' to the ESE.

One domestic well (C-1522) is reported in the NE/4 of Sec. 22, T25S-R28E. The probable location of the well is shown satellite/topo map. That location is approximately 5,000' north of the Mesquite SWD well. The OSE data shows the well is 150 ft deep, but has no additional information.



Dorstate SWD No. 1
1980' FNL & 660' FEL
Sec. 27, T25S-R28E
Eddy County, NM

The surface of the area included in the 2-mile radius, as shown in Item V above, and in the extracted portion of the New Mexico Bureau of Geology State Geological map (2003), shown below. Quaternary alluvium and valley fill deposited on Permian Rustler Formation (Pr) dominates most of the township. The top of the main anhydrite in the reentry well is found at 820 ft. The base of the evaporite sequence rests unconformably on the Lamar Limestone of the Delaware Mountain Group at 2582 ft.

Item IX:

Acid wash of new perforations in sand porosity zones between 2650 - 3500' may be attempted. No fracturing is planned.

Item X:

Original logs are on file with the OCD.

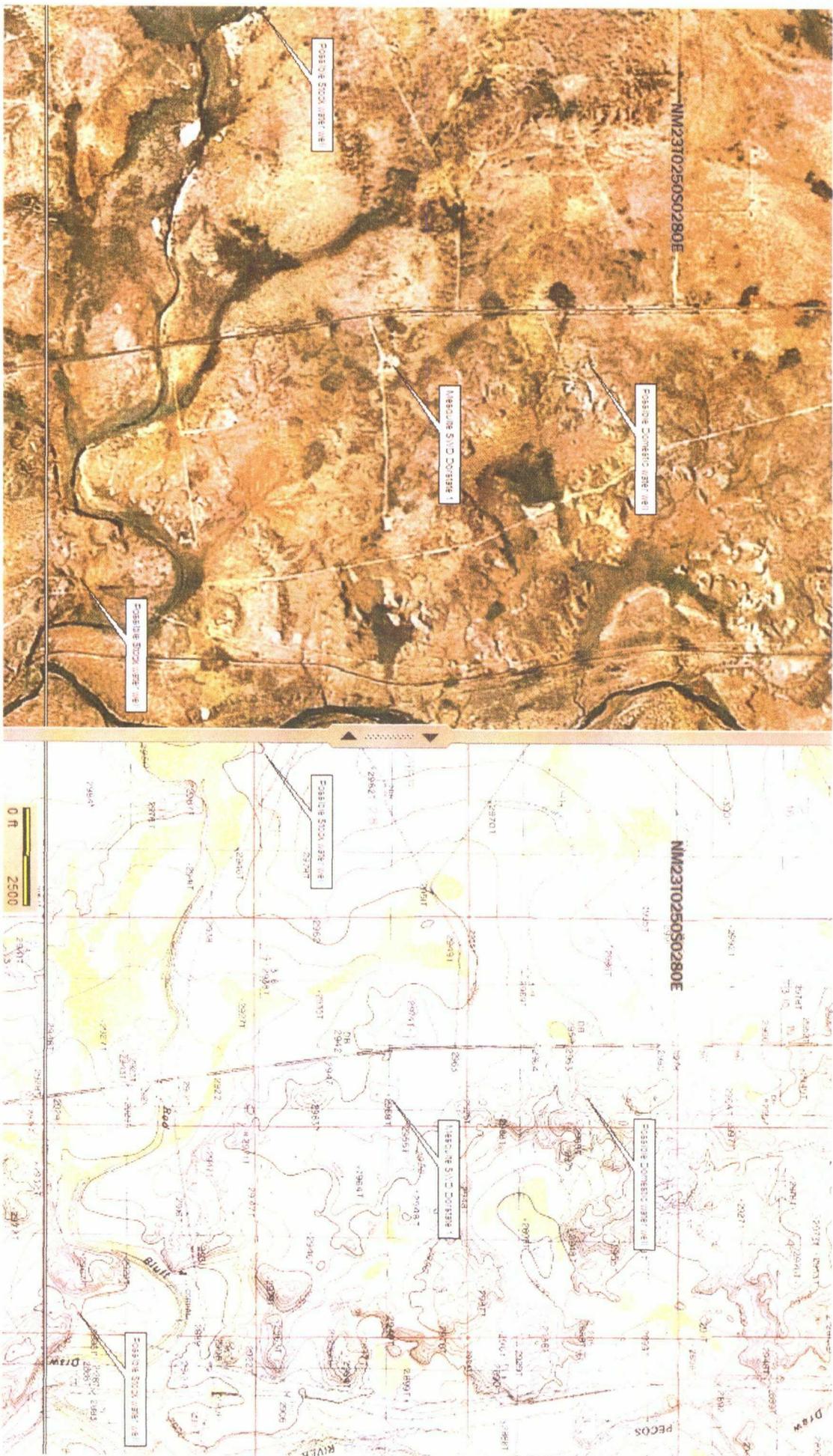
Item XI:

There are no known potable water aquifers in the greater area that obtain water from geological horizons equivalent to or beneath the surface formation at the Mesquite SWD, Inc. Dorstate #1 site. The only reported wells, discussed in Item VIII, above, are located in alluvial Quaternary deposits shown in the above regional geology map, or in ephemeral stream beds such as Red Bluff Draw. The Dorstate #1 is on Permian Rustler Formation that is essentially barren of potable aquifers in the greater area. There are no chemical analyses available. A topographic and Spot image for the probable locations of the OSE listed wells discussed in Item VIII is shown below.

Item XII:

There is no geological evidence of open faults nor hydrologic connection between the disposal zone and any possible underground sources of protectable water.

Dorstate SWD No. 1
1980' FNL & 660' FEL
Sec. 27, T25S-R28E
Eddy County, NM

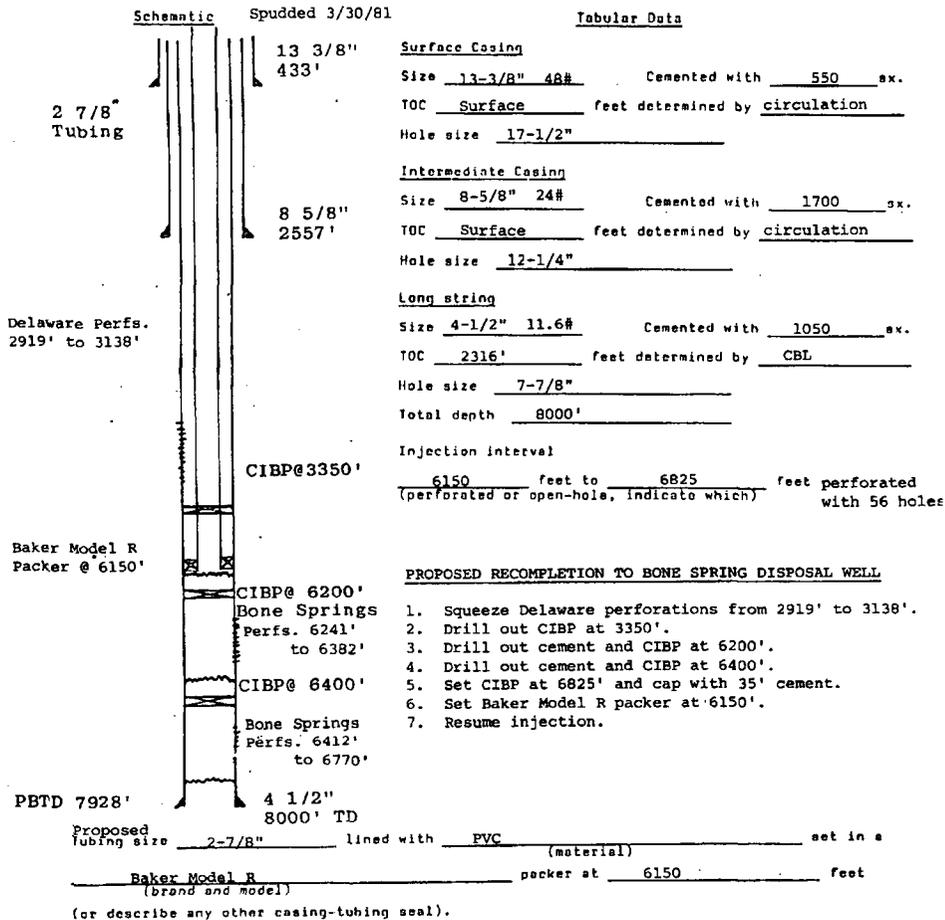


Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

Well diagram showing the subject well's construction submitted in C-108 approved as SWD-247 authorizing conversion from Delaware Sand disposal to Bone Springs disposal. There are no other wells in the 1/2 mile AOR. This application is essentially requesting a reversion to Delaware Mountain Group disposal and abandonment of and isolation of the Bone Springs Formation as the disposal area.

SECTION III ATTACHMENT
 INJECTION WELL DATA SHEET

FLUID WASTE, INC.		DORSTATE #1 SWD		
OPERATOR		LEASE		
1	1980' FNL & 660' FEL	27	25S	28E
WELL NO.	FOOTAGE LOCATION	SECTION	TOWNSHIP	RANGE



Tabular Data

Surface Casing
 Size 13-3/8" 48# Cemented with 550 ex.
 TOC Surface feet determined by circulation
 Hole size 17-1/2"

Intermediate Casing
 Size 8-5/8" 24# Cemented with 1700 ex.
 TOC Surface feet determined by circulation
 Hole size 12-1/4"

Long string
 Size 4-1/2" 11.6# Cemented with 1050 ex.
 TOC 2316' feet determined by CBL
 Hole size 7-7/8"
 Total depth 8000'

Injection interval
 6150 feet to 6825 feet perforated (perforated or open-hole, indicate which) with 56 holes

PROPOSED RECOMPLETION TO BONE SPRING DISPOSAL WELL

1. Squeeze Delaware perforations from 2919' to 3138'.
2. Drill out CIBP at 3350'.
3. Drill out cement and CIBP at 6200'.
4. Drill out cement and CIBP at 6400'.
5. Set CIBP at 6825' and cap with 35' cement.
6. Set Baker Model R packer at 6150'.
7. Resume injection.

Other Data

1. Name of the injection formation Bone Springs
2. Name of Field or Pool (if applicable) N/A
3. Is this a new well drilled for injection? Yes No
 If no, for what purpose was the well originally drilled? Bone Spring oil production
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used) Non-commercial Bone Spring 7204-7890', 6842-7165', 6412-6770', 6241-6382'. CIBP @ 6400' w/35' cement on top. CIBP @ 6200' w/35' cement on top. CIBP @ 3350'. Open Delaware perforations: 2919-3138' - 47 holes
5. Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area. None within well's area of review.

Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

WORKOVER AND COMPLETION DIAGRAM

API: 3001523728
 Operator: Mesquire SWD, Inc.
 Lease: Dorstate SWD
 Location: Sec 27, T25S-R28E Eddy Co., NM
 Footage: 1980 FNL, 2210 FEL
 1980 FNL, 660 FEL

Well No: 1

KB: 2990
 GL: 2968

Surface Csg

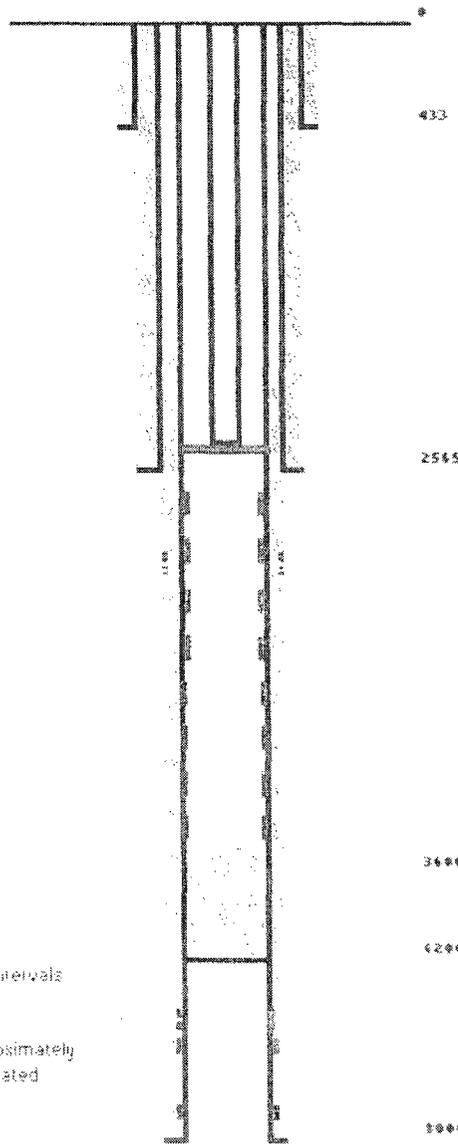
Size: 13-3/8" 48#
 Set @: 433
 Sys cmt: 550
 Circ: Yes
 TOC: Surface
 Hole Size: 17-1/2"

Intermediate Csg

Size: 8-5/8" 24#
 Set @: 2565
 Sys cmt: 1700
 Circ: Yes
 TOC: Surface
 Hole Size: 12-1/4"

Production Csg

Size: 4-1/2" 11.6#
 Set @: 3000'
 Sys cmt: 1050
 Circ: No
 TOC: 2318
 Hole Size: 7-5/8"



Rigup w/ BOP
 Unseat pkr and pull tubing

433

2565 2550' proposed 2-3/8" packer seat

Original perfs 2318'-3138' squeezed 10/25/84

3600

CO & circ hole to 3210 KB
 Set CIBF 6200' + cement to 3600'
 approx 200 bxs
 WOC overnight
 Tag cement, CO to 3600' POH

4200

Orig Perfs 6241'-6382' squeezed 10/23/84
 Perfs 6412'-6770'

6600

Perfs 7041'-7230'
 Total depth

After CO perf casing and acidize intervals
 selectively from 2582' to 3500'

Lok-Set packer in 4-1/2" csg approximately
 2550' on 2-3/8" upset IFC 1250 coated

Not to Scale

Dorstate SWD No. 1
1980' FNL & 660' FEL
Sec. 27, T25S-R28E
Eddy County, NM

Item XIII:

Notification List

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Surface Owner:

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Operators:

Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

Occidental USA, Inc.
Attn: Patrick Sparks
P.O. Box 4294
Houston, TX 77210-4294

Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

Affidavit of Publication

NO. 21156

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT being duly

sworn, says: That he is the PUBLISHER of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to 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 week/days on the same day as follows:

First Publication May 7, 2010
 Second Publication _____
 Third Publication _____
 Fourth Publication _____
 Fifth Publication _____

Subscribed and sworn to before me this 7 Day May 2010



OFFICIAL SEAL
 Jo Morgan
 NOTARY PUBLIC-STATE OF NEW MEXICO
 My commission expires: 9/16/2012

Jo Morgan
 Jo Morgan
 Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Legal Notice
 Mesquite SWD, Inc., c/o Kay Havenor, 200 W. 1st Street, Suite 747, Roswell, NM 88203, (575) 822-0283, is seeking approval from the New Mexico Oil Conservation Division to convert the Mesquite SWD, Inc., Dorstate SWD #1 well API: 30-015-23728, located 1980 feet from the north line and 660 feet from the east line of Section 27, T25S, R28E, Eddy County, N.M. from Bone Springs Formation commercial produced water disposal below 6200 ft to Delaware Mountain Group commercial produced disposal with a maximum depth of 3800 ft. The proposed disposal interval is the Delaware Mountain Group through 4-1/2" casing perforated from 2582 feet to 3500 feet. Mesquite SWD, Inc. plans to dispose of a maximum of 15,000 BWPD with a maximum pressure of 516 psi. Parties with questions regarding this proposal can contact Kay Havenor at the address or phone number above. Interested parties must file objections or requests for hearing within 15 days to the Oil Conservation Division: 1220 S. St. Francis Dr., Santa Fe, NM 87505. Published in the Artesia Daily Press, Artesia, N.M. May 7, 2010. Legal No. 21156

*2582 - 3500
 516 PST*

Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

Certified Mail Receipts

8900
 2810
 0001
 9041
 7668

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Total Postage & Fees	\$ 6.49	

Sent To *Occidental USA, Inc.*
 Street, Apt. No., or PO Box No. *P.O. Box 4294*
 City, State, ZIP+4 *Houston, TX 77210-4294*

PS Form 3800, August 2006 See Reverse for Instructions

TS92
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Total Postage & Fees	\$ 6.49	

Sent To *Yate Petroleum Corp.*
 Street, Apt. No., or PO Box No. *105 S. 4th St.*
 City, State, ZIP+4 *Artesia, NM 88210*

PS Form 3800, August 2006 See Reverse for Instructions

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 City, State, ZIP+4 *Santa Fe, NM 87504-1148*

PS Form 3800, August 2006 See Reverse for Instructions

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

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CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
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VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

May 10, 2010

*Yates also
Sent TMS TO
OCD 5/12/10...*

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

Re: Waiver
Mesquite SWD, Inc.
Dorstate SWD #1
Resignation of Diposal Interval

Gentlemen:

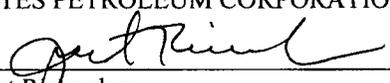
This letter is to advise that Yates Petroleum Corporation hereby waives objection to the application of Mesquite SWD, Inc. for authorization to redesignate the disposal interval in the Dorstate SWD Well No. 1 (API No. 30-015-23728) located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 27, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico. We request that you approve this application and to cease disposal in the Bone Spring formation and dispose of produced water only in the Delaware formation.

This waiver of objection is conditioned upon the amended Oil Conservation Division SWD order prohibiting future disposal in the Bone Spring formation.

If you need anything further please let us know.

Very truly yours,

YATES PETROLEUM CORPORATION


Janet Richardson
Assistant Land Manager

JR/pjb

cc: Dr. Kay Havenor

Jones, William V., EMNRD

From: Kay Havenor [khavenor@georesources.com]
Sent: Friday, May 07, 2010 10:08 AM
To: Jones, William V., EMNRD
Subject: Mesquite SWD-247

Good morning Will,

This is concerning SWD-247 - 30-015-23728 and the Yates filing for hearing to shut it down. This SWD has been going into the Bone Springs for some 20 years. As I mentioned previously, Mesquite and Yates have agreed that they should change the disposal interval from Bone Springs to upper Delaware - max depth 3600'. We anticipate waivers will be sent by both Yates and the other offset operator, Oxy. It is on State minerals/surface. The SLO advised yesterday that they will have no problem as long as it is in the same well. Publication in the Artesia newspaper is today. You suggested I give you a heads-up on the application being sent to you. The publication copy should be to me by Monday and otherwise the C-108 is complete and will be sent then.

No reply is really necessary, so for now, Thanks.

Kay

Kay C. Havenor, Ph.D., PG. CPG
GeoScience Technologies
200 West First Street, Suite 747
Roswell, NM 88203-4678
(575) 622-0283

Yates
OXY

OUT of Reef
OUT of Potash
State Surface
State Minerals
H) 21/255/28 E

State can DIV of int. vertically.
~~Fin. TOP~~

mineral
owners in UNIT F?



DV@394

1

Loas are in SYSTEM

Jones, William V., EMNRD

From: Kay Havenor [khavenor@georesources.com]
Sent: Tuesday, May 18, 2010 2:24 PM
To: Jones, William V., EMNRD
Subject: RE: Disposal application from Mesquite SWD Inc.: Dorstate SWD #1 30-015-23728 Amendment to SWD-247

Will,

Thanks for the email on the offset acreage. The Fed leases on the east, Sec. 23 and 26 are OXY holding and they were notified. As to Delta Drilling in NW of Sec 27, I was of the understanding that was Yates' acreage, but your email made me question that. Actually it is Chesapeake, and they were NOT notified. I am attempting to contact them at this time. I will have a copy of the C-108 in the mail today also. Yates and Oxy have no vertical separation. Thanks for the bond notice on the Clark.

Kay

At 11:41 AM 5/18/2010, you wrote:

Kay:
One thing I forgot to mention.
There is a "single well bond" required on the Clark SWD.
Please work with Dorothy Phillips to post this bond.

I cannot release without this being done....

Thank You

[Will Jones](#)
[Images Contacts](#)

From: Jones, William V., EMNRD
Sent: Tuesday, May 18, 2010 11:39 AM
To: 'Kay Havenor'
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal application from Mesquite SWD Inc.: Dorstate SWD #1 30-015-23728 Amendment to SWD-247

Hello Kay:
Received your C-108 application yesterday.
Looks good but a couple questions. Mostly on "notice" issues.

- a. The Feds own minerals in offsetting sections 23 and 26 within the Area of Review circle. Who has these leases? If any is not leased, please provide notice to the BLM or ask them for a waiver.
- b. As you can see, "POGO" and "Delta Drlg" are shown on your Midland Map in the Area of Review. Is this current? Who took over from them and were they noticed?
- c. Our records show Unit Letter "F" of Section 27 is Fee. Would you research and determine who owns a lease on this 40 acre tract if anyone?
- d. We are assuming there is no vertical separation of ownership in this area – please let me know if that is

+5/18/10

Release 6/3/10

6085:

Rule 5.9
Delay
UNTIL

6/9/10

correct?

If any additional parties need noticing, a waiver would enable this to be released next Monday.
If no additional parties need noticing, I may be able to release next Monday/Tuesday since your newspaper notice was posted 5/7/10.

Thank You,

Will Jones
Images Contacts

From: Kay Havenor [mailto:khavenor@georesources.com]
Sent: Friday, May 07, 2010 10:08 AM
To: Jones, William V., EMNRD
Subject: Mesquite SWD-247

Good morning Will,

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No reply is really necessary, so for now, Thanks.

Kay

Kay C. Havenor, Ph.D., PG. CPG
GeoScience Technologies
200 West First Street, Suite 747
Roswell, NM 88203-4678
(575) 622-0283

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Kay C. Havenor, Ph.D., PG. CPG
GeoScience Technologies
200 West First Street, Suite 747
Roswell, NM 88203-4678
(575) 622-0283

Dorstate SWD No. 1
 1980' FNL & 660' FEL
 Sec. 27, T25S-R28E
 Eddy County, NM

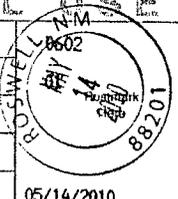
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05/14/2010

Sent To: OCD Engineering Bureau
 Street, Apt. No., or PO Box No.: 1220 S. St. Francis Dr.
 City, State, ZIP+4: Santa Fe, NM 87505

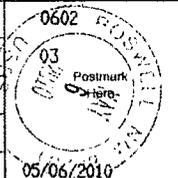
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Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.49	

05/06/2010

Sent To: Nm State Land Office
 Street, Apt. No., or PO Box No.: P.O. B. 1148
 City, State, ZIP+4: Santa Fe, NM 87504-1148

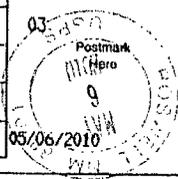
PS Form 3800, August 2006 See Reverse for Instructions

7008 2810 0001 9041 7651

U.S. Postal ServiceTM
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 (Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE
 ARTESIA NM 88210

Postage	\$ 1.39	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.49	

05/06/2010

Sent To: Yate Petroleum Corp.
 Street, Apt. No., or PO Box No.: 105 S. 4th St.
 City, State, ZIP+4: Artesia, NM 88210

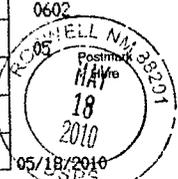
PS Form 3800, August 2006 See Reverse for Instructions

7009 1410 0001 2564 5001

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OFFICIAL USE
 OKLAHOMA CITY OK 73154

Postage	\$ 5.05	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 10.15	

05/18/2010

Sent To: Chesapeake Energy
 Street, Apt. No., or PO Box No.: P.O. Box 18496
 City, State, ZIP+4: Oklahoma City, OK 73154

PS Form 3800, August 2006 See Reverse for Instructions

Jones, William V., EMNRD

From: Kay Havenor [khavenor@georesources.com]
Sent: Tuesday, May 18, 2010 2:24 PM
To: Jones, William V., EMNRD
Subject: RE: Disposal application from Mesquite SWD Inc.: Dorstate SWD #1 30-015-23728 Amendment to SWD-247

Will,

Thanks for the email on the offset acreage. The Fed leases on the east, Sec. 23 and 26 are OXY holding and they were notified. As to Delta Drilling in NW of Sec 27, I was of the understanding that was Yates' acreage, but your email made me question that. Actually it is Chesapeake, and they were NOT notified. I am attempting to contact them at this time. I will have a copy of the C-108 in the mail today also. Yates and Oxy have no vertical separation. Thanks for the bond notice on the Clark.

Kay

At 11:41 AM 5/18/2010, you wrote:

Kay:
One thing I forgot to mention.
There is a "single well bond" required on the Clark SWD.
Please work with Dorothy Phillips to post this bond.

I cannot release without this being done....

Thank You

[Will Jones](#)
[Images](#) [Contacts](#)

From: Jones, William V., EMNRD
Sent: Tuesday, May 18, 2010 11:39 AM
To: 'Kay Havenor'
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal application from Mesquite SWD Inc.: Dorstate SWD #1 30-015-23728 Amendment to SWD-247

Hello Kay:
Received your C-108 application yesterday.
Looks good but a couple questions. Mostly on "notice" issues.

- a. The Feds own minerals in offsetting sections 23 and 26 within the Area of Review circle. Who has these leases? If any is not leased, please provide notice to the BLM or ask them for a waiver.
- b. As you can see, "POGO" and "Delta Drlg" are shown on your Midland Map in the Area of Review. Is this current? Who took over from them and were they noticed?
- c. Our records show Unit Letter "F" of Section 27 is Fee. Would you research and determine who owns a lease on this 40 acre tract if anyone?
- d. We are assuming there is no vertical separation of ownership in this area – please let me know if that is

correct?

If any additional parties need noticing, a waiver would enable this to be released next Monday.
If no additional parties need noticing, I may be able to release next Monday/Tuesday since your newspaper notice was posted 5/7/10.

Thank You,

Will Jones
Images Contacts

From: Kay Havenor [mailto:khavenor@georesources.com]
Sent: Friday, May 07, 2010 10:08 AM
To: Jones, William V., EMNRD
Subject: Mesquite SWD-247

Good morning Will,

This is concerning SWD-247 - 30-015-23728 and the Yates filing for hearing to shut it down. This SWD has been going into the Bone Springs for some 20 years. As I mentioned previously, Mesquite and Yates have agreed that they should change the disposal interval from Bone Springs to upper Delaware - max depth 3600'. We anticipate waivers will be sent by both Yates and the other offset operator, Oxy. It is on State minerals/surface. The SLO advised yesterday that they will have no problem as long as it is in the same well. Publication in the Artesia newspaper is today. You suggested I give you a heads-up on the application being sent to you. The publication copy should be to me by Monday and otherwise the C-108 is complete and will be sent then.

No reply is really necessary, so for now, Thanks.

Kay

Kay C. Havenor, Ph.D., PG. CPG
GeoScience Technologies
200 West First Street, Suite 747
Roswell, NM 88203-4678
(575) 622-0283

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200 West First Street, Suite 747
Roswell, NM 88203-4678
(575) 622-0283

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, May 18, 2010 11:41 AM
To: 'Kay Havenor'
Cc: Ezeanyim, Richard, EMNRD; Phillips, Dorothy, EMNRD
Subject: RE: Disposal application from Mesquite SWD Inc.: Dorstate SWD #1 30-015-23728 Amendment to SWD-247

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One thing I forgot to mention.

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[Images](#) [Contacts](#)

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Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Friday, June 04, 2010 1:59 PM
To: 'Kay Havenor'
Cc: Phillips, Dorothy, EMNRD; Ezeanyim, Richard, EMNRD; Macquesten, Gail, EMNRD
Subject: Disposal application from Mesquite SWD, Inc.: Dorstate SWD #1 30-015-23728 Bell Canyon

Hello Kay:

The 15 days have elapsed with no evidence of protest from Chesapeake. I looked over the pending hearing and it seems to be only focused on the Bone Spring disposal interval and not on this permit application to use this well for Bell Canyon disposal.

I have this SWD permit ready to release but noticed that the Clarke well still is lacking a single well bond.

<http://www.emnrd.state.nm.us/OCD/OCDPermitting/Report/Stats/InactiveWellFinancialAssuranceReport.aspx?Operator=161968>

Please ask your client to work with Dorothy Phillips on this easy fix.

I will hold until Dorothy notifies me all is OK...

Regards,

Will Jones
New Mexico
Oil Conservation Division
[Images](#) [Contacts](#)

From: Kay Havenor [mailto:khavenor@georesources.com]
Sent: Thursday, June 03, 2010 3:16 PM
To: Jones, William V., EMNRD
Subject: RE: Dorstate 3001523728

Will,

Attached is a PDF of the copy provided by Yates to me which I took to be a solution to the Dorstate - Yates problem. Mesquite has obliged Yates and ceased disposal about the date of their letter. Also attached is a copy of the certified mail receipts.

Thanks.

Kay

At 02:54 PM 6/3/2010, you wrote:

Hello Kay:

They have not sent anything to me.

There is a case still on the Docket for this well for next Thursday's Examiner hearing – I assume it will be dismissed. However, Chesapeake may be thinking of appearing at that? I have not looked in the Case file to see if they entered an appearance.

Please send the Proof of Notice to Chesapeake for my file.

Thank You,

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

From: Kay Havenor [mailto:khavenor@georesources.com]
Sent: Thursday, June 03, 2010 2:51 PM
To: Jones, William V., EMNRD
Subject: Dorstate 3001523728

Will,

On Mesquite's Dorstate Chesapeake was not notified until May 18th. Curious to know if they have registered a protest.

Kay

Kay C. Havenor, Ph.D., PG. CPG
GeoScience Technologies
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GeoScience Technologies
200 West First Street, Suite 747
Roswell, NM 88203-4678
(575) 622-0283

Jones, William V., EMNRD

From: Phillips, Dorothy, EMNRD
Sent: Monday, June 07, 2010 11:10 AM
To: Jones, William V., EMNRD
Subject: FW: Mesquite SWD

Will, I will let you know tomorrow if it falls off the financial assurance list. Louise said she had corrected it to active status and because she did it today it will not reflect until tomorrow morning.

From: Montague, Louise, EMNRD
Sent: Monday, June 07, 2010 9:35 AM
To: Phillips, Dorothy, EMNRD
Subject: RE: Mesquite SWD

Good Morning Dorothy!
I think I have it ready to go now. If it does not fall off the list let me know.
I have it as a re-entry with 40 areas dedicated.

Louise Montague

From: Phillips, Dorothy, EMNRD
Sent: Monday, June 07, 2010 8:57 AM
To: Montague, Louise, EMNRD
Subject: Mesquite SWD

Louise, a Mesquite SWD just called and said they spoke with Randy Dade on Friday regarding this well 30-015-24305 Clarke SWD No. 1 and that additional bonding should not be required. It is still showing up on the financial assurance report so could you speak with Randy and if he agrees that additional bonding is not required see how you can take it off so that William Jones will approve an APD that is pending?

Here is a copy of the e-mail sent to Mesquite from William Jones:

Hello Kay:

The 15 days have elapsed with no evidence of protest from Chesapeake. I looked over the pending hearing and it seems to be only focused on the Bone Spring disposal interval and not on this permit application to use this well for Bell Canyon disposal.

I have this SWD permit ready to release but noticed that the Clarke well still is lacking a single well bond.

<http://www.emnrd.state.nm.us/OCD/OCDPermitting/Report/Stats/InactiveWellFinancialAssuranceReport.aspx?Operator=161968>

Please ask your client to work with Dorothy Phillips on this easy fix.

I will hold until Dorothy notifies me all is OK...

Regards,

Will Jones

Jones, William V., EMNRD

From: Kay Havenor [khavenor@georesources.com]
Sent: Friday, June 04, 2010 5:59 PM
To: Jones, William V., EMNRD
Subject: Re: Disposal application from Mesquite SWD, Inc.: Dorstate SWD #1 30-015-23728 Bell Canyon
Attachments: C-108 corrected p-14.pdf

Will,

I just recalled the events on the Clark well bond. After discussion with Dorothy Phillips about the need for a bond on the Clark well, it was determined that the problem was that the OCD bond records failed to recognize that the original Wayne Moore #1 Clark API 30-015-24305 was properly P&A 8/21/1990. Dorothy advised that Artesia would need to make the correction. I immediately called Randy Dade, Artesia Supervisor, and discussed the problem. During our conversation he looked-up the records and indicated that the P&A had occurred, was properly filed, and the active status of the well was not changed. He advised me that as we were speaking he was correcting the record. This then should have solved the need for a single well bond -- at least until the Clark #1 actually becomes a completed SWD.

In preparation for well workover of the Dorstate well I noted that the C-108 page 14 (workover and completion diagram) has an incorrect footage for the well location. Attached, should you wish, is a hand-correction to the correct footage. I would redo it neatly, but due to a system failure last month I lost the original of diagram.

Kay

Will,

I thought the Clark well bond had been taken care of, but obviously not yet. We get that puppy moving!
Thanks.

Kay

At 01:59 PM 6/4/2010, you wrote:

Hello Kay:

The 15 days have elapsed with no evidence of protest from Chesapeake. I looked over the pending hearing and it seems to be only focused on the Bone Spring disposal interval and not on this permit application to use this well for Bell Canyon disposal.

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New Mexico
Oil Conservation Division
Images Contacts

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Subject: RE: Dorstate 3001523728

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Thank You,

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

From: Kay Havenor [mailto:khavenor@georesources.com]
Sent: Thursday, June 03, 2010 2:51 PM
To: Jones, William V., EMNRD
Subject: Dorstate 3001523728

Will,

On Mesquite's Dorstate Chesapeake was not notified until May 18th. Curious to know if they have registered a protest.

Jones, William V., EMNRD

From: Phillips, Dorothy, EMNRD
Sent: Tuesday, June 22, 2010 2:57 PM
To: Jones, William V., EMNRD
Subject: FW: 30-015-24305

Will, Jane fixed it. Mesquite will be okay on financial assurance and are okay on Rule 5.9. So you can approve your permit. They should fall off tomorrow morning. See her e-mail below. You might want to let Kay know. Thanks They aren't doing a change of operator correct? You just were going to approve a permit?

From: Prouty, Jane, EMNRD
Sent: Tuesday, June 22, 2010 2:36 PM
To: Phillips, Dorothy, EMNRD
Cc: Kay Havenor
Subject: 30-015-24305

Based on the well file, this well has not yet been drilled for re-entry so I set the well back to plugged. That will take it off the financial assurance report as requiring additional bonding. This will allow you to approve the change of operator on the other well.

Once drilling begins on this well, the well will go out of plugged status and this issue will resurface until the well shows injection. Our system allows a reasonable timeframe for re-entries, but this well was a re-entry in 1983 so that timeframe is up.

Injection Permit Checklist (03/15/2010)

6/22/10

(A/M/J)

Case SWD 247-A R- WFX PMX IPI Permit Date 6/22/10 UIC Qt (A/M/J)

Wells 1 Well Name: DORSTATA #1

API Num: (30-) 015-23728 Spud Date: 4/19/81 New/Old: 0 (UIC primacy March 7, 1982)

Footages 198 FNL/660 FEL Unit H Sec 27 Tsp 255 Rge 28E County EDDY

Operator: MESQUITE SWD, INC Contact Kay Hammer

OGRID: 161968 RULE 5.9 Compliance (Wells) 2/19 (Finan Assur) X IS 5.9 OK? OK

Operator Address: PO BOX 1478, Corralled, NM 88221

Current Status: Bone SPRING SWD

Planned Work to Well: Recomplete to D.M.G. SWD Planned Tubing Size/Depth: 2 3/8 @ 2350'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing Surface	17 1/2 13 5/8	428	100+450	CIRC
Existing Intermediate	12 1/4 8 5/8	2557	1500+200	CIRC
Existing Long String	7 1/8 4 1/2	7997'	300+200/300+200	2350' to CBL

DV Tool 3394' timer Open Hole Total Depth 8000'

Well File Reviewed ✓

Diagrams: Before Conversion ✓ After Conversion ✓ Elogs in Imaging File: CBL (3,500'-250') ✓

Intervals:	Depths	Formation	Producing (Yes/No)	GENERAL LOCATION
Above (Name and Top)				
Above (Name and Top)	<u>2582'</u>	<u>Lamar LS.</u>		
Injection.....				<u>516 PSI Max. WHIP</u>
Interval TOP:	<u>2582</u>	<u>Ball C.</u>		
Injection.....				<u>Open Hole (Y/N)</u>
Interval BOTTOM:	<u>3500</u>	<u>UPPER Cherry C.</u>		
Below (Name and Top)				<u>Deviated Hole?</u>

Sensitive Areas: Capitan Reef Cliff House Salt Depths 1776'-2362'

... Potash Area (R-111-P) Noticed?

Fresh Water: Depths: 90'-205' Wells PAL only Analysis? NO Affirmative Statement ✓

Disposal Fluid Sources: Analysis?

Disposal Interval Production Potential/Testing/Analysis Analysis: 3126-38 (DRY Well) 3066-3084 DRY 2919-3138 Total

Notice: Newspaper (Y/N) ✓ Surface Owner SLO Mineral Owner(s) SLO

RULE 26.7(A) Affected Parties: Water waiver (Pogo/Roba DRIG?) OXY

Area of Review: Adequate Map (Y/N) ✓ and Well List (Y/N) ✓

Active Wells 0 Num Repairs — Producing in Injection Interval in AOR —

..P&A Wells 0 Num Repairs — All Wellbore Diagrams Included? —

Questions/Required Work:

PB TO WITHIN 200'
Fed 5 in 23 926 — Lound 3
UNIT "E" = Fee who is Lessee?

Request Sent ✓ Reply: ✓

Request Sent — Reply: —

Request Sent — Reply: —

Redacted

2582
5164

5/7/10