

DATE IN <u>11.17.10</u>	SUSPENSE	ENGINEER <u>WJG</u>	LOGGED IN <u>11.17.10</u>	TYPE <u>SWD</u>	APP NO. <u>1032131253</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



DTGW
1258
 Read & Stevens
 18917
 Allied State #1

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-20950

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]

Eddy

[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 _____

FAA Regulation?

[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

*Drilled in 1973
 narrow gas*

*Perfs
 2750'-3600'*

550psi

[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>David Luna</u> Print or Type Name	<u>David Luna</u> Signature	<u>Operations Manager</u> Title	<u>11/05/2010</u> Date
		<u>dluna@read-stevens.com</u> e-mail Address	

READ & STEVENS, INC.
OIL PRODUCERS

Mailing address
P. O. Box 1518
Roswell, New Mexico 88202

400 Penn Plaza, Suite 1000
Roswell, New Mexico 88201

Phone: 575/622-3770
Fax: 575/622-8643

November 15, 2010

CERTIFIED MAIL #7006 2150 0001 7527 1282
RETURN RECEIPT REQUESTED

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

RE: Application For Permit to Convert to Salt Water Disposal
Allied State #1 SWD
1980' FSL & 990' FEL
Section 10, T23S-R26E
Eddy County, NM

RECEIVED OCD
2010 NOV 16 P 3:54

Ladies & Gentlemen:

Enclosed is our application for administrative approval to authorize salt water disposal into the subject well. The landowner and offset operator have received a copy of the application as evidenced by the certified mail receipts enclosed.

If you should have any questions, please advise.

Sincerely,

READ & STEVENS, INC.



David Luna
Operations Manager

kb/word/allied state #1 documents

Original: OCD Santa Fe & 1 xc
Xc: OCD Artesia
Bob Watson
David Luna
Well File

November 6, 2010

Reed & Stevens, Inc.
400 Penn Plaza, Suite
1000, Roswell, NM
88201, Attn: David
Luna, Operations
Manager, Phone
#575-622-3770, proposes
to convert the Allied
State #1 well from a
plugged and abandon-
ed well to a pro-
duced water disposal
well. The Allied State
#1 well is located
1980' E.S.L. & 990'
F.E.L. Section 10,
T23S-R26E, Eddy
County, NM.

The maximum pro-
posed rate of injec-
tion is 1800 barrels of
water per day and
the maximum pro-
posed injection pres-
sure is 650 psi. Water
will be disposed of in-
to the Delaware for-
mation at a depth of
2,750' to 3,660'.

Interested parties
must file objections
or request a hearing
with the New Mexico
Oil Conservation Di-
vision, 1220 South St.
Francis Drive, Santa
Fe, NM 87505, within
15 days.

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Kathy McCarroll, being first duly sworn,
on oath says:

That she is the Classified Supervisor of the
Carlsbad Current-Argus, a newspaper
published daily at the City of Carlsbad, in
said county of Eddy, state of New Mexico
and of general paid circulation in said county;
that the same is a duly qualified newspaper
under the laws of the State wherein legal
notices and advertisements may be
published; that the printed notice attached
hereto was published in the regular and
entire edition of said newspaper and not in
supplement thereof on the date as follows, to
wit:

November 6 2010

That the cost of publication is **\$47.25** and that
payment thereof has been made and will be
assessed as court costs.

Kathy McCarroll

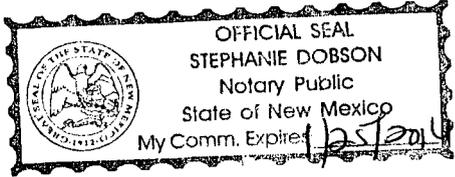
Subscribed and sworn to before me this

9th day of November, 2010

Stephanie Dobson

My commission Expires on 1/25/2014

Notary Public



SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

 State of New Mexico
 Commissioner of Public Lands
 310 Old Santa Fe Trail
 Santa Fe, NM 87504-1148

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) _____ C. Date of Delivery _____

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

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

4. Restricted Delivery? (Extra Fee) Yes

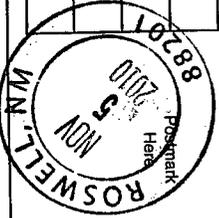
2. Article Number (Transfer from service label) **7006 2150 0001 7527 1299**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7006 2150 0001 7527 1299

Sent to
 State of New Mexico
 Commissioner of Public Lands
 Street, Apt. No. or PO Box No. 310 Old Santa Fe Trail
 City, State, ZIP+4 Santa Fe, NM 87504-1148
 PS Form 3800, August 2006 See Reverse for Instructions

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



U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com
OFFICIAL USE

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

COG Operating, LLC
 550 W. Texas, Suite 1300
 Midland, TX 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
 X *[Signature]*

B. Received by (Printed Name) *[Signature]* C. Date of Delivery *11/16*

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

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

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7008 1140 0001 4143 9696**

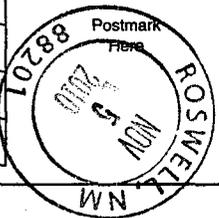
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

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

OFFICIAL USE

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



Sent To
 COG Operating, LLC
 Street, Apt. No., or PO Box No. 550 W. Texas, Suite 1300
 City, State, ZIP+4
 Midland, TX 79701

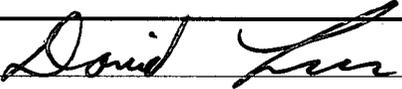
PS Form 3800 August 2006 See Reverse for Instructions

7008 1140 0001 4143 9696

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? _____ X Yes _____ No
- II. OPERATOR: Read & Stevens, Inc.
ADDRESS: P. O. Box 1518, Roswell, NM 88202-1518
CONTACT PARTY: David Luna PHONE: 575-622-3770 x 305
- 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: David Luna TITLE: Operations Manager

SIGNATURE:  DATE: 11/05/2010

E-MAIL ADDRESS: dluna@read-stevens.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: _____

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

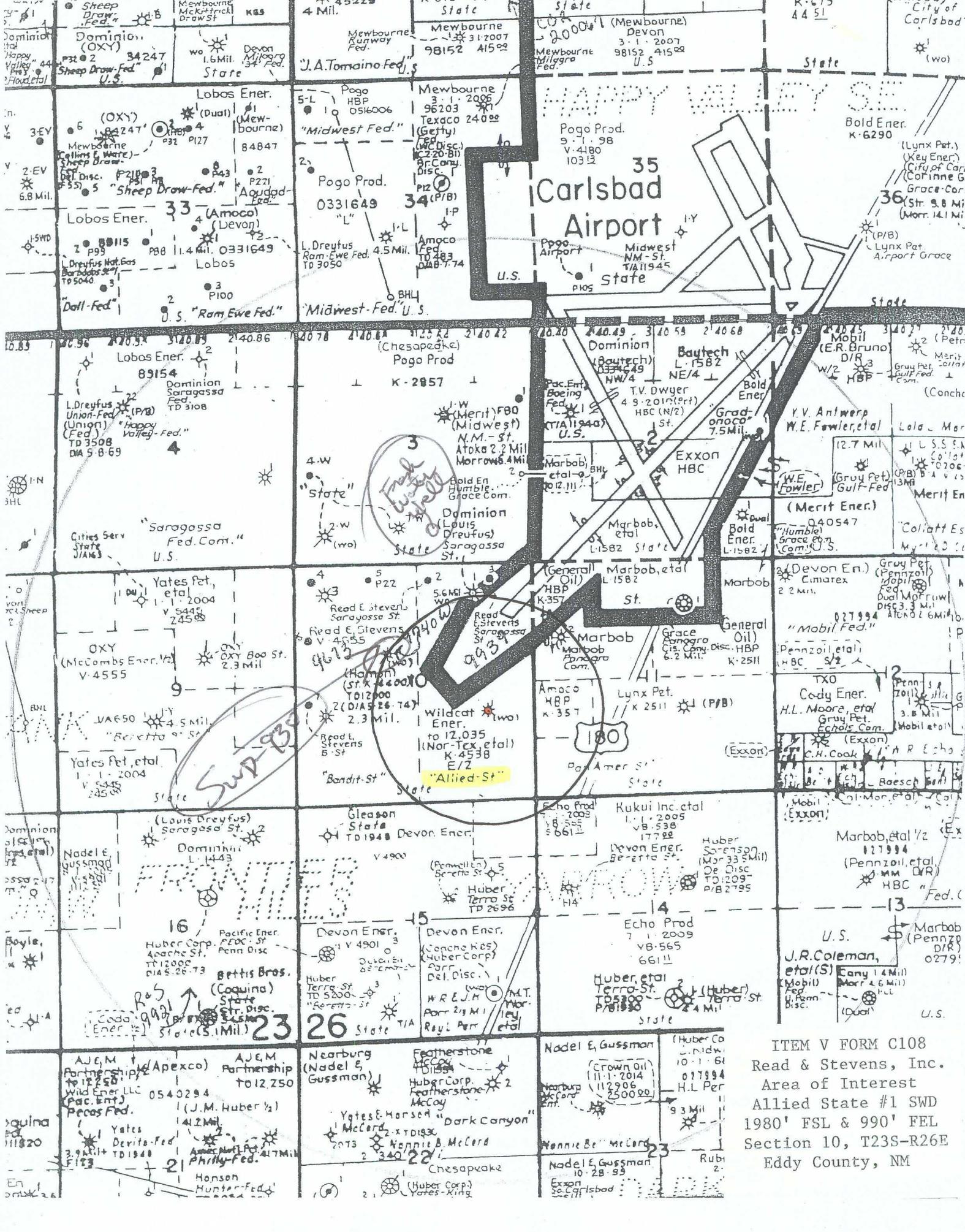
All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

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.



ITEM V FORM C108
 Read & Stevens, Inc.
 Area of Interest
 Allied State #1 SWD
 1980' FSL & 990' FEL
 Section 10, T23S-R26E
 Eddy County, NM

INJECTION WELL DATA SHEET

OPERATOR: Read & Stevens, Inc.

WELL NAME & NUMBER: Allied State #1 SWD

WELL LOCATION: 1980' FSL & 990' FEL
FOOTAGE LOCATION

UNIT LETTER I

SECTION 10

TOWNSHIP 23S

RANGE 26E

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA
Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8"

Cemented with: 400 sx. or ft³

Top of Cement: 0 (Surface) Method Determined: Circ

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 8 5/8"

Cemented with: 820 sx. or ft³

Top of Cement: 1800' Method Determined: Calculated

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2"

Cemented with: 640 sx. or ft³

Top of Cement: 9000' Method Determined: Temp Surv.

Total Depth: 11,935'

Injection Interval

Perforated 2,750' feet to 3,660'

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Fiberglass Lining Material: Fiberglass

Type of Packer: 5 1/2" Nickle Plated lok-set stationary packer

Packer Setting Depth: 2.700'

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? Morrow Gas

2. Name of the Injection Formation: Delaware

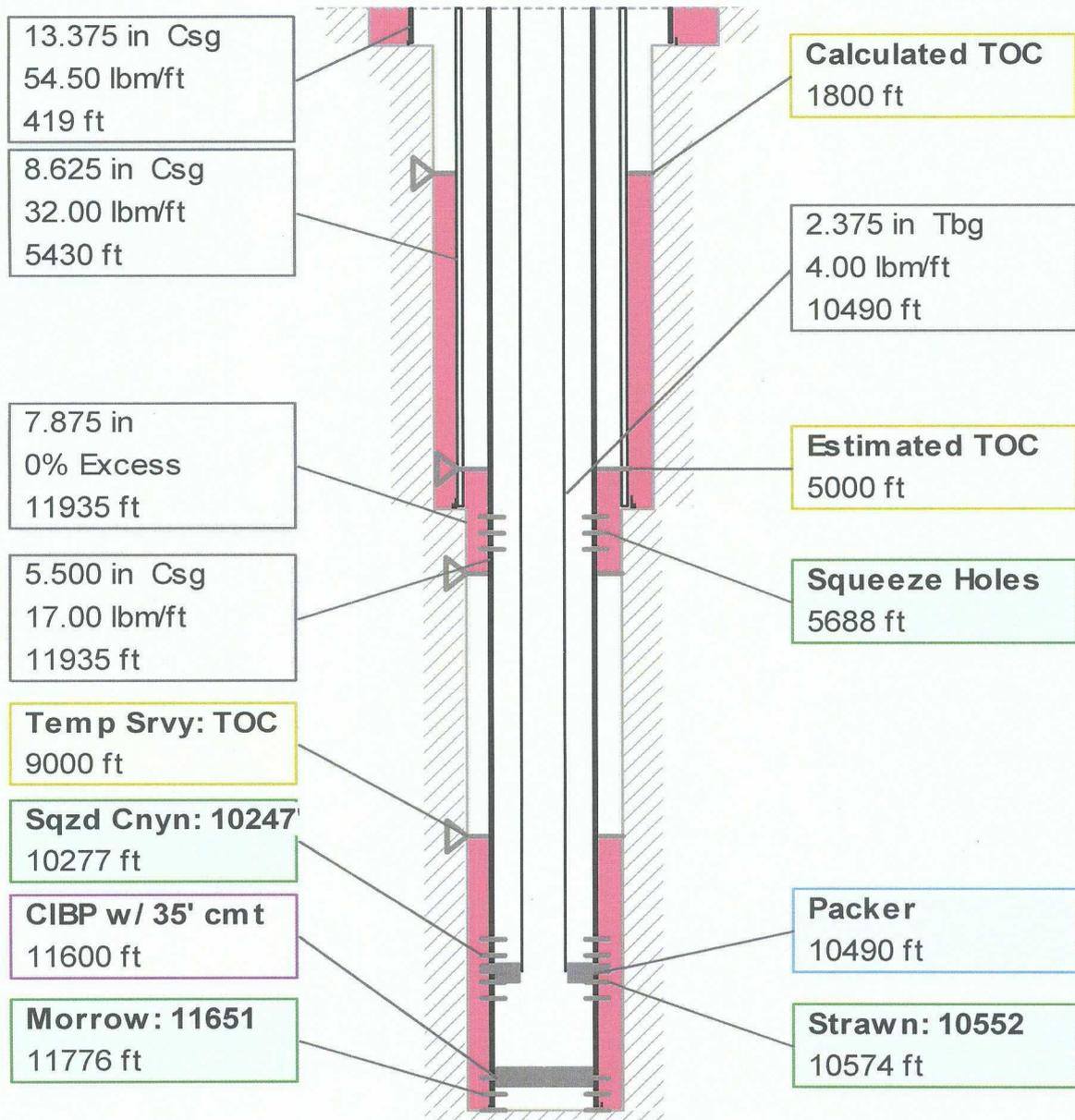
3. Name of Field or Pool (if applicable): Happy Valley

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. Morrow: 11,651' - 776'

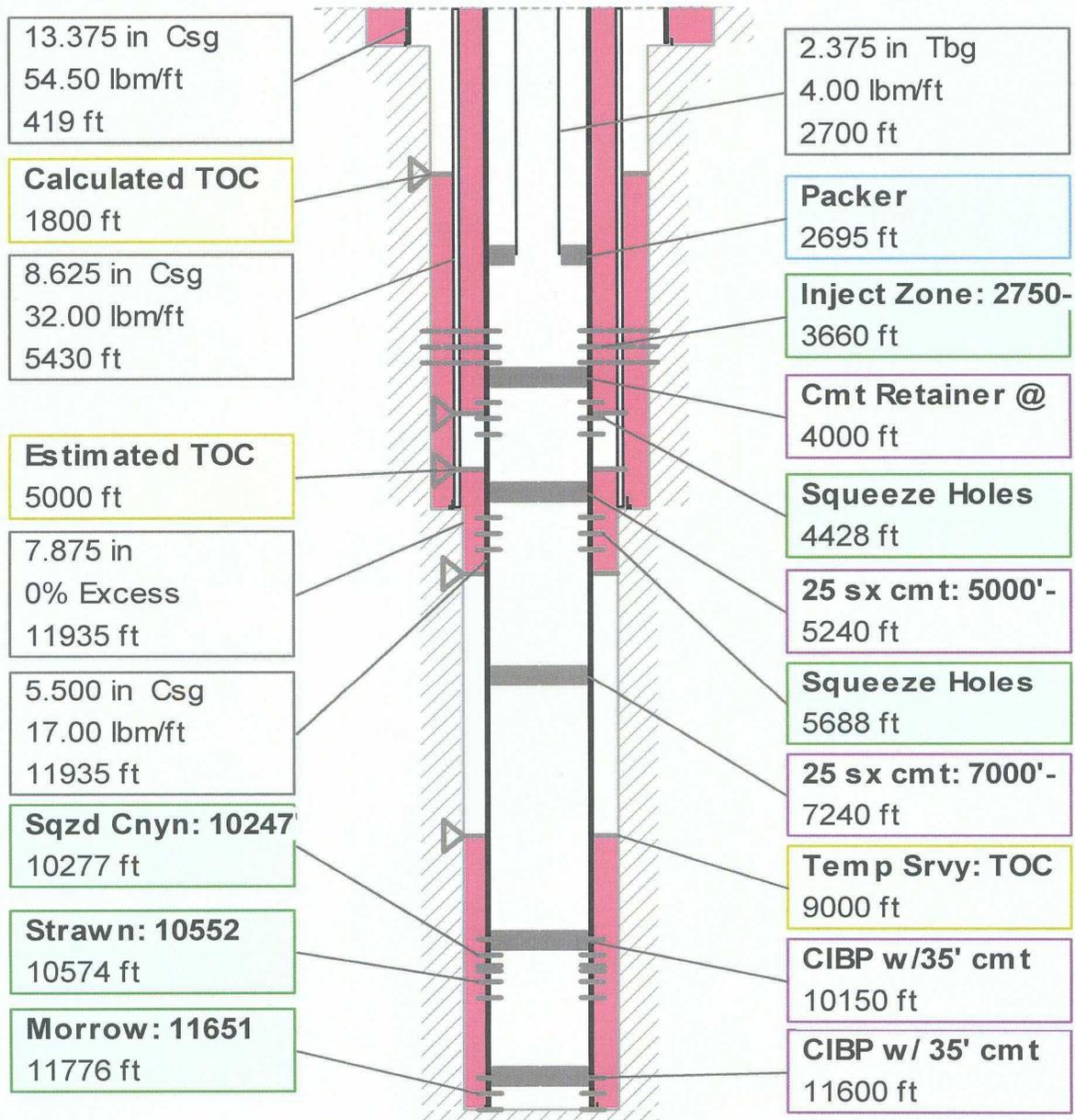
CIBP w/35' cement @ 11,600', Canyon: 10,247' - 277' squeezed w/200 sacks cement, Strawn: 10,552' - 577'

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Canyon: 10,247' - 77', Strawn: 10,552' - 77', Morrow: 11,651' - 776'

Allied St. #1
Axis Energy Corp.
10-23S-26E, 1980FLS 990FEL
API:30-015-20950, Lse: K-4538
KB:3315, GL: 3300
Exhibit A: Current Wellbore (Strawn completion)



Allied St. #1 SWD
Axis Energy Corp.
10-23S-26E, 1980FLS 990FEL
API:30-015-20950, Lse: K-4538
KB:3315, GL: 3300
Exhibit B: Proposed SWD



ITEM VI FORM C108

ALLIED STATE #1 SWD
(FORMERLY ALLIED STATE #1)

AREA OF INTEREST
WELL DATE SHEET

WELL NAME & NUMBER	TYPE	CASING	LOCATION	DATE DRILLED	TOTAL DEPTH	COMPLETION
Panagra Com #002	Gas	13 3/8" @ 444' w/450 sxs, circ 20 sxs 9 5/8" @ 1,705' w/600 sxs, circ 45 sxs 7" @ 9,000' w/1,500 sxs, circ 190 sxs 4 1/2" liner from 12,015' w/285 sxs	UL E, Sec 11, T23S-R26E	05/27/02	12,030'	Perf 11,580' to 11,617' Frac w/86,125 gal fluid & 100,000# sand Flowing gas well
			ULF, Sec 10, " "			

ITEM VII of NEW MEXICO OCD Form C-108
DATA on PROPOSED OPERATIONS

ALLIED STATE #1 SWD

1. The proposed average and maximum daily injection rate is expected to be 1000 BWPD and 1800 BWPD, respectively.
2. The injection system will be operated as a closed system. With tank level monitoring to prevent overflow of tanks.
3. The average injection pressure is expected to be 600 psi. The maximum injection pressure should not be over 650 psi.
4. The source for the disposal water will be all wells that Read & Stevens, Inc. operates or owns an interest in: Section 10 of T23S-R26E, Eddy County, NM. Water analysis for the Delaware water in the Allied State #1 SWD is attached as Exhibit VII 4a.
5. See Item 4 above. Upper Delaware produced water from the #4 is being disposed of in the lower Delaware.

ITEM VIII of NEW MEXICO OCD Form C-108
Geologic Data of the Injection Zone & Underground Drinking Water

Allied State #1 SWD

The proposed interval for salt water disposal is the Delaware between the depth of 2,750' and 3,660' in the Allied State #1 SWD. The Delaware is a sequence of well consolidated sandstone, siltstone and shale strata of Permian age.

Based on information from the New Mexico State Engineers Office in Roswell, the nearest fresh water well is just over ½ mile from the proposed saltwater disposal well. This water has a total depth of 290' and is located in the E/2 SW SE/4 of Section 3, T23S-R26E. The fresh water zone in this well is the Alluvium found at a depth of 80' to 250' from surface.

There are no known fresh water strata underlying the Delaware formation.

ITEMS IX through XIII of NEW MEXICO OCD Form C-108

Allied State #1 SWD

- Item IX. The proposed Delaware disposal zones from 2,750' to 3,660' will be acidized with 7 ½% acid solution and if needed stimulated with 30# gel carrying 16/30 sand. Volumes to be determined at later date.
- Item X. There is no test data on this well other than what is outlined in the schematic. Logs were previously filed with the OCD. A GR log showing the injection zone is on the following page.
- Item XI. One sample is available from the closest well. The analysis of the fresh water well in the E/2 SWSE Section 3, T23S-R26E is attached as Exhibit XI a.
- Item XII. Read & Stevens, Inc. has examined all applicable geological and engineering data in the surrounding area of the proposed disposal well and finds no evidence of open faults or any other hydraulic connection between the disposal zone and any underground source of drinking water.
- Item XIII. Notice of this application has been furnished by certified mail to the owner of the surface of the land on which the well is located and to each leasehold operator within one-half mile of the well location. The landowner and leasehold operators are listed below. Since this application is subject to administrative approval, proof of publication is also attached to this application and was published in the Carlsbad Current-Argus, Eddy County, New Mexico.

Landowner State of New Mexico Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87504-1148

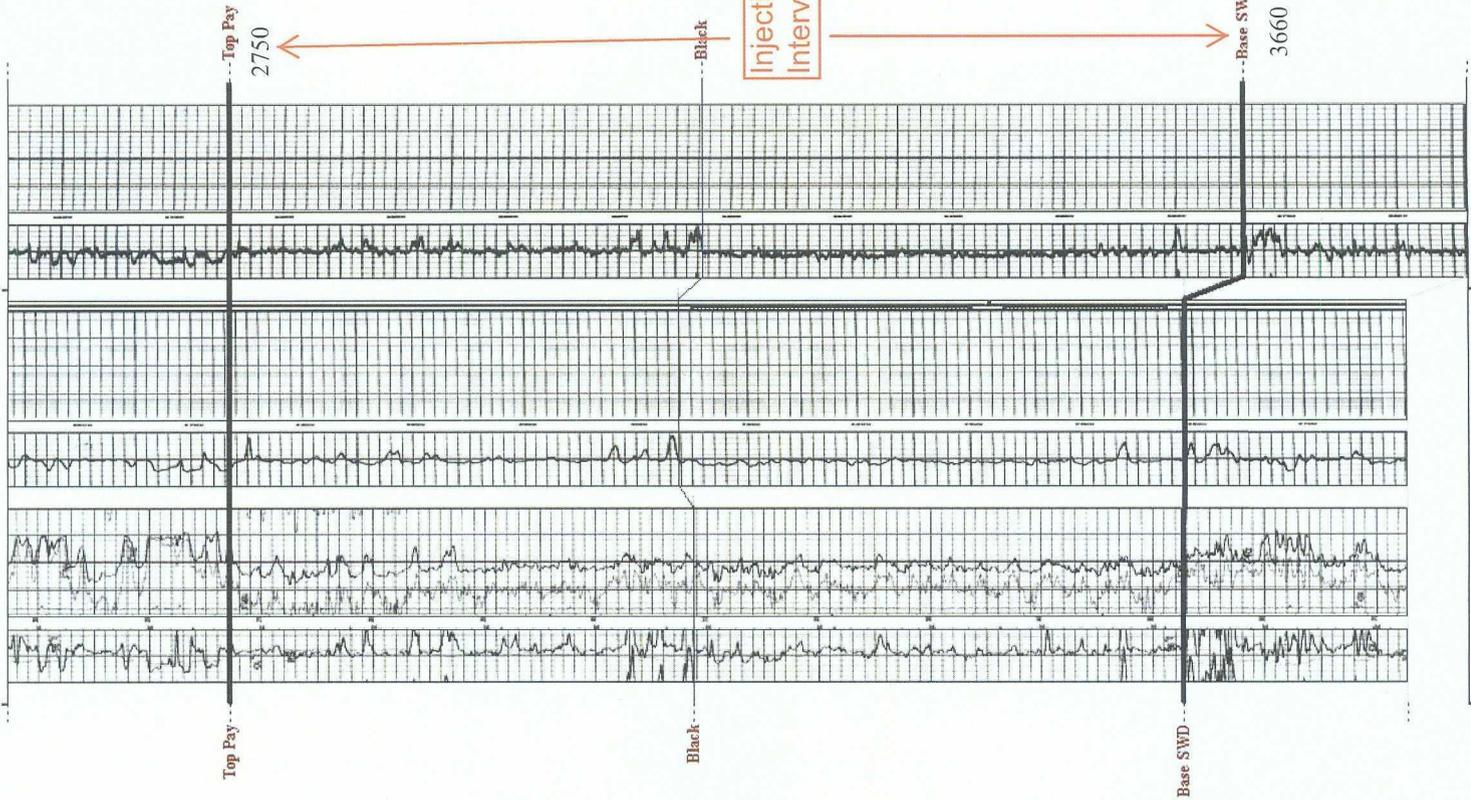
Leasehold Operators
COG Operating, LLC
550 W. Texas, Suite 1300
Midland, TX 79701

ALSO
— Devon Energy
— ECHO Prod
— OXY Permian
— Lobe Energy

Allied St. SWD

Bandit State #1
KB = 0.00 ft

Bandit State #3
KB = 0.00 ft





Laboratory Services, Inc.

1331 Tasker Drive
 Hobbs, New Mexico 88240
 Telephone: (505) 397-3713

Water Analysis

COMPANY Read & Stevens Inc.

SAMPLE Gillocks Fresh Water Well

SAMPLED BY _____

DATE TAKEN 5/20/04

REMARKS Taken @ the house

Barium as Ba	0
Carbonate alkalinity PPM	0
Bicarbonate alkalinity PPM	206
pH at Lab	1.05
Specific Gravity @ 60°F	6.76
Magnesium as Mg	175
Total Hardness as CaCO3	302
Chlorides as Cl	40
Sulfate as SO4	125
Iron as Fe	0
Potassium	1
Hydrogen Sulfide	0
Rw	N/A
Total Dissolved Solids	676
Calcium as Ca	127
Nitrate	3.4

Results reported as Parts per Million unless stated

Langlier Saturation Index -0.74

Analysis by: Rolland Perry
 Date: 5/21/04

Permian Treating Chemicals

WATER ANALYSIS REPORT

RECEIVED MAY 12 2004

SAMPLE

Oil Co. : **Read & Stevens**
 Lease : **Bandit St.**
 Well No.: **# 4**
 Location:
 Attention:

Date Sampled : **19-April-2004**
 Date Analyzed: **06-May-2004**
 Lab ID Number: **May0604.001- 2**
 Salesperson :

File Name : F:\ANALYSES\May0604.001

ANALYSIS

- | | |
|------------------------------|----------------|
| 1. Ph | 8.000 |
| 2. Specific Gravity 60/60 F. | 1.083 |
| 3. CaCO3 Saturation Index | @ 80F
@140F |

1.796
2.701

Dissolved Gasses

- | | |
|---------------------|----------------|
| 4. Hydrogen Sulfide | Present |
| 5. Carbon Dioxide | Not Determined |
| 6. Dissolved Oxygen | Not Determined |

MG/L. EQ. WT. *MEQ/L

Cations

- | | | | | |
|--------------|--------------------|----------------|----------|----------|
| 7. Calcium | (Ca++) | 4,673 | / 20.1 = | 232.49 |
| 8. Magnesium | (Mg++) | 1,230 | / 12.2 = | 100.82 |
| 9. Sodium | (Na+) (Calculated) | 37,054 | / 23.0 = | 1,611.04 |
| 10. Barium | (Ba++) | Not Determined | | |

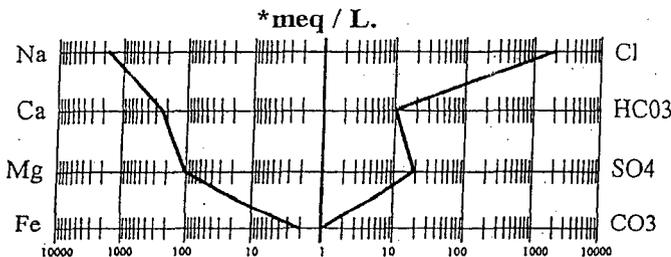
Anions

- | | | | | |
|--------------------------------------|---------|------------|----------|----------|
| 11. Hydroxyl | (OH-) | 0 | / 17.0 = | 0.00 |
| 12. Carbonate | (CO3=) | 0 | / 30.0 = | 0.00 |
| 13. Bicarbonate | (HCO3-) | 596 | / 61.1 = | 9.75 |
| 14. Sulfate | (SO4=) | 900 | / 48.8 = | 18.44 |
| 15. Chloride | (Cl-) | 67,985 | / 35.5 = | 1,915.07 |
| 16. Total Dissolved Solids | | 112,438 | | |
| 17. Total Iron | (Fe) | 36 | / 18.2 = | 1.98 |
| 18. Total Hardness as CaCO3 | | 16,735 | | |
| 19. Resistivity @ 75 F. (Calculated) | | 0.076 /cm. | | |

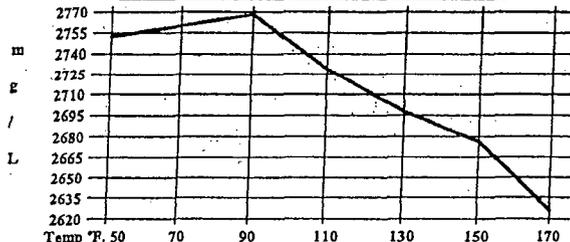
PROBABLE MINERAL COMPOSITION

COMPOUND	EQ. WT.	X	*meq/L =	mg/L.
Ca(HCO3)2	81.04		9.75	791
CaSO4	68.07		18.44	1,255
CaCl2	55.50		204.29	11,338
Mg(HCO3)2	73.17		0.00	0
MgSO4	60.19		0.00	0
MgCl2	47.62		100.82	4,801
NaHCO3	84.00		0.00	0
NaSO4	71.03		0.00	0
NaCl	58.46		1,609.96	94,118

LOGARITHMIC WATER PATTERN



Calcium Sulfate Solubility Profile



AC Tops DGM 12/10/91

Tx	685
Bx	1516
Delaware	1775
Bone Spring	5217
Wolfcamp	8690
Penn	10130
strawn	10323
Atoka	10684
Morrow	11187

W. Penn. Penn B 10247-277
J.K. 7-24-75

Texas International Petroleum Corporation
Midland, Texas

Page 2

Nothing in this letter shall operate to relieve your company of your responsibility to notify the chief of the Carlsbad Flight Service Station forty-eight hours prior to the rig being erected and immediately upon its being dismantled. Nor shall anything in this letter be construed to relieve you of the obligation to light and mark the drilling rig in a manner complying with FAA regulations. 885

Yours truly,

Beryl Durham

Beryl Durham
Vice Chairman
CARLSBAD PLANNING & ZONING COMMISSION

BD:vg

*Rich Durke
notification given to
Flight Station 9/10/73
JMM*

*9-12-73 4:40 PM,
mike mcdonnick called
no obj. to this - just did not
get word to all people.*

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, December 20, 2010 5:30 PM
To: 'David Luna'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Inge, Richard, EMNRD; Gray, Darold, EMNRD
Subject: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet

Hello David:
Hope your holidays are going well.
Where did John Maxey go?

I reviewed this today and only have a couple of points to ask about.

- a. To have a record in our application files of why you notified whom you notified..... we are asking all applicants for disposal applications to list the owners by tract. In this case, the Midland Map you sent has several tracts outlined within the ½ mile Area of Review which may mean there are tracts with differing ownership. Your Landman may or may not agree these are the separately owned tracts, but in case they are, please let us know who is the leaseholders in the Delaware formation within the following tracts and determine if they have been notified:
 - a. NE NE of Sec 15
 - b. NW NE of Sec 15
 - c. NW NW of Sec 14
 - d. NW SW of Sec 11
 - e. S/2 of Sec 11 (except for NW SW)
 - f. NW of Sec 11
 - g. E/2 of Sec 10
 - h. W/2 of Sec 10
- b. Because this is close to Carlsbad and at the end of their runway, please also send a quick notice to the City of Carlsbad and to the Federal Aviation Administration.
- c. This application asks to include a higher interval in the Delaware than was done in SWD-930. How will you tell if this is productive of oil or gas? Do you have a mudlog or log analysis over this interval or will you swab test? If you have a rough, quick log analysis, that would satisfy this.
- d. The well to the NW of here (Bandit State SWD #1) was approved for disposal by permit SWD-930. That permit asked the operator (Read & Stevens Inc) to report several things to the Division such as stabilized fluid level, productivity, set a plug below the disposal interval. I can't see anything in that well file (30-015-21071) or in the permit file (SWD-930) verifying if those requirements were met. Please look in your company well file and see if any of these items were answered and let me know.

When applications for disposal are received here, there are almost always have some questions to be answered. Hope these won't take too long,

Regards,

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

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, January 04, 2011 2:28 PM
To: 'David Luna'; Kelly Barajas
Subject: RE: RE: Allied State #1 SWD

Sounds fine.

12/22 +15 =
Release
1/7/11

From: David Luna [<mailto:dluna@read-stevens.com>]
Sent: Tuesday, January 04, 2011 8:25 AM
To: Kelly Barajas; Jones, William V., EMNRD
Subject: Re: RE: Allied State #1 SWD

Will,

I thought we notified the city when we put it in the Carlsbad newspaper. We will notify the city when we go to rig up on the well.
The FAA also notifies them with the application.
Let me know if we need to send a copy to the City of Carlsbad.
David

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

From: Kelly Barajas
To: David Luna
Sent: Tuesday, January 04, 2011 8:12 AM
Subject: Fw: RE: Allied State #1 SWD

See below and let me know what to do!

READ & STEVENS, INC.

*Kelly Barajas
Production Analyst
P. O. Box 1518
Roswell, New Mexico 88202
575-622-3770 ext. 311
575-622-8643 fax*

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

From: Jones, William V., EMNRD
Date: 1/3/2011 8:38:54 AM
To: Kelly Barajas

Subject: RE: Allied State #1 SWD

Hello Kelly:

Happy New Year to you !

Thanks for sending....

Why was Nielson Enterprises noticed? Did you notice the City of Carlsbad?

Will Jones

New Mexico
Oil Conservation Division

Images Contacts

From: Kelly Barajas [mailto:kbarajas@read-stevens.com]

Sent: Friday, December 31, 2010 11:28 AM

To: Jones, William V., EMNRD

Cc: David Luna

Subject: Allied State #1 SWD

Will,

Attached are the other certified receipts and the FAA application on the Allied State #1 SWD. If you need anything further please let us know.

Happy New Year!

Kelly Barajas

READ & STEVENS, INC.

Kelly Barajas

Production Analyst

P. O. Box 1518

Roswell, New Mexico 88202

575-622-3770 ext. 311

575-622-8643 fax



FREE Christmas Animations for your email - by IncrediMail!

Click Here!

FREE Animations for your email - by IncrediMail!

Click Here!

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, January 03, 2011 8:39 AM
To: 'Kelly Barajas'
Subject: RE: Allied State #1 SWD

Hello Kelly:

Happy New Year to you !

Thanks for sending....

Why was Nielson Enterprises noticed? Did you notice the City of Carlsbad?

Will Jones

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

From: Kelly Barajas [<mailto:kbarajas@read-stevens.com>]
Sent: Friday, December 31, 2010 11:28 AM
To: Jones, William V., EMNRD
Cc: David Luna
Subject: Allied State #1 SWD

Will,

Attached are the other certified receipts and the FAA application on the Allied State #1 SWD. If you need anything further please let us know.

Happy New Year!

Kelly Barajas

READ & STEVENS, INC.

*Kelly Barajas
Production Analyst
P. O. Box 1518
Roswell, New Mexico 88202
575-622-3770 ext. 311
575-622-8643 fax*

Jones, William V., EMNRD

From: David Luna [dluna@read-stevens.com]
Sent: Wednesday, December 22, 2010 11:28 AM
To: Jones, William V., EMNRD; Kelly Barajas
Cc: Ezeanyim, Richard, EMNRD; Dade, Randy, EMNRD
Subject: Re: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet

Will,

We mailed out the notices today and are working on the FAA (via their website forms).

Thanks,
David

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

From: Jones, William V., EMNRD
To: David Luna ; Kelly Barajas
Cc: Ezeanyim, Richard, EMNRD ; Dade, Randy, EMNRD
Sent: Wednesday, December 22, 2010 11:08 AM
Subject: RE: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet

David:

Thanks for the quick reply.

The permit is ready and predated 1/11/2011 – will release at that date assuming notices go out this week and no objections are received.

Let me know if objections arrive and I will do likewise.

Have a nice holiday season,

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

From: David Luna [mailto:dluna@read-stevens.com]
Sent: Tuesday, December 21, 2010 1:56 PM
To: Jones, William V., EMNRD
Cc: Kelly Barajas
Subject: Re: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet

William,

I answered most of your questions below in red. We are going to send out the Application to the offset lease hold operators that are listed below. I have also attached the information that you requested on the Bandit #1 SWD. We will also send out a notice to the FAA and city of Carlsbad.

Sorry for the missing information. This is the first application for me to do.

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

From: Jones, William V., EMNRD
To: David Luna
Cc: Ezeanyim, Richard, EMNRD ; Brooks, David K., EMNRD ; Inge, Richard, EMNRD ; Gray, Darold, EMNRD
Sent: Monday, December 20, 2010 5:29 PM
Subject: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet

Hello David:

Hope your holidays are going well.

Where did John Maxey go?

I reviewed this today and only have a couple of points to ask about.

- a. To have a record in our application files of why you notified whom you notified..... we are asking all applicants for disposal applications to list the owners by tract. In this case, the Midland Map you sent has several tracts outlined within the ½ mile Area of Review which may mean there are tracts with differing ownership. Your Landman may or may not agree these are the separately owned tracts, but in case they are, please let us know who is the leaseholders in the Delaware formation within the following tracts and determine if they have been notified:
 - a. NE NE of Sec 15 **Devon Energy**
 - b. NW NE of Sec 15 **Devon Energy**
 - c. NW NW of Sec 14 **Echo Production**
 - d. NW SW of Sec 11 **Oxy Permian**
 - e. S/2 of Sec 11 (except for NW SW) **Oxy Permian**
 - f. NW of Sec 11 **Oxy Permian**
 - g. E/2 of Sec 10 **Lobo Energy**
 - h. W/2 of Sec 10 **Read & Stevens**
- b. Because this is close to Carlsbad and at the end of their runway, please also send a quick notice to the City of Carlsbad and to the Federal Aviation Administration. **Will do.**
- c. This application asks to include a higher interval in the Delaware than was done in SWD-930. How will you tell if this is productive of oil or gas? Do you have a mudlog or log analysis over this interval or will you swab test? If you have a rough, quick log analysis, that would satisfy this. **We will do a swab test.**
- d. The well to the NW of here (Bandit State SWD #1) was approved for disposal by permit SWD-930. That permit asked the operator (Read & Stevens Inc) to report several things to the Division such as stabilized fluid level (**370'**) , productivity (**Swab tested 1 BWPH = 24 BWPD or oil**) , set a plug below the disposal interval (**Set CIBP at 3790'**) . I can't see anything in that well file (30-015-21071) or in the permit file (SWD-930) verifying if those requirements were met. Please look in your company well file and see if any of these items were answered and let me know.

When applications for disposal are received here, there are almost always have some questions to be answered. Hope these won't take too long,

Regards,

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



SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:
Nielson Enterprises, Inc.
 P. O. Box 3010
 Cody, WY 82414

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Cher Rosenkrantz Agent Addressee

B. Received by (Printed Name) *Cher Rosenkrantz* Date of Delivery *12/27/10*

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

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

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 (Transfer from service label) **7002 0460 0000 9372 3096**

PS Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540

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

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

Sent To
Nielson Enterprises, Inc.
 Street, Apt. No.; or PO Box No. **P. O. Box 3010**
 City, State, ZIP+4 **Cody, WY 82414**

PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:
Echo Production Inc.
 P. O. Box 1210
 Graham, TX 76450

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Taylor Doyle Agent Addressee

B. Received by (Printed Name) *Taylor Doyle* C. Date of Delivery *12/27/10*

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

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

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 (Transfer from service label) **7002 0460 0000 9372 3119**

PS Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540

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

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

Sent To
Echo Production Inc.
 Street, Apt. No.; or PO Box No. **P. O. Box 1210**
 City, State, ZIP+4 **Graham, TX 76450**

PS Form 3800, January 2001 See Reverse for Instructions

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

OFFICIAL USE

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

Postmark Here

Sent To
 Devon Energy Production Company
 Street, Apt. No. or PO Box No. P. O. Box 1678
 City, State, ZIP+4 Oklahoma City, OK 73101-1678
 PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

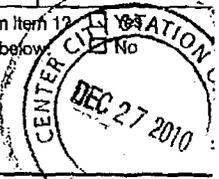
1. Article Addressed to:
 Devon Energy Prod. Company
 P. O. Box 1678
 Oklahoma City, OK 73101-1678

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
 B. Received by (Printed Name) C. Date of Delivery

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

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes



Article Number (Transfer from service label) 7002 0460 0000 9372 3133

Jones, William V., EMNRD

From: Kelly Barajas [kbarajas@read-stevens.com]
Sent: Friday, December 31, 2010 11:28 AM
To: Jones, William V., EMNRD
Cc: David Luna
Subject: Allied State #1 SWD
Attachments: Allied State certifieds received.pdf; Allied State FAA Application.pdf

Will,

Attached are the other certified receipts and the FAA application on the Allied State #1 SWD. If you need anything further please let us know.

Happy New Year!

Kelly Barajas

READ & STEVENS, INC.

*Kelly Barajas
Production Analyst
P. O. Box 1518
Roswell, New Mexico 88202
575-622-3770 ext. 311
575-622-8643 fax*



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Federal Aviation Administration

<< OE/AAA

Notice of Proposed Construction or Alteration - Off Airport

Project Name: DAVID-000163252-10 Sponsor: David Luna

Details for Case : Allied State #1 SWD

Show Project Summary

Case Status Status: Draft Documents: 12/22/2010 Allied St. 1 SWD ... Delete 12/22/2010 Allied SWD Map.pdf Delete																																																																																						
Construction / Alteration Information * Notice Of: Construction * Duration: Temporary If Temporary: Months: 1 Days: 0 Work Schedule - Start: 02/15/2011 (mm/dd/yyyy) Work Schedule - End: 09/15/2011 (mm/dd/yyyy) State Filing: Filled with State																																																																																						
Structure Summary * Structure Type: Workover Rig * Structure Name: Allied State #1 SWD NOTAM Number: FCC Number: Prior ASN: - OE Micro-Siting: <input type="checkbox"/> Yes * For Wind Turbine/Hel Tower-Only check this box if you are re-filing a location previously studied due to micro-siting																																																																																						
Structure Details * Latitude: 32 19 2 N * Longitude: 104 18 32 W * Horizontal Datum: NAD83 * Site Elevation (SE): 3300 (nearest foot) * Structure Height (AGL): 93 (nearest foot) * If the entered AGL is a proposed change to an existing structure's height include the current AGL in the Description of Proposal. * Requested Marking/Lighting: Dual-red and high intensity white Other: Audio Visual Warning System(AVWS): <input type="checkbox"/> Yes * Only check this box if you are proposing the installation and use of an Audio Visual Warning System * Current Marking/Lighting: Dual-red and medium intensity Other: * Nearest City: Carlsbad * Nearest State: New Mexico * Description of Location: Sec 10, T23S-R26E, 1980' PBL & 990' FEL. * Description of Proposal: Road & Stevens, Inc. proposes to move a workover rig onto the																																																																																						
Common Frequency Bands <table border="1"> <thead> <tr> <th>Low Freq</th> <th>High Freq</th> <th>Freq Unit</th> <th>ERP</th> <th>ERP Unit</th> </tr> </thead> <tbody> <tr><td>698</td><td>806</td><td>MHz</td><td>1000</td><td>W</td></tr> <tr><td>806</td><td>824</td><td>MHz</td><td>500</td><td>W</td></tr> <tr><td>824</td><td>849</td><td>MHz</td><td>500</td><td>W</td></tr> <tr><td>851</td><td>866</td><td>MHz</td><td>500</td><td>W</td></tr> <tr><td>869</td><td>894</td><td>MHz</td><td>500</td><td>W</td></tr> <tr><td>896</td><td>901</td><td>MHz</td><td>500</td><td>W</td></tr> <tr><td>901</td><td>902</td><td>MHz</td><td>7</td><td>W</td></tr> <tr><td>930</td><td>931</td><td>MHz</td><td>3500</td><td>W</td></tr> <tr><td>931</td><td>932</td><td>MHz</td><td>3500</td><td>W</td></tr> <tr><td>932</td><td>932.5</td><td>MHz</td><td>17</td><td>dBW</td></tr> <tr><td>935</td><td>940</td><td>MHz</td><td>1000</td><td>W</td></tr> <tr><td>940</td><td>941</td><td>MHz</td><td>3500</td><td>W</td></tr> <tr><td>1850</td><td>1910</td><td>MHz</td><td>1640</td><td>W</td></tr> <tr><td>1930</td><td>1990</td><td>MHz</td><td>1640</td><td>W</td></tr> <tr><td>2305</td><td>2310</td><td>MHz</td><td>2000</td><td>W</td></tr> <tr><td>2345</td><td>2360</td><td>MHz</td><td>2000</td><td>W</td></tr> </tbody> </table>		Low Freq	High Freq	Freq Unit	ERP	ERP Unit	698	806	MHz	1000	W	806	824	MHz	500	W	824	849	MHz	500	W	851	866	MHz	500	W	869	894	MHz	500	W	896	901	MHz	500	W	901	902	MHz	7	W	930	931	MHz	3500	W	931	932	MHz	3500	W	932	932.5	MHz	17	dBW	935	940	MHz	1000	W	940	941	MHz	3500	W	1850	1910	MHz	1640	W	1930	1990	MHz	1640	W	2305	2310	MHz	2000	W	2345	2360	MHz	2000	W
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Specific Frequencies Add Specific Frequency																																																																																						
Additional Location(s) Add New Location(s)																																																																																						



Federal Aviation
Administration

<< OE/AAA

Project Submission Success
Project Name: DAVID-000163252-10

Project DAVID-000163252-10 has been submitted successfully to the FAA.

Your filing is assigned Aeronautical Study Number (ASN):
2010-ASW-7087-OE

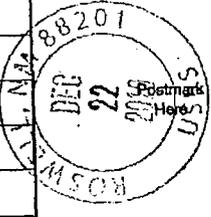
Please refer to the assigned ASN on all future inquiries regarding this filing.

Please return to the system at a later date for status updates.

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

OFFICIAL USE

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



Sent To Lobos Energy Partners LLC

Street, Apt. No., or PO Box No. 3817 NW Expressway, Ste 950

City, State, ZIP+4 Oklahoma City, OK 73112

PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Lobos Energy Partners LLC
 3817 NW Expressway, Ste 950
 Oklahoma City, OK 73112

COMPLETE THIS SECTION ON DELIVERY

A. Signature: **RECEIVED DEC 27 2010** Agent Addressee

X

B. Received by (Printed Name) C. Date of Delivery

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7002 0460 0000 9372 3256**

S Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540

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

OFFICIAL USE

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



Sent To
 Occidental Permian Ltd
 Street, Apt. No.,
 or PO Box No. P. O. Box 4294
 City, State, ZIP+4

SENDER COMPLETE THIS SECTION

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

1. Article Addressed to:
 Occidental Permian Ltd
 P. O. Box 4294
 Houston, TX 77210

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
 B. Received by (Printed Name) C. Date of Delivery
 James B. [Signature] DEC 27 2010
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 (Transfer from service label) 7002 0460 0000 9372 3102

Jones, William V., EMNRD

From: David Luna [dluna@read-stevens.com]
Sent: Tuesday, December 21, 2010 1:56 PM
To: Jones, William V., EMNRD
Cc: Kelly Barajas
Subject: Re: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet
Attachments: Bandit State #1 SWD Daily Drilling Report Convert P&A Well.tif; Bandit State #1 SWD Daily Drilling Report Convert P&A well to SWD.pdf; Bandit State #1 SWD Daily Drilling Report Perfs and Frac.tif; Bandit State #1 SWD Sundry 9-27-06 C-103.tif; Bandit State #1 SWD Sundry 10-7-04.tif; Bandit State #1 SWD Well Completion C-105.tif

William,

I answered most of your questions below in red. We are going to send out the Application to the offset lease hold operators that are listed below. I have also attached the information that you requested on the Bandit #1 SWD. We will also send out a notice to the FAA and city of Carlsbad. Sorry for the missing information. This is the first application for me to do.

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

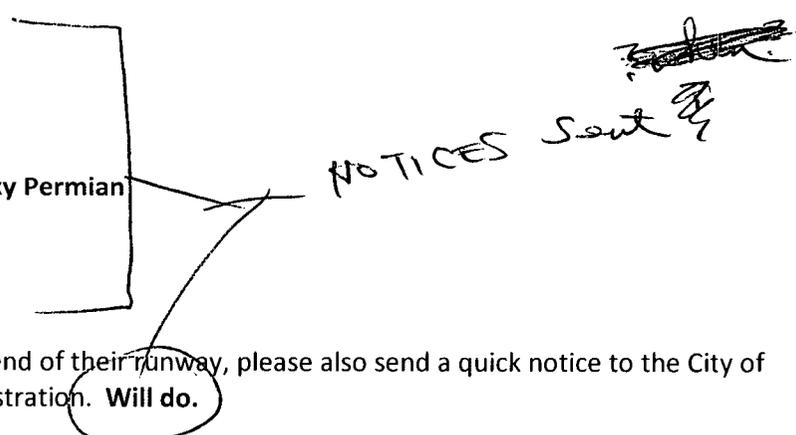
From: Jones, William V., EMNRD
To: David Luna
Cc: Ezeanyim, Richard, EMNRD ; Brooks, David K., EMNRD ; Inge, Richard, EMNRD ; Gray, Darold, EMNRD
Sent: Monday, December 20, 2010 5:29 PM
Subject: Disposal application from Read & Stevens Inc.: Allied State #1 30-015-20950 Delaware 2750 to 3660 feet

Hello David:
Hope your holidays are going well.
Where did John Maxey go?

I reviewed this today and only have a couple of points to ask about.

- a. To have a record in our application files of why you notified whom you notified..... we are asking all applicants for disposal applications to list the owners by tract. In this case, the Midland Map you sent has several tracts outlined within the ½ mile Area of Review which may mean there are tracts with differing ownership. Your Landman may or may not agree these are the separately owned tracts, but in case they are, please let us know who is the leaseholders in the Delaware formation within the following tracts and determine if they have been notified:
 - a. NE NE of Sec 15 **Devon Energy**
 - b. NW NE of Sec 15 **Devon Energy**
 - c. NW NW of Sec 14 **Echo Production**
 - d. NW SW of Sec 11 **Oxy Permian**
 - e. S/2 of Sec 11 (except for NW SW) **Oxy Permian**
 - f. NW of Sec 11 **Oxy Permian**
 - g. E/2 of Sec 10 **Lobo Energy**
 - h. W/2 of Sec 10 **Read & Stevens**
- b. Because this is close to Carlsbad and at the end of their runway, please also send a quick notice to the City of Carlsbad and to the Federal Aviation Administration. **Will do.**
- c. This application asks to include a higher interval in the Delaware than was done in SWD-930. How will you tell if this is productive of oil or gas? Do you have a mudlog or log analysis over this interval or will you swab test? If you have a rough, quick log analysis, that would satisfy this. **We will do a swab test.**

NOTICES sent



- d. The well to the NW of here (Bandit State SWD #1) was approved for disposal by permit SWD-930. That permit asked the operator (Read & Stevens Inc) to report several things to the Division such as stabilized fluid level **(370')** , productivity **(Swab tested 1 BWPH = 24 BWPD or oil)** , set a plug below the disposal interval **(Set CIBP at 3790')** . I can't see anything in that well file (30-015-21071) or in the permit file (SWD-930) verifying if those requirements were met. Please look in your company well file and see if any of these items were answered and let me know.

When applications for disposal are received here, there are almost always have some questions to be answered. Hope these won't take too long,

Regards,

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



Injection Permit Checklist (11/15/2010)

WFX PMX SWD 1258 Permit Date 11/11/11 UIC Qtr (JFE/M)

Wells 1 Well Name(s): ALLIED STATE #1

API Num: 30-0 15-20950 Spud Date: 9/15/73 New/Old: 0 (UIC primacy March 7, 1982)

Footages 1980FSL/190FEL Unit I Sec 10 Tsp 235 Rge 26E County EDDY

General Location: Just S. of Carlbad AIRPORT next to 62-180 HW. East of Reef

Operator: Reed Stevens, INC Contact DAVID LUNA

OGRID: 18917 RULE 5.9 Compliance (Wells) 1/114 (Finan Assur) OK IS-5.9 OK? OK

Well File Reviewed Current Status: P&A ^{water} Monitor _{Monitor}

Planned Work to Well: SPZ 5 1/2" @ 4428' to surf, SHOOT Perf Hole THROUGH BOTH

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Well Details:	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Surface	17 1/2 13 3/8	419,	—	400 SX	CIRC
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Intern	12 1/4 8 5/8	5430		820	1800 CALC
New <input type="checkbox"/> Existing <input checked="" type="checkbox"/> LongSt	7 7/8 5 1/2	11,935		640	9000 .TS.
New <input type="checkbox"/> Existing <input type="checkbox"/> Liner		(11935 TD)			
New <input type="checkbox"/> Existing <input type="checkbox"/> OpenHole					

Depths/Formations:	Depths, Ft.	Formation	Tops?
Formation(s) Above	1775	DEL	<input checked="" type="checkbox"/>
Injection TOP:	2750	Del	Max. PSI <u>550</u> OpenHole <input type="checkbox"/> Perfs <input checked="" type="checkbox"/>
Injection BOTTOM:	3660		Tubing Size <u>2 3/8</u> Packer Depth <u>2700'</u>
Formation(s) Below	5217	Bone SPG.	<input checked="" type="checkbox"/>

Capitan Reef? (Botash? Noticed? [WIPP? Noticed?] Salado Top/Bot 685-1515 Cliff House?

Fresh Water: Depths 80-290' Formation alluvium Wells? yes Analysis? Affirmative Statement

Disposal Fluid Analysis? Sources: RISTAMS water only (112,000 TDS)

Disposal Interval: Analysis? Production Potential/Testing:

Notice: Newspaper Date 11/6/10 Surface Owner S.L.O. Mineral Owner(s) COG / LARK? OXYI / DEVON / ECHO / LOBO / FAA

RULE 26.7(A) Affected Persons: COG / LARK? OXYI / DEVON / ECHO / LOBO / FAA

AOR: Maps? Well List? Producing in Interval? No Wellbore Diagrams?

.....Active Wells 2 Repairs? 0 Which Wells? —

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

Issues: Look @ ownership BY TRACT, ASK BERT intermed CMT = ? Rva CBL off SQZ.

Request Sent NOTIFY CITY of Carlbad Reply: FAA