

COBALT OPERATING, LLC
WARREN 2
2200' FNL & 880' FEL
SEC. 8, T. 17 S., R. 37 E.
LEA COUNTY, NEW MEXICO

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oil or gas + 92 plugged & abandoned + 12 water injectors or disposals + 83 water wells) within a two-mile radius.

Exhibit E shows all leases and lessors (only State and fee) within a half-mile radius and within a 2-mile radius. Details on the leases within a half-mile radius are:

<u>T. 17 S., R. 37 E.</u>	<u>Lessor</u>	<u>Lease Number</u>	<u>Lessee</u>
SWSW Section 4	NMSLO	VB-0665-0002	Chevron
E2SE4 Section 5	fee	fee	Chevron
W2SE4 Section 5	fee	fee	Cobalt
N2NE4 Section 8	NMSLO	VO-9192-0000	Monte Vista
N2NW4 & NESE Section 8	NMSLO	VB-1702-0001	Nearburg
S2NE4 Section 8	fee	fee	Cobalt
S2NW4 Section 8	fee	fee	Compass et al
NWSE Section 8	NMSLO	B0-2317-0015	Aceitero
NESW Section 8	NMSLO	VO-9207-0001	Nearburg
S2SW4 Section 8	NMSLO	VB-1756-0001	Nearburg
S2SE4 Section 8	NMSLO	VB-2269-0001	Nearburg
NW4 Section 9	NMSLO	VB-2166-0000	Yates
SW4 Section 9	NMSLO	VB-2230-0001	Devon

VI. Five of the ten wells that are within 1/2-mile penetrated the Devonian. Four of the Devonian penetrators have been plugged and abandoned. The remaining (fifth) Devonian penetrator is a Strawn oil well in which the Devonian is below a CIBP topped with 2 sacks of cement. See Exhibit F for a tabulation of the five well histories and diagrams of the four plugged wells that penetrated the Devonian.

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-025-</u>	<u>T. 17 S., R. 37 E.</u>	<u>ZONE(S)</u>	<u>STATUS</u>	<u>TD</u>	<u>DISTANCE</u>
Fasken	Hale State 1	26669	2310 FS & 1650 FE Section 8	N/A (fish)	P & A	1215	1077'
(1) Fasken	Davoil State 1	27393	1980 FS & 990 FE Section 8	Midway; Devonian	P & A	11860	1082'

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OPERATOR	WELL	API 30-025-	T. 17 S., R. 37 E.	ZONE(S)	STATUS	ID	DISTANCE
Fasken	Warren 1	26323	2088 FN & 1976 FE Section 8	Midway; Devonian	P & A	11980	1101'
(2) Cobalt	Warren 1	26323	2088 FN & 1976 FE Section 8	Midway; Strawn	proposed oil	11980	1101'
(3) *** Cobalt	Hale State 1Y	26773	2260 FS & 1650 FE Section 8	Midway; Strawn	oil	11875	1112'
Fasken	Consolidated State 2	27394	990 FN & 990 FE Section 8	Midway; Strawn	P & A	11110	1215'
Fasken	Consolidated State 1	27183	2310 FN & 330 FW Section 9	Midway; Strawn & Devonian	P & A	11073	1216'
Hondo	Midway A State 1	21327	1650 FS & 710 FE Section 8	Midway; Abo	P & A	8952	1414'
(4) Fasken	Warren 3	27274	2310 FN & 2310 FW Section 8	Midway; Devonian	P & A	11880	2061' ✓
(5) Fasken	Consolidated A State 1	27593	990 FS & 1650 FE Section 8	Midway; Devonian	P & A	11935	2210' ✓
Read & Stevens	Blackmar 1	28453	330 FS & 660 FE Section 5	Midway; Strawn Wildcat; San Andres, Wildcat; Paddock	P & A	11200	2547'
Consolidated	Midway State 1	20646	330 FS & 330 FE Section 8	SWD; Abo	P & A	8938	2782'

- VII. 1. Average injection rate will be $\approx 2,500$ bwpd.
Maximum injection rate will be $\approx 3,000$ bwpd.
2. System will be open.
3. Average injection pressure will be $\approx 1,000$ psi
Maximum injection pressure will be $\approx 2,352$ psi ($= 0.2$ psi/foot x 11,760' (highest perforation)).
4. Water source will be produced water, mainly from Cobalt wells. Cobalt currently has 3 Strawn oil wells in Sections 5 and 8. Cobalt may also accept produced water from other operators. For example, there are 8

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Strawn oil wells, 5 Paddock oil wells, and 1 Drinkard oil well in Section 8 and the 3 closest sections (4, 5, & 9). A summary of analyses (Exhibit G) from a Strawn and Devonian well follows.

	<u>Strawn</u>	<u>Devonian</u>
Barium	0.679	
Bicarbonate	423.454	536
Calcium	2,175.33	3,308
Carbonate	0	0
Chloride	43,455.7	43,000
Hydrogen Sulfide	2.092	
Iron	41.301	
Magnesium	458.969	546
Potassium	141.653	
Sodium	24,921.824	24,042
Strontium	270.262	
Sulfate	430.723	1,563
Total Dissolved Solids	69,174.1	

5. Four wells have produced oil and gas from the Devonian within a mile radius. Cumulative Devonian production from the four wells is at least 221,704 barrels of oil and 16,163 Mcf of gas. Three of the four wells have been plugged and abandoned. The fourth (Warren 2) is the subject of this application. The three plugged wells are 30-025-27274, 30-025-27393, and 30-025-27593.

VIII. The Devonian consists of limestone with interbedded shale. The formation is an estimated 1,110' thick. The net pay was 76' thick in this well. Closest underground source of drinking water above the proposed disposal interval is the 255' deep Ogallala Formation at the surface (Exhibit H). Deepest recorded fresh water well within a mile (1,610 meter) radius is 226'.

There are five anhydrite and/or salt zones (>1,176' thick) and at least 11,485' of separation between the bottom of the Ogallala and the top of the

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Devonian. There is 11,514' of separation between the top of the Devonian and the bottom of the deepest fresh water well.

No underground source of drinking water is below the proposed disposal interval. Produced water is currently being disposed into 1 disposal well (Strawn) and 11 injection wells (San Andres and Paddock) in T. 17 S., R. 37 E.

Formation tops are:

Ogallala = 0'
Anhydrite = 2,011'
Yates = 3,187'
San Andres = 4,855'
Glorieta = 6,324'
Tubb = 7,678'
Abo = 8,585'
Strawn = 10,669'
Mississippian = 10,905'
Devonian = 11,740'
Original TD: 11,875'
Proposed TD: 12,850'

- IX. The well will be stimulated with acid to clean out scale or fill.
- X. CNL-FDC, DLL/MSFL, BHC Sonic, and FIL logs are on file with NMOCD.
- XI. Analyses from 4 fresh water wells within a mile are in Exhibit H.
- XII. Cobalt is not aware of any geologic or engineering data that may indicate the Devonian is in hydrologic connection with any underground sources of water. There are 111 active Devonian saltwater disposal wells and 12 active Devonian injection wells in New Mexico. Closest Quaternary fault is >110 miles southwest (Exhibit I).

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XIII: A legal ad (see Exhibit J) was published on June 6, 2014. Notice (this application) has been sent to the surface owner (Goff Trust), operators (only Chevron), oil and gas lessees (Aceitero, Chevron, Compass et al, Devon, Monte Vista, Nearburg, Yates), and all Devonian interests within a half-mile (Exhibit K).

Two

Form C-128
Supersedes C-128
Effective 1-1-85

		CERTIFICATION	
		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
David Fasken		Robert H. Angevine	
Agent		Agent	
DAVID FASKEN		DAVID FASKEN	
7-21-80		7-21-80	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.		EXHIBIT A	
Date Received		July 14, 1980	
Registered Professional Engineer		Registered Professional Engineer	
John W. West		John W. West	
Certificate No. 676		Certificate No. 676	
Patrick A. Romero		Patrick A. Romero	
Ronald J. Eidson		Ronald J. Eidson	

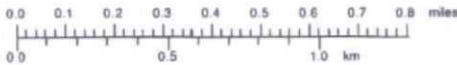
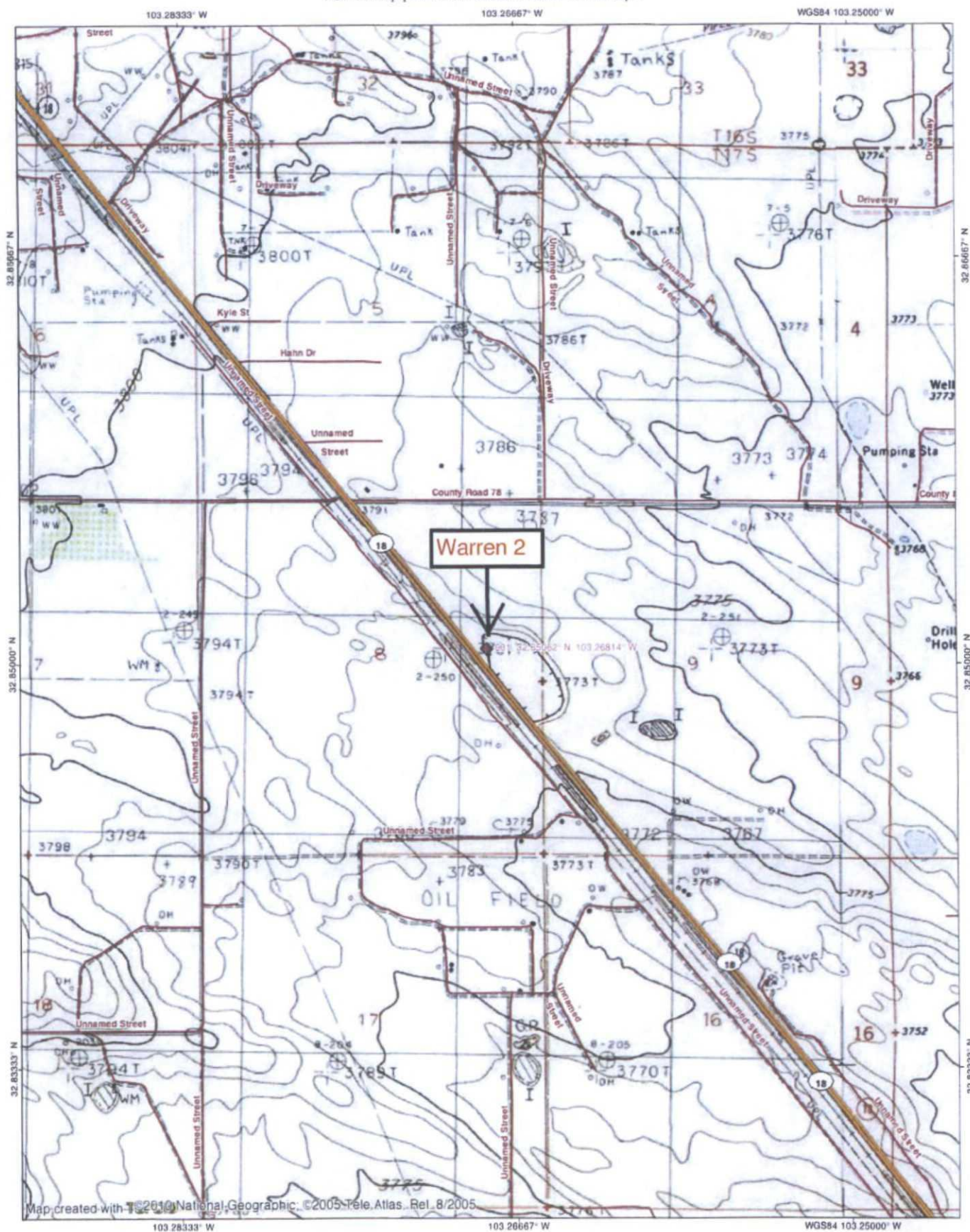


EXHIBIT A

TN AMN
7.5'
07/06/12

Production Summary of api:3002526953 pool:MIDWAY;DEVONIAN

producing year	Oil	Gas	Water	Co2
1998	6661	450	4735	0
1999	5930	608	7973	0
2000	4606	561	8415	0
2001	3966	398	8588	0
2002	3557	353	8825	0
2003	3161	314	9366	0
2004	2956	0	9119	0
2005	2705	0	9152	0
2006	2593	0	9741	0
2007	2410	0	18997	0
2008	2105	0	9156	0
2009	1872	0	9781	0
2010	2842	0	9119	0
2011	724	0	4155	0
2012	437	0	0	0
2013	66	0	0	0
2014	46	0	0	0
summary	46637	2684	127122	0

- This well and pool combination has no other pre-ongard data.

EXHIBIT B

Production Summary of api:3002526953 pool:MIDWAY;STRAWN

producing year	Oil	Gas	Water	Co2
1992**	284199	615319	22543	0
1993	6750	24966	0	0
1994	5182	18859	0	0
1995	2718	10583	0	0
1996	1814	7640	0	0
1997	938	2757	0	0
1998	0	0	0	0
summary	17402	64805	0	0

**represents cumulative production data from pre-ONGARD database until December 1992.

- This well and pool combination has no other pre-ongard data.

EXHIBIT B

