

NACOGDOCHES OIL AND GAS

TIME LINE

- 9/1/07 – **Nacogdoches Oil and Gas (NOG)** placed a \$525,000 bond up on **South Hospah Federal Lease**.
- 9/1/07 – **Nacogdoches Oil and Gas (NOG)** acquired 7000 acres at Hospah Field along with 24,000 acres of Navajo leases in Arizona and Utah.
- 9/20/07 – the **BLM** stated in a letter to **NOG** of items at the Hospah Field that needed to be addressed in taking over the South Hospah Federal Lease.
- 10/07 – Established a soil remediation farm at **Hospah**.
- 11/07 – Remediation of structures at **South Hospah Federal Lease** was completed.
- 12/07 – Remediation of tank Battery was completed at **South Hospah Federal Lease**.
- 2/08 – Replaced several miles of old iron flow lines with new high pressure of poly pipe flow lines on the **Hospah Sand Unit lease**.
- 3/08 – Replaced several miles of old iron flow lines with new high pressure of poly pipe flow lines on the **South Hospah Federal Lease**.
- 3/18/08 – **Change of Operator** form was signed dated 3/18/08. (A)
- 4/11/08 – **Mikal Altomare** sent an email to **Mike Finley** displaying all wells under **MSPC** requiring additional bonding. (1)
- 5/5/08 – **Mike Finley** responded to **Mikal Altomare** stating that **NOG** would like to discuss the list ASAP in order to complete the bonding process and transfer the operator's license. (2)
- 5/19/08 – **Mikal Altomare** emailed stating she had an opportunity review the summary provided by **NOG** dated 4/26/08. She included the summary in her email and bold/underlined the wells that were requiring additional bonding. She went on to state that she needed some documentation that these wells were no longer inactive even though there are no C115s as of yet. (3)
- 5/19/08 – **Mike Finley** emailed **Mikal Altomare** stating that he would review this with his engineer. (4)
- 5/19/08 – **Mike Finley** forwards **Mikal Altomare's** email to **Mike Allen** for review. (5)
- 5/20/08 – **Mikal Altomare** emails **Mike Finley** to inform him of minor corrections / additions on the **OCD Financial Assurance Report**. (6)
- 5/20/08 – **Mike Finley** emails **Mikal Altomare** requesting to meet in Santa Fe the following week. (7)

Oil Conservation Division

Case No. _____

Exhibit No. /

5/20/08 – **Mikal Altomare** emails **Mike Finley** about meeting in Santa Fe. She states that NOG could also meet with Dorothy Phillips to layout the paper work. (8)

5/20/08 – **Mike Finley** emails **Mikal Altomare** setting up the meeting for Friday the 23rd. (9)

5/23/08 – **Mike Finley** and **Mike Allen** where scheduled to meet with **Mikal Altomare** in Santa Fe.

5/27/08 – Audit with the **Navajo Nation** to cleanup accounting from the previous operator. There were no records, everything had to be reconstructed.

5/30/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** to inform them that NOG currently has 72 wells out of compliance. She categorized them by the dates NOG stated that we would have the wells back on line. (10)

7/9/08 – **Mike Allen** emails **Mikal Altomare** 18 C-103s for various HSU and SFRR well and further states that swabbing operation discussed has started. (11)

7/17-8/1/08 – **Hospah Sand Unit** and **Santa Fe Railroad** wells where swabbed. (11b)

7/23/08 – MIT on injection wells and injection line on **South Hospah Federal Lease**. (11c)

7/30/08 – 3 tanks on **Santa Fe Railroad** were strapped by Premier NDT Service. (11d)

8/5/08 – **Mike Allen** emails **Mikal Altomare** stating that the swabbing is almost finished and should have it to her soon. He was also inquiring if she received the remaining C103s. (12)

8/14/08 – Installed Murphy switches on 1500 bbl water tanks at **South Hospah Federal Lease** in order to prepare the lease for production.

8/15/09 – Test **Lone Pine Dakota** gas wells **13** and **23** and take a gas sample off on both wells. (12c)

8/18/08 – **Mike Allen** emails **Mikal Altomare** the swabbing reports for her review. (13)

8/19/08 – **Mikal Altomare** emails **Mike Allen** to set up a date the follow week to meet regarding the status of wells, posting of bonds and getting the wells transferred over to NOG. She also asked Mike Allen to bring C103s with him. (14)

8/19/08 – **Mike Allen** emails **Mikal Altomare** to apologize that she had not received the C103s and verifying that she has them now. He also requested a meeting the following Wednesday. (15)

8/19/08 – **Mikal Altomare** emails **Mike Allen** stating that she received a 23 page document and confirmed meeting. (16)

8/19/08 – **Mike Allen** emails **Mikal Altomare** confirming the meeting on the 27th. (17)

8/20/08 – **Mikal Altomare** emails **Mike Allen** in order to inform him to make sure that C103s formally document the information provided in the spreadsheet, so that each well has documentation in

its particular well file reflecting the swab test and the oil 'produced' there from. She also made notes of other wells in comparison to the spreadsheet and the C103s received. (18)

8/20/08 – **Mike Allen** emails **Mikal Altomare** stating the he would get the issues resolved that day. (19)

8/27/08 – Meeting with **Mike Finley**, **Mike Allen** and **Mikal Altomare** was scheduled.

8/28/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** informing she has gone over the C103s and compared them with her list made them aware of three corrections that need to be made. (20)

8/28/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** an attachment of the current financial assurance report and gives the totals for the bonds and asks for the three amended C103s. (21)

8/28/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** to inform them that they do not have a C103 filled SFRR #012. (22)

8/28/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** to confirm with them with the process of converting an existing injection well back to a production well. (23)

9/4/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** to follow up on her email sent the previous week concerning the current status NOG/MSPC wells so that she can do an official letter of rebuttal. (24)

9/10/08 – **Mikal Altomare** emails **Mike Allen** apologizing for the confusion of the email dated on the 8/28/09 and confirmed the new bond price due. (25)

9/12/08 – **Mike Allen** emails **Dorothy Phillips** to confirm the bond amounts. (25b)

9/12/08 – **Dorothy Phillips** emails **Mike Allen** the list of all well requiring bonds with their bond amounts. (25c)

9/24/08 – **Mikal Altomare** emails **Mike Finley** and **Mike Allen** to inform **Dorothy Phillips** advised her that the bonds have been posted and the Transfer of Operator can take place. She informs them that **Sonny Swazo** and NOG should connect. (26)

9/26/08 – **Mike Finley** followed up with **Wayne Price** in an email about a conversation about building a lake at Hospah to dispose of the fresh produced water. (27)

10/6/08 – **Wayne Price** emailed **Mike Finley** commenting on the water quality and the need for permits. He also wanted a full investigation on why the EPA halted the previous discharge permit. (28)

10/17/08 – Set up a plugging program with the **BLM** and started the process of leasing the **Hanson Lease**.

10/23/08 – **Mike Dehnisch** contacted **Wayne Price** by phone and shared the information that he had gathered and requested a meeting to go over next steps. Wayne told Mike to send it, but he

was "too busy" to meet with us next week. Wayne said "I would like to see it happen, but there are several hoops to push through."

11/3/08 – **Mike Dehnisch** emailed a proposal for a lake at Hospah to **Wayne Price** for his review and guidance on next steps. (30)

11/6/08 – **Mike Dehnisch** followed up with **Wayne Price** by email to see if he received the information. (31)

11/6/08 – **Wayne Price** emailed **Mike Dehnisch** stating that he had an emergency in SE New Mexico and not to expect a quick review on this project. Never received an further information or next steps. (32)

12/08 - New flow lines were laid on the **Santa Fe Railroad Lease**.

12/4/08 – Completed a US EPA, BLM, BIA, NN EPA, NN FWL and US FWL mandated project to remediate a potential contamination of the Navajo Nation water supply caused by a damaged well resulting from a mountain landslide. The project had been uncompleted for several years and estimated two eng firms to cost between 1.5 an 2 million dollars. **NOG** agreed as part of its lease consideration to complete the project and did so timely and came in under budget.

2/19/09 – The **BLM** approved the Off-lease Measurement Application submitted by **NOG** allowing them to sell oil from the **South Hospah Federal Lease**. (33)

4/15/09 – (appox. Date) **Monica Kuehling** of the **OCD** came to **Hospah** and discussed injection well pressures with **Mike Allen** and **Terry Hughes**. They told her that pressures where were building up due sand. They told her they were going to wash out the wells. Two days later HSU 61 was wash out and the pressure dropped about 200 psi for about 3 weeks and then the sand backed up again.

5/26/09 – **Hospah** emailed a spill report to **Monica Kuehling** with the **OCD**. (34)

5/28/09 – Corrections for the **Navajo Nation audit** were confirmed by the **Navajo Nation** and posted. (35)

5/28/09 – Ten C103 for Santa Fe Railroad wells 4, 7, 8, 19, 20, 21, 42, 43, 45, and Santa Fe 17 were emailed to **Monica Kuehling** with the **OCD** from **Hospah**. (36)

6/9/09 – Mike Finley emailed Mikal Altomare explaining our position and requesting meeting to gain clarification.

6/10/09 – **Monica** was at Hospah. She found HSU 93, injection well, on line. **Terry Hughes** said that he did not know water was going in that well. She asked if they would unhook this well so no water could be put down the well. They unhooked it while she was at the field. She came back for 2 or 3 days to check on wells.

6/16/09 – The **BLM** sent a letter dated 6/16/09 outlining the obligations requested by the **BLM** that **NOG** has been fulfilled. (37)

6/24/09 – Mike Finley emailed Mikal Altomare with a second request to talk.

6/25 – 6/29/09 – 33 wells on **SFRR, SFRRB, and South Hospah** were swabbed. (38)

6/30/09 – Six C103s for Santa Fe Railroad 48, 9, 15, 50, 14, 49 were emailed to **Monica Kuehling with the OCD** from **Hospah**. (39)

7/1/08 – Terry Hughes had a Conversation with Monica Kuehling. Terry asked her where a particular well was located. She mentioned that there were some gas wells that did not have signs on them and Terry said that he would fix it. Terry asked her about where to send C103s and she said "to the office."