

Arrant, Bryan, EMNRD

To: Gum, Tim, EMNRD
Cc: Fesmire, Mark, EMNRD; Sanchez, Daniel J., EMNRD; Ezeanyim, Richard, EMNRD; Jones, William V., EMNRD; Macquesten, Gail, EMNRD
Subject: FW: Dan A. Hughes' Hueco South Unit 26 State # 1

Hi Kristina,

I have forward this e mail request and concerns form Dan A. Hughes to management personnel for their review. As soon as I receive notice from Santa Fe of the outcome from hearing on this matter, I'll let you or a company representative for Dan A. Hughes know when the approval of the application is made.

Also, please notify the Oil Conservation Division Office at 505-748-1283 at time the well is spudded and provide ample time for OCD field personnel to witness the cementing of the surface string of casing. We estimate at least a 6 hours of driving time alone from Artesia to the well location.

Yours truly,
Bryan G. Arrant
District II Geologist
New Mexico Oil Conservation Division
1301West Grand Ave.
Artesia, NM 88210
505-748-1283 Ext. 103

From: Kristina Martinez [mailto:KEMartinez@hollandhart.com]
Sent: Friday, December 14, 2007 3:11 PM
To: Arrant, Bryan, EMNRD
Cc: Robert Holder; hankk@danahughes.net; William Carr
Subject: Dan A. Hughes' Hueco South Unit 26 State # 1

Mr. Arrant,

Dan A. Hughes Company will agree to the requirements listed in the email you sent earlier today. However, with regard to the daily submittal of drilling reports, Dan A. Hughes asks that the Artesia District II office agree to keep the information confidential as it is proprietary in nature. Please let us know if this is an acceptable arrangement.

Additionally, Dan A. Hughes would like to express a concern. While it is willing to comply with these requirements for this initial well, Dan A. Hughes believes it would be unnecessary and excessive to impose such requirements on every well it drills in the Hueco South Unit.

If you have any questions, please feel free to contact me.

Kristina

Kristina Martinez
Attorney
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
Phone (505) 988-4421
E-mail: kemartinez@hollandhart.com

12/17/2007



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Robert Holder [mailto:rhoher@dahughes.net]
Sent: Friday, December 14, 2007 11:54 AM
To: Kristina Martinez
Subject: FW: Dan A. Hughes' Hueco South Unit 26 State # 1

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

From: Arrant, Bryan, EMNRD
To: oilreportsinc@oilreportsinc.com
Cc: Fesmire, Mark, EMNRD ; Gum, Tim, EMNRD ; Ezeanyim, Richard, EMNRD ; Jones, William V., EMNRD ; Sanchez, Daniel J., EMNRD ; Bratcher, Mike, EMNRD
Sent: Friday, December 14, 2007 11:11 AM
Subject: Dan A. Hughes' Hueco South Unit 26 State # 1

To Whom It May Concern:

Please note that following requirements (in part) pending the approval by hearing in Santa Fe for the above noted well:

Operator to sample from the return flow line chloride readings every 100'.
 Results of these readings shall be submitted weekly by fax or e mail to the Artesia District II office.
 A cement bond log shall be run on all strings of casing ran.
 Operator to submit daily drilling reports (by fax or e-mail) to the Artesia District II office.
 Logging company to run what type of electric log that will determine any potential fresh water zones that maybe encountered.

Yours truly,
Bryan G. Arrant
 District II Geologist
 New Mexico Oil Conservation Division
 1301 West Grand Ave.
 Artesia, NM 88210
 505-748-1283 Ext. 103

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 Checked by AVG Free Edition.
 Version: 7.5.503 / Virus Database: 269.17.2/1184 - Release Date: 12/14/2007 11:29 AM

This inbound email has been scanned by the MessageLabs Email Security System.

12/17/2007

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Friday, December 14, 2007 11:12 AM
To: 'oilreportsinc@oilreportsinc.com'
Cc: Fesmire, Mark, EMNRD; Gum, Tim, EMNRD; Ezeanyim, Richard, EMNRD; Jones, William V., EMNRD; Sanchez, Daniel J., EMNRD; Bratcher, Mike, EMNRD
Subject: Dan A. Hughes' Hueco South Unit 26 State # 1

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Please note that following requirements (in part) pending the approval by hearing in Santa Fe for the above noted well:

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12/14/2007

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Wednesday, December 05, 2007 2:01 PM
To: Fesmire, Mark, EMNRD; Ezeanyim, Richard, EMNRD; Gum, Tim, EMNRD; Jones, William V., EMNRD
Subject: Hueco South Unit 26 State # 1/Hidalgo County
Importance: High

I just spoke to a "Jeff" with Dan A. Hughes Company and he informed me that they were in the preparation to move a drilling rig from Hobbs, NM

for the above noted well next week???

What is going on that I do not know about?

I informed him that I have not approved his APD and question him on this proposed casing program.

Since this is set to go to hearing on @ 12/12/2007, what has to happen as the result of the hearing in Santa Fe for approval?

I think that Dan A. Hughes has a number of things backwards as far as permitting and drilling wells in New Mexico.

And the hearing in Santa Fe.

He informed me that they will loose their lease on 1000's of acres if this well is not spudded by I believe 12/31/2007?

Since this appears to be in my opinion a poorly planned scenario, can they put a spudder on the well location to hold the lease if thing don't go their way???

Thanks,

Bryan G. Arrant

District II Geologist

New Mexico Oil Conservation Division

1301 West Grand Ave.

Artesia, NM 88210

505-748-1283 Ext. 103

- Cutrides samples to 1000' every 100'
- Bond Log on Both strings of casing-
- Witness ~~both strings of casing~~ surface
- Submit Daily Logs Report (E mail / Fax)
- Have Logging Company run type of log to determine fresh water zones potential

12/5/2007

Arrant, Bryan, EMNRD

To: oilreportsinc@oilreportsinc.com

Cc: Fesmire, Mark, EMNRD; Ezeanyim, Richard, EMNRD; Jones, William V., EMNRD; Sanchez, Daniel J., EMNRD

Subject: Hueco South 26 State # 1

Dear Gaye,

In regards to the amended APD, please note that I will not approve the casing program as submitted. With what I see that has been submitted, very little research has gone into planning. For example, the hydrology study of the ground water in the area, etc. It is interesting an 'offset well' that has been submitted to me is @ 50 miles away from the proposed location. This is the Marshall R. Young's Bisbee Hills # 1 well. Located in Luna County, I mud logged this well and as I remember they drill stem tested a drilling break close to total depth. The test resulted in an 'ocean of fresh water'. Please note that this is only from 'memory' as I do not have the drill stem test information.

Again please have Dan A. Hughes explain to me why ground water noted at: 880-1100' that was submitted on the 1st APD submitted is not to be protected.

Please explain why on the C-101 form the depth to ground water is noted at: 880-1100', yet as I see it Dan A. Hughes Company has no plans in this APD to protect said ground water as noted on the APD. For example there is not an extra string of casing at this depth to protect said ground water. Please provide the information that was obtained in the ground water study.

And please explain why in the new APD, why on the production string of casing plans to bring cement only to 5600'. Per the above, how does Dan A Hughes Company plan to plan to be in compliance with NMOCD Rule 19.15.3.106?

In part, I will not approve an application in an area that we have very little well information on and as per the following:

With a proposed casing program of setting the surface casing to 200'. There are no plans to set intermediate casing to protect the deeper ground water as noted in your 1st APD submitted, and to have cement brought up to only to 5600', I feel that the 1st and 2nd application submitted does not adequately take steps in protecting ground water.

Bryan G. Arrant

District II Geologist

New Mexico Oil Conservation Division

1310 West Grand Ave.

Artesia, NM 88210

505-748-1283 Ext. 103

12/5/2007

Arrant, Bryan, EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, November 07, 2007 10:21 AM
To: Gurn, Tim, EMNRD; Arrant, Bryan, EMNRD
Subject: Hidalgo County Drilling Proposal - send to Santa Fe for Hearing

Tim and Bryan - sending this, just in case Mark got caught up in the Pit frenzy and did not send it to you.
Carol Leach and Mark wants these drilling applications to go to hearing.

Hello Tim and Bryan:

When you receive any applications to drill in Hidalgo County, please notify the applicant they must have its attorney work through Florene in Santa Fe to set the APD to an examiner hearing and specific notice must be provided to the Director of New Mexico Game and Fish, the Director of State Forestry, and the New Mexico Commissioner of Public Lands.

Yesterday the Division heard the proposed South Hueco Exploratory Unit which has preliminary approval from the State Land Office. The proposed unit is in Hidalgo county and wholly on State Lands, but surrounded by areas deemed too sensitive to lease by the BLM. Our Forestry folks say this area has endangered species, so each of the exploratory well locations should be closely scrutinized and properly noticed before approval.

Mark Fesmire

Nov 15
Emergency Hearing

11/8/2007