STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GOVERNOR

4-24-95

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

SWD-591

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

RE: Proposed:
MC
DHC
NSL
NSP
SWD X
WFX
PMX

Gentlemen:

I have examined the application for the:

Victory Oil & Gas Inc Kim Harris #1-B 12-16-36
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed

VICTORY OIL & GAS

INCORPORATED

435 N. Gun Barrel Lane, Gun Barrel City, Texas 75147 (903) 887-8001

April 18, 1995

Mr. Jerry Sexton
1000 W. Broadway
Hobbs, NM 88240

RE: Saltwater Disposal Permit Proposal
Well No. : 013928, Kim Harris No. 1 Well
API No. : 30-025-30939
N. E. Lovington - Wolfcamp, Pool No.: 41060
Lea County, New Mexico

Dear Mr. Sexton,

Below are the details addressing the respective Articles on Form C-108 (revised 7-1-81), concerning the saltwater disposal permit for the referenced well.

Article V.

Attached please find a Map detailing the location of all the wells located within the area of the referenced well. Each well located within a two mile radius of the Kim Harris No. 1 well (identified by the letter "F") are identified by a letter. This letter corresponds to the list of all the Operators, lease names and well numbers on the following page. Also identified on the Map are the two wells located within the "wells' area of review". These wells are identified with the letters "F" and "G", and are further detailed on the attached on Well Data Sheets".

Article VI.

Attached please find several "Injection Well Data Sheets" which detail the current configuration of the two wells located within the "Area of Review". Since the Harris No. 2 (well lettered "G") was recently re-entered and then plugged again, a second "Injection Well Data Sheet" has been included for your review.

Article VII.

Proposed Average Daily Rate: 4,500 BPD
Proposed Maximum Daily Rate: 5,000 BPD
System will be an open.
Proposed Average Daily Pressure: 1,500 psig.
Proposed Maximum Injection Pressure: 3,500 psig.

It is proposed that all water disposed in the Kim Harris No. 1 well will be produced saltwater, all produced from wells located in the area.

Currently, the Wolfcamp formation is not producing anywhere within a one mile radius from the Kim Harris No. 1 well. The saltwater produced from the Kim Harris No. 1 was tested to contain 79,500 ppm chlorides and had a specific gravity of 1.125. Attached please find the saltwater analysis conducted by Halliburton Services, located in Hobbs, N.M., and dated September 23, 1994.

Article VIII.

All saltwater disposed down the referenced well will be disposed into the Lower Wolfcamp formation. The Lower Wolfcamp consists primarily of limestone throughout its entire section. The top of the Wolfcamp in the Kim Harris No. 1 well is located at a depth of 9,860 feet, with its base located at 10,712 feet. The overall thickness of the Wolfcamp section as seen in the Kim Harris No. 1 well is approximately 852 feet. However, only the lower

portion of the Wolfcamp formation has sufficient porosity and permeability to handle any volume to disposed water.

Only the Ogalalla aquifer is the only known fresh water aquifer in the area. The depth of this aquifer is between the surface of the earth and 400 feet. This fresh water aquifer is protected by the surface casing cemented in the local wells down to a depth of approximately 420 feet.

Article IX.

On September 19, 1994, the Lower Wolfcamp was acidized with 500 gal. 15% NEFE acid. While acidizing the well, the Lower Wolfcamp went on vacuum throughout the entire job. Therefore, it is anticipated the well will not require any stimulation initially, however, in the future, should the well need another stimulation treatment, 15% NEFE acid will probably be used.

Article X.

Attached please find sections of the Lower Wolfcamp as seen by the Dual Induction Laterolog, and the Spectral Density, Dual Spaced Neutron Log.

Article XI.

Article XII.

We at Victory Oil & Gas, Inc., hereby do declare that after examining both the available geological and engineering data, we find no evidence of open faults or any other hydrologic connection between the Lower Wolfcamp and any underground source of drinking water.

Article XIII.

Attached please find "Proof of Notice" which was run in the Lovington Daily Leader newspaper.

We trust the enclosed material sufficiently details our permit request for the referenced well. However, should you require any additional information, feel free to contact us at your earliest convenience..

Sincerely,

David H. Holstein
President

DHH/i

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

FORM C-108
Revised 7-1-81

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose: ☐ Secondary Recovery ☐ Pressure Maintenance ☒ Disposal ☐ Storage
Application qualifies for administrative approval? ☐ yes ☐ no

II. Operator: Victory Oil & Gas, Inc.

Address: 435 N. Gun Barrel Lane, Gun Barrel City, Texas 75147

Contact party: David H. Holstein Phone: 903-887-8001

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 ☒ 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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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 source of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification

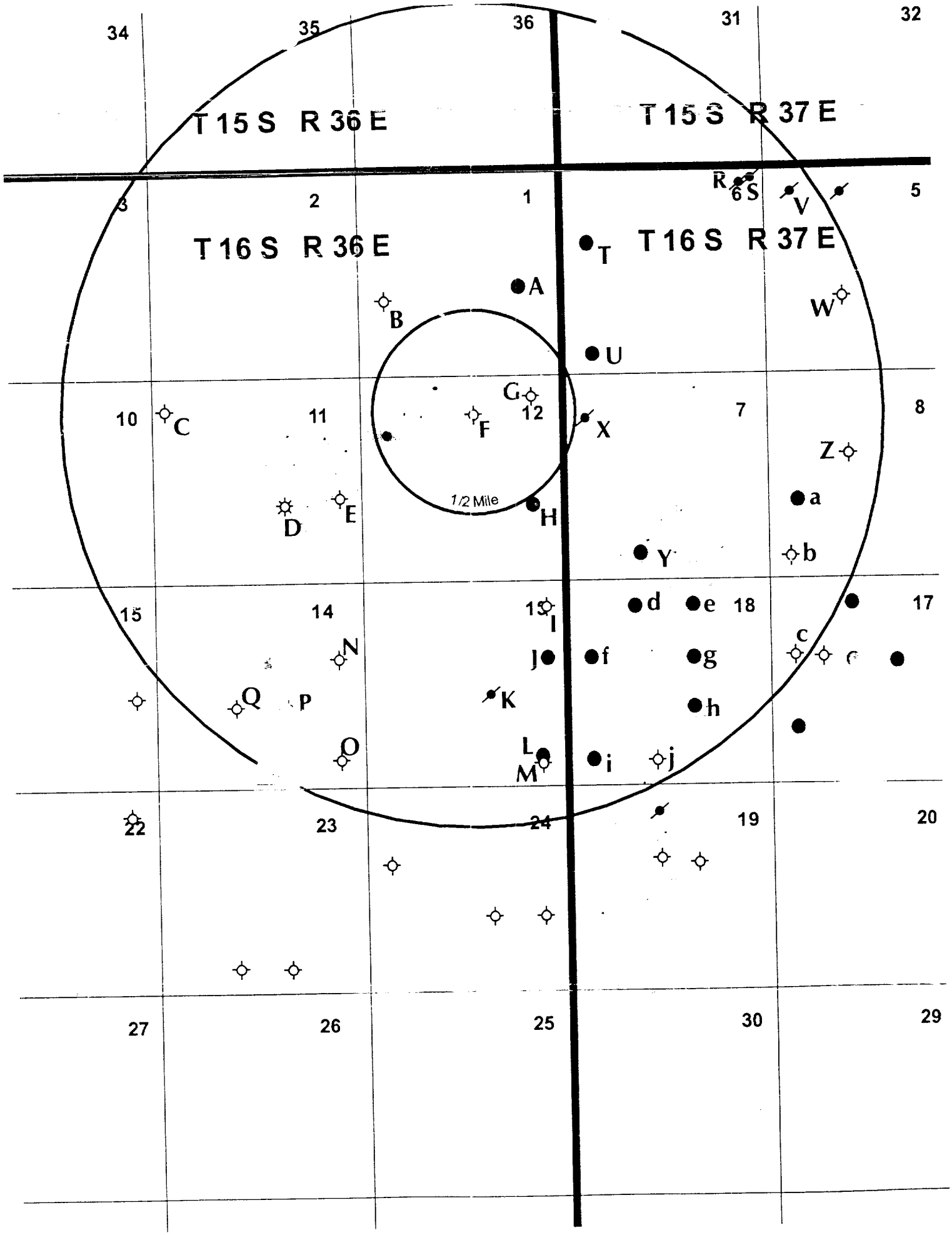
I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: David H. Holstein Title President

Signature: David H. Holstein Date: 3-31-95

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate Division district office.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36

VICTORY OIL & GAS

INCORPORATED

435 N. Gun Barrel Lane, Gun Barrel City, Texas 75147 (903) 887-8001

Letter	Operator	Lease Name	Well No.
A	Estoril Producing Corporation	Anderson	1
B	AShmun & Hilliard, No. 3 Ltd.	J E. Henderson	1
C	Manzano Oil Corporation	Brownfield Trust	1
D	North American Royalties, Inc.	Hudgens	1
E	North American Royalties, Inc.	Stats LCC	1
F	Victory Oil & Gas, Inc.	Kim Harris	1
G	Middile Bay Oil Company	Kim Harris	2
H	Matador Operating Company	State 12 "AA"	1
I	Bass Enterprises Production Co.	Bass 13 State	1
J	Bass Enterprises Production Co.	Monteith	2
K	Bass Enterprises Production Co.	Monteith "B"	1
L	Bass Enterprises Production Co.	Monteith	1
M	Oil Well Drilling Company	C.L. Clardy	1
N	King Resources Company	Coates	1
O	Gil-Mc Oil Company	Lovington	2
P	Monsanto Company	Monteith	1
Q	Hamon Oil Company	McDaniel	1
R	Exxon Corporation	New Mexico FC State	1
S	Socony Mobile Oil Company, inc.	New Mexico "P"	1
T	Sun Exploration & Production Co.	Anderson "A"	1
U	Kevin O. Butler & ASsociates, Inc.	Anderson "6"	1
V	Socony Mobil Oil Company, Inc.	Anderson Estate	1
W	Atlantic Richfield Company	State "AH"	1
X	William C. Bauhlburg	Christmas	1
Y	Swift energy Company	State 7	1
Z	Foran Oil Company	Caudill	1
a	Matador Operating Company	Caudill	2
b	Energy Reserves Group, Inc.	Caudill	1
c	Pennzoil United, Inc.	State "17"	1
d	Swift Energy Company	Pennzoil State	3
e	Swift Energy Company	Pennzoil State	2
f	Swift Energy Company	Pennzoil State	4
g	Swift Energy Company	Pennzoil State	1
h	Verde Grande, Inc.	Aztec State	1
i	Smith & Marrs, inc.	Aztec State Com.	3
j	Getty Oil Company	H.T. Montieth "D"	1

INJECTION WELL DATA SHEET

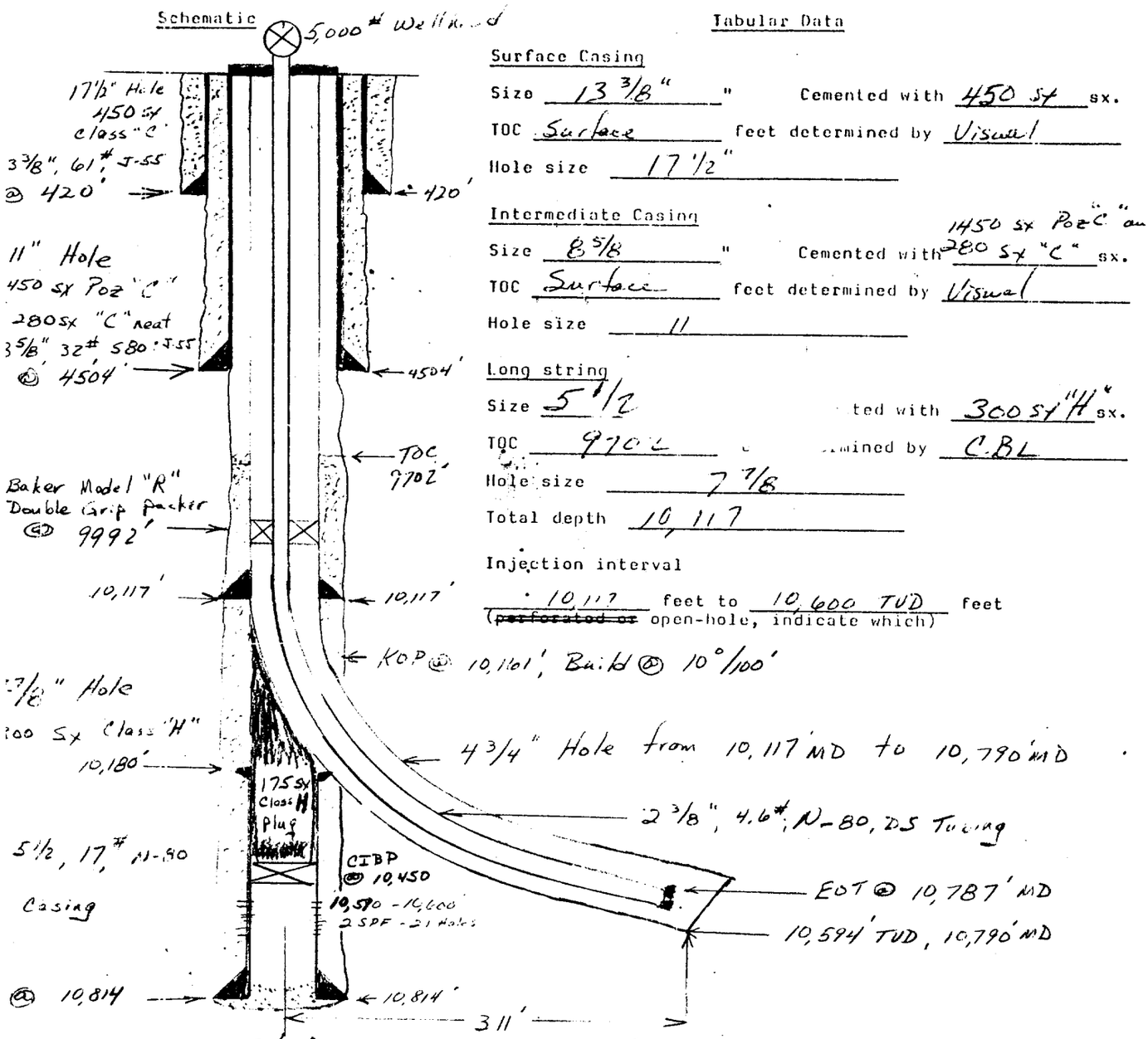
WELL "F"

Victory Oil & Gas, Inc. — OPERATOR
Kim Harris — LEASE

1 — WELL NO.
990 FNL & 2310 FEL — FOOTAGE LOCATION
17 — SECTION
16-South — TOWNSHIP
36 East — RANGE

Drilled 8-29-90 to 10-4-90

Schematic



Tabular Data

Surface Casing

Size 13 3/8" Cemented with 450 SX sx.

TOC Surface feet determined by Visual

Hole size 17 1/2"

Intermediate Casing

Size 8 5/8" Cemented with 1450 sx Poz "C" and 280 SX "C" sx.

TOC Surface feet determined by Visual

Hole size 11

Long string

Size 5 1/2 ted with 300 SX "H" sx.

TOC 9702 mined by C.B.L

Hole size 7 7/8

Total depth 10,117

Injection interval

10,117 feet to 10,600 TVD feet

(~~perforated or~~ open-hole, indicate which)

Tubing size 2 3/8" lined with plastic (material) set in a

Baker Model "R" Double Grip packer at 9992' feet

(brand and model)

(or describe any other casing-tubing seal).

Other Data

1. Name of the injection formation Lower Wolfcamp

2. Name of Field or Pool (if applicable) N.E. Lovington - Wolfcamp

3. Is this a new well drilled for injection? ☐ Yes ☒ No

If no, for what purpose was the well originally drilled? Originally drilled to test both Wolfcamp and Strawn. The Wolfcamps produced ± 63,000 BO.

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) Well perforated at 10,590' - 10,600 w/ 2 SPF. A CIBP was set at 10,450' w/ 175 SX plug on top of CIBP from 10,450' - 10,162'.

5. Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area.

The Strawn Zone is the only underlying oil zone within the area, at about 11,500'.

WELL G

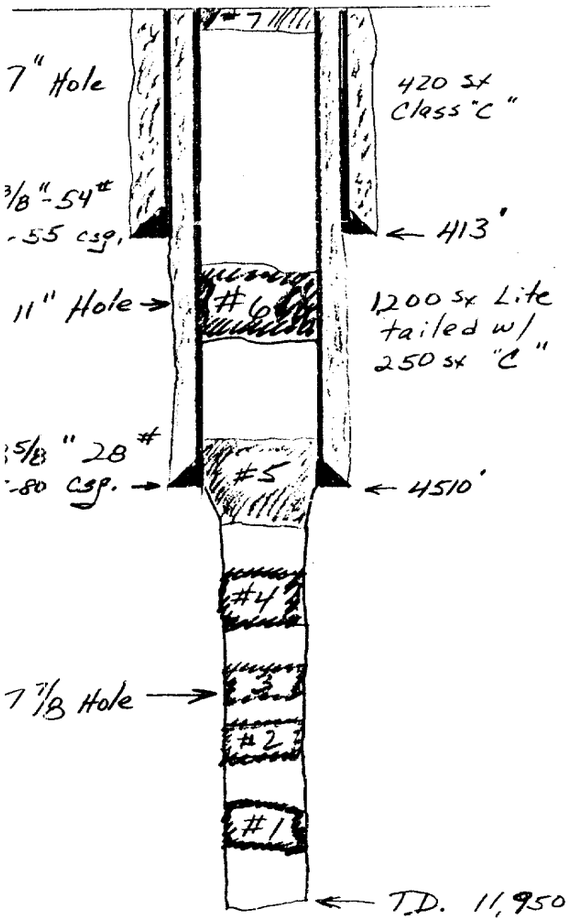
INJECTION WELL DATA SHEET

Manzano Oil Corporation (OPERATOR) Kim Harris (LEASE)

2 (WELL NO.) 600 FNL 797 FEL (FOOTAGE LOCATION) 12 (SECTION) 16 South (TOWNSHIP) 36 East (RANGE)

Drilled 2-15-92 to 3-27-92

Schematic



Tabular Data

Surface Casing

Size 13 3/8" Cemented with 420 "C" sx.

TOC Surface feet determined by Visual

Hole size 17"

Intermediate Casing

Size 8 5/8" Cemented with 1200 sx Lite 250 sx "C" sx.

TOC Surface determined by Visual

Hole size 11"

Long string

Size N/A" Cemented with N/A sx.

TOC N/A feet determined by N/A

Hole size N/A

Total depth N/A

Injection interval

____ feet to ____ feet

(perforated or open-hole, indicate which)

PLUGS

#1. 11,516 - 416 w/ 35 sx

#2. 9,714 - 9,614 w/ 35 sx.

#3. 6,534 - 6,434 w/ 35 sx.

#4 5,036 - 4936 w/ 35 sx.

#5 4560 - 4460 w/ 35 sx

#6 2150 - 2050 w/ 35 sx

#7 Surface w/ 10 sx.

Tubing size ____ lined with ____ (material) set in a

____ (brand and model) packer at ____ feet

(or describe any other casing-tubing seal).

Other Data

1. Name of the injection formation N/A
2. Name of Field or Pool (if applicable) N.E. Lovington - Penn.
3. Is this a new well drilled for injection? ☐ Yes ☒ No

   If no, for what purpose was the well originally drilled? Well was drilled to test both Wolfcamp and Strawn, both being Non-productive
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)

   No
5. Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area.

   Wolfcamp at 10,590, & Strawn at 11,500'

INJECTION WELL DATA SHEET

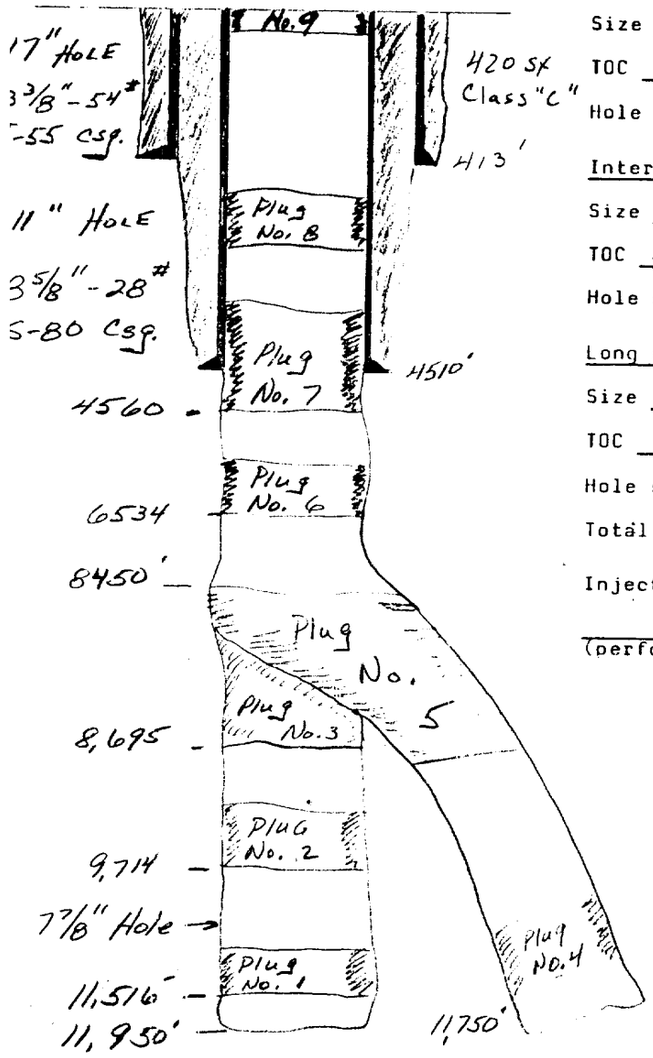
WELL "G"

Middle Bay Operating Comp., Inc. Kim Harris
OPERATOR LEASE

2 | 600 FNL, 197 FEL | 12 | 16 South | 36 East
WELL NO. | FOOTAGE LOCATION | SECTION | TOWNSHIP | RANGE

RE-ENTERED 3-14-95 and Plugged 4-7-95

Schematic



Tabular Data

Surface Casing

Size 13 3/8" Cemented with 420 "C" sx.

TOC Surface feet determined by Visual

Hole size 17"

Intermediate Casing

Size 8 5/8" Cemented with 1200 SX Lite 250 SX "C" sx.

TOC Surface feet determined by Visual

Hole size 11"

Long string

Size N/A" Cemented with N/A sx.

TOC N/A feet determined by N/A

Hole size N/A

Total depth

Injection interval

____ feet to ____ feet
(perforated or open-hole, indicate which)

PLUG No.	DEPTH	
1	11,516 - 416	35 SX
2	9,714 - 9614	35 SX
3	8,695 - 8512	125 SX
4	11,700 - 11,600	35 SX
5	8,550 - 8,450	35 SX
6	6,534 - 6,434	35 SX
7	4,560 - 4,460	35 SX
8	2,150 - 2,050	35 SX
9	10 - Sur.	10 SX

Tubing size ____ lined with ____ (material) set in a

____ (brand and model) packer at ____ feet

(or describe any other casing-tubing seal).

Other Data

1. Name of the injection formation N/A

2. Name of Field or Pool (if applicable) Wil - PEN. N.

3. Is this a new well drilled for injection? ☐ Yes ☒ No

If no, for what purpose was the well originally drilled? Well was initially drilled to test the Wolfcamp and Strawn, then was re-entered for same

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)

No

5. Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area.

Wolfcamp at 10,590' and Strawn at 11,500'

4-2-95

Baroid Drilling Fluids, Inc.

Kim HARRIS Well #1 - 300 PPM Chlorides

Kim Harris Well #2 - 175 ppm chlorids

Kim Harris Well #3 - 125 PPM chlorids

HALLIBURTON

To VICTROY Oil & GAS

Sample Number 202

Submitted by _____ Date Received 9-23-94

Well No. HARRIS #1 Depth _____ Formation _____

County _____ Field _____ Source _____

Resistivity**			
Specific Gr.	1.125		
pH			
Calcium* Ca			
Magnesium* Mg			
Chlorides* Cl	79500 mg/l		
Sulfates* SO_4			
Bicarbonates* HCO_3			
Soluble Iron* Fe			

Oil Gravity 39 @ 60°F

Remarks:

*Milligrams per liter
** ohms/meter²/meter

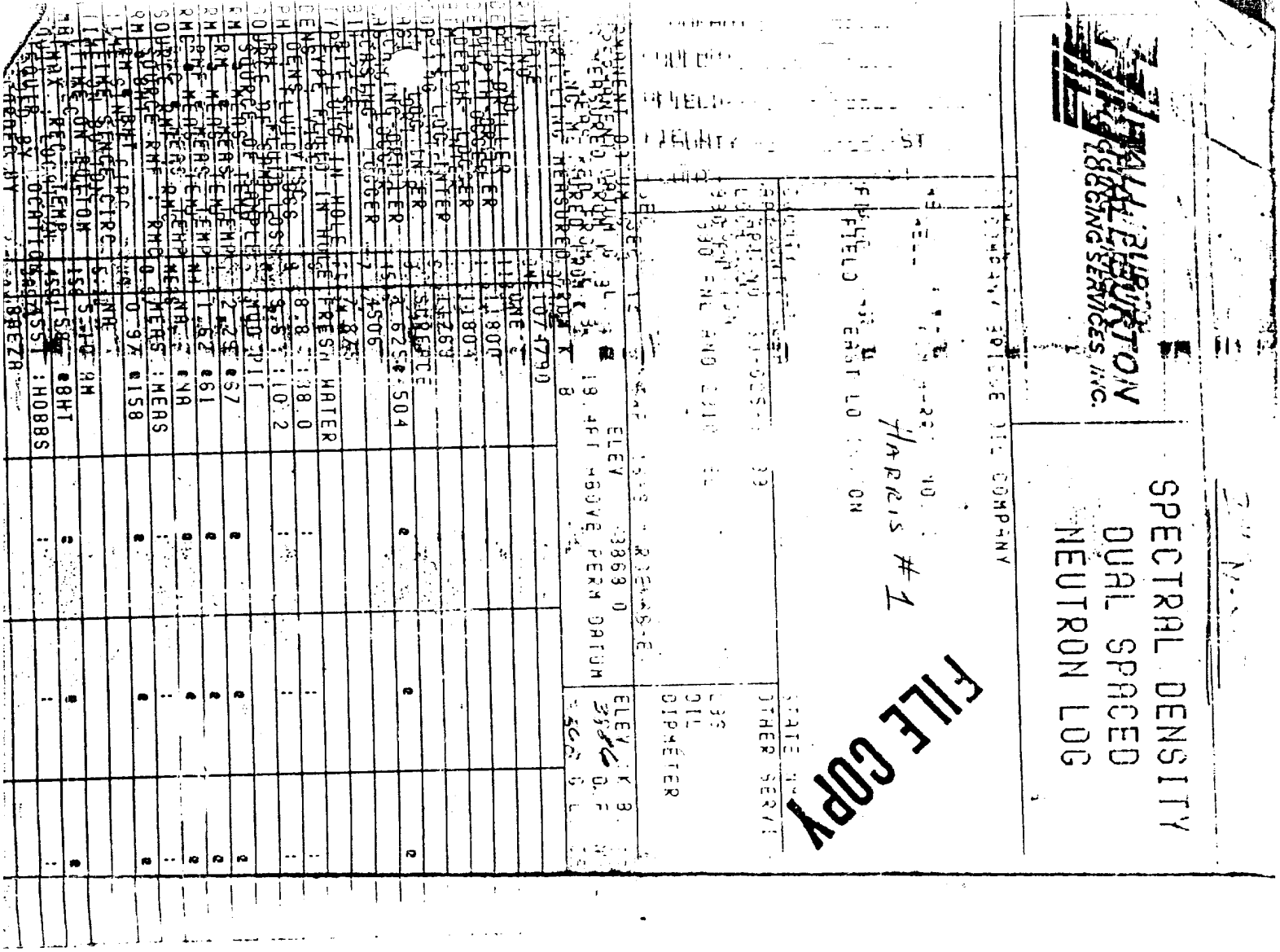
Respectfully summitted,

Analyst: J L PUGAM

HALLIBURTON COMPANY

By _____

CHEMIST



Fold H:

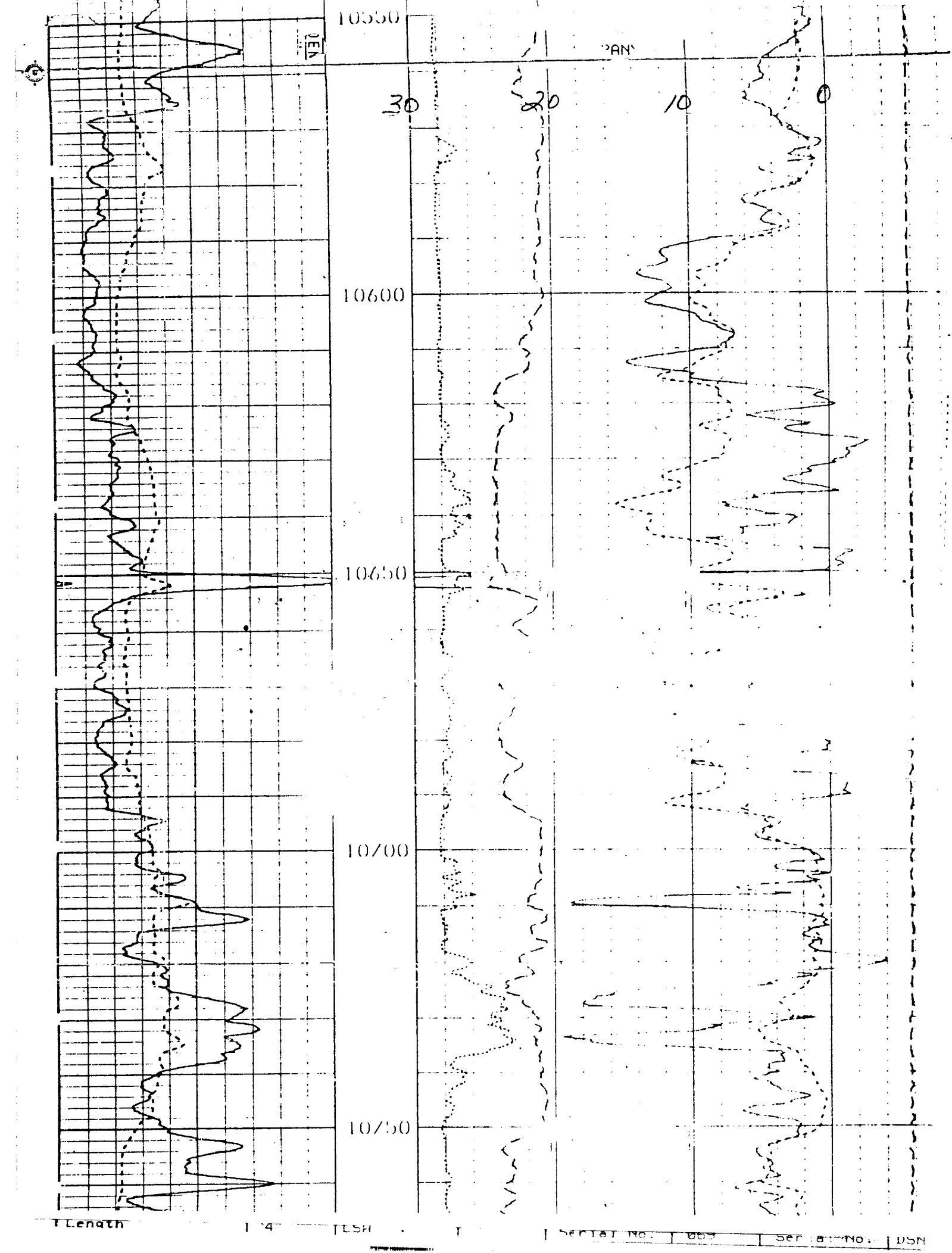
Servic	cket No.: 509454	API Serial No.:	RESIST.	SCALE CHANGES
Change	Mud Type or Additional Samples		Type Log	Depth	Up Hole	Scale Down Hole
Date/Sample No.	/ / :	/ / :				
Depth-Driller						
Type Fluid in Hole						
Dens. : Visc.	:	:				
pH. : Fluid Loss	:	:				
Source of Sample						
Rm @ Meas.Temp.	@	@				
Rmf @ Meas.Temp.	@	@				
Rmc @ Meas.Temp.	@	@				
Source: Rmf : Rmc	:	:				
Rm @ BHT	@	@				
Rmf @ BHT	@	@				
Rmc @ BHT	@	@				

RESISTIVITY EQUIPMENT DATA

Run No	Tool Type & No	Pad Type	Tool Pos.	Other
ONE	DI 109430			
ONE	LL 108928			

EQUIPMENT DATA

GAMMA		ACOUSTIC		DENSITY		NEUTRON	
Run No.	ONE	Run No.		Run No	ONE	Run No.	ONE
Serial No.	108598	Serial No.		Serial No.	109312	Serial No.	108745
Model No.	432	Model No.		Model No.	465	Model No.	434
Diameter	3.625 "	No.of Cent.		Diameter	4.5"	Diameter	3.625"
Detector Model No.	102-T	Spacing		Log Type	SPECTRA	Log Type	N-N
	SCINT			Source Type	CS 137	Source Type	AM BE


10550
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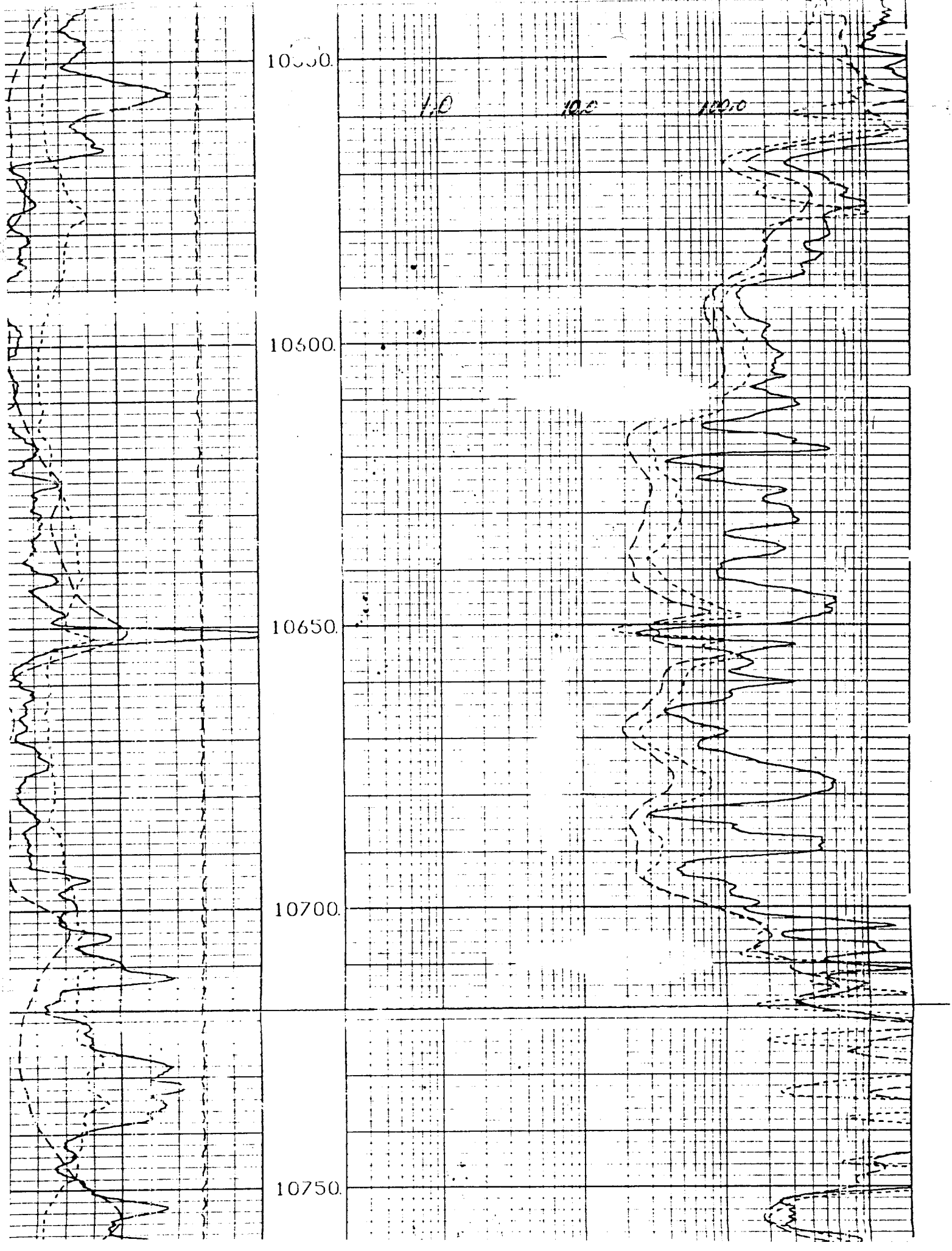
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Affidavit of Publ. tion

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that he is Adv. Director of THE LOVINGTON DAILY LEADER, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

and ~~numbered~~ ..... in the ..... Court of Lea ~~County, New Mexico~~ was published in a regular and entire issue of THE LOVINGTON DAILY LEADER and not in any supplement th ~~one set of the said~~ one (1) day ~~consecutive weeks~~ begin th the issue of January 10, 1995 and ending with the issue of January 10, 1995

And that the cost of publishing said notice is the sum of $ 9.55 which sum has been (Paid) (~~Assessed~~) as Court Costs

Joyce Clemens

Subscribed and sworn to before me this 17th day of January, 1995

Jean Jewell
Notary Public, Lea County, New Mexico

My Commission Expires Sept. 28, 1998

LEGAL NOTICE

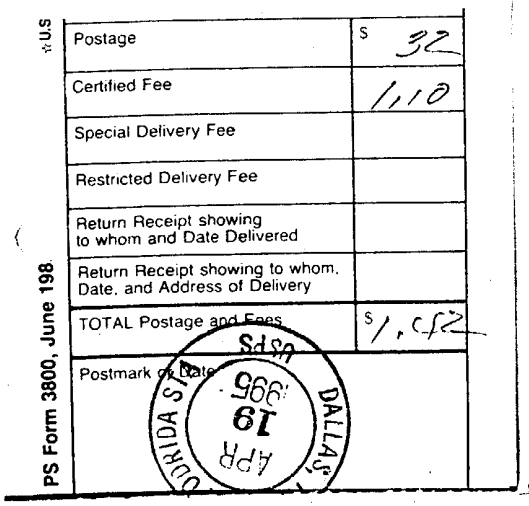
Victory Oil & Gas, Inc. 435 N. Gun Barrel Lane, Gun Barrel City, TX., 75147, David H. Holstein, (903) 887-8001, intends to convert the Kim Harris No. 1, at 990 FNL, 2310 FEL, Unit B, Sec. 12, T16S, R36E, Lea County, NM, into a commercial salt water disposal well. Water will be disposed into the Wolfcamp formation, at 10,580' - 10,650', at a max rate of 5,000 BPD and a max. press. of 3,500 psig.

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, NM, 87501 within 15 days.
Published in the Lovington Daily Leader January 10, 1995.

P 555 675 137

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

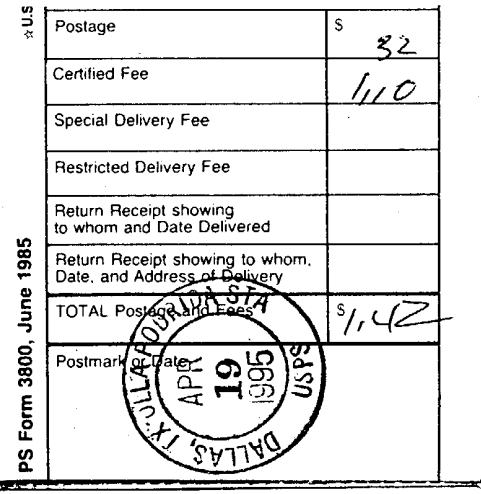
Middle Bay Oil Company, Inc.
Mr. Robert Hamon
31 North Royal Street Suite 1712
Mobile, AL 36601



P 555 675 138

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

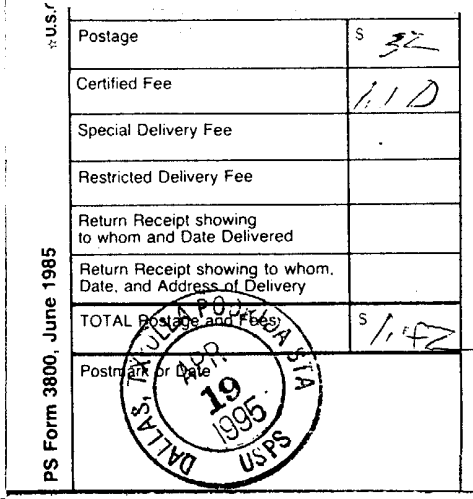
Mrs. Kim Harris
Box 9A, East Star Route
Lovington, NM 88260



P 555 675 788

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

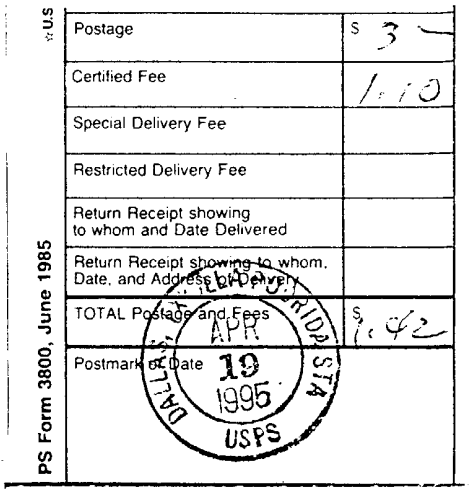
Matador Operating, Inc.
Mr. Barry Osborne
8340 Meadow Road Suite 158
DAllas, TX 75231



P 555 675 789

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

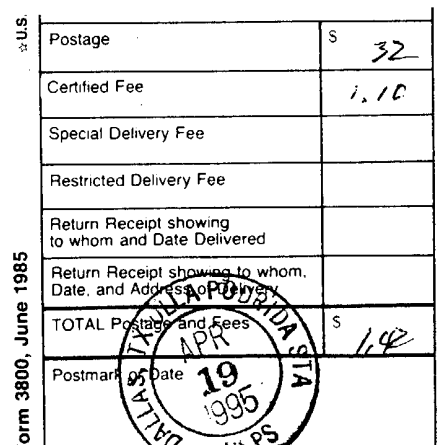
Texaco, Inc.
Mr. Ron Lanuing
P.O. Box 2100
Denver, CO 80237



P 553 703 980

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

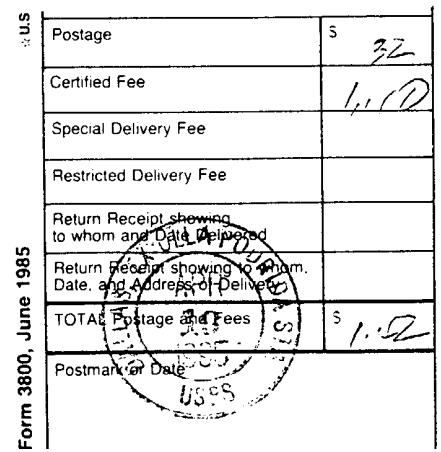
Conoco, Inc.
Mr. Mike Johnson
10 Desta Drive Suite 100 W
Misland, TX 79705



P 555 675 790

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

Mr. Kevin O. Butler
P.O. Box 1171
Midland, TX 79702



P 555 675 791

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

Bechtel Energy Partners, Ltd.
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