

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 2, 2012

Canyon E & P Company
Attn: Travis White
911 Lake Carolyn Pkwy, Suite 104
Irving, TX 75039

Email: travis@eddyedreyer.com

Notice of Termination of Authority to Inject into the O'Brien P #1 (API #30-005-62192), Administrative Order SWD-592

Dear Operator:

According to Oil Conservation Division records, the authority to inject into the above-identified salt water disposal well **has terminated** pursuant to division rules. Division records show Canyon E & P Company OGRID #269864 (Canyon) as the operator of record of the well.

Division Rule 19.15.9.705 NMAC (re-numbered 19.15.26.12 NMAC, effective December 1, 2008) states:

C. Abandonment of Injection Operations

- (1) Whenever there is a continuous one year period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto.
- (2) For good cause shown, the division director may grant an administrative extension or extensions of injection authority as an exception to Subsection C, Paragraph (1) above of 19.15.9.705 NMAC.

Injection reports for the O'Brien P #1 show February 2007 as the last month of injection into the well. (A copy of the division's records is enclosed.) No injection reports have been filed for August 2011. However, injection authority would have terminated automatically at the end of a continuous one year period of non-injection unless the division director granted an

administrative extension prior to termination. There is no indication in the division's records that an administrative extension of injection authority was requested or granted prior to termination.

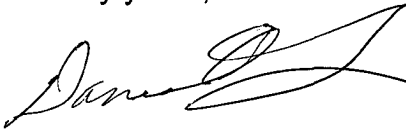
Therefore, based upon the injection reports filed for the O'Brien P #1, the authority to inject into the O'Brien P #1 has terminated.

Please disconnect any injection lines.

If Canyon wishes to inject into the O'Brien P #1, it will have to apply for authority to inject with the Division's Engineering Bureau. Please contact Will Jones in the Division's Engineering Bureau at (505) 476-3448 or william.v.jones@state.nm.us if you have any questions regarding reacquiring injection authority.

I would like to discuss this matter further with Canyon. Please call me at (505) 476-3493.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Daniel Sanchez', with a long, sweeping horizontal line extending from the end of the signature.

Daniel Sanchez
New Mexico Underground Injection Control Program Director

ec: Richard Inge, OCD, Artesia
Randy Dade, OCD, Artesia
William Jones, OCD, Santa Fe
Theresa Duran-Saenz, OCD, Santa Fe
Mike Myers, mike@canyonep.com

30-005-62192 O'BRIEN P #001 [308691]**General Well Information****Status:** Active**History****Comments****Operator**

Company: [269864] CANYON E & P COMPANY
Address: 911 Lake Carolyn Pkwy Suite 104
Irving, TX 75039
Country: U.S.A.
Main Phone: 972-869-8005

Central Contact Person

Name: Travis White
Phone: 214-265-7101
Cell:
E-Mail Address: travis@eddyedreyer.com

Title: Agent
Fax: 214-363-4191

Hobbs Contacts

Name: Mike Myers
Phone: 972-869-8005
Cell: 214-709-6784
E-Mail Address: mike@canyonep.com

Title:
Fax: 972-869-8007

Artesia Contacts

Name: Mike Myers
Phone: 972-869-8005
Cell: 214-709-6784
E-Mail Address: mike@canyonep.com

Title:
Fax: 972-869-8007

Pits**Casing****Well Completions**

[96121] SWD;SAN ANDRES	Status: Active	Last Produced: 2/1/2007
[51130] RED LAKE RIDGE;SAN ANDRES	Status: Zone Permanently Plugged	Last Produced: 5/1/1995

Financial Assurance**Compliance**

Note that Financial Assurance and Inactive Well Compliance are documented in separate reports ([Inactive Well Report](#), [Financial Assurance Report](#)).

Also note that some compliance issues are addressed at the operator level so not listed under each well.

RE10805232036 **Date of Violations:** 2/21/2008 **Violations:** Monitoring/Reporting

Complaints, Incidents and Spills

No Incidents Found

Please note that incidents that impact ground water are recorded along with "facilities" which may not be wells, so although the initial report may be recorded here as a spill, information related to the abatement plans, remediation plans and ground water impact information are not yet part of this application.

Orders

Agreed Compliance Order ACO-270-0

Salt Water Disposal SWD-592-0

Production / Injection

[Show All Production](#) [Export to Excel](#)

Earliest Production in OCD Records: 12/1992

Last 2/2007

	Production	Injection
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Time Frame	Oil(BBLS)	Gas(MCF)	Water (BBLS)	Days P/I	Water (BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
1992 Cumulative	41513	24590	176411	99	0	0	0	0	0
1993	558	1309	2834	356	0	0	0	0	0
1994	511	1637	2108	320	0	0	0	0	0
1995	203	400	706	221	13730	0	0	0	0
1996	0	0	0	0	20826	0	0	0	3000
1997	0	0	0	0	6597	0	0	0	3600
1998	0	0	0	0	17499	0	0	0	2800
1999	0	0	0	0	29314	0	0	0	2000
2000	0	0	0	0	28497	0	0	0	2400
2001	0	0	0	0	25800	0	0	0	2400
2002	0	0	0	0	16413	0	0	0	1200
2003	0	0	0	0	15855	0	0	0	0
2004	0	0	0	0	10646	0	0	0	1940
2005	0	0	0	0	16025	0	0	0	3940
2006	0	0	0	0	16425	0	0	0	4380
2007									
SWD;SAN ANDRES									
Jan	0	0	0	0	1395	0	0	0	372
Feb	0	0	0	0	1260	0	0	0	336
Mar	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0
Aug	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	2655	0	0	0	708
Annual Total:	0	0	0	0	2655	0	0	0	708
2008									
SWD;SAN ANDRES									
Jan	0	0	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0
Aug	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	0	0	0	0	0
Annual Total:	0	0	0	0	0	0	0	0	0
2009									
SWD;SAN ANDRES									
Jan	0	0	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0

Aug	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	0	0	0	0	0
Annual Total:	0	0	0	0	0	0	0	0	0
2010									
SWD;SAN ANDRES									
Jan	0	0	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0
Aug	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	0	0	0	0	0
Annual Total:	0	0	0	0	0	0	0	0	0
2011									
SWD;SAN ANDRES									
Jan	0	0	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	0	0	0	0	0
Annual Total:	0	0	0	0	0	0	0	0	0
2012									
SWD;SAN ANDRES									
Jan	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	0	0	0	0	0
Annual Total:	0	0	0	0	0	0	0	0	0
Grand Total:	42785	27936	182059	996	220282	0	0	0	28368

Transporters