

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☒ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ben Stone		Agent for Ray Westall	9/13/13
Print or Type Name	Signature	Title	Date
		ben@sosconsulting.us	
		e-mail Address	

Ray Westall state
Two Forks Well #2 SWD
30-015-25015
Wolfcamp/Cis/Can/STW
Commercial



September 13, 2013

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Ms. Jami Bailey, Director

*Re: Application of Ray Westall Operating, Inc. to permit for salt water disposal in its
Two Forks No.2 well located in Section 2, Township 18 South, Range 28 East, NMPPM,
Eddy County, New Mexico.*

Dear Ms. Bailey,

Please find enclosed form C-108 Application for Authority to Inject, supporting the above-referenced request to covert for disposal, the Two Forks Well No.2.

Ray Westall Operating seeks to optimize efficiency, both economically and operationally, of its operations. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the September 13, 2013 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included in this application package. This application also includes wellbore schematics, area of review maps, leaseholder plats and other required information for a complete Form C-108. The well is located on private land but state minerals and a copy of this application has been submitted to the State Land Office, Division of Oil, Gas and Minerals.

I respectfully request that the approval of this salt water disposal well proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

Ben Stone, Partner
SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Application attachment and file

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: ***Salt Water Disposal*** and the application *qualifies* for administrative approval.
- II. OPERATOR: ***Ray Westall Operating, Inc.***
ADDRESS: ***P.O. Box 4, Loco Hills, NM 88255***

CONTACT PARTY: ***Donnie Mathews (575) 677-2372***
Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850
- III. WELL DATA: ***All well data and applicable wellbore diagrams are attached hereto.***
- IV. ***This is not an expansion of an existing project.***
- V. ***A map is attached*** 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. ***A tabulation is attached*** of data on all wells of public record within the area of review which penetrate the proposed injection zone. ***(1 AOR well penetrates subject interval - No P&A.) The data includes*** a description of each well's type, construction, date drilled, location, depth, and a schematic of any plugged well illustrating all plugging detail.
- VII. ***The following data is attached*** 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. ***Appropriate geologic data on the injection zone is attached*** including appropriate lithologic detail, geologic 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 sources known to be immediately underlying the injection interval.
- IX. ***No stimulation program is proposed at this time.***
- *X. ***There is no applicable test data on the well however, any previous well logs (2 well logs available via OCD Online) have been filed with the Division and they need not be resubmitted.***
- *XI. ***State Engineer's records indicated one domestic water wells within one mile the proposed salt water disposal well. An on-foot search was unable to locate - an affidavit to that effect is included with this application under item XI.***
- XII. ***An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found*** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. ***"Proof of Notice" section on the next page of this form has been completed.***
There are 19 offset lessees and/or operators within ½ mile - all have been noticed.
- 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: ***Ben Stone*** TITLE: ***SOS Consulting, LLC agent / consultant for Ray Westall Operating, Inc.***

SIGNATURE:  DATE: ***9/13/2013***

E-MAIL ADDRESS: ***ben@sosconsulting.us***

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

III. WELL DATA – *The following information and data is included:*

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE *pursuant to the following criteria is attached.*

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

C-108 ITEM VII – PROPOSED OPERATION

The Two Forks Well No.2 SWD will be operated as a commercial disposal service to area operators to facilitate in disposal of produced water from typical producing formations in the area. (Samples are included in this application from San Andres, Delaware and Morrow formation waters - chlorides and TDS are relative compatible with Canyon and other proposed formation waters.)

The system will be closed utilizing a tank battery facility located on the well site.

Injection pressure will be 1410 psi with rates limited only by that pressure. In the future, Ray Westall Operating, Inc. may opt to conduct a step rate test if it is determined that greater rates may be required. This would be submitted to OCD as a request to increase the injection pressure.

Routine maintenance will be ongoing and any releases will be reported within 24 hours to OCD on form C-141 pursuant to various portions of 19.15.30 NMAC.

The facility will not be manned but will be available to Ray Westall's customers 24/7. The facility will be available for inspections at any time deemed necessary by OCD.

PLUGGED WELL SCHEMATIC

Two Forks State Well No.2

1600' FSL & 660' FEL, SEC. 2-T18S-R28E
EDDY COUNTY, NEW MEXICO

P&A Date: 4/11/2001

<PLUGGING ITEMS LISTED LEFT>

PLUGS:

Spot 10 sx
30'-0'

Spot 40 sx
520'-397'
(Tagged)

Spot 25 sx Cmt
3150'-2813'
(Tagged)

Shot & Pulled 5-1/2" @ 2950'

Spot 25 sx Cmt
4480'-4280'

Spot 25 sx Cmt
7107'-6907'

Spot 25 sx Cmt
9014'-8814'

**Circulated Hole w/
10# Plugging Mud**

Set CIBP @ 10534' for P&A
Cap w/ 35' Cmt.

Formation Fluids

DTD @ 11088'

<PRE-P&A EXISTING ITEMS LISTED RIGHT>

Surface Casing

13.375", 54.0# Csg. (17.5" Hole) @ 467'
500 sx - Circulated to Surface

Intermediate Casing

8.625", 32.24# csg. (11.0" Hole) @ 2988'
1830 sx - Circulated to Surface

(Finished off w/ 1" 830 sx of total) - Clrc. 30 sx to Surf.

>PA SUBSEQUENT SUNDRIES<

State of New Mexico
Oil, Gas, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2825
Santa Fe, New Mexico 87504-3085

Form C-100
Revised 1-8-80

1. Well No. 7-2

2. Well Name WELLS, INC.

3. Well Type Oil STATE PER

4. Date Oil or Gas Leased 02/27/78

5. Lease Name or Well Agreement Name Two Turke State

6. Well No. 2

7. First Name or Well Name Empire Shallow Morrow

8. Well Location 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 43

1. Name of Shipper WILLARD & SONS 2. Address 1000 N. 1st St., Suite 100 Wichita, KS 67202 3. Phone (913) 262-1111		4. Name of Consignee WILLARD & SONS 5. Address 1000 N. 1st St., Suite 100 Wichita, KS 67202 6. Phone (913) 262-1111		7. Name of Carrier WILLARD & SONS 8. Address 1000 N. 1st St., Suite 100 Wichita, KS 67202 9. Phone (913) 262-1111	
10. Date of Shipment 10/15/88					
11. Description of Goods 1000 LBS. OF WOOD					
12. Origin of Goods Wichita, KS					
13. Destination of Goods Wichita, KS					
14. Name of Driver WILLARD & SONS					
15. Name of Receiver WILLARD & SONS					
16. Name of Shipper WILLARD & SONS					
17. Name of Consignee WILLARD & SONS					
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92. Name of Consignee WILLARD & SONS					
93. Name of Carrier WILLARD & SONS					
94. Name of Driver WILLARD & SONS					
95. Name of Receiver WILLARD & SONS					
96. Name of Shipper WILLARD & SONS					

Production Casing

5.5", 17.0# Csg (7.875" Hole) @ 11088'

1590 sxs CIs H - TOC @ 3200' by Temp

Perfs:10624'-45', 10763'-76'

MISS: 10833



SOS Consulting, LLC

Drawn by: Ben Stone, 9/12/2013



WELL SCHEMATIC - PROPOSED Two Forks State Well No.2 SWD

API 30-015-25015

1600' FSL & 660' FEL, SEC. 2-T18S-R28E
EDDY COUNTY, NEW MEXICO

Spud Date: 10/01/1984

Re-Entry Date: ~11/01/2013

Annulus Monitored
or open to atmosphere

Injection Pressure Regulated
and Volumes Reported

RAY WESTALL OPERATING, INC.

Convert to SWD: D/O & C/O Existing Plugs.

Run & Set New 5-1/2" - Tie Into Stub
w/ Overshot & Csg Patch - Circ Cmt to Surf.

Set CIBP @ 10100' w/ 30' Cmt Cap.

Perforate Specific Intervals TBD.

Run PC Tubing and PKR - Conduct MIT.

Commence Disposal Operations.

Surface Casing

13.375", 54.0# Csg. (17.5" Hole) @ 467'
500 sx - Circulated to Surface

Intermediate Casing

8.625", 32.24# csg. (11.0" Hole) @ 2988'
1830 sx - Circulated to Surface
(Finished off w/ 1" 830 sx of total) - Circ. 30 sx to Surf.

NEW Production Casing

5.5", 17.0# Csg - Surface to 2988'
Est. ~600 sx w/ excess CIs C - Circulate to Surface

Annulus Loaded
w/ Inert Packer Fluid

2.375" IC Tubing
PKR ~6904'

WLFCP: 7057'

Wolfcamp Perfs: 7054' Uppermost Perf

CISCO: 8686'

CISCO Perfs: Specific Depths To Be Determined.

CANYN: 8856'

CANYON Perfs: Specific Depths To Be Determined

STWYN: 9556'

STRWN Perfs: Lowermost 10008' (Optional)

ATKA: 10142'

Existing Perfs: 10624'-45', 10763'-76'

MISS: 10833'

11088'

DTD @ 11088'

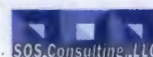
NOTE: Strawn Intervals are being
analyzed for suitable porosity and may
or may not be utilized for Injection.

Set CIBP @ ~10100' ✓

Cap w/ 30' Cmt.

Production Casing

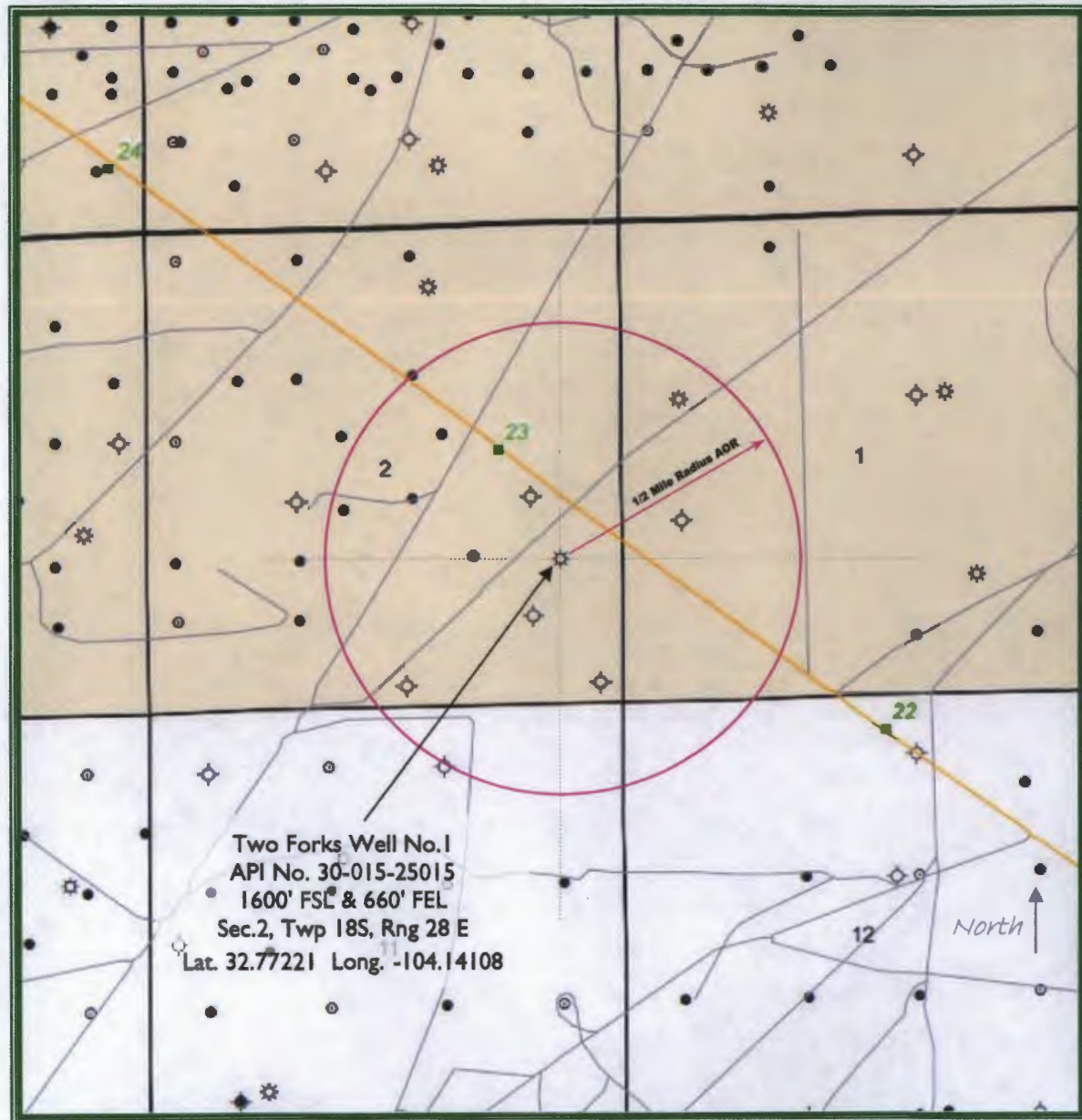
5.5", 17.0# Csg (7.875" Hole) @ 11088'
1590 sx CIs H - TOC @ 3200' by Temp



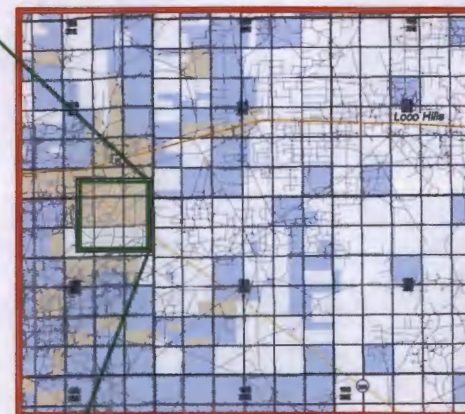
Drawn by: Ben Stone, 9/13/2013

Two Forks Well No.1 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108 - Item V)



~11.0 miles West / Southwest
of Loco Hills, NM



Eddy County, New Mexico



RAY WESTALL OPERATING, INC.



Form C-108 Item VI - Tabulation of AOR Wells

Top of Proposed WOLFCAMP
Interval 7054'

Wells which PENETRATE
Proposed Injection Zone.

API Current Operator Well Name Well No. Type Lease Status UL S-T-R Depth

Section 2 Wells

SUBJECT WELL

30-015-25015 [2936] BROTHERS PROD CO INC TWO FORKS STATE #002 Gas State P&A I 2-18S-28E
13.375" (17.5" hole) @ 467' w/ 500 sx Circ; 8.625" (11.0" hole) @ 2988' w/ 1830 sx Circ 30 sx; 5.5" (7.875" hole) @ 11088' w/ 1590 sx TOC 3200' by Temp + 5.5" NEW 0'-2988'
Circ to Surf.

AOR WELLS

API	Current Operator	Well Name	Well No.	Type	Lease	Status	UL	S-T-R	Depth
30-015-01769	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE B	#001	Oil	State	Active	J	2-18S-28E	2875'
									<u>DOES NOT PENETRATE</u> ✓
30-015-39591	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE B	#005	Oil	State	Active	K	2-18S-28E	3300'
									<u>DOES NOT PENETRATE</u> ✓
30-015-39621	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE B	#006	Oil	State	New	J	2-18S-28E	3300' - Prp
									<u>DOES NOT PENETRATE</u> ✓
30-015-01774	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE E	#005	Oil	State	Active	G	2-18S-28E	2737'
									<u>DOES NOT PENETRATE</u> ✓
30-015-39622	[274841] ALAMO PERMIAN RESOURCES, LLC	FEATHERSTONE STATE E	#007	Oil	State	New	G	2-18S-28E	3300' - Prp
									<u>DOES NOT PENETRATE</u> ✓
30-015-01772	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	State	P&A	O	2-18S-28E	n/a
									<u>DOES NOT PENETRATE</u> ✓
30-015-01777	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	State	P&A	I	2-18S-28E	2820'
									<u>DOES NOT PENETRATE</u> ✓
30-015-24783	[19381] ROBERT H FORREST JR OIL LLC	VAQUERO	#001	Oil	State	Active	P	2-18S-28E	2950'
									<u>DOES NOT PENETRATE</u> ✓

Section 1 Wells

30-015-31620	[4323] CHEVRON USA, INC.	EMPIRE SOUTH DEEP UNIT	#023	Gas	State	Active	E	1-18S-28E	10950'
									13.375" (17.5" hole) @ 398' w/ 440 sx Circ; 8.625" (12.25" hole) @ 3099' w/ 1180 sx Circ; 7.0" (7.875" hole) @ 9396' w/ 300 sx TOC 5521' by Calc; 4.5" (6.125" hole) w/ 601 sx - Attempt Circ with only gray water to pit. Perfs: 10718'-737'
30-015-01768	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	State	P&A	L	1-18S-28E	3416'
									<u>DOES NOT PENETRATE</u>

Section 11 Wells

30-015-10781	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#034		Fed	P&A	B	11-18S-28E	2660'
									<u>DOES NOT PENETRATE</u>

C-108 - Item VII.5

Water Analysis - Disposal Zone



Water Analysis

Date: 2/24/2005

2401 Sirey, Artesia NM 88210

Phone (505) 746-3100 Fax (505) 746-2293

Analyzed For

Well	State	City	New Mexico
Westell	State	GMI	Eddy

Sample Source

Sample

1

Formation

Canyon

Depth

Specific Gravity

1.000

SG @ 60 °F

1.001

pH

6.30

Sulfides

Not Tested

Temperature (°F)

65

Reducing Agents

Not Tested

Cations

Sodium (Calc)

in Mg/L

9,318

in PPM

9,096

Calcium

in Mg/L

8,800

in PPM

8,328

Magnesium

in Mg/L

348

in PPM

228

Soluble Iron (FE2)

in Mg/L

308.0

in PPM

285

Anions

Chlorides

in Mg/L

24,800

in PPM

22,835

Sulfates

in Mg/L

2,000

in PPM

1,903

Bicarbonates

in Mg/L

185

in PPM

176

Total Hardness (as CaCO3)

in Mg/L

15,000

in PPM

14,272

Total Dissolved Solids (Calc)

in Mg/L

41,844

in PPM

38,813

Equivalent NaCl Concentration

in Mg/L

38,410

in PPM

36,546

Scaling Tendencies

*Calcium Carbonate Index

1,839,464

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index

11,200,000

Below 500,000 Remote / 500,000 - 10,000,000 Possible / Above 10,000,000 Probable

*This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.

Remarks

FAX 877-2361

C-108 - Item VII.5

Water Analysis - Source Water - SAN ANDRES

B J Services Water Analysis

Artesia District Laboratory
(505)-746-3140

Date: 6-Nov-00 Test #:
Company: SDX Resources Well #:
Lease: Chalk Federal #2 County: El Paso
State: N.M. Formation: San Andres
Depth: 2800 Source: Artesia

pH: 8.51 Temp (F): 81.5
Specific Gravity: 1.02

CATIONS	mg/l	meq/l	ppm
Sodium (calc.)	64802	2370.7	48862
Calcium	3288	160.1	2884
Magnesium	1458	120.0	1382
Barium	< 25	—	—
Potassium	< 10	—	—
Iron	3	0.1	2

ANIONS	mg/l	meq/l	ppm
Chloride	93000	2823.4	83038
Sulfate	1071	22.3	957
Carbonate	< 1	—	—
Bicarbonate	878	14.4	784
Total Dissolved Solids (calc.)	154120		137807
Total Hardness as CaCO ₃	14014	280.0	12513

COMMENTS:

Res = 0.0847 @ 81.1 deg.

SCALE ANALYSIS:

CaCO ₃ Factor	2817807	Calcium Carbonate Scale Probability →	Probable
CaSO ₄ Factor	3848800	Calcium Sulfate Scale Probability →	Remote

SDR Plot



C-108 - Item VII.5

Water Analysis - Source Water - DELAWARE



Water Analysis

Date: 11-Jan-05

2700 West County Road, Hobbs NM 88240

Phone (505) 392-5556 Fax (505) 392-7307

Analyzed For

Devon	Spud 16 State #1	Lee	New Mexico
-------	------------------	-----	------------

Sample Source	Sample	Sample #	1
Formation		Depth	
Specific Gravity	1.188	SG @ 60 °F	1.188
pH	8.88	Sulfides	Absent
Temperature (°F)	65	Reducing Agents	

Cations

Sodium (Calc)	in Mg/L	73,888	in PPM	81,888
Calcium	in Mg/L	34,888	in PPM	28,438
Magnesium	in Mg/L	5,048	in PPM	4,214
Soluble Iron (FE2)	in Mg/L	88.8	in PPM	42

Anions

Chlorides	in Mg/L	188,888	in PPM	157,181
Sulfates	in Mg/L	888	in PPM	488
Bicarbonates	in Mg/L	78	in PPM	65
Total Hardness (as CaCO3)	in Mg/L	188,888	in PPM	88,828
Total Dissolved Solids (Calc)	in Mg/L	381,783	in PPM	282,288
Equivalent NaCl Concentration	in Mg/L	284,733	in PPM	212,888

Scaling Tendencies

*Calcium Carbonate Index 2,884,728

Below 800,000 Remote / 800,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 18,708,888

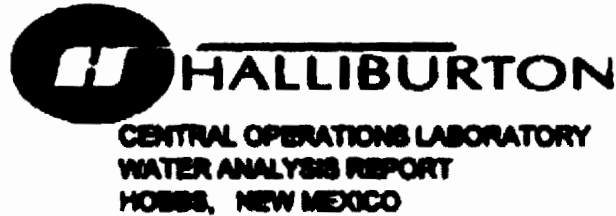
Below 800,000 Remote / 800,000 - 10,000,000 Possible / Above 10,000,000 Probable

*This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.

Remarks r=0.040@63f

C-108 - Item VII.5

Water Analysis - Source Water - MORROW



COMPANY Morco

REPORT WD-128
DATE June 18, 2002
DISTRICT Hobbs

SUBMITTED BY Jon Trelo

WELL Ruger St. #1 DEPTH FORMATION
COUNTY FIELD SOURCE

SAMPLE Morrow Prod. Water

Sample Temp.	84	°F				
RESISTIVITY	0.13					
SPECIFIC GR.	1.040					
pH	8.35					
CALCIUM	4.800	mg/L				
MAGNESIUM	6.300	mg/L				
CHLORIDE	24.800	mg/L				
SULFATES	5.000	mg/L				
BICARBONATES	18	mg/L				
SOLUBLE IRON	0	mg/L				
Sodium		mg/L	0	mg/L	0	mg/L
TDS		mg/L	0	mg/L	0	mg/L
OIL GRAVITY	0	°API	0	°API	0	°API

REMARKS

MPL = Milligrams per liter
Resistivity measured in: Ohm-cm

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management. It may, however, be used in the course of regular business operations by any person or persons and employees thereof receiving such report from Halliburton Co.

ANALYST: Mike Armstrong

C-108 ITEM VIII – GEOLOGIC INFORMATION

The Wolfcamp formation is a mixed lithology system of light gray-brown, fine to medium crystalline fossiliferous limestone with inter-crystalline vugular porosity including considerable dolomite of medium to fine grains and minor sandstone interbedded with gray shale. Additional porosity can be found when the well bore encounters detrital carbonates which were shed off shelf and foreslope areas and transported down the Wolfcamp paleoslope. The formation thickness varies from about 400 to 500 feet of shales.

The Cisco Formation (Upper Penn) similar to the Wolfcamp is a gray micritic (fine grained) fossiliferous limestone with vugular porosity. The reservoirs in this area are usually limited in size with up dip porosity loss due to shelf margin carbonate build up.

The [Pennsylvanian] Canyon formation consists of similarly medium-grained carbonates, primarily dolomite and porous and permeable sandstone interbedded with shale and is generally 150 to 200 feet in thickness.


There is potential sources of drinking water in the overlying sands occurring at a depth from surface of up to 250 feet. (Note: there are no known domestic water wells within one mile of the proposed SWD well - the State Engineer's record indicated one well in the NW/NW/SW of Section 2, however a on-foot search was unable to locate any such well. Please see affidavit contained herein.) The upper part of the section on average consists of 200 ft of Holocene alluvial deposits of caliche, sand, gravel, and clay. Included in this interval are red sandstone and shale of the Chinle formation and Santa Rosa sandstone and similar deposits of the Dewey Lake formation. These formations are underlain by the Rustler and Salado formations.

There are no known sources of water <10,000 mg/l TDS which underlie the injection zones.

ACTIVE & INACTIVE POINTS OF DIVERSION

C-108 ITEM XII – GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.

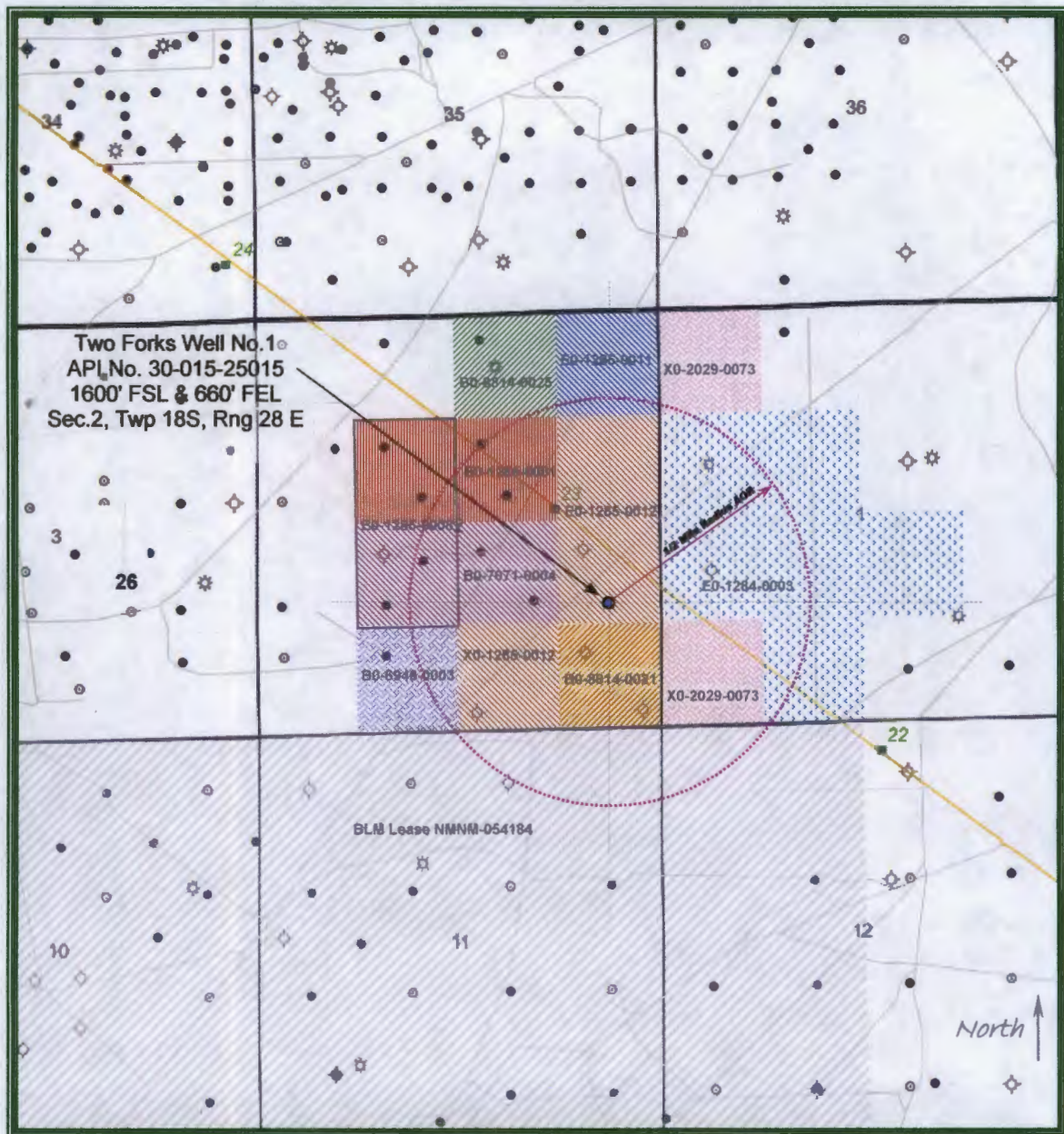


Ben Stone, Partner
SOS Consulting, LLC

Project: Ray Westall Operating, Inc.
Two Forks Well No.2
Reviewed 9/13/2013

Two Forks Well No.1 - Leasehold Plat

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



RAY WESTALL OPERATING, INC.

LEGEND

	E0-1285-0012 - Olen F. Featherstone II		B0-6946-0003 - Jerry Curtis & Ralph Nix
	X0-1285-0011 - Hanson-McBride Petroleum Co.		B0-7071-0004 - W.E. Jeffers
	X0-2029-0073 - Oxy USA WTP Ltd., Partnership		E0-1285-0008 - Dekalb Energy Company
	E0-1284-0003 - Harvey E. Yates Company		E0-1285-0001 - W.E. Jeffers
	B0-8814-0021 - Mark D. Wilson		B0-8814-0025 - Marathon Oil Company & SDX Resources
	BLM - NMNM-054184 - ZPZ Delaware, Yates Petroleum, Marathon Oil & Others		

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**

SURFACE OWNER

STATE OF NEW MEXICO (FedEx'ed copy)
Oil, Gas and Minerals Division
310 Old Santa Fe Trail
Santa Fe, NM 87504

OFFSET MINERALS LESSEES and OPERATORS (All Notified via USPS Certified Mail)

State Lease E0-1285-0012

Lessee

- 1 OLEN F. FEATHERSTONE II
1717 W. Second St.
Roswell, NM 88202

Operator

RAY WESTALL OPERATING, INC. (Applicant)
P.O. Box 4
Loco Hills, NM 88255

State Lease E0-1285-0011

Lessee

- 2 HANSON-McBRIDE OIL COMPANY
P.O. Box 1515
Roswell, NM 88201

Operator

- 3 ALAMO PERMIAN RESOURCES, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

State Lease X0-2029-0073

Lessee

- 4 OXY, USA WTP LIMITED PARTNERSHIP
Attn: Karen Sinard
P.O. Box 4294
Houston, TX 77210

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

State Lease E0-1284-0003

Lessee

5 HARVEY E. YATES COMPANY
Attn: Jen Atkinson
P.O. Box 1933
Roswell, NM 88202

Operator

6 CHEVRON USA, INC.
Attn: Sandy Stedman-Daniel
P.O. Box 2100
Houston, TX 77252

State Lease B0-8814-0021

Lessee

7 MARK D. WILSON
4501 Green Tree Blvd.
Midland, TX 79707

Operator

8 ROBERT H. FORREST JR OIL, LLC
609 Elora Drive
Carlsbad, NM 88220

State Lease E0-6946-0003

Lessee

9 JERRY CURTIS & RALPH NIX
P.O. Box 617
Artesia, NM 88210

Operator

10 QUANTUM RESOURCES MANAGEMENT, LLC
1401 McKinney St., Suite 2400
Houston, TX 77010

State Lease B0-7071-0004

Lessee

11 W.E. JEFFERS
P.O. Box 1473
Artesia, NM 88211-1473

Operator

ALAMO PERMIAN RESOURCES, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

State Lease E0-1285-0008

- Lessee***
12 DEKALB ENERGY COMPANY
1625 Broadway
Denver, CO 80202

State Lease E0-1285-0001

Lessee
W.E. JEFFERS
P.O. Box 1473
Artesia, NM 88211-1473

Operator
ALAMO PERMIAN RESOURCES, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

State Lease B0-8814-0025

- Lessee***
13 MARATHON OIL COMPANY & SDX RESOURCES MGT, LLC
P.O. Box 22164
Tulsa, OK 74121-2164

Operator
QUANTUM RESOURCES MANAGEMENT, LLC
1401 McKinney St., Suite 2400
Houston, TX 77010

BLM Lease NMNM-054184

- Lessee(s)***
14 ZPZ DELAWARE I, LLC
2000 Post Oak Blvd., Ste. 100
Houston, TX 77056-4497
- 15 YATES PETROLEUM CORPORATION
105 S. 4th Street
Artesia, NM 88210
- 16 KHODY LAND AND MINERALS COMPANY
210 Park Avenue, Ste., 900
Oklahoma City, OK 73102
- 17 MARATHON OIL COMPANY
P.O. Box 3128
Houston, TX 77253-3128

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

OFFSET SURFACE & MINERAL OWNER

- 18 BUREAU OF LAND MANAGEMENT (Notified via USPS Certified Mail)
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

ADDITIONAL NOTICE PROVIDED

- 19 COG OPERATING, LLC
Attn: Jim Bob Burnett
2208 W. Main St.
Artesia, NM 88210

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed original and copy)
1220 S. St. Francis Dr.
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
811 S. First St.
Artesia, NM 88210

NEW MEXICO STATE LAND OFFICE (FedEx'ed copy)
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, NM



September 11, 2013

NOTIFICATION TO INTERESTED PARTIES
via U.S. Certified Mail

To Whom It May Concern:

Ray Westall Operating, Inc., Loco Hills, New Mexico, has made application to the New Mexico Oil Conservation Division to convert for salt water disposal its Two Forks State Well No.2. The proposed commercial operation will be for produced water disposal from area operators. As indicated in the notice below, the well is located in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico.

The published notice states that the bottom of the interval will be no deeper than 10,008 feet. The uppermost top of the interval will be 7054 feet.

Following is the notice published in the Artesia Daily Press, Artesia, New Mexico on May 17, 2013.

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to permit for salt water disposal in its Two Forks State Well No.2. The well, API No.30-015-25015 is located 1600 FSL & 660 FEL in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Wolfcamp, Cisco and Strawn formations through perforations between a maximum applied for top of 7054 feet to maximum depth of 10008 feet. Specific perforated intervals will be determined later. (Further consideration may result in a shallower maximum depth of 9596 feet.) Maximum injection pressure of 1410 psi and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

You have been identified as a party who may be interested as an offset lessee or operator.

You are entitled to a full copy of the application. If so desired, please call or email SOS Consulting, LLC at 903-488-9850, info@sosconsulting.us, and a copy will be expedited to you. If a copy has already been sent to you or your company, we will advise you of that and the address to which it was sent.

Thank you for your attention in this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Ben Stone", with a stylized, cursive script.

Ben Stone, SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Application File

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)

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City, State, ZIP+4 **Houston, TX 77252**
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C-108 - Item XIV

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Street, Apt. No.,
or PO Box No. **4501 Green Tree Blvd.**
City, State, ZIP+4 **Midland, TX 79707**
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City, State, ZIP+4 **Artesia, NM 88210**
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City, State, ZIP+4 **Artesia, NM 88211-1473**
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City, State, ZIP+4 **Carlsbad, NM 88220**
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C-108 - Item XIV

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or PO Box No. **P.O. Box 22164**
City, State, ZIP+4 **Tulsa, OK 74121-2164**

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or PO Box No. **105 S. 4th Street**
City, State, ZIP+4 **Artesia, NM 88210**

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Street, Apt. No.;
or PO Box No. **P.O. Box 3128**
City, State, ZIP+4 **Houston, TX 77253-3128**

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or PO Box No. **2208 W. Main St.**
City, State, ZIP+4 **Artesia, NM 88210**

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Street, Apt. No.;
or PO Box No. **2000 Post Oak Blvd., Ste. 100**
City, State, ZIP+4 **Houston, TX 77056-4497**

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Street, Apt. No.;
or PO Box No. **210 Park Avenue, Ste., 900**
City, State, ZIP+4 **Oklahoma City, OK 73102**

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or PO Box No. **620 E. Greene St.**
City, State, ZIP+4 **Carlsbad, NM 88220**

PS Form 3800, August 2006

See Reverse for Instructions

C-108 - Item XIV

Proof of Notice (Legal Notice Publication)

Note: At the time of submission of this C-108 Application Package, the Publisher's Affidavit had not yet been received. Upon receipt, it will immediately be forwarded to OCD Engineering Bureau to be included and made part of this application.

The image below is of the draft provided by Artesia Daily Press staff and includes their Legal Notice No.22720.

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to permit for salt water disposal in its Two Forks State Well No.2. The well, API No.30-015-25015 is located 1600 FSL & 660 FEL in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Wolfcamp, Cisco and Strawn formations through perforations between a maximum applied for top of 7054 feet to maximum depth of 10008 feet. Specific perforated intervals will be determined later. (Further consideration may result in a shallower maximum depth of 9596 feet.) Maximum injection pressure of 1410 psi and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

Published in the Artesia Daily Press, Artesia, N.M., Sept. 13 2013. Legal No 22720.

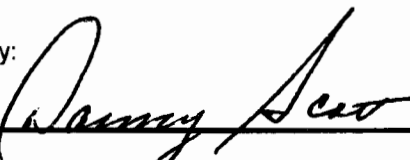
Affidavit of Publication

NO. 22720

STATE OF NEW MEXICO

County of Eddy:

Danny Scott



being duly sworn, says that he is the

Publisher

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/days on the same day as follows:

First Publication September 13, 2013

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

16th day of September 2013



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015



Latisha Romine
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to permit for salt water disposal in its Two Forks State Well No.2. The well, API No.30-015-25015 is located 1600 FSL & 660 FEL in Section 2, Township 18 South, Range 28 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Wolfcamp, Oleco and Strawn formations through perforations between a maximum applied for top of 7054 feet to maximum depth of 10008 feet. Specific perforated intervals will be determined later. (Further consideration may result in a shallower maximum depth of 9598 feet.) Maximum injection pressure of 1410 psi and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)466-9850 or email info@sosconsulting.us.

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C-108 Review Checklist: Received 04/18/13 Add. Request: _____ Reply Date: _____ Suspended: _____ [Ver 10]

PERMIT TYPE: WFX / PMX / SWD Number: 1432 Permit Date: 12/17/13 Legacy Permits/Orders: None

Well No. 2 Well Name(s): Two Forks State

API: 30-0 15-25015 Spud Date: 10/01/84 New or Old: (N) (UIC Class II Primacy 03/07/1982)

Footages 1600 FSL / 660 FEL Lot - Unit I Sec 2 Tsp 18S Rge 28E County Eddy

General Location: 2.15 miles E of Artesia / 3 miles south of intersection Pool No.: _____

Operator: Bay Westall Operating, LLC Inc. OGRID: 119305 Contact: Ben Stone / Consultant

COMPLIANCE RULE 5.9: Inactive Wells: 1 Total Wells: 6 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes

Well File Reviewed ☒ Current Status: P&A'd; former gas prod. - Empire Morrow / WK in area / casing cut - limited production at 2950

Well Diagrams: NEW: Proposed ☐ RE-ENTER: Before Conv. ☐ After Conv. ☒ Are Elogs in Imaging?: Yes

Planned Rehab Work to Well: New 5 1/2 inch production casing from 2950 to surface; Cement new 5 1/2 to surface / perf based on logs - CIBP to be within 100 of surface

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned ___ or Existing ___ Conductor				
Planned ___ or Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 / 13 3/8</u>	<u>0 to 467</u>	<u>500</u>	<u>Cir. to Surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Interm Prod	<u>11 / 8 5/8</u>	<u>0 to 2988</u>	<u>1830</u>	<u>Cir. to surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Prod/Interm	<u>5 1/2</u>	<u>Cut to 2950 / 11088-2916H</u>	<u>1590</u>	<u>3200 by Temp Surf</u>
Planned ___ or Existing <input checked="" type="checkbox"/> Liner Prod	<u>5 1/2</u>	<u>patch 2950 to 0</u>	<u>(600 SX)</u>	<u>Cir. to surf</u>
Planned <input checked="" type="checkbox"/> or Existing <input checked="" type="checkbox"/> OH / PERF	<u>[see diagram]</u>	<u>7054 to 10008 ft</u>	<u>2954</u>	<u>2900</u>

Injection Stratigraphic Units:	Depths (ft)	Injection or Confining Units	Completion/Operation Details:
Adjacent Unit: Litho. Struc. Por.	<u>78</u>	<u>Frankford</u>	Drilled TD <u>11088</u> PBTD <u>10100</u>
Confining Unit: Litho. Struc. Por.	<u>78</u>	<u>Abo</u>	NEW TD <u>---</u> NEW PBTD <u>---</u>
Proposed Inj Interval TOP:	<u>7054</u>	<u>Wolfcamp</u>	NEW Open Hole <input type="checkbox"/> or NEW Perfs <input checked="" type="checkbox"/>
Proposed Inj Interval BOTTOM:	<u>10008</u>	<u>Schawn</u>	Tubing Size <u>2 3/8</u> in. Inter Coated? <u>Yes</u>
Confining Unit: Litho. Struc. Por.	<u>---</u>	<u>Atoka</u>	Proposed Packer Depth <u>6904</u> ft
Adjacent Unit: Litho. Struc. Por.	<u>---</u>	<u>---</u>	Min. Packer Depth <u>6954</u> (100-ft limit)
			Proposed Max. Surface Press. <u>410</u> psi
			Admin. Inj. Press. <u>1411</u> (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P NA Noticed? NA BLM Sec Ord NA WIPP NA Noticed? NA SALADO: T: 676 B: 860 CLIFF HOUSE NA

FRESH WATER: Formation Alluvial Max Depth 300 Wells? 1 FW Analysis NO **HYDROLOGIC AFFIRM By Qualified Person** ☒

Disposal Fluid: Formation Source(s) San Andres / Morrow / Canyon Analysis? Yes On Lease ☐ Operator Only ☐ or Commercial ☒

Disposal Interval: Injection Rate (Avg/Max BWPD): - dependent on completion Protectable Waters: NO **CAPITAN REEF**: thru ☐ adj ☐ NA ☒

H/C Potential: Producing Interval? Yes Formerly Producing? Yes Method: E Log / Mudlog DST Depleted Other WC & Canyon

AOR Wells: 1/2-M Radius Map? Yes Well List? Yes Total No. Wells Penetrating Interval: 1 Horizontals? 0

Penetrating Wells: No. Active Wells 1 Num Repairs? 0 on which well(s)? _____ Diagrams? No

Penetrating Wells: No. P&A Wells 0 Num Repairs? 0 on which well(s)? _____ Diagrams? NA

NOTICE: Newspaper Date 05/12/2013 Mineral Owner SLO Surface Owner SLO N. Date 09/11/13

RULE 26.7(A): Identified Tracts? Yes Affected Persons: BLM / COG / Featherstone / itansa-McBride Oil Co. / Aigme Permiar / Oxy

Permit Conditions: Issues: Interval - no final completion & flow/reservoir contributions - test interval

Add Permit Cond: Final completion diagram and perf. select / amend SWD; injection survey

new - 1 thick must be kn ft / top perf 7851 ft year & every 5 y

Strawn / Atoka / Morrow — Gas