

04/16/2015 DATE IN		PRG ENGINEER	04/16/15 LOGGED IN	SWD TYPE	pPRG1512141864
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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 SWD-1479
- [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	See attachment	Agent	04/16/205
Print or Type Name	Signature	Title	Date
		Ben Stone <ben@sosconsulting.us>	
		e-mail Address	

Certification of Offset and Interested Parties Notification Mailings

I hereby certify that the identified interested parties for the Porterhouse State Com No.1 SWD were notified by U.S. Postal Service Certified Mail of the desire of Ray Westall Operating, Inc. to reinstate SWD-1479. This notification mailing is further evidenced by the attached copies of the certified mail receipts.



Ben Stone, Partner
SOS Consulting, LLC

4/16/15
Date

Agent for Ray Westall Operating, Inc.



April 15, 2015

NOTIFICATION TO INTERESTED PARTIES
via U.S. Certified Mail

To Whom It May Concern:

Ray Westall Operating, Inc., Loco Hills, New Mexico, received approval on its Porterhouse State Com Well No.1 to dispose into the Grayburg and San Andres formations. The permit number is SWD-1479 and was issued on 8/11/2014.

Ray Westall thought it prudent to move forward with a Devonian option in case the Grayburg and San Andres zones would not take acceptable volumes and the Devonian permit was approved on 3/31/2015 by SWD-1479-A.

For both of these applications, you or your company was notified as part of the C-108 application process as required by the OCD rules and regulations.

As it turned out, the G/SA completion performed fine and the Devonian option was not needed. However, the new order superseded the original which was rescinded.

To accommodate this clerical situation, the director of the OCD has asked Ray Westall Operating, Inc. to notify all interested parties of this internal administrative adjustment so that SWD-1479-A may be rescinded and SWD-1479 reinstated.

We aren't sure how this information impacts the offset interested parties and apologize for any confusion arising from this situation. We strive to stay in compliance with all regulatory mandates and to that end; you are hereby notified of the requested reinstatement of SWD-1479.

Thank you for your attention in this matter.

Best regards,

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

Cc: Application File

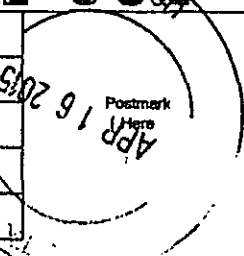
Reinstatement of SWD-1479

Proof of Notice (Certified Mail Receipts)

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only

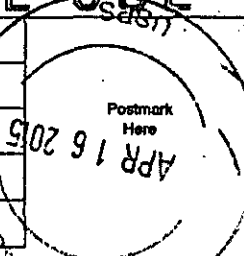
For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Postage	\$ 49	
Certified Fee	330	
Return Receipt Fee (Endorsement Required)	270	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 649	

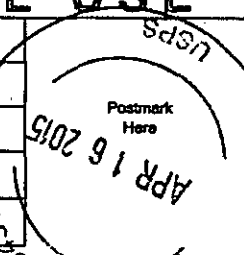
Sent To
Street & or PO Box
City, State
18-31, INC.
P.O. Box 1120
Roswell, NM 88201

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Postage	\$ 49	
Certified Fee	330	
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Restricted Delivery Fee (Endorsement Required)		
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Sent To
Street & or PO Box
City, State
DEVON ENERGY PROD. CO., LP
333 W. Sheridan Avenue
Oklahoma City, OK 73102-5010

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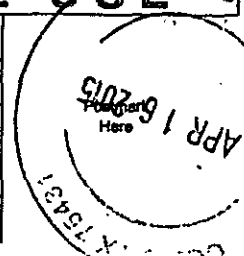
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Sent To
Street & or PO Box
City, State
FIDELITY EXPLORATION & PRODUCTION COMPANY
1615 Broadway, Suite 1800
Denver CO 80202

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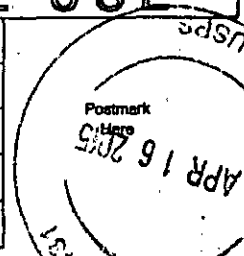
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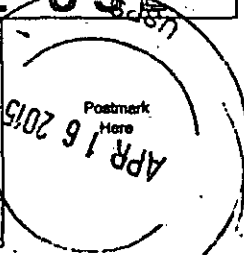
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CIMEREX ENERGY CO. OF CO
600 N. Marienfeld, Suite 600
Midland, TX 79701

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ENERGEN RESOURCES COMPANY
605 Richard Arrington Jr. Blvd.
Birmingham, AL 35203-2707

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JUDAH OIL, LLC
P.O. Box 568
Artesia, NM 88211

Reinstatement of SWD-1479

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ATOFINA PETROCHEMICALS & EXXON CORP.
P.O. Box 2990
Midland, TX 79701

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CHAMBERS & KENNEDY
P.O. Box 2305
Houston, TX 77002

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MAGNUM HUNTER PRODUCTION, INC.
600 N. Marienfeld, Suite 600
Midland, TX 79701

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CHI OPERATING, INC.
P.O. Box 1700
Midland, TX 79702

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City, Sta
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OCCIDENTAL PERMIAN, LTD.
P.O. Box 4294
Houston, TX 77210

Instructions

7014 2120 0003 7437 9572

7014 2120 0003 7437 9572

7014 2120 0003 7437 9572

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1479
August 11, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B, NMAC, Ray Westall Operating, Incorporated (the "operator") seeks an administrative order to re-enter and recomplete its Porterhouse State Com. Well No. 1 with a location of 660 feet from the North line and 660 feet from the East line, Unit letter A of Section 32, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, for commercial, produced-water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B, NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Ray Westall Operating, Inc. (OGRID 119305), is hereby authorized to utilize its Porterhouse State Com. Well No. 1 (API 30-015-32682) with a location of 660 feet from the North line and 660 feet from the East line, Unit letter A of Section 32, Township 18 South, Range 31 East, NMPM, Eddy County, for commercial disposal of oil field produced water (UIC Class II only) through perforations into the lower Grayburg and San Andres formations from 3914 feet to 4250 feet. Injection will occur through internally-coated, 2 7/8-inch or smaller tubing and a packer set within 100 feet of the permitted interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

If the operator is unable to successfully squeeze cement the annulus of the 5 1/2-inch casing to surface, the operator shall provide, prior to commencing injection, a radial cement bond log (or equivalent) presenting that the final top of cement is at or above the minimum depth of 3400 feet. The operator shall supply both the Division's district II office and Santa Fe Bureau office with a copy of the log.

The operator shall run an initial injection survey (tracer/temperature or equivalent) of the injection interval within two (2) years after commencing disposal into this well. The operator will supply both the Division's district II office and Santa Fe Bureau office with a copy of each survey log.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The maximum surface injection pressure on the well shall be limited to **no more than 783 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's district II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district II office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

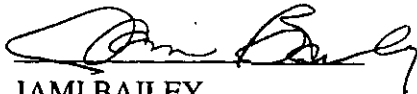
The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas and Minerals Division