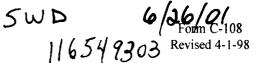
OILCONSERVATION DIVISION 2040 SOUTH PACHECO SANTA FE. NEW MEXICO 87505



APPLICATION FOR AUTHORIZATION TO INJECT

	PURPOSE : Secondary Recovery Application qualifies for administrative approval?X			aintenance		_Disposal		_ Storage
Ħ.	OPERATOR: <u>QUAY VALLEY, INC</u>			· · · · · ·	·.			
	ADDRESS : P. O. BOX 10280 MIDLAND TX 79702-728	80			1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.			
	CONTACT PARTY : STELLA SWANSON, CPL				• • • • • • • • • • • • • • • • • • •		(915)687-	4220
111.	WELL DATA: Complete the data required on the reverse s Additional sheets may be attached if necess		nis form	for each we	ell processed	l for injectio	m.	
IV.	Is this an expansion of an existing project?					Y		
V.	At:ach a map that identifies all wells and leases within two drawn around each proposed injection well. This circle ide					ith a one-h	alf mile rad	lius circle

- VI. At:ach 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. At ach 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 sources 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: STELLA SWANSON, CPL	
SIGNATURE:	DATE: <u>05/15/2001</u>

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

III. WELL DATA

- 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 name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

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, 2040 South Pacheco, Santa Fe, NM 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.

Method Determined: CIRCULATED ĥ Method Determined: CURCULATEI RANGE 3**2-**E WELL CONSTRUCTION DATA Method Detemined: Casing Size: 8 5/8" Casing Size: 5 1/2" (Peforated or Open Hole; indicated which) TOWNSHIP Casing Size: _feet to 4,440 Intermediate Casing 26-S Production Casing Injection Interval Surface Casing or or or SX. SX. – SX. SECTION 5 Top of Cement: SURFACE Top of Cement: SURFACE Cemented wtih: 550 Cemented with: 950 Hole Size: 12 1/2" Total Depth: 4.440' Hole Size: 77/8" Top of Cement: Cemented with: (30-025-30660) Hole Size: UNIT LETTER 4,415 COMPLETION: 11/2/89 Completion Comments: SPUD DATE: 9/22/89 Drilling comments: WELL NAME & NUMBER: MCDONALD FEDERAL NO. I FOOTAGE LOCATION 5 1/2" 15.5# CSG @ 4414' w/ 950 ∎x. OPEN HOLE: 4415' - 4440' QUAY VALLEY, INC 8 5/8" 24# casing @ 883' cemented w/550 sx cmt. Circ 2 3/8" TUBING @ 4,376' WELL LOCATION: 2310' FSL & 890' FEL WELLBORE SCHEMATIC MCDONALD FEDERAL #1 (API# 30-025-30660) TOC @ SURFACE PKR SET @4,380 OPERATOR: QUAY VALLEY, INC. 890 FSL & 2310 FEL Section 21, T-26-S, R-32-E Les County, New Mexico M TD 4440' M HOLE SIZE: 7 7/8" HOLE SIZE: 12 1/2"

INJECTION WELL DATA SHEET

Side 1

INJECTION WELL DATA SHEET

Tul	Tubing Size: <u>2 3/8" @ 4,376</u> Lining Material:
Tyr	Type of Packer: <u>GUIBERSON 5 1/2</u> "
Pac	Packer Setting Depth: <u>4.380'</u>
Oth	Other Type of Tubing/Casing Seal (if applicable):
	Additional Data
يسيو •	Is This a new well drilled for injection? Yes <u>X</u> No
	If no, for what purpose was the well originally drilled? <u>OIL</u>
2	Name of the Injected Formation: DELAWARE SANDS
ω.	Name of Field or Pool (if applicable): EAST MASON (DELAWARE)
.4	Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. <u>NO</u>

. ა Give the name and depths of any oil or gas zones underlying or overlying the proposed injected zone in this area: <u>N/A</u>

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TITLE PAGE-STOCK NO. 1007P

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Smead. wFG.CO. California / McGregor, Texas / Chicago, Illinois

MCDONALD FEDERAL WELL NO. 1 C-108 7

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MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

LIST OF EXHIBITS

FORM C-108

- EXHIBIT A MAP REQUIRED BY PARAGRAPH V
- EXHIBIT B TABULAR SUMMARY AND SCHEMATICS REQUIRED BY PARAGRAPH VI
- EXHIBIT C DATA SHEET ON PROPOSED OPERATION REQUIRED BY PARAGRAPH VII
- EXHIBIT D LITHOLOGIC AND GEOLOGICAL DATA PARAGRAPH VIII
- EXHIBIT E DATA SHEET ON PROPOSED STIMULATION PROGRAM BY PARAGRAPH IX
- **EXHIBIT F** LOGS OF INJECTION WELLS PARAGRAPH X
- EXHIBIT G WATER ANALYSIS OF PRODUCED WATER TO BE RE-INJECTED - PARAGRAPH XI
- EXHIBIT H AFFIRMATIVE STATEMENT PER PARAGRAPH XII
- EXHIBIT I NOTICE REQUIREMENTS PARAGRAPH XIII

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT A

MAP

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MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

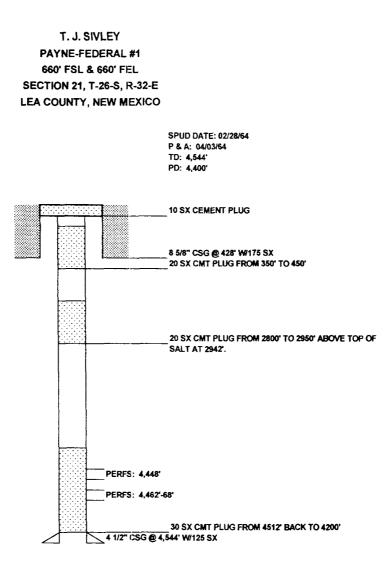
EXHIBIT B

TABULAR SUMMARY AND SCHEMATICS

QUAY VALLEY, INC. MCDONALD FEDERAL NO. 1 EXHIBIT B TABULATION OF DATA LEA COUNTY, NEW MEXICO

			Date		Depth	5	Record of Completion	ipletion	
Operator Well Name, Number	tion Twp., Range	Type	peppnds	Completed	Ð	084	Zones	Perfs and Well Construction	TOC
QUAY VALLEY, INC.	I, Sec 21, T-26-S, R-32-E	พิ	09/22/1989	11/02/1989	4440		DELAWARE	Perts: OPEN HOLE	
MCDONALD FEDERAL	2310' FSL & 890' FEL							Casing: 8 5/8 @ 983' W/550 SX	SURFACE/CIRCULATED
Well No. 1				-				5 1/2" @ 4415 W/950 SX	SURFACE/CIRCULATED
API 30-025-30660									
SIVI FY, T .I									
PAYNE-FEDERAL	SEC 21, T-26-S, R-32-E	P/A	02/28/1964		4544'			PERFS: 4448', 4462-68'	
WELL NO. 1	660' FSL & 660' FEL	04/03/1964			!		!	CASING: 8 5/8" @ 428' W/175 SX	
АРІ				• •				4 1/2" @ 4544' W/125 SX	
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LL/SUSAN-EX/MCDONALD FEDERAL NO. 1 SWD PROJECT TABULATION OF DATA 05/15/2001



On April 3, 1964 a 30 sack cement plug was spotted from a total depth of 4512' back to 4200', cementing off perforations in 4–1/2" casing located at 4448' and from 4462-68', 4–1/2" casing was then shot off at 3890' for recovery.

Two 20 sack cement plugs were then spotted through 4-1/2" casing as it was being pulled. These plugs were from 2800' to 2950' above top of salt at 2942', and from 350' to 450' bridging base of 8-5/8" surface casing set at 428'. Mud spotted and circulated between plugs.

On April # a 10 sack cement plug was placed in top of 8-5/8" surface casing.

QUAY VALLEY, INC. EXHIBIT B P/A SCHEMATIC LEA COUNTY, NEW MEXICO

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT C

DATA ON PROPOSED OPERATION

1. PROPOSED AVERAGE AND MAXIMUM DAILY RATE AND VOLUME OF FLUIDS TO BE INJECTED:

AVERAGE DAILY RATE OF 250 BWIPD MAXIMUM DAILY RATE OF 500 BWIPD

- 2. SYSTEM IS CLOSED.
- 3. PROPOSED AVERAGE INJECTION PRESSURE: 580 PSIG. PROPOSED MAXIMUM INJECTION PRESSURE: 950 PSIG.

THE PROPOSED AVERAGE AND MAXIMUM INJECTION PRESSURES ARE TO BE DETERMINED FROM STEP RATE TESTS TO BE RUN AFTER THE WELL IS RE-ENTERED.

- 4. (A) SOURCE OF INJECTION FLUID: PRODUCED WATER FROM AND INTO THE DELAWARE SANDS.
 - (B) ANALYSIS OF FORMATION FLUID: NOT APPLICABLE - RE-INJECTED PRODUCED WATER.
- 5. ZONE OF DISPOSAL IS PRODUCTIVE OF OIL AND GAS WITHIN ONE MILE OF PROPOSED DISPOSAL WELL.

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT D

LITHOLOGIC AND GEOLOGICAL DATA ON INJECTION ZONE

The proposed injection well is the McDonald Federal No. 1 well, with an open hole interval of 4,415' to 4,464'. The open hole interval is in the Ramsey Sand member of the Bill Canyon Formation of the Delaware Mountain group, Guadalupion Series of Upper Permian age.

The McDonald Federal No. 1 well encountered 30 feet of Ramsey Sand, which consists of two well-bedded sand lobes. The sand is described as a light gray to gray green, fine-grained, sub-angular sandstone. There is no evidence of fracturing.

In the area of the McDonald Federal well, the structure on the top of the Ramsey Sand dips to the east at a rate of 100 feet per mile. The sand trends northeast southwest through the area.

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT E

WELL DATA ON INJECTION WELL #1

STIMULATION PROGRAM:	2000 GALLONS 15% NEFE ACID
LOCATION:	2310' FSL AND 890' FEL SECTION 21, T-26-S, R-32-E
	LEA COUNTY, NEW MEXICO
CASING:	8 5/8" @ 983' CMTD W/ 550 SX
	5 ½" @4414' CMTD W/950 SX
TUBING:	2 3/8" @ 4384' - PLASTIC COATED
PACKER:	BAKER LOC-SET NICKEL-PLATED
INJECTION FORMATION:	DELAWARE SANDS.
INJECTION INTERVAL:	4415' TO 4464' OPEN HOLE

WELL WAS ORIGINALLY DRILLED AS OIL PRODUCER. CURRENTLY SI.

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT F

LOGS OF INJECTION WELL

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MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT G

WATER ANALYSIS

N/A

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT H

AFFIRMATIVE STATEMENT

QUAY VALLEY, INC. HAS EXAMINED AVAILABLE GEOLOGIC AND ENGINEERING DATA AND FINDS NO EVIDENCE OF OPEN FAULTS OR ANY OTHER HYDROLOGIC CONNECTION BETWEEN THE DISPOSAL ZONE AND ANY UNDERGROUND SOURCE OF DRINKING WATER.

Wmwith

WILLIAM G. WATSON, GEOLOGIST

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT I

PROOF OF NOTICE

PURSUANT TO SECTION XIII OF FORM C-108.

APPLICANT HAS MAILED CERTIFIED COPIES OF THE APPLICATION TO THE FOLLOWING:

SURFACE OWNERS:

BUREAU OF LAND MANAGEMENT ROSWELL DISTRICT RESOURCE AREA HEADQUARTERS 2909 WEST SECOND STREET ROSWELL, NEW MEXICO 88201

ATTN: ARMANDO LOPEZ

LEASEHOLD OPERATORS WITHIN ONE-HALF MILE:

CONOCO, INC. 10 DESTA DRIVE MIDLAND, TEXAS 79705

FEDERAL ABSTRACT COMPANY ATTENTION: DANIEL E. GONZALES 2019 GALISTEO STREET, SUITE D1 SANTA FE, NEW MEXICO 87505

1608 N. BIG SPRING STREET P.O. BOX 10280 MIDLAND, TEXAS 79702



May 22, 2001

CERTIFIED MAIL 7099 3400 0017 1713 0363

Bureau of Land Management Roswell District Resource Area Headquarters 2909 West Second Street Roswell, New Mexico 88201

Attn: Armando Lopez

Re: Application For Authorization To Inject McDonald Federal No. 1 Lea County, New Mexico

Dear Mr. Lopez:

Enclosed please find copies of our Application For Authorization To Inject and plat of the location and surrounding area. Should you need anything further, please advise. Thank you.

Sincerely, Juanta I. Michaelio

Juanita Michaelis

Enclosures

	U.S. Postal Serv CERTIFIED M (Domestic Mail Only; 1			d)
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2 T D D	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	1.50	H-OZA 10/W	1 59
00HE 6602	Total Postage & Fees \$ Re Armando Lopez Bureau of Land Str Roswell District Cit 2909 West Secon Roswell, New M	Resource Ar	t rea Hdq	2.5 ructions

on the reverse side.	SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we card to you. Attact this form to the front of the mailpiece, or on the back if spa permit. Write "Return Receipt Requested" on the mailpiece below the arti The Return Receipt will show to whom the article was delivered a delivered.	ice does not icle number.	I also wish to receive the following services (for an extra fee): 1. □ Addressee's Address 2. □ Restricted Delivery	
L ADDRESS completed	3. Article Addressed to: Armando Lopez Bureau of Land Management Roswell District Resource Area Hdq. 2909 West Second Street Roswell, New Mexico 88201	4b. Service Ty	Pe Certified ail Insured bipt for Merchandise COD	
vo Mur Return		8. Addressee' fee is paid)	s Address (Only if requested and	

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1608 N. BIG SPRING STREET P.O. BOX 10280 MIDLAND, TEXAS 79702



May 22, 2001

CERTIFIED MAIL 7099 3400 0017 1713 0349

Conoco Inc. 10 Desta Drive Midland, Texas 79705

Re: Application For Authorization To Inject McDonald Federal No. 1 Lea County, New Mexico

Gentlemen:

Enclosed please find copies of our Application For Authorization To Inject and plat of the location and surrounding area. Should you need anything further, please advise. Thank you.

Sincerely, aanita I- Michaelis Juanita Michaelis

Enclosures

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1608 N. BIG SPRING STREET P.O. BOX 10280 MIDLAND, TEXAS 79702



May 22, 2001

CERTIFIED MAIL 7099 3400 0017 1713 0356

Federal Abstract Company 2019 Galisteo Street, Suite D1 Santa Fe, New Mexico 87505

Attn: Daniel E. Gonzales

Re: Application For Authorization To Inject McDonald Federal No. 1 Lea County, New Mexico

Dear Mr. Gonzales:

Enclosed please find copies of our Application For Authorization To Inject and plat of the location and surrounding area. Should you need anything further, please advise. Thank you.

Sincerely, anita F. Michaeles Juanita Michaelis

Enclosures

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<u>.</u>	PS Form 3811, December 1994	102595-9	9-B-0223 Domestic Return Receipt	•		

Affidavit of Publication

) SS.

STATE OF NEW MEXICO

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertisting 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 Mexicc.

That the notice which is hereto attached, entitled

Legal N	otice				·	
and numb	ered					was
published	in a regula	ir and entire i	ssue of	THE L	OVINGT	ON
DAILY LE	ADER and	d not in any	suppler	nent th	nereof, o	nce
each weel	k on the sa	ame day of th	ne week	, for th	iree (3) c	on-
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And that the cost of publishing said notice is the sum of \$_67.24______ which sum has been (Paid) as Court Costs.

Joyqe/ Clemens, Advertising Manager

Subscribed and sworn to before me this <u>lst</u> day of

June

, 2001.

Debbie Schilling () Notary Public, Lea County, New Mexico My Commission Expires June 22, 2002

LEGAL NOTICE Notice is hereby given that QUAY VALLEY, INC. filed intention to convert the McDonald Federal No. 1 well located 2310' FSL & 890' FEL Section 21, T-26-S, R-32-E, Lea County, New Mexico into a salt water disposal well. The maximum injection rates will be 500 BWIPD at a maximum injection pressure of 950 PSIG into the Delaware Sands formation.

Any person, firm, association, corporation, the State of New Mexico or the United States of America, deeming that the granting of the above application will impair or be detrimental to their water rights, may protest in writing the proposal set forth in said application. The protest shall set forth all protestant's reasons why the application should not be approved. Objections or requests for a hearing must be filed with the Oil Conservation Division. 1220 South St. Francis Drive, Santa Fe, New Mexico, 87504, within 15 days.

Please address questions to Stella Swanson, CPL, QUAY VALLEY, INC., P.O. Box 10280, Midland, Texas 79702 or call (915) 687-4220.

Published in the Lovington Daily Leader May 18, 25, and June 1, 2001.

MCDONALD FEDERAL NO. 1 APPLICATION FOR AUTHORIZATION TO INJECT SECTION 21, T-26-S, R-32-E LEA COUNTY, NEW MEXICO

EXHIBIT I-2

May 17, 2001

Lovington Daily Leader Attn: Debbie (505) 396-2844 (505) 396-5775 Fax

LEGAL NOTICE

Date: Once a week for three weeks

Notice is hereby given that QUAY VALLEY, INC. filed intention to convert the McDonald Federal No. 1 well located 2310' FSL & 890' FEL Section 21, T-26-S, R38-E, Lea County, New Mexico into a salt water disposal well. The maximum injection rates will be 500 BWIPD at a maximum injection pressure of 950 PSIG into the Delaware Sands formation.

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Please address questions to Stella Swanson, CPL, QUAY VALLEY, INC., P. O. Box 10280, Midland, Texas 79702 or call (915) 687-4220.

SWD-805



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Gevernor Jennifer A. Salisbury **Cabinet Secretary**

6/15/

Lori Wrotenbery Director **Oil Conservation Division**

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

RE : Proposed: MC DHC NSL NSP

> SWD WFX PMX

Gentlemen:

I have examined the application for the:

application for the: <u>Inc</u> <u>McDonald</u> <u>Federal</u> <u>1-T</u>, 21-265-32e Lease & Well No. Unit S-T-R 30-025-30660

and my recommendations are as follows:

Kun Jang

Yours very truly,

Chris Williams Supervisor, District 1