

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

Mesquite SWD
Paduca Fed SWD #3
RECEIVED OOD

ABOVE THIS LINE FOR DIVISION USE ONLY

280 FEB -1 P 1:47

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 _____

NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☒ X Offset Operators, Leaseholders or Surface Owner
[C] ☒ X Application is One Which Requires Published Legal Notice
[D] ☒ X 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.

Kay Havenor

Kay Havenor

Agent

1/17/2013

Print or Type Name

Signature

Title

Date

KHavenor@georesources.com
e-mail Address

OBJECTION BY:

XPC/ABO/MYCO/BLM
1/25/13 1/22/13

NO API APPLICATION WAS NOT EVALUATED

Case 14979

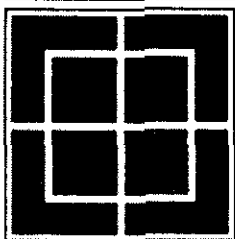
Jones, William V., EMNRD

From: Gary Larson <glarson@hinklelawfirm.com>
Sent: Friday, January 25, 2013 2:30 PM
To: Jones, William V., EMNRD
Cc: Kay Havenor (khavenor@georesources.com); Kevin Klein (kklein@yatespetroleum.com)
Subject: Yates Objection to Mesquite SWD, Inc. Application for Authorization to Inject
Attachments: 2013-01-25 Letter to W. Jones re Mesquite SWD.pdf

Will,

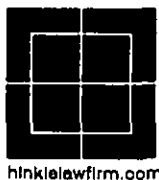
Attached is a letter notifying you of the objection by Yates Petroleum, Abo Petroleum, and Myco Industries to the application for authorization to inject into the Paduca Fed SWD # well that Mesquite SWD, Inc. recently filed.

Gary



Gary W. Larson,
Partner
Hinkle, Hensley, Shanor & Martin,
L.L.P.
218 Montezuma
Santa Fe, New Mexico 87501
(505) 982-4554 telephone
(505) 982-8623 facsimile
glarson@hinklelawfirm.com

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HINKLE, HENSLEY, SHANOR & MARTIN, L.L.P.

ATTORNEYS AT LAW

218 MONTEZUMA

SANTA FE, NEW MEXICO 87501

505-982-4554 (FAX) 505-982-6623

WRITER:

Gary W. Larson,
Partner
glarson@hinklelawfirm.com

January 25, 2013

VIA EMAIL

William Jones
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Mesquite SWD, Inc. Application for Authorization to Inject
Paduca Fed SWD #3 Well
Unit Letter C, Section 22, T25S, R32E, Lea County

Dear Will:

This is to notify you that Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc. (collectively "Yates") jointly object to the above-referenced application. Yates is currently developing a horizontal well within the ½ mile Area of Review, and has future plans to develop additional horizontal wells in the same area. Yates believes that, if it would have to drill through a produced water injection zone, it would face difficult, expensive, and possibly insurmountable drilling problems caused by water flow.

Thank you for attention to this matter.

Very truly yours,

Gary W. Larson

GWL:rc

cc (via email): Dr. Kay C. Havenor

PO BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-0610
FAX (505) 623-9332

PO BOX 3580
MIDLAND, TEXAS 79702
(432) 683-4691
FAX (432) 683-6516

PO BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-6623

919 CONGRESS, SUITE 1150
AUSTIN, TEXAS 78701
(512) 476-7137
FAX (512) 476-7146



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



IN REPLY REFER TO:
3162.3-2 (P0220)

RECEIVED OCD
2013 JAN 22 P 1:34

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

Re: Paduca Federal SWD #3

The BLM will object to the proposed salt water disposal well for the following reason:

1. The proposed location for this well is within an exploratory unit boundary and will not be approvable.

Note: The location for the Mesquite SWD in unit letter H is incorrect. It is 660' FEL not FWL.

If you have any questions regarding this objection, please contact Wesley W. Ingram, Supervisory Petroleum Engineer at (575) 234-5982.

Sincerely,

Wesley W. Ingram
Supervisory Petroleum Engineer
Bureau of Land Management
Carlsbad Field Office

cc: Mesquite SWD, Inc.

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: Mesquite SWD, Inc
ADDRESS: P.O. Box 1478 Carlsbad, NM 88220
CONTACT PARTY: Kay Havenor PHONE: 575-626-4518
- 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 X 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 geologic data on the injection zone 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. 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 sources 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: Kay Havenor TITLE: Agent
SIGNATURE: Kay C Havenor DATE: January 15, 2013
E-MAIL ADDRESS: KHavenor@georesources.com
- * 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

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

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.

INJECTION WELL DATA SHEET

OPERATOR: Mesquite SWD, Inc. (OGRID 161968)WELL NAME & NUMBER: Paduca Federal SWD #3 30-025-NA (New Drill)WELL LOCATION: 300' FNL & 1760' FWL C 23 25S 32E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGEWELLBORE SCHEMATIC

See attached diagram

PROPOSED WELL CONSTRUCTION DATASurface CasingHole Size: 20" Casing Size: 16" ConductorCemented with: sx. or 144 ft³Top of Cement: Surface Method Determined: OprIntermediate CasingHole Size: 12-1/4" Casing Size: 9-5/8" 40# K-55Cemented with: 400 sx. or ft³Top of Cement: Surface Method Determined: OprProduction CasingHole Size: 8-5/8" Casing Size: 7" 23# K-55 to 4870'Cemented with: 500 sx. or ft³Top of Cement: Surface Method Determined: OprTotal Depth: Approx 7,250'Injection IntervalApproximately 4,870' To Approximately 7,250'(Perforated or Open Hole; indicate which) Open Hole

INJECTION WELL DATA SHEET

Tubing Size: 4-1/2" 12.75# L/N-80 Lining Material: Fiberglass coated

Type of Packer: Lok-Set or equivalent

Packer Setting Depth: Approx 4,820 ft

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? X Yes No

If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: Delaware Bell Canyon and Cherry Canyon

3. Name of Field or Pool (if applicable): _____

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. No

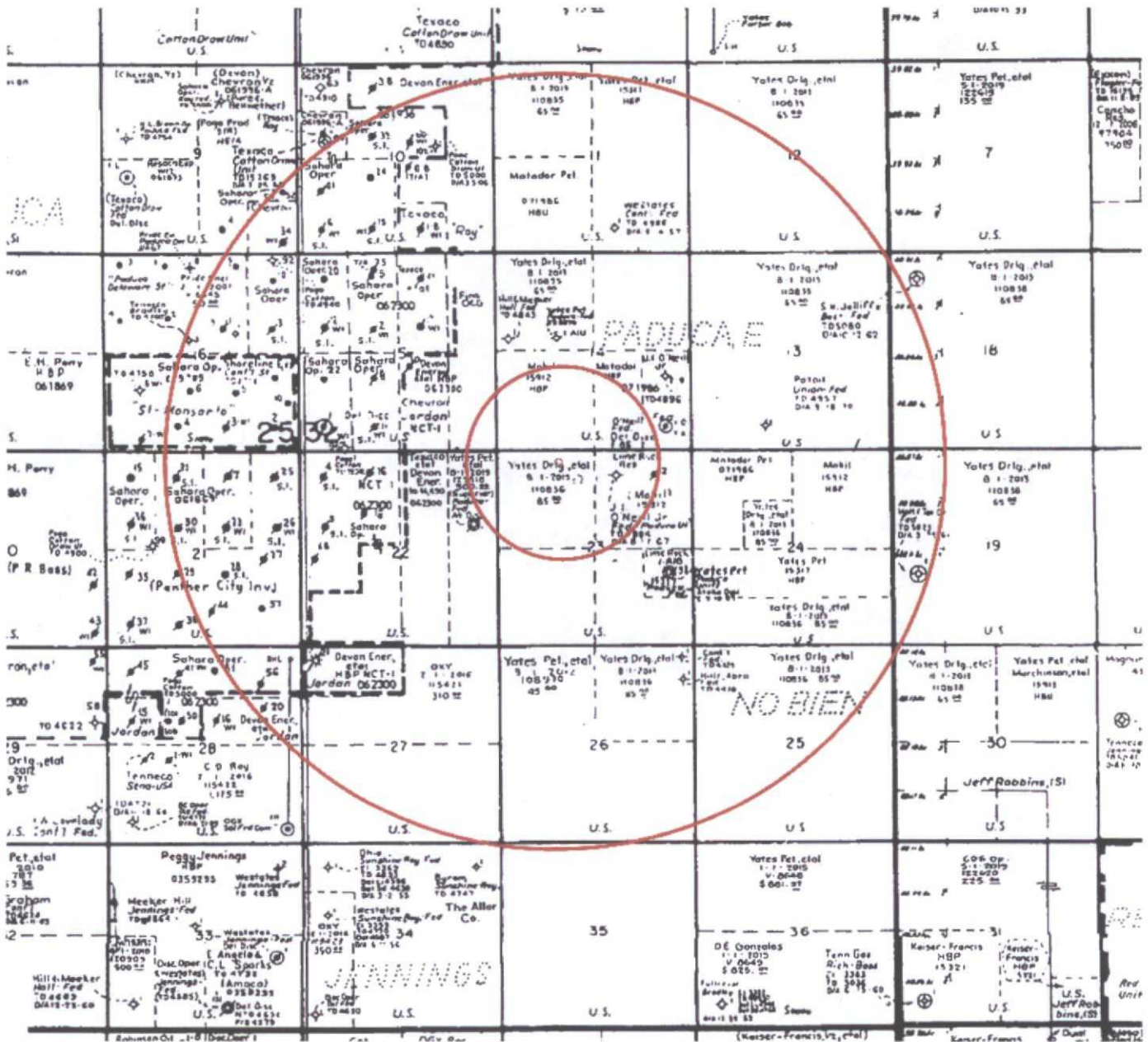
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Ramsey member of Bell Canyon 4,830' - 4,840', Brushy Canyon (sand) 7,335',

Mesquite SWD, Inc.
 Paduca Federal SWD #3
 300' FNL & 1760' FWL
 Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

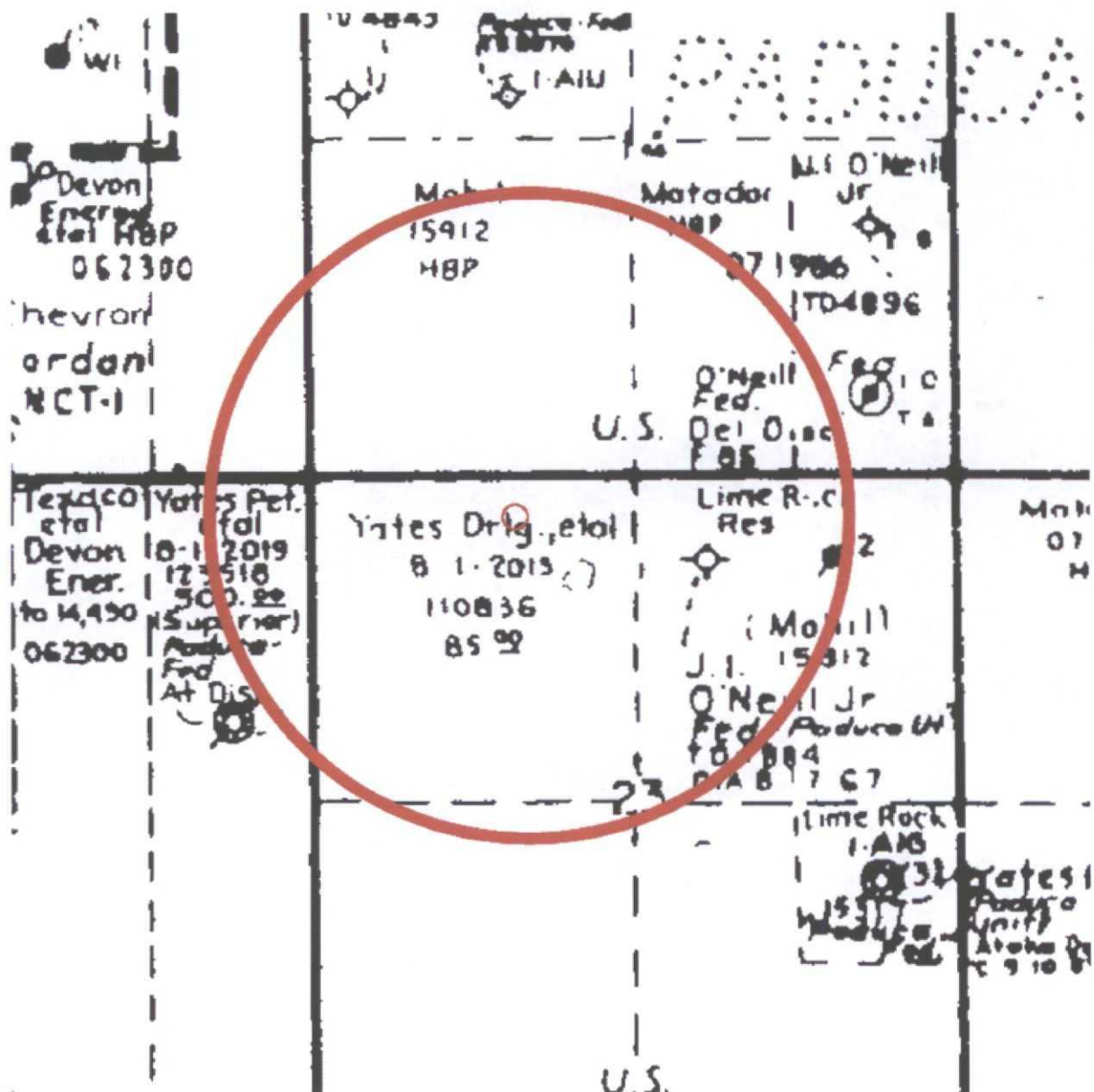
Item V:

Area of Review
 1/2 Mile AOR and 2 Mile Radius



API 30-025-NA

Area of Review
1/2 Mile AOR



API 30-025-NA

Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

Item VI: Data on wells in AOR:

API	WELL_NAME	STATUS	SDIV	SEC	TWN	RANGE	FTG	NS	FTG	EW	OPERATOR	WELL	LAND	PLUG_DATE	SPUD_DATE	ELEVGL	TVD_DEPTH
300252892	PADUCA UNIT 002	Plugged	A	23	25S	32E	660	N	990	E	YATES PETROLEUM	O	F	19-Sep-01	14-Sep-01	3441	5000
300252221	FEDERAL P 001	Plugged	B	23	25S	32E	660	N	1980	E	JOSEPH I ONEILL JR	O	F	17-Aug-67	09-Aug-67	3418	4884

1. 30-025-28928 Yates Petroleum Corp. Unit A, Sec. 23, T25S-R32E Lea Co. Elev 3441' GL. Spud 11/19/1984. 12-1/4" hole to 853' set 8-5/8" 24# J-55 csg. Cmt w/370 sx, circ 50 sx to surface. 7-7/8" hole to TD 5,000', set 5-1/2" 14# J-55 4,893' w/250 sx cmt. Perf 4,887'-4,889', acid w/500 gal 7.5%. Sqzd perms w/100 sx. Perf 4,838'-4,850', acid w/3,000 gal 15%. Frac w/20,000 gal gelled KCL plus 40,000# 20/40 sand. Sqzd perms w/50 sx. Re-perf 4,825'-4,852', acid w/500 gal NEFE acid. Well produced 17,021 BO + 275,229 BW through calendar 2000. Set 5-1/2" CIBP @4,788' +35' cmt. Cut 5-1/2" csg @2,929', pulled & layed-down. Tagged cmt @2,842'. Spotted 45 sx cmt @1,892, tag failed. Spot 45 sx @1,892', tagged @765'. Circulated 30 sx cmt 60' to surface. P&A 9/19/2001

2. 3002522215 U.I. O'Neill, Jr. Unit B Sec 23, T25S-R32E Lea Co. Elev 3418' GL. Spud 8/9/1967. 11" hole set 8-5/8" 24#. Cmt w/180 sx, circ 10 sx to surface. Hole size NR (estimate 7-7/8") to TD 4,884. Cut 3 cores 4,772-4,884' all reported "sli spotty shows." W/top Lamar @4,700' Opr set 100' cmt plugs 4,800'-4,700', 800'-700', 425'-325' and 10 sx @surface. P&A 8/17/1967.

Item VI (a): Data on wells near the AOR:

1. 30-025-27616 Mesquite SWD, Inc. Unit H, 1980' FNL & 660' FWL Sec. 22, T25S-R32E Lea Co. SWD-1264-A. Disposal interval 4,722'-7,064' into the Bell Canyon and Cherry Canyon formations.

2. 30-025-22137 O'Neil Properties, LTD. Unit P, 660' FSL & 660' FEL Sec. 14, T25S-R32E Lea Co. Elev 3434' GL. Spud 5/24/1967. 12-1/2" hole set 8-5/8" 24# J-55 STC csg. Cmt w/180 sx, circ 8 sx to surface. 7-7/8" hole to 4,904' TD. Set 4-1/2" 9.5/11.6# J-55 STC @4,897', Cmt w/200 sx. TOC 4,300' TS. , Top Lamar @4,772'. Perf 4,851'-4,855'. Frac 1000 gal oil w/1# sand/gal. Well cored 4,814'-4,904' w/no show oil below 4,861'. No historical production is shown on GoTech. Well was TA 11/30/1999.

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Item VII:

1. The maximum injected volume anticipated is 5,000 BWPD. Average anticipated is 3,500 BWPD.
2. Injection will be through a closed system.
3. Maximum injection pressure is expected to be 974 psi, or as controlled by depth.
4. Sources will be produced water that is compatible with known waters in the disposal zones.
5. Water sample analyses from the OXY Cotton Draw Unit No. 4, Unit D, Sec. 22, T25S-R32E, Lea Co., is shown below, TDS 276,839 mg/l (Source: NM WAIDS):



Water Samples for Well COTTON DRAW UNIT 004

API = 3002508221

Formation = DEL

Field = PADUCA

Current Water Production Information

Instructions:



For general information about this sample.



For scale calculation pages (Stiff-Davis or Odco Tomson methods).



To select **this water sample** for water mixing. It will lead to the main page, and add the sample ID to the mixing table.



664

Click the hyperlinked sample number to make a .csv for that sample, **or** select several check boxes and click Submit for multiple samples

The ions are in (mg/L) units.

	SampleID	T	R	S	SO4	CL	CO3	HCO3	K	Na	Ca	Mg
<input type="checkbox"/>	4293	25S	32E	22	552	170500	null	198	null	null	null	null

Before disposal the interval will be evaluated to confirm the projected absence of commercial hydrocarbons.

Item VIII:

Disposal will be into the Delaware Mountain Group (Delaware). The Delaware is comprised of sandstones, dolomites, and shales. The proposed disposal interval is in the Bell Canyon and the Cherry Canyon. All the Delaware members are interbedded sandstones and shales with occasional dolomite horizons. The lateral transmissivities of the sandstone beds are highly variable and often form selective barriers to the movement of hydrocarbons while allowing down-gradient movement of water. The transmissivity variations are fundamentally due to 1) the very-fine grained nature of the sands and 2) the local percentage of silt and clay. The Delaware sandstone members are typically overlain and underlain by bounding shale, dolomite, and/or silty shale horizons. The depth to the Delaware Ramsey sand in this well will be approximately 4,830'. The base of the Delaware (top of Bone Springs Formation) is estimated at approximately 8,750'.

There is no known fresh, potable or stock water within a 2-mile radius. Records from the New Mexico Office of the State Engineer on 1/15/2013 show no known water wells within the 2-mile radius of the proposed Mesquite SWD disposal well.



New Mexico Office of the State Engineer
Wells with Well Log Information

No wells found.

UTMNA83 Radius Search (in meters):

Easting (X): 627625

Northing (Y): 3554616

Radius: 3220

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

1/15/13 8:18 AM

WELLS WITH WELL LOG INFORMATION

The surface geology of the greater area, including the 2-mile radius as shown in Item V above, is Quaternary eolian and piedmont deposits of Holocene to middle Pleistocene age. These are underlain by the Permian Rustler Formation and evaporites. Based upon surface geology and local shallow e-logs the depth to potential potable water, if present, is estimated to be less than 130'.

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Item IX:

No formation stimulation is currently planned.

Item X:

Logs will be filed with the OCD upon completion of the well.

Item XI:

No water wells are reported in the 2-mile radius of the proposed SWD. Please note Item VIII discussion above.

Item XII:

There is no geological evidence of open faults or hydrologic connection between the disposal zone and any possible underground sources of protectable water.

Amendment:

Drilling/evaluation of this Delaware interval in the greater area around the proposed location has demonstrated a lack of reasonable potential for commercial hydrocarbon production by horizontal or conventional vertical drilling beneath the Ramsey member of the Bell Canyon Formation. The proposed interval has been without significant hydrocarbon shows in the disposal target formations south and east of the Cotton Draw Unit area. The proposed interval is currently used for SWD to the southwest in Sec. 22 (Mesquite SWD, Inc. Paduca Federal SWD #1) outside the present AOR (see Item VI (a) 1. above).

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Plug and Abandon Diagram Yates Petroleum Corp. Paduca Unit #2

Well P&A Diagram ✓

API: 3002528928
Operator: Yates Petroleum Corp
Lease: Paduca Unit
Location: Sec 23, T25S-R32E Lea Co., NM
Footage: 660 FNL, 990 FEL

Well No: 2

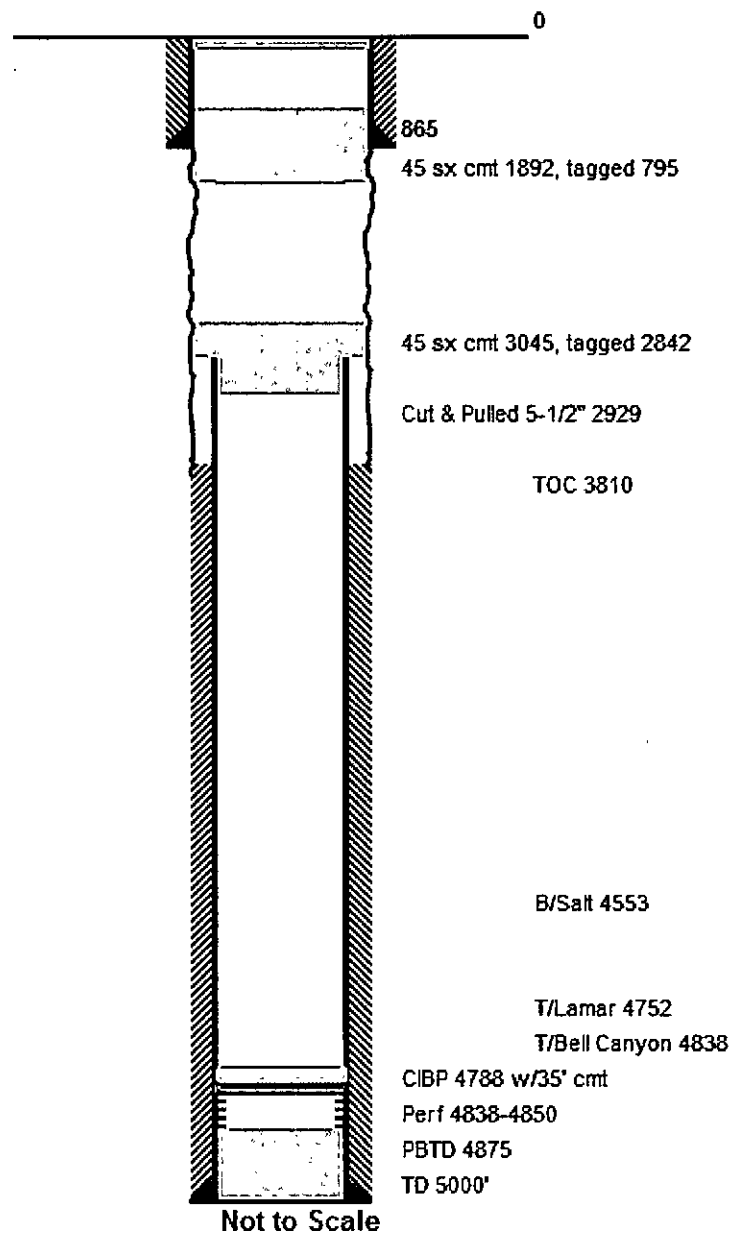
KB: 3451
GL: 3441

Surface Csg

Size: 8-5/8" 24#
Set @: 853
Sxs cmt: 370
Circ: Yes
TOC: Surface
Hole Size: 12-1/4"

Production Csg

Size: 5-1/2" 14#
Set @: 5000
Sxs cmt: 250
Circ: Circ to Surface
TOC: Surface
Hole Size: 7-7/8"



Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Plug and Abandon Diagram J.I. O'Neill, Jr. Federal "P"

Well P&A Diagram

API: 3002522215
Operator: J.I. O'Neill, Jr.
Lease: Federal "P"
Location: Sec 23, T25S-R32E Lea Co., NM
Footage: 660 FNL, 1980 FEL

Well No: 1

KB: 3429

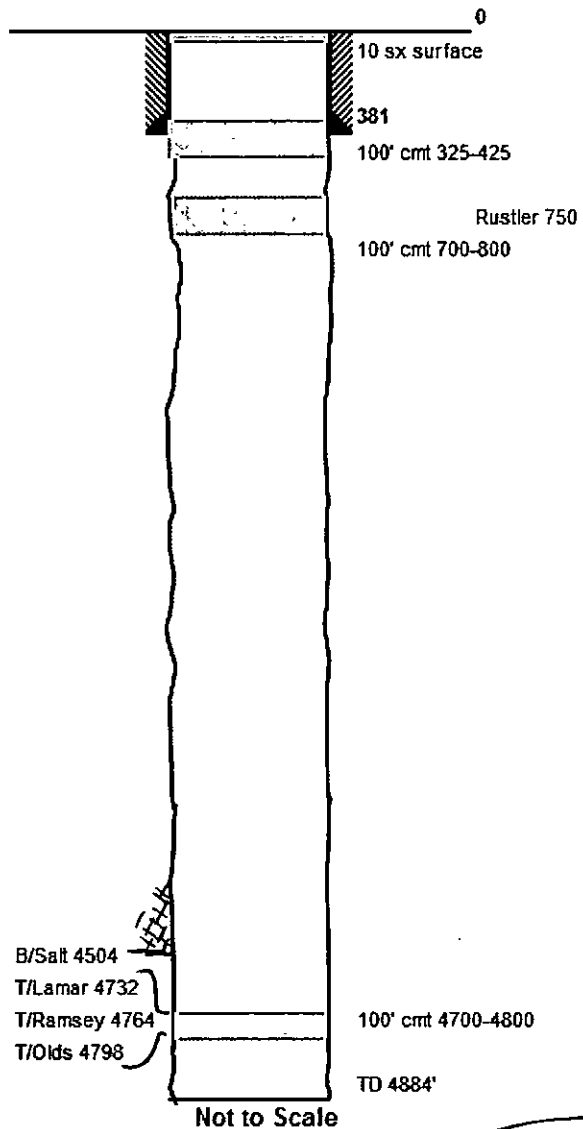
GL: 3418

Surface Csg

Size: 8-5/8" 24#
Set @: 381
Sxs cmt: 180
Circ: Yes
TOC: Surface
Hole Size: 12-1/4"

Production Csg

Size: None
Set @:
Sxs cmt:
Circ:
TOC:
Hole Size:

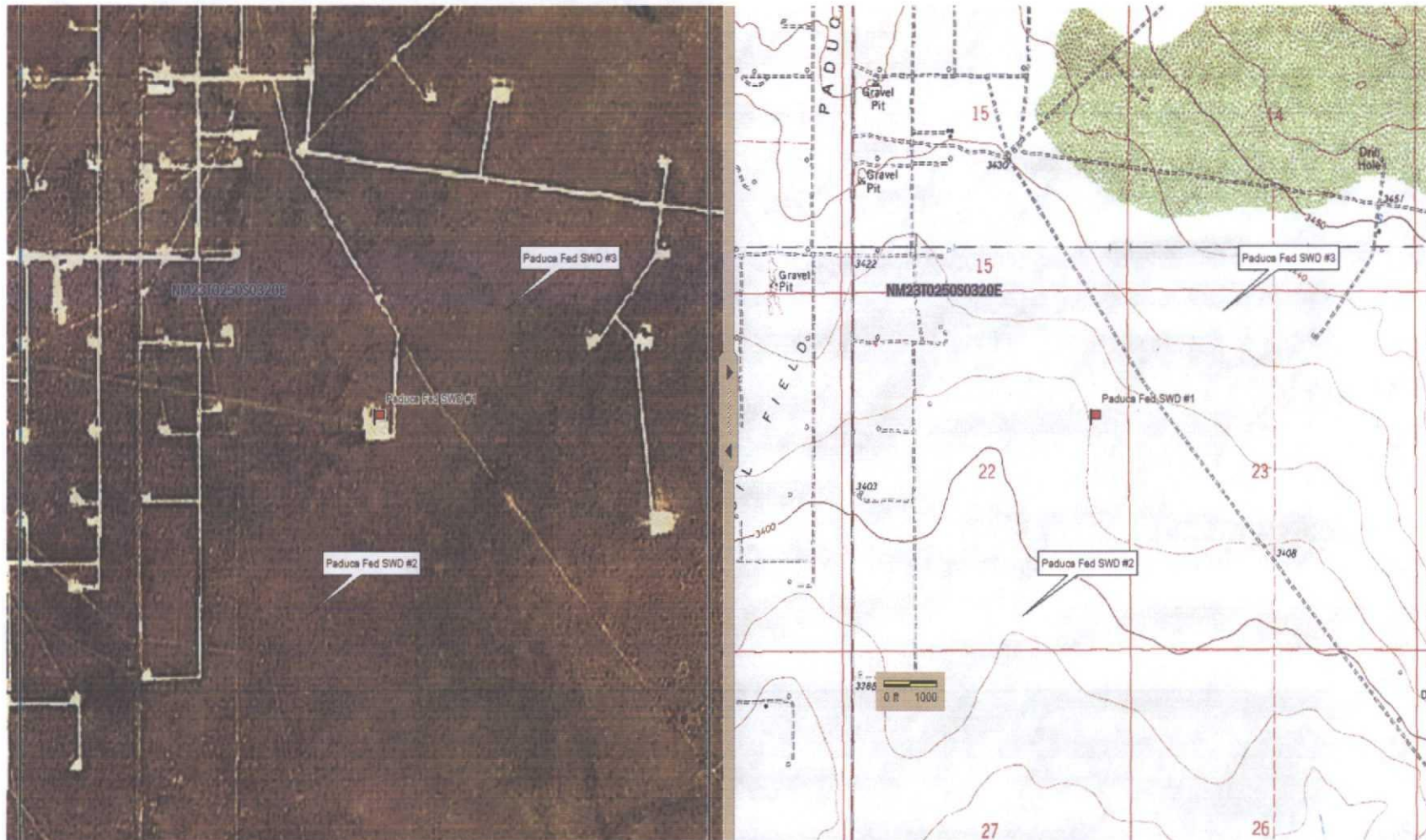


Proposed injection
interval 4870 - 7250

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

SPOT10 Satellite and Matching Topographic Map



Delorme Xmap6

Paduca Federal SWD #3 will be located 5.75 miles south of NM-128 and CR-1 (Orla Road) junction then 1.4 miles southeast.

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Item XIII: Proof of Notice

Minerals Owner:

Bureau of Land Management
620 E. Greene St.
Carlsbad, NM 87220

Surface BLM Lessee:

Mr. Jeff Robbins
301 Orla Rd.
Jal, NM 88252

Operators:

OXY Y-1 Company
P.O. Box 27570
Houston, TX 77210

NW/4 Sec. 23
1/3 Interest

Abo Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210

NW/4 Sec. 23
1/3 Interest

MYCO Industries, Inc.
105 S, 4th St.
Artesia, NM 88210

NW/4 Sec. 23
1/3 Interest

Matador Resources Company
5400 LBJ Freeway, Ste 1500

W/2 SE/4 Sec. 14

Dallas, TX 75240

O'Neill Properties, Ltd.
P.O. Box 2840
Midland, TX 79702

E/2 SE/4 Sec. 14

Limerock Resources
1111 Bagby St. Ste. 4600
Houston, TX 77002

NE/4 Sec. 23

ExxonMobil Corporation
P.O. Box 2024
Houston, TX 77252-2024

SW/4 Sec. 14
NE/4 Sec. 23

BLM - unleased

SW/4, NW/4 SE/4 Sec. 23

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Item XIII: Legal Publication

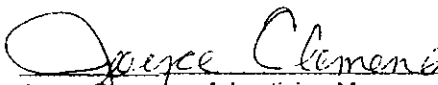
Affidavit of Publication

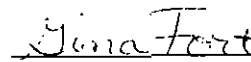
STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

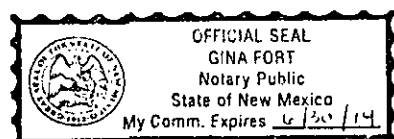
Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of THE LOVINGTON LEADER, a thrice a week newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county 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 was published in a regular and entire issue of THE LOVINGTON LEADER and not in any supplement thereof, for one (1) day(s), beginning with the issue of January 17, 2013 and ending with the issue of January 17, 2013.

And that the cost of publishing said notice is the sum of \$ 28.95 which sum has been (Paid) as Court Costs.


Joyce Clemens, Advertising Manager
Subscribed and sworn to before me this 24th day of January, 2013.


Gina Fort
Notary Public, Lea County, New Mexico
My Commission Expires June 30, 2014



Legal Notice
Mesquite SWD, Inc., c/o Kay Havenor, 904 Moore Ave, Roswell, NM 88201, (575) 626-4518, email: KHavenor@georesources.com, is seeking approval from the New Mexico Oil Conservation Division to drill and complete the Mesquite SWD, Inc. Paduca Federal SWD No. 3 well, API: unassigned, located 300 feet from the north line and 1,760 feet from the west line of Section 23, T25S, R32E, Lea County, NM, from the junction of NM-128 and Lea Co. CR-1 (Orta Road) south 5.75 miles and southeast 1.4 miles, for commercial produced water disposal as the Mesquite SWD, Inc. Paduca Federal SWD No. 3. The proposed disposal interval is in the Delaware Mountain Group beneath 7" casing into open hole from approximately 4,870 feet to approximately 7,250 feet. Mesquite SWD, Inc plans to dispose of a maximum 5,000 BWPD at a maximum pressure of 974 psi. Parties with questions regarding this proposal are urged to contact Kay Havenor at the email address or phone number above. Interested parties must file objections or requests for hearing within 15 days to the New Mexico Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, NM 87505.

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Item XIII: Certified Mail Receipts

7010 3090 0000 4630 4634

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage \$1.50
Certified Fee \$2.95
Return Receipt Fee (Endorsement Required) \$2.35
Restricted Delivery Fee (Endorsement Required) \$0.00
Total Postage & Fees \$6.80

0602
ROSWELL, NM
JAN 16 2013
01/16/2013

Sent To: Bureau of Land Management
Street, Apt. No., or PO Box No. 620 E. Greene St.
City, State, ZIP+4 Carlsbad, NM 88220

PS Form 3800, August 2006 PSN 7530-01-000-9047 See Reverse for Instructions

7010 0780 0002 2613 4614

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage \$1.50
Certified Fee \$2.95
Return Receipt Fee (Endorsement Required) \$2.35
Restricted Delivery Fee (Endorsement Required) \$0.00
Total Postage & Fees \$6.80

0602
ROSWELL, NM
JAN 16 2013
01/16/2013

Sent To: Abo Petroleum Corporation
Street, Apt. No., or PO Box No. 105 S. 4th St.
City, State, ZIP+4 Artesia, NM 88210

PS Form 3800, August 2006 PSN 7530-01-000-9047 See Reverse for Instructions

7010 0780 0002 2613 4619

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage \$1.50
Certified Fee \$2.95
Return Receipt Fee (Endorsement Required) \$2.35
Restricted Delivery Fee (Endorsement Required) \$0.00
Total Postage & Fees \$6.80

0602
ROSWELL, NM
JAN 16 2013
01/16/2013

Sent To: ExxonMobil Corporation
Street, Apt. No., or PO Box No. P.O. Box 2024
City, State, ZIP+4 Houston, TX 77252-2024

PS Form 3800, August 2006 PSN 7530-01-000-9047 See Reverse for Instructions

7010 0780 0002 2613 4622

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage \$1.50
Certified Fee \$2.95
Return Receipt Fee (Endorsement Required) \$2.35
Restricted Delivery Fee (Endorsement Required) \$0.00
Total Postage & Fees \$6.80

0602
ROSWELL, NM
JAN 16 2013
01/16/2013

Sent To: Limerock Resources
Street, Apt. No., or PO Box No. 1111 Baebv St. Ste. 4600
City, State, ZIP+4 Midland, TX 79702

PS Form 3800, August 2006 PSN 7530-01-000-9047 See Reverse for Instructions

7010 0780 0002 2613 4638

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage \$1.50
Certified Fee \$2.95
Return Receipt Fee (Endorsement Required) \$2.35
Restricted Delivery Fee (Endorsement Required) \$0.00
Total Postage & Fees \$6.80

0602
ROSWELL, NM
JAN 16 2013
01/16/2013

Sent To: Matador Resources
Street, Apt. No., or PO Box No. 5400 LBJ Freeway Ste. 1500
City, State, ZIP+4 Dallas, TX 75240

PS Form 3800, August 2006 PSN 7530-01-000-9047 See Reverse for Instructions

7010 0780 0002 2613 4621

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage \$1.50
Certified Fee \$2.95
Return Receipt Fee (Endorsement Required) \$2.35
Restricted Delivery Fee (Endorsement Required) \$0.00
Total Postage & Fees \$6.80

0602
ROSWELL, NM
JAN 16 2013
01/16/2013

Sent To: MYCO Industries, Inc.
Street, Apt. No., or PO Box No. 105 S. 4th St.
City, State, ZIP+4 Artesia, NM 88210

PS Form 3800, August 2006 PSN 7530-01-000-9047 See Reverse for Instructions

Mesquite SWD, Inc.
Paduca Federal SWD #3
300' FNL & 1760' FWL
Sec. 23, T25S-R32E Lea County, NM

API 30-025-NA

Item XIII: Certified Mail Receipts, page 2

5494 432 2613 4602
7010 0780 0002 2613 4602

U.S. Postal Service TM	
CERTIFIED MAIL TM RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
MIDLAND, TX 79702	
OFFICIAL USE	
Postage	\$ 1.50
Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 6.80

01/16/2013

Sent To: O'Neill Properties, Ltd.
Street, Apt. No., or PO Box No.: P.O. Box 2840
City, State, ZIP+4: Midland, TX 79702

PS Form 3800, August 2006. See Reverse for Instructions.

7010 0780 0002 2613 4602

U.S. Postal Service TM	
CERTIFIED MAIL TM RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
HOUSTON, TX 77210	
OFFICIAL USE	
Postage	\$ 1.50
Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 6.80

01/16/2013

Sent To: OXY Y-1
Street, Apt. No., or PO Box No.: P. O. Box 27570
City, State, ZIP+4: Houston, TX 77210

PS Form 3800, August 2006. See Reverse for Instructions.

7010 3090 0000 4830 4153

U.S. Postal Service TM	
CERTIFIED MAIL TM RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
JAL, NM 88252	
OFFICIAL USE	
Postage	\$ 1.50
Certified Fee	\$ 2.95
Return Receipt Fee (Endorsement Required)	\$ 2.35
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 6.80

01/16/2013

Sent To: Mr. Jeff Robins
Street, Apt. No., or PO Box No.: 301 Orla Rd.
City, State, ZIP+4: Jal, NM 88252

PS Form 3800, August 2006. See Reverse for Instructions.

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	1		<u>Operator, Well, and Contact info:</u>
	2	II	Name of person submitting the application: <u>Kay Havenor</u> Other Contact? _____
	3	II	Did you include a contact Email in the application? <u>Yes</u> and Mailing Address? <u>Yes</u> and Phone? <u>Yes</u>
	4	II	Operator Name: <u>Mesquite SWD, Inc.</u> OGRID Num: <u>161968</u>
	5		RULE 5.9 Compliance..... Number of Inactive Wells <u>0</u> vs Total Wells Operated <u>30</u> Is financial assurance required on any well? <u>No Violation</u>
	6		Is there any hearing order finding this operator out of compliance with Division Rule 19.15.5.9 NMAC? <u>No</u>
	7		Are all Rule 5.9 issues OK to allow the Division to issue Disposal Permits? _____
	8	III	Well Name: <u>Paduca Federal SWD #3</u>
	9	III	API Num: <u>30-025-unassigned</u> Spud Date: <u>New drill</u>
	10		Have you included API numbers on all wellbore diagrams and well list(s) in this application? <u>Unassigned</u>
	11	III	Proposed well...Footages <u>300' FNL & 1760' FWL</u> Unit <u>C</u> Sec <u>23</u> Tsp <u>25S</u> Rge <u>32E</u> County <u>Lea</u>
	12		General Location (i.e. Y miles NW of Z): <u>From Jct NM-128 & Lea CR-1 (Orla Road) south 5.75 miles then 1.4 miles southeast</u>
	13		Current Well Status: <u>New drill</u>
	14	I	General Summary of Planned Work to Well: <u>New drill and case to approx 4,870', drill open-hole to approx 7,250', possibly acidize openhole.</u>
	15		<u>INTERVAL TOP and BOTTOM:</u>
	16	IIIB.(2)	Proposed disposal Top Depth: <u>4,870'</u> Formation Name: <u>Olds member of Bell Canyon</u> (include Member Names for Delaware or Mesaverde)
	17	IIIB.(2)	Proposed disposal Bottom Depth: <u>approx 7,250'</u> Formation Name: <u>Cherry Canyon</u>
	18	IIIB.(2)	Is the disposal interval OpenHole? <u>X</u> or Perfed? _____ Openhole <u>4,870'-approx 7,250'</u>
	19	IIIB.(2)	What will be the disposal tubing size OD? <u>4-1/2"</u> Packer Seat, Feet: <u>approx 4,820'</u>

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	20	VII	What max surf inj. psi are you proposing? <u>974</u> If differing from 0.2 psi/ft surf. Grad., is supporting data attached such as a Step Rate Test? _____
	21		<u>FRESH WATERS:</u>
	22	VIII	Depth to bottom of Fresh Waters: <u>less than 130'</u> if present _____ Formation Name(s)? <u>Quaternary alluvium</u> _____
	23	XI	Any Fresh Water Wells Within 2 Mile? <u>No</u> If so, did you attach an analysis from these Wells? _____
	24		Are all "Fresh" waters isolated with Casing and Cement? <u>Yes</u> ("Fresh" water is defined as less than 10,000 mg/l of TDS)
	25	XII	Included "Affirmative Statement" concerning any Connection from Disposal Depths to existing Fresh Waters? <u>Yes</u> Item XII _____
	26		<u>WASTE WATERS:</u>
	27	XIV	Will this be a Lease Only disposal well? _____ or only used for the Operator's own waste needs? _____ or Commercial Disposal? <u>Yes</u>
	28	VII	Which formations will supply the waste waters to be disposed into this well... List most common...? <u>Delaware Brushy Canyon - Bone Springs</u>
	29	VII	Are Waste waters compatible with proposed disposal interval waters? <u>Yes</u> Did you include waste water analysis? <u>Yes, Delaware water</u>
	30		<u>AT PROPOSED WELL....INSITU WATERS AND HYDROCARBON POTENTIAL:</u>
	31		Is a discussion included of the potential for future OIL/GAS recovery from the proposed disposal interval? <u>Yes</u>
	32		If your proposed well for disposal is a depleted producer (within the proposed interval); do you know what was the cumulative oil/gas/water? _____ and did you include a Rate-Time plot of this depleted interval? _____
	33	VII	Insitu water analysis Included? _____ Is the salinity within the disposal interval more than 10,000 mg/l of TDS? _____ or how will you determine this insitu water salinity? _____
	34	VIII	Does the application include a list of Formation tops down to and including the bottom of the target formation? <u>Yes, on Completion, Page 13 diagram</u>
	35		What is the top <u>main salt est 2,320</u> and bottom <u>est 4,550'</u> of the Salado Salt (....If this well is in the Southeast and the Salt is present)
	36	X	Are all existing Logs (including any CBL over the disposal interval) are on the OCD Web Site? _____ If logs not there, please send <u>On completion</u>
	37	IIIA.	Are the wellbore diagrams for this well included in the Application.....Before Conversion? <u>New drill</u> and After Conversion? <u>Yes</u>

Miss	Row	C-108	
			C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	38		Are the top and bottom footage of the proposed disposal interval marked on the "after" diagram? <u>Yes</u>
	39		<u>NOTICE:</u>
	40	XIV	Date of the Newspaper Notice in the County: <u>1/17/2013</u> <u>Lea Co. Lovington Leader</u>
	41	V	Within 1/2 mile, did you clearly identify (either on a map or by legal description) all separately owned tracts of lands within the disposal interval? <u>Yes, C-108 p. 15</u>
	42	XIII	Did you identify the owner(s) of each of these separately owned tracts? <u>Yes, in Item XIII</u> Were they all formally noticed? <u>Yes</u>
	43	XIII	<u>If reentering a P&Aed well, are there depth divisions of ownership within that well?If so, have you also noticed all the shallower interests of the intent to use the well for disposal?</u>
	44	XIII	Is the proposed well within the R-111-P defined Potash Area or the BLM Secretaries Potash Area? <u>No</u> If so, did you send notice to the nearest Potash lessee?
	45	XIV	Who owns the surface lands at the disposal well site (BLM, SLO, or who)? <u>BLM</u> Was that party formally noticed? <u>Yes</u>
	46		<u>Area of Review:</u>
	47	V	Did you include a map identifying all wells within 2 miles? <u>Yes</u>
	48	VI	Did you include a list of all AOR wells? <u>Yes</u> Is the list available to be emailed (if requested) in spreadsheet format? <u>Yes - Included in Item VI list</u>
	49	VI	Does this list identify all wells penetrating (at least the top of) the disposal interval within 1/2 mile of the proposed well? <u>Yes</u>
	50	VI	Did you include wellbore diagrams for all P&Aed wells that exist within the 1/2 mile AOR that penetrate the disposal interval? <u>Yes</u>
	51	VI	How many wells exist within the 1/2 mile AOR that penetrate the disposal interval? <u>0</u> How many of these are Plugged/Dry and Abandoned?
	52	VI	Are details included on cement coverage of the proposed disposal interval for all wells penetrating the disposal interval within 1/2 mile of the proposed well? <u>Yes</u>
	53	VI	Do all reported cement tops describe how that "top" was determined? <u>If Available</u> If you calculated any tops, what fillup efficiency factor did you use?
	54	VI	Did you identify the presence and depth of all Cement Stage Tools (DV) in the subject well and in the AOR wells? <u>Yes, when info was available</u>
	55	VIII	For the target formation, is there significant formation structural depth changes within the 1/2 mile AOR? <u>No</u>

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	56	VIII	Is there any Karst or Massive Limestone in this target formation? No ...or in the formations directly above or below? No
	57		<u>Administrative or Hearing:</u>
	58	VI	How many wells within the 1/2 mile AOR currently are producing (or still have open perforations) within the disposal interval? 0 is it "gas" or "oil"?
	59		<u>.... NOTE: If the proposed disposal interval is a "Gas" interval or if any AOR wells are producing or have open perforations within this interval then this application may not be properly classified as a "disposal". These types of applications must be processed at an examiner hearing.</u>
	60		Any other Issues..?