15354

<u>CASE (Number):</u> Application of NW Oil Services, LLC for approval of a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order approving disposal of produced water into the Cherry Canyon and Brushy Canyon formations of the Delaware Mountain group at depths of 3900 feet to 5700 feet subsurface in the NW SWD No. 1, located 1980 feet from the south line and 660 feet from the west line of Section 7, Township 23 South, Range 28 East, NMPM. The well is located approximately 2.5 miles northwest of Loving, New Mexico.

SUD

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



		ADMINISTRATIVE AF	PLICATION CHECKLI	31
Ţ	THIS CHECKLIST IS M		PLICATIONS FOR EXCEPTIONS TO DIVISION I 3 AT THE DIVISION LEVEL IN SANTA FE	RULES AND REGULATIONS
Appli	cation Acronym			
	[NSL-Non-Sta	ndard Location] [NSP-Non-Stand:	ard Proration Unit] [SD-Simultaneo	us Dedication]
	[DHC-Dow	nhole Commingling] [CTB-Leas	e Commingling] [PLC-Pool/Lease	Commingling]
	[PC-Pc	ol Commingling] [OLS - Off-Lea	se Storage] [OLM-Off-Lease Mea	surement]
		[WFX-Waterflood Expansion] [	PMX-Pressure Maintenance Expans	ion]
		[SWD-Salt Water Disposal]	[IPI-Injection Pressure Increase]	
	[EOR-Qua	lified Enhanced Oil Recovery Cer	tification] [PPR-Positive Producti	on Response] 💥 .
				NW SWD T
[1]	TYPE OF A	PPLICATION - Check Those Whi	ch Apply for [A]	• •
	[A]	Location - Spacing Unit - Simult	aneous Dedication	7-235-28E
		□ NSL □ NSP □ SD		17
	Check	One Only for [B] or [C]		! <b>f l</b>
	[B]	Commingling - Storage - Measur	rement	
		☐ DHC ☐ CTB ☐ PL		2
	[C]	Injection - Disposal - Pressure In	crease - Enhanced Oil Recovery	CEIVED OCL
	[0]		WD   IPI   EOR   PPF	2 0
			WD III BOK III	
	[D]	Other: Specify		20 20
	[D]	Officer. Specify		~
[2]	NOTIFICAT	ION DECLUDED TO. Check T	hose Which Apply, or □ Does Not A	mly 30-615 - Pending
[2]				ppiy
	[A]	working, Royally or Overn	ding Royalty Interest Owners	Bading Contin
	(D)	V 060 1 1 1 11		- Brains agrin
	[B]	X Offset Operators, Leaseholde	ers of Surface Owner	OGRID & 20099
	[C]	Y Application is One Which D	aguiros Publishad Logal Notico	21000
	[C]	X Application is One Which Ro	equires Fublished Legal Notice	NWOil Services
	(17)	Notification and/or Company	cont Ammoust by DI M or CI O	
	[D]	U.S. Bureau of Land Management - Comm	rent Approval by BLM or SLO issioner of Public Lands, State Land Office	
	[E]	X For all of the above, Proof of	Notification or Publication is Attach	ied, and/or,
	[F]	Waivers are Attached		
[3]			FORMATION REQUIRED TO P	ROCESS THE TYPE
	OF APPLICA	ATION INDICATED ABOVE.		
[4]			formation submitted with this applica	
			wledge. I also understand that no ac	tion will be taken on this
applic	cation until the re	quired information and notification	s are submitted to the Division.	
	Note	Statement must be completed by an in	dividual with managerial and/or supervisor	/ canacity
	Mote	otatement must be completed by an in-	urvioual with managerial alteror supervisor	, capacity.
DL 3	315-14-		0	1.1.15.2014
Phelps V	white or Type Name	Signature	Consultant Title	<u>July 15, 2014</u> Date
. 11111	or 13pe ranne	Signature	Hite	Date
			pwiv@zianet	.com
NW O	il Services, LLC -	NW SWD #1	e-mail Address	



July 17, 2014

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

Attn: Mr. Phillip Goetz

Re: Application to inject for a proposed SWD well to be drilled by NW Oil Services, LLC. NW SWD #1 located in Section 7, T23S, R28E, Eddy County, NM.

Dear Mr. Goetz

Please find enclosed form C-108 Application for Authority to Inject and supporting documents supporting the proposed NW SWD #1 well to be drilled by NW Oil Services, LLC.

The purpose of this proposed well is to serve local operators in their water disposal needs for their production operations.

The published legal notice ran in the June 18, 2014 issue of the Carlsbad Current Argus and all other offset operators and other interested parties have been notified individually by registered mail. The legal notice affidavit is included in this application package. This application also includes wellbore schematics, area of review maps, leaseholder plats, geologic data and other required information for a complete form c-108. The well will be drilled on private land that is owned by the operator.

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 question please do not hesitate to call or email me. My cell phone # is 575 626 7660 and my email address is pwiv@zianet.com.

Thank You

Phelps White

Consultant to NW Oil Services

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

FORM C-108 Revised June 10, 2003

## APPLICATION FOR AUTHORIZATION TO INJECT

I.	PURPOSE:Salt Water DisposalPressure MaintenanceXXXDisposalStorage Application qualifies for administrative approval?XXXYesNo
II.	OPERATOR:NW Oil Services, LLC
	ADDRESS:2393 Pecos Hwy, Carlsbad, NM, 88220
	CONTACT PARTY: Phelps White, Consultant PHONE: _575 626 7660_
III.	WELL DATA: All well data and applicable wellbore diagrams are attached hereto.
IV.	Is this an expansion of an existing project? Yes XXX No  If yes, give the Division order number authorizing the 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 showing the Oxy USA, Inc, Brantly "A" Com #1 well showing. The Brantly "A" #1 well is the only well located in the area of review.
VII.	The following Data is included on attachemet #1 to this C-108:
	<ol> <li>Proposed average and maximum daily rate and volume of fluids to be injected;</li> <li>Whether the system is open or closed;</li> <li>Proposed average and maximum injection pressure;</li> <li>Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; see water analysis for the COG Road Lizard 5 Fed 1 and the BTA Cassidy well.</li> <li>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.), see water analysis for the BTA Cassidy well.</li> </ol>
*VIII.	Appropriate geologic data on the injection zone is attached including appropriate lithological detail, geologic name, thickness, and depth. Also attached is 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.	The proposed stimulation program is attached in the notes on attachement #1 to form C-108.
*X.	This well has not been drilled and therefore no data is available at this time.
*XI.	State Engineers records indicate that there are 22 fresh water wells within the area of review, tabulation is attached. Attached also is chemical analysis on 3 water wells analysed by Baker Hughes lab in Artesia, NM. These samples were collected on May July 14, 2014 around noon from POD #0069, POD #563 and POD #2847 all located within one mile of the propsed SWD.
XII.	A geologic study was made and is attached, included are the available geologic and engineering data. I certify that there is 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:Phelps WhiteTITLE:Consultant
	SIGNATURE: DATE: July 16, 2014
*	E-MAIL ADDRESS:pwiv@zianet.com

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

#### 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:NW Oil S	Services, LLC									
WELL NAME & NUMBER:	NW SWD #1									
WELL LOCATION:1980	FSL and 660 FWL, DTAGE LOCATION	<u>L</u>	7		28E					
FOC	OTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE					
WELLBORE SCHEMATIC			WELL CONSTRUCTION DATA Surface Casing							
		Hole Size:12.25_		Casing Size:9	.625					
	9 5/8" 36# J-55 @ 1000'	Cemented with:410	sx.	or	ft <sup>3</sup>					
	Cement to Surface	Top of Cement:Sur	face	Method Determined	l:Sight					
			<u>Intermedia</u>	te Casing						
	DV Tool Set @ 2500' 2 <sup>nd</sup> stage cmt 280 sx Cmt circulated to surface	Hole Size:		Casing Size:						
	Cliff Circulated to surface	Cemented with:	sx.	or	ft <sup>3</sup>					
	3850' 3.5" ICP tubing 7" Packer @ 3850'	Top of Cement:								
	Nickel Coated Arrowset 1X		Productio	n Casing						
	Injection Zone Various Perforations	Hole Size: <b>8.75</b>		Casing Size: 7_						
	3900' to 5700'	Cemented with:76	0sx.	or	ft <sup>3</sup>					
		Top of Cement:Su								
	70 244 O 5000?	Total Depth: <b>5900</b> _								
	7" 26# @ 5900' 1 <sup>st</sup> stage cmt 480 sx		<u>Injection</u>	Interval						
		Perforations from		t to5700						

(Perforated or Open Hole; indicate which)

## **INJECTION WELL DATA SHEET**

ubing Size:3.5" 9.5#	Lining Mate	erial:	Internal	Plastic Coated				
pe of Packer:7" X 3.5" Nickel Coate	ed Arrowset 1x packer	set @ 38	300'					
cker Setting Depth:3850'								
ner Type of Tubing/Casing Seal (if	applicable):							
	Additional Da	<u>ta</u>						
Is this a new well drilled for injection	ction?	_xx	Yes	No				
If no, for what purpose was the w	vell originally drille	d?						
Name of the Injection Formation	:Delaware_							
Name of Field or Pool (if applica	ble):							
<u> </u>	Has the well ever been perforated in any other zone(s)? List all such perforated							
• • • • •	*	nt or pii	ig(s) used.					
Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:Atoka and Morrow, 10,500 to 12,500, Bone Spring, 7600								
	be of Packer:7" X 3.5" Nickel Coate  Eker Setting Depth:3850'  Deer Type of Tubing/Casing Seal (if  Is this a new well drilled for inject  If no, for what purpose was the way  Name of the Injection Formation  Name of Field or Pool (if applicated intervals and give plugging detait  NOTE: This well has not been  Give the name and depths of any	Additional Da  Is this a new well drilled for injection?  If no, for what purpose was the well originally drilled  Name of Field or Pool (if applicable):  Has the well ever been perforated in any other zone(sintervals and give plugging detail, i.e. sacks of cemes NOTE: This well has not been drilled yet.  Give the name and depths of any oil or gas zones und injection zone in this area:  Atoka and Morro	Additional Data  Is this a new well drilled for injection?  Name of the Injection Formation:  Name of Field or Pool (if applicable):  Has the well ever been perforated in any other zone(s)? List intervals and give plugging detail, i.e. sacks of cement or plu NOTE: This well has not been drilled yet.  Give the name and depths of any oil or gas zones underlying injection zone in this area:  Atoka and Morrow, 10,5	Additional Data  Is this a new well drilled for injection?XXYes  If no, for what purpose was the well originally drilled?  Name of the Injection Formation:Delaware  Name of Field or Pool (if applicable):  Has the well ever been perforated in any other zone(s)? List all such per intervals and give plugging detail, i.e. sacks of cement or plug(s) used.  NOTE: This well has not been drilled yet.  Give the name and depths of any oil or gas zones underlying or overlying.				

Attachment #1 to Form C-108 - Application For Authorization to Inject

VII. Attached data on the proposed operation, including:

Note: This well has not been drilled yet. Information presented is based on educated guess

- Proposed average and maximum daily rate and volume of fluids to be injected;
   Average 10,000 bpd, Maximum 20,000 bpd
- 2. This system is closed
- 3. Since this well has not been drilled it is unceartain what injection pressures will be. NMOCD regulations provide for an injection pressure of .2 psi/ft.

Average: 600 psi

Maximum: 3900 X .2 psi/ft = 780 psi

After injection begins and if 780 psi is not adequate pressure, NW Oil Services may opt to conduct a step rate test which would be submitted to the NMOCD as a request to increase the injection pressure.

- 4. Water to be disposed will be from various producing wells in the area; See attached water analyses for COG Road Lizard 5 Fed # 1 Bone Springs and BTA Cassidy #1 Delaware. It is uncertain what percentages of water from each zone will be injected. It should be noted that there are at least 3 active commercial water wells in the area, one being approximately 1 mile away from the proposed SWD (see map). These wells receive water from the same zones and inject into the same Delaware interval and there is no apparent compatibility problem with comingling these waters.
- There are no productive oil or gas wells producing from the injection zone within one mile of this well; See attached water analysis of the water produced from the BTA Oil Producers, LLC, Cassidy #1 well, UL E, Sec 29, T23S, R28E, located 3.5 miles away from the proposed injection zone.
- VIII. See attached geologic information including a cross section showing the proposed injection zone. Based on the NM Office of the State Engineer the depth of the base of potable water in the area is 220' (See Water Column/Average Depth to Water table attached).
- IX. STIMULATION: The injection zone will be perforated and then acidized with approximately 100 gallons per foot of pay 15% NEFE acid. If necessary the well will be fracked with a design typical of the Delaware formation.

- X. There is no data on this well yet because it has not been drilled. See attached cross section for log data in the area. We propose to run standard porosity and resistivity logs when we drill this well.
- XI. See attached chemical analysis from a fresh water source well within 1 mile radius of the proposed well. These water samples were caught by me from irrigation wells with the aid and guidance of the owners of the wells.
- XII. I and a geologist under my supervision have examined numerous wells in the area of this application and have found no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. See attached "Proof of Notice

## Attachment #2 to Form C-108 – Application For Authorization to Inject

- III. Well Data
- A. (note: This well has not been drilled yet. Data presented is based on application to drill)
- 1: Lease Name: NW SWD #1; Section 7, T23S, R28E; 1980' FSL and 660' FWL
- 2: Surface Casing: 1000' of 9 5/8" 36# J-55 casing set in a 12 ¼" hole

Cement: 410 sx Class C, cemented to surface

Cement top determined by sight or temperature log if no circulation. If no circulation of cement is established the annulus will be filled via 1" tubing.

Long String: 5900' of 7" 26# J-55 casing set in an 8 %" hole with a DV tool installed at 2500'.

Cement: First Stage 480 sx 50/50/2 C

### Second Stage Lead 130 sx 65/35/6 C +3% salt Tail 150 sx C+ 1% CaCl2

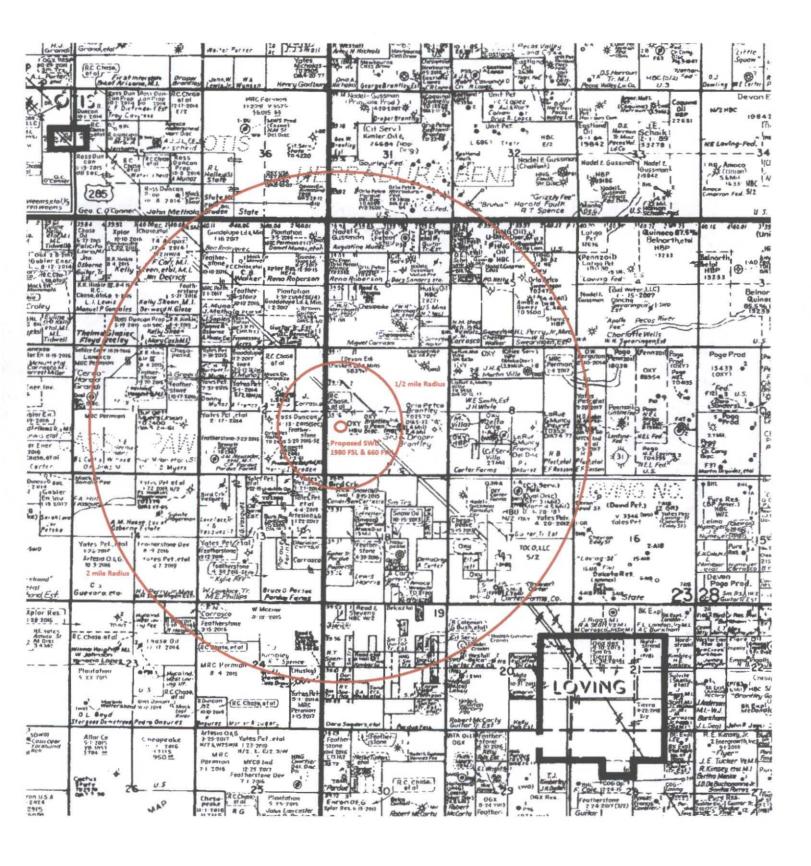
Cement will be circulated behind the 7" casing

- 3: Tubing String: 3.5" 9.3# J55 tubing. Internally Plastic Coated, set @ 3850'
- 4: 7" X 3.5" Nickel Coated Arrowset 1X packer set @ 3850'

8.

- 1. Injection Formation; Delaware (See Cross Section)
- 2. Injection interval (Gross): 3900 to 5700'. The injection interval will be perforated
- 3. This well has not been drilled yet but it will be drilled for the purpose of Injection
- 4. No zones have been perforated
- 5. There are no oil and gas zones higher than the injection interval and the next zone lower would be the Bone Springs
- XIV. PROOF OF NOTICE

See attached legal notice run June 18th I the Carlsbad Current Argus.



NW DIL SERVICE'S AHOCHMENT to C-108 Plat SHOWING Well Location and surrounding AREA M&W Oilfield Services
Application for SWD

ATTACHMENT FOR "APPLICATION FOR AUTHORIZATION TO INJECT" FORM c-108

## **OFFSET WELL INFORMATION**

١.

Operator Oxy, USA, Inc.

Well Name Brantly "A" Com #1
Location Unit J, Sec7, T23S, R28E
Footage 1980' FSL, 1980 FEL

Type Gas

Surface Casing 13 3/8" 48# @436'

Surface Cement 425 SX, Circulated to surface Intermediate Casing 9 5/8" 36 and 40# @ 2449' Intermediate Cemei 1550 SX, Circulated to surface

Long String 7" 23 and 26# @ 10940'
Long String Cmt 1600 sx, Circulated to surface

Date Drilled TD Feb 14, 1981

TD 12,545'

Completed April 16, 1981' - Morrow 12,132-12,143

IP 13,338 mcfd

Plug Back 11,897 June 2, 1988

Completed June 2, 1988 - Atoka 11,307-11,347'

IP 18,199 mfcd

Plug Back 11,208' August 12, 1989

Completed Aug 12, 1989 - Atoka 11,056-11,199

IP 723 mcfd

Plug Back 30-Nov-97

Completed 11/30/1997 - Cisco 10,506-10,531

IP 581 mcfd, 8 bopd

Reported:

13-Jun-14 14:49



#### Analytical Results For:

NW OIL SERVICES 2393 PECOS HWY LOVING NM, 88256 Project: NW SWD

Project Number: NONE GIVEN

Project Manager: PHELPS WHITE

Fax To: NONE

COG ROAD LIZARD

H401628-02 (Water)

Analyte	Result	Report MDL Lis	ing nit Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
		Caro	linal Labora	tories					
Inorganic Compounds									
Alkalinity, Bicarbonate	146	5.	00 mg/L	ı	4050710	AP	04-Jun-14	310.1	
Alkalinity, Carbonate	ND	0.	00 mg/L	1	4050710	ΑP	04-Jun-14	310,1	
Chloride*	108000	4.	00 mg/L	1	4052712	AP	04-Jun-14	4500-CI-B	
Conductivity*	226000	1,	00 uS/cm	t	4053014	AP	30-May-14	120.1	
pH*	5.89	0.1	00 pH Units	Ł	4053011	AP	02-Jun-14	9045	
Resistivity	0.0442		Ohms/m	1	4053014	AP	30-May-14	120,1	
Specific Gravity @ 60° F	1.108	0.0	00 [blank]	4	4060405	ΑP	04-Jun-14	SM 2710F	
Sulfate*	393	50	),() mg/L	5	4060301	AP	03-Jun-14	375.4	
TDS*	176000	5.	00 mg/L	1	4052709	ΑP	30-May-14	1,001	
Alkalinity, Total*	120	4.	00 mg/L	1	4050710	AP	04-Jun-14	310,3	
		Green A	nalytical Lat	oratories					
Total Recoverable Metals by IC	P (E200.7)								
Bartum*	ND	1.	00 mg/L	100	B406050	JGS	06-Jun-14	EPA200,7	
Calcium*	9500	!	00 mg/L	100	B406050	JGS	06-Jun-14	EPA200.7	
Iron*	58.1	5.	00 mg/L	100	B406050	JGS	06-Jun-14	EPA200.7	
Magnesium*	1390	ı	00 mg/L	100	B406050	JGS	06-Jun-14	EPA200.7	
Potassium*	904	ı	00 mg/L	100	B406050	JGS	06-Jun-14	EPA200,7	

100

WATER ANALYSIS - BONE SPRING COG OPERATING ROAD LIZARD 5 FED COM ZH SEC B, T235, R29 E Eramaple of Fluid to be injected

06-Jun-14

EPA200.7

Cardinal Laboratories

Sodium\*

\*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any daim ansing, whether based in contract or tont, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whistoever shall be deemed without which mixed in writing and received by Clerichia within (30) days after completion of the applicable service. In no event shall Cardinal be liable for indefental or consequential domages, including, without limitation, business interruptions, loss of use, or loss of use, o

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

53400

I bjection WATER

100

B406050

JGS

Away tical Results

Page 4 of 11

BONG SpRING

pg 1

### **CARDINAL LABORATORIES** SCALE INDEX WATER ANALYSIS REPORT

**NW OIL SERVICES** Company Date Sampled: 05/28/14

Lease Name : **COG ROAD LIZARD** Company Rep.: PHELPS WHITE

Well Number : **NOT GIVEN** 

2 MI N OF LOVING Location

	ANALYSIS						
1.	pH	5.89					
2.	. Specific Gravity @ 60/60 F.	1.1080					
3.	. CaCO3 Saturation Index @ 80 F.	+1.145	•	Calcium C	arbo	onate Scale	e Possible'
	@ 140 F.	+2.095		Calcium C	arb	onate Scale	e Possible'
	Dissolved Gasses						
4.	. Hydrogen Sulfide	0.000		PPM			
5.	. Carbon Dioxide	ND		PPM			
6.	. Dissolved Oxygen	Not Determined					
	Cations	mg/L	1	Eq. Wt.	=	MEQ/L	
7.	Calcium (Ca++)	9,500.00	7	20.1	=	472.64	_
8.	. Magnesium (Mg++)	1,390.00	1	12.2	=	113.93	
9.	. Sodium (Na+)	53,400	- /	23.0	=	2,466.13	
10.	. Barium (Ba++)	0.000	1	68.7	=	0.00	
	Anions						_
11.	. Hydroxyl (OH-)	0	1	17.0	=	0.00	
12.	. Carbonate (CO3=)	0	- /	30.0	=	0.00	
13.	. Bicarbonate (HCO3-)	146	- /	61.1	=	2.39	
14.	. Sulfate (SO4=)	393	- /	48.8	=	8.05	
15.	. Chloride (Cl-)	108,000	1	35.5	=	3,042.25	
	Other						_
16.	Soluble Iron (Fe)	58.100	1	18.2	=	3.19	
17.	. Total Dissolved Solids	176,000					
18.	Total Hardness As CaCO3	29,445.0					
19.	. Calcium Sulfate Solubility @ 90 F.	1,703					
20.	Resistivity (Measured)	0.044		Ohm/Mete	rs	@ 77	Degrees (F)

## Logarithmic Water Pattern

## 10,000 1,000 100 10 10 100 1,000 10,000 යී ξ

#### PROBABLE MINERAL COMPOSITION

PRUDA	ADLE MINERA	4L V	OIMPOSITIO	JN	
COMPOUND	Eq. Wt.	X	MEQ/L	=	mg/L
Ca(HCO3)2	81.04	X	2.39	=	194
ÇaSO4	68.07	Χ	8.05	=	548
CaCl2	55.50	Χ	462.19	=	25,652
Mg(HCO3)2	73.17	X	0.00	=	0
MgSO4	60.19	Χ	0.00	=	0
MgCl2	47.62	Χ	113.93	=	5,426
NaHCO3	84.00	Χ	0.00	=	0
NaSO4	71.03	Χ	0.00	=	0
NaCl	58.46	Χ	2,466.13	=	144,170

Injection WATER
Scale INDEX
BONE Spring



#### Analytical Results For:

**NW OIL SERVICES** 2393 PECOS HWY **LOVING NM, 88256**  Project: NW SWD

Project Number: NONE GIVEN

Reported: 13-Jun-14 14:49

Project Manager: PHELPS WHITE

Fax To: NONE

### **BTA CASSIDY** H401628-03 (Water)

Analyte	Result		orting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
		Ca	ardina	l Laborate	ories					
Inorganic Compounds									<del></del>	
Alkalinity, Bicarbonate	ND		5.00	mg/L	1	4050710	AP	04-Jun-14	310.1	
Alkalinity, Carbonate	ND		0.00	mg/L	l	4050710	AP	04-Jun-14	310.1	
Chloride*	212000		4.00	mg/L	1	4052712	AP	04-Jun-14	4500-C1-B	
Conductivity*	320000		1.00	uS/cm	1	4053014	AP	30-May-14	120.1	
pH*	5.26	(	0.100	pH Units	1	4053011	AP	02-Jun-14	9045	
Sulfate*	198		25.0	mg/L	2,5	4060301	AP	03-Jun-14	375.4	
TDS*	294000		5.00	mg/L	1	4052709	ΑP	30-May-14	160.1	
Alkalinity, Total*	4.00		4.00	mg/L	1	4050710	AP	04-Jun-14	310.1	
		Green	Analy	rtical Labo	oratories					
Total Recoverable Metals by I	CP (E200.7)									<u></u>
Calcium*	30400		200	mg/L	200	B406050	JGS	06-Jun-14	EPA200.7	
Magnesium*	4580		200	mg/L	200	B406050	JGS	06-Jun-14	EPA200.7	
Potassium*	965		200	mg/L	200	B406050	JGS	06-Jun-14	EPA200.7	
Sodium*	72400		200	mg/L	200	B406050	JGS	06-Jun-14	EPA200.7	

WATER ANALYSIS - DELAWARE BTA OIL PRODUCERS - CASSIBY #1 SEC 29, TZ35, RZBE Example of Fluid to be injected AND Fluid in the Injection zone

Cardinal Laboratories

\*=Accredited Analyte

any other coupe whistocrer shall be deemed wolvest unless made in writing and received by Cardinals within thinty (30) days after completion of the applicable service. In no event shall Cardinal be leable for incidental or consequenceal damages, including, without limitation, business interruptions, loss of use, or loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whicher such data is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approved of Cardinal Laboratories.

Celey D. Keine

Celey D. Keene, Lab Director/Quality Manager

Injection WATER

AND

Water IN Injection zone

Page 5 of 11

NW Oil Services, LLC Salt Water Disposal Well Sec. 7, T 23 S, R 28 E 1980 ft. FSL and 660 ft. FWL Eddy County, New Mexico

(Refer to Highlighted Text)

#### VIII.

- A. Geologic Data on Injection Zone
  - 1. Lithologic Detail: Porous and permeable well developed sandstones.
  - 2. Geologic Name: Delaware Mountain Group
  - 3. Thickness and depth: Porous and permeable injection zones from the overall interval from 2500 to 5900 ft. from surface.
- B. Bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less). Name of local aquifers; (Santa Rosa)
  - 1. Bottom of likely fresh water (less than 10,000 mg/l): 450 feet from the surface.
  - 2. Bottom of possible fresh water (less than 10,000 mg/l): 820 feet from surface.
  - 3. No known fresh water zones (less than 10,000 mg/l) exist below 820 feet.
  - 4. No known fresh water zones (less than 10,000 mg/l) exist below the Injection zones.

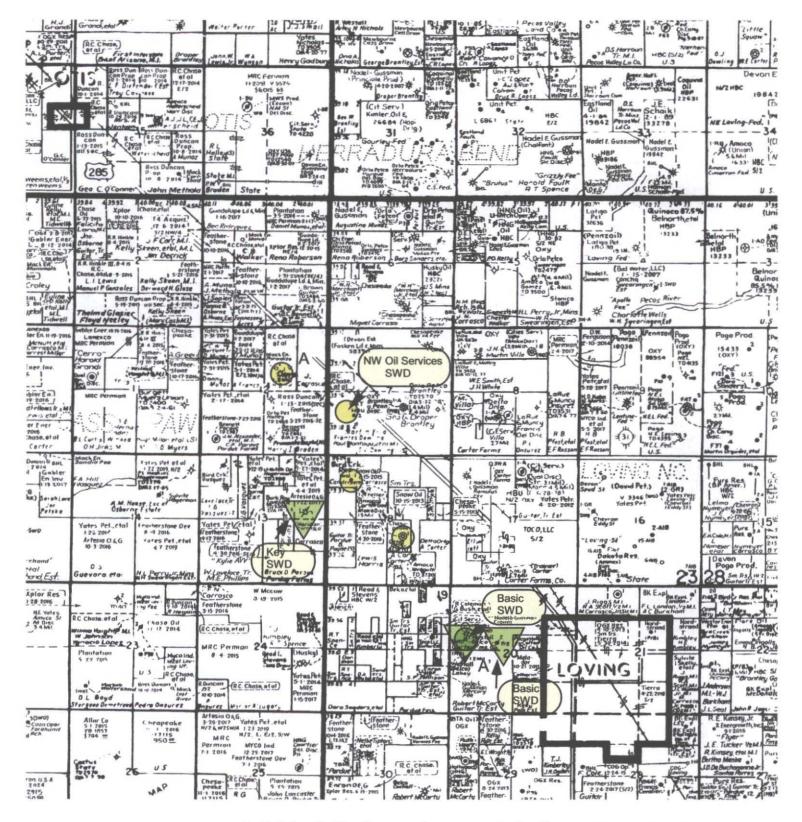
#### WELL DATA

B.

(1) Injection Zones; Sandstones of the Delaware Mountain Group. Nearby Fields; Cass Draw Field, Loving North Field.

## Stratigraphic Summary

- 1. Quaternary/Holocene Alluvium; Surface to 50 feet. Fluvial sand and silt.
- Quaternary and Pleistocene Alluvium and eolian deposits;
   to 100 feet. Silty clay, silty sand, possible gypsum sands. Possible caliche (Mescalero caliche).
- 3. Pleistocene Alluvial Sand and Gravel; 100 feet to 450 feet. Upper well sorted medium to large grained sandstones, with interbedded siltones and shales. Grades downward to coarse poorly sorted sandstones, gravels and conglomerates.
- Permian/Ochoan (Rustler/Salado/Castile);
   450 feet to 2500 feet; Massive, impermeable, dense section of tightly layered gypsum and salt zones.
- 5. Permian/Guadalupian/Delaware Mountain Group; (Overall Injection Zone) 2500 feet to 5900 feet; Highly porous and permeable, interbedded, well developed sandstones, with minor subordinate limestones.
- 6. Permian/Bone Springs Limestone; 5900 feet to TD. Dense hard impermeable limestone.



# NW Oil Services, LLC

SWD Project Eddy County, NM Cross-Section Traverse

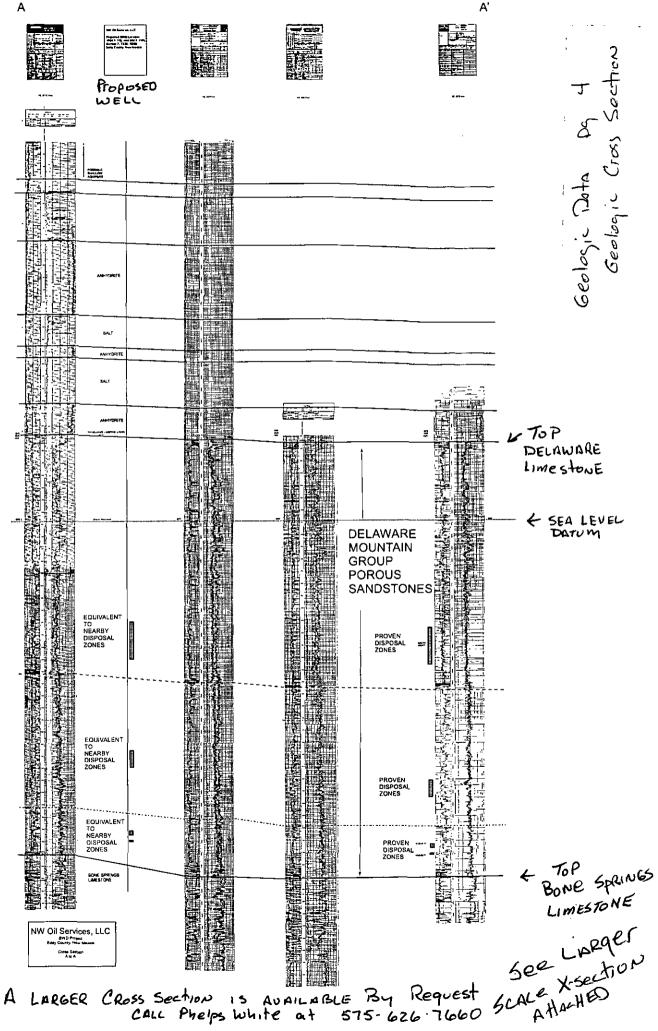


Nearby SWD Locations

Geologic Data pg 3

Key to cross section

Location of Nearby SWDS



NOTE: A LARGER CROSS Section is AU CALL Phelps white E By Request 575-626.7660 AUDILABLE at

U. V. Jones III Petroleum Geologist P. O. Drawer 7107 Midland, Texas 79708 (432) 553-6634

July 16, 2014

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re; NW Oil Services, LLC Salt Water Disposal Well Sec. 7 T 23 S, R 28 E Eddy County, New Mexico

Dear Sirs;

I have examined geologic and engineering data in the area and find no evidence of open faults or any other known hydrologic connection between the disposal zones and any underground source of drinking water.

U. V. Jones III



## New Mexico Office of the State Engineer Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is

closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

	POD			_	_	<del></del>						5 4	D 4	3
POD Number	Sub- Code basin (	County	Q 64			Sec	Tws	Rng	х	Y	Distance			Water Column
C 02845		ED						28E	581920	3576327* 🚱	321	220		
C 00063		ED	1	3	1	07	238	28E	581526	3576521* 🚱	702	130		
C 02846		ED	4	1	1	07	238	28E	581726	3576726*	763	150	50	100
C 00333		ED	3	1	2	18	23\$	28E	582325	3575118* 🚱	953	147		
C 03472 POD1	С	ED	4	4	4	07	23\$	28E	582894	3575479 🚱	1027	140	40	100
C 02846 S		ED	4	4	4	07	23\$	28E	582926	3575527* 🚫	1031	150	40	110
C 03053	С	ED	3	4	4	12	23\$	27E	581122	3575505* 🚱	1037	94	14	80
C 03457	С	ED	3	4	4	12	23\$	27E	581081	3575530 🚱	1060	200		
C 00058		ED	3	4	3	06	23\$	28E	581920	3577137* 🚱	1119	185	20	165
C 00058 S		ED	3	3	3	06	238	28E	581526	3577131* 🚱	1214	202		
C 02064	С	ED		4	3	06	23\$	28E	582021	3577238* 🚱	1216	90	50	40
C 00309	С	ED	1	3	1	80	23\$	28E	583129	3576544* 🔇	1224	165	16	149
<u>C 01779</u>	С	ED '	3	1	1	80	238	28E	583128	3576749* 🚱	1324	178	50	128
C 00241		ED	3	3	2	12	23\$	27E	580715	3576307* 🚱	1336	160		
C 02883		ED	1	3	3	06	235	28E	581526	3577331* 🚱	1399	202		
C 02243	С	ED	4	4	4	06	238	28E	582925	3577148* 🔇	1443	60	40	20
C 02141	С	ED		4	4	06	23\$	28E	582826	3577249* 🚱	1467	65	36	29
C 02243 CLW469222	0	ED		4	4	06	23S	28E	582826	3577249* 🚱	1467	60	40	20
C 02141 CLW468812	0	ED	2	4	4	06	238	28E	582925	3577348* 🚱	1604	65	36	29

Average Depth to Water:

36 feet

Minimum Depth:

14 feet

Maximum Depth:

50 feet

Record Count: 19

UTMNAD83 Radius Search (in meters):

Easting (X): 582021

Northing (Y): 3576022

**Radius: 1609** 

\*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and expressed or implied, concerning the accuracy OSE

of Fresh water wells

ing that the OSE/ISC make no warranties, rticular purpose of the data.

> WATER COLUMN/ AVERAGE **DEPTH TO WATER**



# New Mexico Office of the State Engineer **Wells Without Well Log Information**

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest)

closed)

(NAD83 UTM in meters)

		POD			q	q	q						
POD Number	Code	Subbasin	County	Source	64	16	4	Sec	Tws	Rng	Х	Y	Distance
C 03457		С	ED		3	4	4	12	23S	27E	581081	3575530 🚱	206
C 00069			ED	Shallow	3	3	3	07	238	28E	581526	3575510*	239
<u>C 00461</u>			ED	Shallow	1	1	1	18	238	28E	581526	3575307*	313

Record Count: 3

UTMNAD83 Radius Search (in meters):

Easting (X): 581286.13

Northing (Y): 3575508.46

Radius: 450

\*UTM location was derived from PLSS - see \*\*\*



Μġ

## WATER ANALYSIS

Atesia District Laboratory (505) 746-3140

7/15/2014 Operator: **Primero Operating Inc** Date: Well: District: Artesia NM Formation: Aquifer Requested: NA R. Escandon Field: NA Technician: Source: Water Source No 1 County: PFS Test #: Depth: NA M:Water Analysis\ Customer: 75 6.64 Temp (F): H2S: Specific Gravity: 1.015 **CATIONS** me/l ppm mg/l 664 28.9 654 Sodium (calc.) 40.4 798 810 Calcium 287 Magnesium 194 24.0 < 25 Barium < 10 **Potassium** ----Iron 0 0.0 0 **ANIONS** Chloride 1680 47.4 1655 Sulfate 1600 33.3 1576 Carbonate 0 0.0 0 281 4.6 276 **Bicarbonate** 5152 5229 Total Dissolved Solids(calc.) 2823 56.4 2781 **Total Hardness as CaCO3** COMMENTS: **SCALE ANALYSIS:** CaCO3 Factor 227291.612 Calcium Carbonate Scale Probability: Remote CaSO4 Factor 1296032 Calcium Sulfate Scale Probability: Possible 00 20 30 40 50 60 60 50 40 30 20 10 10 Na & K STIFF PLOT нсрз

FRESH WATER SOMPLE |
OSE POD # C-0069
SWSWSW SEC 7 TZ35 RZEE
1900' From project
CAUGHT 12:30 pm 7-14-14

SO4

## BAKER

## WATER ANALYSIS

Atesia District Laboratory (505) 746-3140

Operator:

**Primero Operating Inc** 

Date:

7/15/2014

Well:

District:

Artesia NM

Formation:

Aquifer

Requested:

NA

Field:

R. Escandon

NA

Technician:

Source:

Water Source No 2

County: Depth:

NA

PFS Test #:

M:Water Analysis\ Customer:

	mittator milaly 3131	<del></del>	
PH 6.68	Temp (F):	7	5
Specific Gravity: 1.015	H2S:		)
CATIONS	mg/l	me/l	ppm
Sodium (calc.)	531	23.1	523
Calcium	978	48.8	964
Magnesium	175	24.0	287
Barium	< 25		
Potassium	< 10		
Iron	0	0.0	0
ANIONS			
Chloride	1680	47.4	1655
Sulfate	1600	33.3	1576
Carbonate	0	0.0	0
Bicarbonate	342	5.6	337
Total Dissolved Solids(calc.)	5306		5227
Total Hardness as CaCO3	3164	63.2	3117

## **COMMENTS:**

#### **SCALE ANALYSIS:**

CaCO3 Factor CaSO4 Factor

334235.104 1565504

Calcium Carbonate Scale Probability: Calcium Sulfate Scale Probability:

Remote Possible

60 50 40 30 20 10 00 10 20 30 40 50 60 Na & K -CL STIFF PLOT нсрз Mg . SO4

> sample 2 FRESH WATER OSE POD # 563 SW SW NW SEC 7 TZ35 RZBE 2506 From project CAUGHT 12:45 7-14-14

## BAKER HUGHES

## WATER ANALYSIS

Atesia District Laboratory (505) 746-3140

Operator: Well:

**Primero Operating Inc** 

Date:

7/15/2014

District:

Artesia NM

Formation:

Aquifer

6.71

Requested:

NA

Temp (F):

Field:

NA

Technician:

R. Escandon

County: Depth:

NA

Source: PFS Test #: Water Source No 3

75

PH

M:Water Analysis\ Customer:

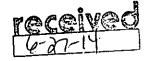
311			=
Specific Gravity: 1.015	H2S	i: 0	)
<u>CATIONS</u>	mg/l	me/l	ppm
Sodium (calc.)	520	22.6	512
Calcium	930	46.4	917
Magnesium	262	24.0	287
Barium	< 25		****
Potassium	< 10		
Iron	0	0.0	0
ANIONS			
Chloride	1840	51.9	1813
Sulfate	1600	33.3	1576
Carbonate	0	0.0	0
Bicarbonate	329	5.4	325
Total Dissolved Solids(calc.)	5482		5401
Total Hardness as CaCO3	3404	68.0	3353

## COMMENTS:

## SCALE ANALYSIS:

CaCO3 Factor CaSO4 Factor		306447.408 1488512						Calcium Sulfate Scale Probability:  Calcium Sulfate Scale Probability:					Remote Possible	
Na & K	60		50	40	30	20	10	00	10	20	30	40	50	60
		STIFF	PLO	T							1 1 1			
	¢:	# <u></u>		,		1.								HCO3
l	Mg													SO4
	ļ		,			, , ,			,		. 4	,	. **	

FRESH WATER SAMPLE 3 OSE POD # 2847 SE SE NE SEC 7 TZ35 RZEE 5080' From project CAUGHT 1:00 pm 7-14-14



#### Affidavit of Publication

State of New Mexico, County of Eddy, ss.

Kathy McCarroll, being first duly sworn, on oath says:

That she is the Classified Supervisor of the Current-Argus, а newspaper Carlsbad published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal advertisements may and notices published: that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

June 18

2014

That the cost of publication is \$56.08 and that payment thereof has been made and will be assessed as court costs.

- Jany

Subscribed and sworn to before me this

24 day of \_

2014

My commission Expires on

ridmo

**Notary Public** 



June 18, 2014

Legal Notice

"Application for Authorization to Inject" NW Oil Services, LLC has applied to drill, equip and put into service a Commercial Salt Water Disposal well to be located apwell to be located approximately 2.5 miles NW of Loving, NM in Section 7, T23S, R28E; 1980' FSL and 660' FWL, Eddy County, NM. The proposal interior interior in the proposal jéction interval is in the Delaware forma-tion from 3900 to 5700' in depth, Maximum injection rates will be 20,000 barrels, per day with the maximum injection, pressure of 780 psi. If you have questions about this project contact Phelps White, PO Box 1433, Roswell, NM or call 575 626 7660. Interested parties may file objection or request for hearing with the New Mexico Oil Conservation Division at 1220 South St. Francis Drive, Santa Fe, NM 87505 within 15 days of this notice.

NW DIC SERVICES, LLC Attachment to C-108

PROOF OF Notice



July 16, 2014

#### **NOTIFICATION TO INTERESTED PARTIES**

Via U.S. Certified Mail

To Whom it May Concern:

NW Oil Services, LLC, Carlsbad, New Mexico has made an application to the New Mexico Oil Conservation Division to drill a Salt Water Disposal Well. The proposed commercial operation will be for produced water disposal from area operators. As indicated in the application attached, the well will be located in Section 7, T23S, R28E in Eddy County, New Mexico.

You have been identified as a party who may be interested as an offset operator, lessee or mineral owner. Please find our Application for Authorization to Inject Form C-108. If you wish to object to the proposed application you must file with the New Mexico Oil Conservation Division, 1220 St. Francis Drive, Santa Fe, NM 87505, 505 476 3460 within 15 days of the date of this notice.

If you require additional information you may call me at 575 626 7660 or e-mail to <a href="mailto:info@primerooperating.com">info@primerooperating.com</a>. Note: There is a geologic cross section in the application which is small; if you require a larger cross section it is available by request.

Best regards,

Phelps White

Consultant for NW Oil Services, LLC

Chevron USA Inc 1400 Smith Street Houston, TX 77002 John Draper Brantley, Jr 706 W. Riverside Dr Carlsbad, NM 88220

State Highway Commission of NM PO Box 1149 Santa Fe, NM 87504

Oxy USA WTP Ltd Partnership 5 Greenway Plaza, Suite 110 Houston, TX 77046

Snow Oil and Gas Inc PO Box 1277 Andrews, TX 79714

Guitar Holding Co, LP PO Box 58 Abilene, TX 79604

Jesus N. Carrasco 47 Roberson Road Carlsbad, NM 88220 Yates Petroleum Corporation 105 South Fourth St Artesia, NM 88210

ABO Petroleum Corp 105 South Fourth St Artesia, NM 88210 OXY Y-1 Company PO Box 4296 Houston, TX 77210 Sharbro Energy LLC 423 West Main Artesia, NM 88210

Yates Industries LLC PO Box 1091 Artesia, NM 88210

William and Catherine Barnhill PO Box 700968 San Antonio, TX 78270 Dixie Edwards
PO Box 2468
Roswell, NM 88202

Tierra Oil Co LLC PO Box 700968 San Antonio, TX 78270

Mulberry Partners II LP 105 S. Fourth St Artesia, NM 88210

Santa Legado LLP PO Box 1020 Artesia, NM 88211

Petro Quadro LLC 428 Sandoval #200 Santa Fe, NM 87501

Clayton Barnhill PO Box 2304 Roswell, NM 88202 Artesia Oil and Gas LLC PO Box 1768 Artesia, NM 88211 Ross Duncan Properties LLC PO Box 647
Artesia, NM 88211

B & G Royalties PO Box 376 Artesia, NM 88211

Chase Oil Corporation PO Box 1767 Artesia, NM 88211 Robert Chase PO Box 297 Artesia, NM 88211

Ventana Minerals LLC PO Box 359 Artesia, NM 88211 DiaKan Minerals LLC PO Box 693 Artesia, NM 88211

Sally Guitar 10 Woodhaven Circle Abilene, TX 79605 Melissa McGee PO Box 334 Bufffalo Gap, TX 79508

Judy Guitar Uhey PO Box 632 Elizabethtown, KY 42702 Sharon Guitar Ellis PO Box 105 Snoqualmie Pass, WA 98068 Lost Creek Royalties LP 400 N. Marienfield St Suite 200 Midland, TX 79701

Honey's Heritage LP 5615 Preston Fairways Dallas, TX 75252

JPH Holding LP 4400 Arcady Dallas, TX 75205 Polk Land & Minerals LP 1101 Butternut Abilene, TX 79602

Paul Hofer III & John Hofer, Co-Trustees of Laura J. Hofer Trust 11248 S. Turner Avenue Ontario, CA 91761 Barbara Lee Backman Inc c/o Stephen F. Backman 4407 N. Division, Suite 900 Spokane, WA 99207

Murchison-Guitar Family LP PO Box 712 Red Bluff, CA 96080 James Minor Alexander PO Box 58 Abilene, TX 79604

Jane Alexander Rhodes PO Box 701 Abilene, TX 79604

\_\_\_

Jeri Alexander Lott 5005 91<sup>st</sup> Lubbock, TX 79424 Jack G. Woods Revocable Trust PO Box 1159 Abilene, TX 79604 Catherine Gall Parker and Craig Parker, Trustees 11409 Snow White Dr Dallas, TX 75229

Caren Gall Lucas, Trustee 11409 Snow White Dr Dallas, TX 75229 Catherine Gall Parker and Craig Parker, Trustees 11409 Snow White Dr Dallas, TX 75229

Kelly Woods Leach 312 Greatview Circle Birmingham, AL 35226 Woods Dickens Ranch LP 36 Surrey Square Abilene, TX 79606

Caren G. Lucas 2100 Stone Creek Dr Plano, TX 75075

Catherine Gall Parker 3721 Pallos Verdas Dr Dallas, TX 75229

Faith Oil Co 451 Pine, Suite 352 Abilene, TX 79601 John Guitar PO Box 1628 Big Springs, TX 79721 Lesli Guitar Nichols PO Box 327 Big Springs, TX 79721

Pressley Hudson Guitar PO Box 20485 Dallas, TX 74220

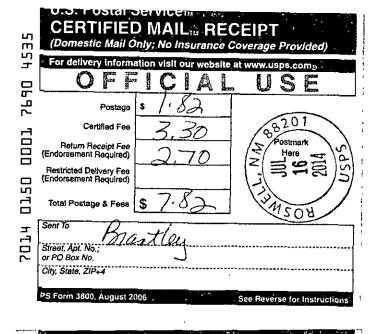
Leslie David Guitar PO Box U Stafford, TX 77477 Guitar Galusha LP 1202 Sylvan Ave Abilene, TX 79605

Gayle N. Nicolay 5528 Tahoe Lane Fairway, KS 66205 Virginia Nevill Hoff Management Trust 2601 Lakewood Circle Tuscaloose, AL 35405

Guy Pittman Witherspoon III 4704 Birchman Ave Ft. Worth, TX 76107 Whitten Guitar Witherspoon 7524 Pear Tree Lane Ft. Worth, TX 76133

Brett Guitar Witherspoon PO Box 100635 Ft. Worth, TX 76185 Wende Guitar Witherspoon Morgan 1720 Southwicke Flower Mound, TX 75022 Featherstone Development Corp PO Box 429 Roswell, NM 88202

MRC Permian Co 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240



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City, State, ZIP+4

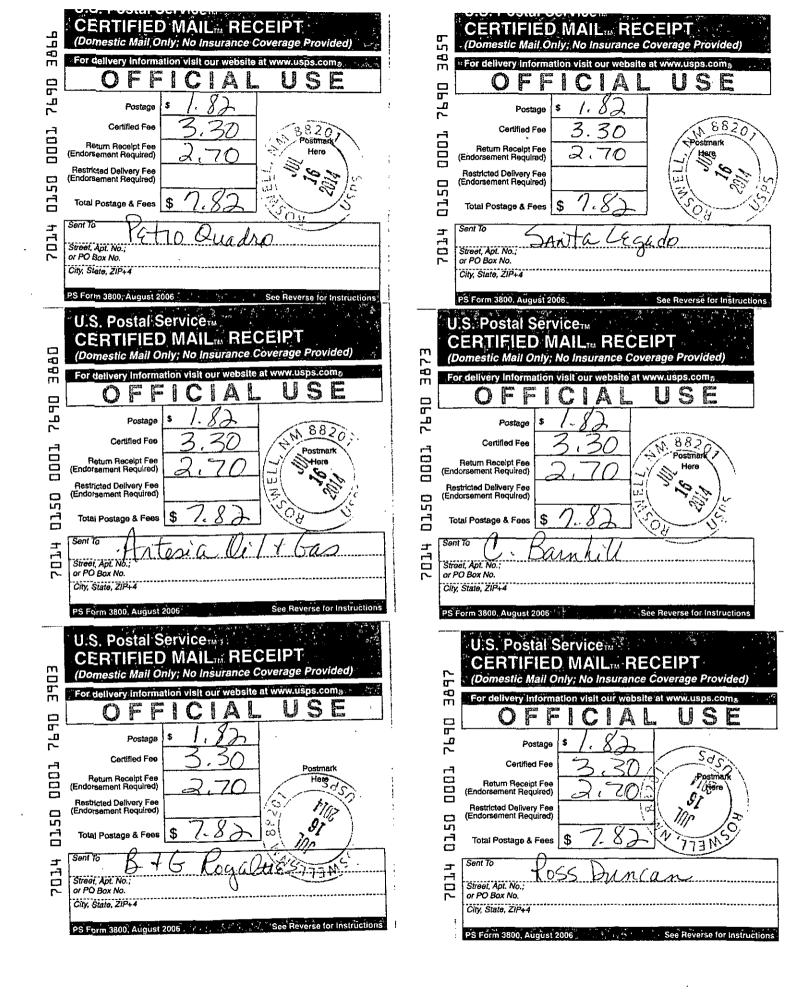
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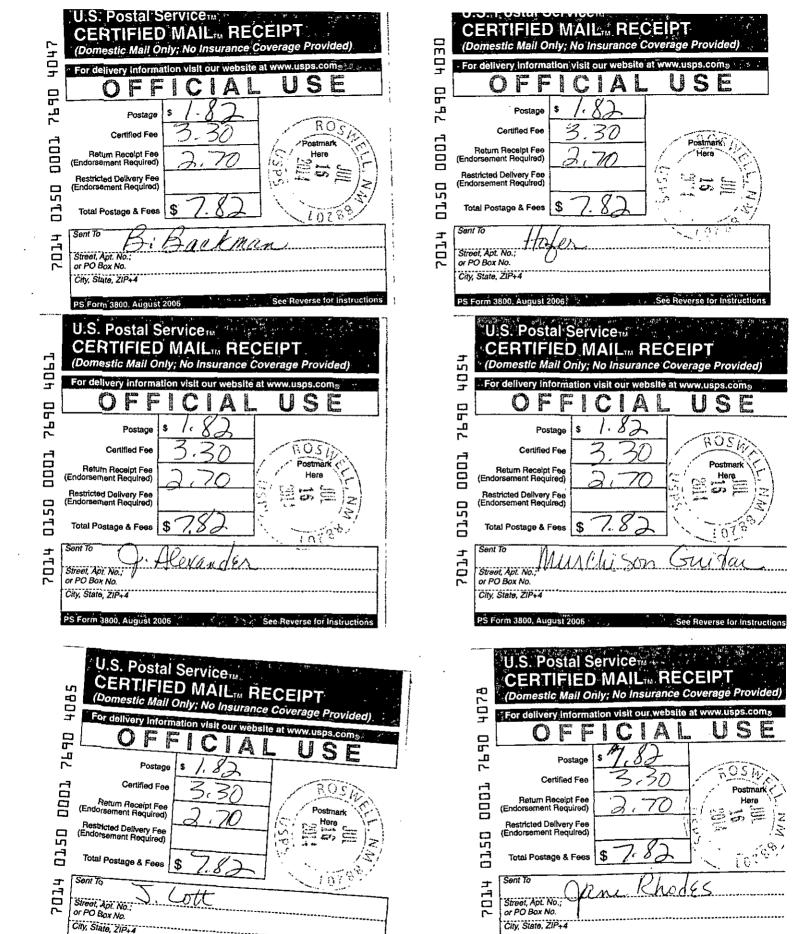
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PS Form 3800. August 2006

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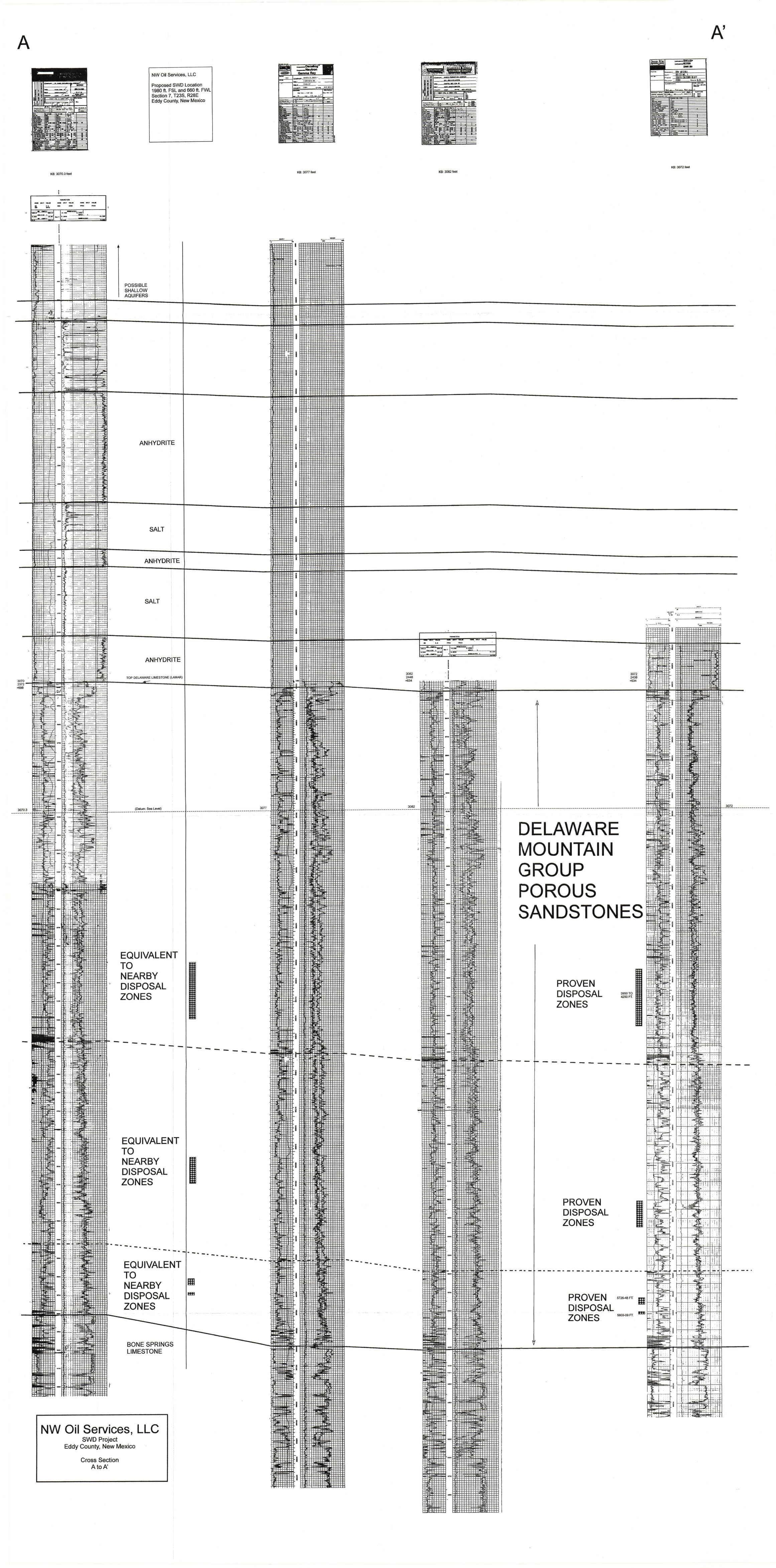
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5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521 P.O. Box 27570, Houston, Texas 77227-7570 Phone 713.350.4816

RECEIVED OCD

2014 JUL 29 A 8: 33

Case 15354

July 28, 2014

New Mexico Oil Conservation Division Attention: Jami Bailey 1220 South St. Francis Drive Santa Fe, NM 87505

Re: Protest of C-108 Application

NW SWD #1

Sec 7, T23S–R28E Eddy County, New Mexico

Dear Director Bailey:

OXY USA Inc. (hereinafter "OXY), submits this protest of the NW SWD #1 C-108 application offered by NW Oil Services, LLC located in the above described lands. Based on a review of the application, OXY has determined injection to the depths of 3,900' to 5,700' would impact the Cherry Canyon formation in addition to the Brushy Canyon intervals. As a result, OXY's future development of the Cherry Canyon/Brushy Canyon formations would be negatively impacted.

Please note our protest of the subject application. If you have any questions or to discuss, please feel free to contact me at (713) 350-4816 or via email at Jeremy Murphrey@oxy.com.

Respectfully,

Jeremy Murphrey Land Negotiator Sr. OXY USA Inc.

Enclosures

Case 15354



Lartin, Dugan & Martin

Carlsbad Office: 509 W. Pierce St. P.O. Box 2168 Carlsbad, NM 88221-2168 (575) 887-3528 Fax (575) 887-2136

Artesia Office: 324 W. Main Suite 105 Artesia, NM 88210 (575) 736-6747 Fax (575) 736-7600

W. T. Martin, Jr. Kenneth D. Dugan \* Lane T. Martin Mark R. Horton Sheila L. Garcia (\* Also licensed in Taxas)

### **FACSIMILE TRANSMISSION**

DATE:

July 25, 2014

08:29 MARTIN LAW FIRM

To:

**OIL CONSERVATION DIVISION** 

ATTENTION:

DIRECTOR JAMI BAILEY

FAX NO.:

(505) 476-3462

No. OF PAGES, INCLUDING COVER PAGE: 4

FROM:

Kenneth D. Dugan

Please call Jovy at (575) 887.3528 If the transmission is unclear or pages are missing.

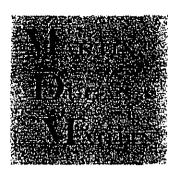
I do hereby certify that I have completed the transmission set forth above.

Jovy Estrada JOVY ESTRADA

MESSAGE:

Please see the attached Objection To Application. Thank you!

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the receiver of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address via the U.S. Postal Service. THANK YOU.





Carlsbad Office: 509 W. Pierce St. P.O. Box 2168 Carlsbad, NM 88221-2168 (575) 887-3528 Fax (575) 887-2136

Artesia Office: 324 W. Main Suite 105 Artesia, NM 88210 (575) 736-6747 Fax (575) 736-7600

W. T. Martin, Jr. \*
Kenneth D. Dugan \*
Lane T. Martin
Mark R. Horton
Shella L. Garcia
(\* Also licensed in Texas)

# **OBJECTION TO APPLICATION**

Via First Class Mail, Facsimile and E-mail (phillip.goetze@state.nm.us)

Oil Conservation Division Attn: Director Jami Bailey 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 eastate.nm.us) = CHICALING

RE: Protest of Application for Injection Well by NW Oil Services, LLC, Well No. NW SWD #1

Dear Ms. Bailey:

This firm represents George Brantley, Draper Brantley, Delaware Ranch, Inc., and Brantley Bros., a general partnership composed of John Draper Brantley, Jr., and George Henry Brantley (collectively, the "Brantleys"). The Brantleys hereby protest and object to the Application for Authorization to Inject ("Application") filed by NW Oil Services, LLC, proposed Well No. NW SWD #1, to be located in Section 7, T23S, R28E in Eddy County, New Mexico (the "Proposed SWD Well").

The Brantleys own real property, mineral rights, and water rights near the Proposed SWD Well. The Brantley "A" #1 well, in particular, is an active oil and gas well within one-half mile of the Proposed SWD Well. Accordingly, the Brantleys are interested and/or affected persons under N.M.Admin.Code § 19.15.26.

Pursuant to N.M.S.A. § 70-2-12(B)(7) and (15), the OCD may only authorize drilling of a disposal well if it does not cause "injury to neighboring leases or properties" and if it affords "reasonable protection against contamination of fresh water supplies designated by the state engineer." The OCD is further compelled by statute,

to prevent the drowning by water of any stratum or part thereof capable of producing oil or gas or both oil and gas in paying quantities and to prevent the premature and irregular encroachment of water or any other kind of water encroachment that reduces or tends to reduce the total ultimate recovery of crude petroleum oil or gas or both oil and gas from any pool.

N.M. Admin. Code § 70-2-12(B)(4).

In fact, the Proposed SWD Well will likely contaminate and/or impair neighboring ground water, oil and gas reserves, and other Brantley interests. As noted in the Application, Bone Springs lies below the proposed disposal injection zone. Brantley Well "A" No. 1 is within one-half mile of the Proposed SWD Well, and is extracting gas from Bone Springs. Applicant NW represents Bone Springs begins at 7,600 feet. Brantleys dispute that fact. Regardless, there simply is no way to assure that the salt water injected into the proposed well will not migrate into and/or contaminate the water and/or the neighboring oil and gas reserves.

Moreover, the Applicant cannot provide any assurance that any injections will remain directly below the property for which Applicant has leased or acquired mineral and real property interests. The injected water inevitably will migrate into and under neighboring properties, including the Brantley properties. Applicant apparently only has rights to 80 acres in the concerned section. That is a relatively small piece of property. In fact, the concerned well apparently is only a few hundred yards from Brantleys' property line. Accordingly, the injection will inevitably result in a trespass onto and into the Brantleys' real property and mineral interests.

In Hartman v. Texaco Inc., 1997-NMCA-032, the Court upheld a \$2.5 million dollar verdict in favor of the plaintiff arising out of trespass by an oil company in injecting water at high pressures that migrated to neighboring property. In that case, Doyle Hartman, an independent oil and gas operator, was trying to drill a gas well in Lea County, New Mexico. Hartman hit an uncontrolled, high pressure waterflow at a depth of 2281 feet, which was in the Saledo formation. After many days and hundreds of thousands of dollars in consultations, Harman was forced to plug and abandon the well. Hartman investigated reasons for the blowout and discovered that Texaco had injected high pressure water in a waterflood, secondary recovery operation 2 ½ miles from the well. Harman filed suit. The iury found Texaco had injected water into its RYU injection wells at pressures sufficient to create vertical fractures in the Yates formation that extended through the Tansill and up to the Salado, and that substantial volumes of the injected water migrated 2 ½ miles to the plaintiff's lease area and into his well. The jury awarded Hartman \$2.5 million in damages. On appeal, the Court of Appeals upheld the verdict based on the common law cause of action for trespass, holding that "in New Mexico an action for common law trespass does provide relief for trespass beneath the surface of the land." Id. ¶ 15.

This case is no different. The Lessee, Occidental, is planning on drilling 5-6 horizontal oil/gas wells in the Bone Springs formation on the Brantleys' property in the next 6-18 months. The Brantleys would earn millions of dollars in royalties from those operations. If NW Oil Services is permitted to inject high pressure water into the formation above Bone Springs, that water will have to go somewhere. NW Oil Services only owns approximately

80 acres in the 640 acre section. Logically, the injected water will flow into the neighboring properties, including the over 440 acres owned by the Brantleys. When the Brantleys and/or Occidental (or other operators) attempt to drill into Bone Springs, they will encounter the pressurized water and inevitably be forced to abandon drilling operations. The damages to the Brantleys and other neighbors will be tens to hundreds of millions of dollars. The OCD lacks authority to authorize any such trespass. Snyder Ranches, Inc. v. Oil Conservation Com'n of State of N.M., 110 N.M. 637, 798 P.2d 587 (N.M.,1990)("The State of New Mexico may be said to have licensed the injection of salt water into the disposal well; however, such license does not authorize trespass. The issuance of a license by the State does not authorize trespass or other tortious conduct by the licensee....").

Also, as represented in NW Oil Services' application, other oil and gas zones, the Atoka and Morrow, lie below the proposed injections at 10,500 to 12,500 feet. Injection of high-pressure water above those zones will inevitably impact the viability of drilling oil at those depths. NW Oil Services cannot provide the OCD the required evidence necessary to prove other interested parties, including the Brantleys, will not be harmed by the injections.

Moreover, there is no indication from the Application upon what authority — whether as fee owner, lessee, or operator — Applicant asserts its authority to drill a disposal well on the site. In particular, there is no indication Applicant has procured consent from the mineral owner of the concerned property for the injection. Brantleys contend the Applicant does not have the proper authority to dispose of water on the concerned property, which will inevitably impact the mineral owners of the property and neighboring properties, including the Brantleys.

Accordingly, Brantleys hereby protest the Application and request an evidentiary hearing and ultimate denial of the Application. Brantleys reserve any and all alternative bases for protest, whether stated herein or otherwise.

Thank you.

Yours very truly,

Kenneth Dugan,

MARTIN, DUGAN & MARTIN

## Goetze, Phillip, EMNRD

From:

Phelps White <pwiv@zianet.com>

Sent:

Monday, July 21, 2014 5:02 PM

To:

Goetze, Phillip, EMNRD

Subject:

RE: C-108 Application for the NW SWD No.1

This is a brand new Operator, I got them set up and their OGRID # is 290889. I submitted an application to drill the well to the Artesia office the same day I submitted their copy of the C-108

From: Goetze, Phillip, EMNRD [mailto:Phillip.Goetze@state.nm.us]

Sent: Monday, July 21, 2014 4:37 PM

To: Phelps White

Cc: Ezeanyim, Richard, EMNRD; McMillan, Michael, EMNRD

Subject: C-108 Application for the NW SWD No.1

Mr. White:

OCD has received two copies of the application for the NW SWD No. 1 in Unit L, Section 7, T23S, R28E, NMPM with proposed disposal in the Delaware. The application has NW Oil Services, LLC as applicant and operator. Unfortunately, I cannot locate a valid OGRID number for this entity. Since there is no valid OGRID, I will be retaining the application, but unable to proceed with any review of the application. Please provide any additional information that may resolve this situation – is this a new company? Has application been made to become and operator? Please call or e-mail when possible. PRG

Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division 1220 South St. Francis Drive, Santa Fe, NM 87505

O: 505.476.3466

F: 505.476.3462

phillip.goetze@state.nm.us

Hannet Bond with Lexon Ins. Co.

# Goetze, Phillip, EMNRD

From:

Goetze, Phillip, EMNRD

Sent:

Monday, July 28, 2014 1:52 PM Phelps White (pwiv@zianet.com)

To: Cc:

Ezeanyim, Richard, EMNRD; McMillan, Michael, EMNRD; 'Ken Dugan';

'Jeremy\_Murphrey@oxy.com'; Donna\_Havins@oxy.com

Subject:

Two Notices of Protests for Injection Application - NW SWD No. 1

Attachments:

NW SWD #1\_Protest\_Director (7.28.2014).pdf

RE: NW SWD No. 1 (API 30-015-Pending) Sec 7, T. 23 S., R. 28 E., NMPM, Eddy County.

Mr. White:

OCD was notified by two parties, OXY USA, Inc. and the "Brantleys", that they are protesting this application. The "Brantleys" is a collective of George Brantley, Draper Brantley, the Delaware Ranch, Inc., and the Brantley Brothers partnership. All of these interests are represented through counsel by Kenneth Dugan of Martin, Dugan & Martin. Both parties are identified as affected persons for the location being considered in the application. Both parties has stated that the proposed application will adversely impact their existing and potential resources on properties in the area of the location. Therefore, you are being notified that if NW Oil Services, LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protests are withdrawn as a result of a negotiated resolutions with both parties. The application will be retained once it is received by OCD, but suspended from further administrative review. Please contact OCD once you have made a decision regarding the application. Please me call with any questions regarding this matter. PRG

#### Contact Information:

Kenneth Dugan Martin, Dugan & Martin 509 W. Pierce St. P.O. Box 2168 Carlsbad, NM 88221-2168 575.887.3528 (phone) 575.887.2136 (fax)

Jeremy Murphy, Sr. Land Negotiator OXY USA, Inc. 5 Greenway Plaza, Suite 110, Houston, TX 77046-0521 P.O. Box 27570, Houston, TX 77227-7570 713.350.4816 (phone)

Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division 1220 South St. Francis Drive, Santa Fe, NM 87505

O: 505.476.3466

F: 505,476,3462

phillip.goetze@state.nm.us