

RECEIVED
STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION 31 PM 2 18

IN THE MATTER OF MESQUITE SWD, INC.'S MOTION FOR MODIFICATION OF
ORDER NO. R-13043

Case No. 14178

MESQUITE SWD, INC.'S MOTION FOR REHEARING OF ORDER R-13043

Pursuant to 19.15.14.1223 NMAC, Applicant Mesquite SWD, Inc. ("Mesquite") moves for a rehearing of Division Order R-13043, entered in Case No. 14178 on November 7, 2008 (the "Division's Order"). Paragraph 4 of the Division's Order required Mesquite to plug and abandon the following four (4) wells before commencing injection operations into the Exxon State Well No. 8:

| Well Name | API No. | Location |
|--------------------|--------------|--|
| Magnolia State # 3 | 30-015-01087 | 2310 FSL, 330 FEL, Sec. 15, T21S, R27E |
| Pure State #6 | 30-015-01099 | 330 FSL, 1650 FEL, Sec. 15, T21S, R27E |
| Exxon State | 30-015-01092 | 650 FSL, 2310 FEL, Sec. 15, T21S, R27E |
| Exxon State | 30-015-01100 | 990 FSL, 2310 FEL, Sec. 15, T21S, R27E |

As grounds for this Motion, Mesquite shows:

1. On November 17, 2008, after receipt of the Division's Order, Mesquite filed a Motion for Clarification requesting that the Division delete Paragraph 4 from the Order, on the grounds that the NMOCD had previously approved the plugging of the Magnolia State No. 3 and the Pure State No. 6 wells, and that the two other wells, presently denominated as the Exxon State Nos. 2 and 7, are active producing wells operated by Mesquite.

2. On November 18, 2008, the Division entered an order denying Mesquite's Motion for Clarification, finding in Paragraph 2 (Page 1) that the Magnolia State Well No. 3 (API No.

30-015-01087) has not been plugged, and finding in Paragraph 3 (Page 1) that the Pure State Well No. 6 (API No. 30-015-01099) also has not been plugged. The order denying Mesquite's Motion for Clarification found, at Paragraph 4 (Page 1), that the Magnolia State Well No. 2 (API No. 30-015-010192) and the Magnolia State Well No. 7 (API No. 30-015-01100) were designated as temporarily plugged and abandoned and that no records existed concerning such abandonment. Finally, the order denying Mesquite's Motion for Clarification invited Mesquite, at Paragraph 2 (Page 2), to reopen its case and present any new evidence at the next appropriate available docket.

3. The plug and abandon diagram for the Magnolia State Well No. 3, set forth in Mesquite Exhibit 33, Page 23 (API No 30-015-01087) to its original Application, incorrectly stated that there was no record of plugging. This was a mistake caused by Mesquite in the preparation of the exhibit. **See, Exhibit A, Geoscience Technologies Report, dated November 21, 2008, p. 1.** Documentation from NMOCD records, attached to this Motion, together with a corrected and annotated plug and abandon well diagram, demonstrated that the Magnolia State Well No. 3 was properly plugged and abandoned as of September 30, 1953. **Ex. A, p. 1-4.**

4. The plug and abandon diagram for the Pure State Well No. 6, set forth on Page 27 of Exhibit 33 to the Mesquite original application, incorrectly stated the API No. for that well as 30-015-01099. **Id., p. 1-2.** This was also a mistake inadvertently caused by Mesquite in the preparation of its Application. **Id.** The correct API No. for the Pure State No. 6 is 30-015-01090. **Id.** Copies NMOCD files reflecting the proper plugging of Pure State Well No. 6 are attached to this Motion, together with a corrected and annotated plug and abandon well diagram. **Ex. A, p. 5-8.** This well was appropriately plugged and abandoned as of July 11, 1957. **Id., p. 7.**

5. The Division's Order found in Paragraph 4 (page 1) that the "Magnolia State Well

No. 2 (API No. 30-015-10092) and Magnolia State Well No. 7 (API No. 30-015-01100) were designated as temporarily plugged and abandoned, that there are no records confirming such

abandonment, and that the wells are therefore required to be plugged. As reflected in the NMOCD records, the prior operator's report for the Exxon State No. 2 (formerly the Magnolia State No. 2 with an API of 30-015-10092), filed with and approved by the Artesia NMOCD office on November 4, 2000, requested only "temporary abandonment status" and not a request for or approval of plugging. *Id.*, p. 1-2, 9. Likewise, the operator's report for the Exxon State No. 7 (formerly the Magnolia State Well No. 7 with an API of 30-015-10110), filed with and approved by the Artesia NMOCD office on November 4, 2000, requested temporary abandonment status for that well. *Id.*, p. 1-2, 10. The prior operator requested temporary abandonment status for both wells to comply with regulatory requirements governing the cessation of production. *Id.*, p. 9, 10. Subsequently, the operator transferred ownership of both the Exxon State No. 2 and No. 7, through C-104A filings, to the present operator, Mesquite SWD, Inc. Both wells have been returned to active production and product sales by Mesquite SWD, Inc. **Ex. B, Production Data for Exxon State No. 2; Ex. C, Production Data for Exxon State No. 7.**

6. Finally, Mesquite respectfully submits that none of the wells identified in the Division's Order and in the order denying the Motion for Clarification reaches a total depth, straight depth, or mean sea level depth, that is as deep as the cemented casing at 587 feet in the Exxon State No. 8 disposal well.

7. This Motion is supported by the attached report of Geoscience Technologies, dated November 21, 2008, and by copies of the NMOCD documents referred to in this Motion. **Ex. A; Ex. B; Ex. C.**

Wherefore, Mesquite respectfully request that the Division place this matter on the docket for hearing on December 4, 2008, or as soon practicable thereafter, and, after such hearing, remove Paragraph 4 from Order R-13043.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR & MARTIN, LLP



Thomas M. Hnasko
Kelcey C. Nichols
Post Office Box 2068
Santa Fe, NM 87504-2068
505.982.4554

Attorneys for Applicant Mesquite SWD, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this on this 1st day of December, 2008, I hand-delivered a true and correct copy of the foregoing and *Mesquite SWD, Inc.'s Motion for Rehearing of Order No. 13043*:

Mr. Sonny Swazo, Esq.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505



Thomas M. Hnasko



Kay C. Havenor, Ph.D

Office: 575-622-0283
e-mail: KHavenor@GeoResources.com
200 West First Street, Suite 747
Roswell, New Mexico 88201

November 21, 2008

Thomas M. Hnasko, Esq.
Hinkle, Hensley, Shanor & Martin, LLP
P.O. Box 2068
Santa Fe, New Mexico 87504

Re: Corrections and documentation to well
plugging diagrams in Mesquite Exhibit 33,
Appendix B, pages 23 and 27; Elaboration
as to Division Order Finding (4) R-13043

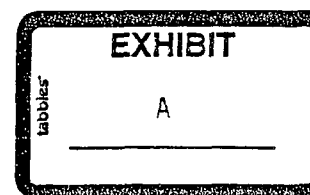
Dear Mr. Hnasko,

In reviewing the OCD's Order of the Division relative to the motion for clarification of Order No. R-13043, it became apparent that the plugging diagrams I prepared on the subject pages were incorrect. In that the Division relied upon them, I apologize for their inaccuracies.

Finding (2) of the Divisions's Order indicates the plug and abandon diagram for the Magnolia State Well No. 3, Mesquite Exhibit 33, page 23, (API No. 30-015-01087) indicates there was no record of plugging. That was an error in preparation of the graph and it was incorrect. Documentation from OCD records was available at that time and copies are attached below along with a corrected and annotated Plug and Abandon Well diagram. This well was plugged and abandoned appropriately as of September 30, 1953.

Finding (3) of the Division's Order was also the result of the plug and abandon diagram for the Pure State Well No. 6 on page 27 of the subject exhibit reflecting both the wrong API number (30-015-01099) and a lack of plugging. The correct API is 30-015-01090. Copies of the OCD filing on the plugging of this well are also attached below along with a corrected and annotated Plug and Abandon Well diagram. This well was plugged and abandoned appropriately as of July 11, 1957.

Finding (4) of the Division's Order states the "Magnolia State Well No. 2 API No. 30-015-10092, and No. 7 API No. 30-015-01100 were designated as temporarily plugged and abandoned." They further indicate there were no records confirming such abandonment, and therefore the wells are required to be plugged. The Division's misreading of the status of the two



wells is a difference in intent, method, and reporting temporary abandonment as to plugging.

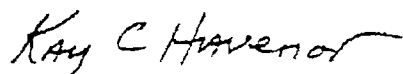
A copy of the operator's approved report filed for the API 30-015-10092 Exxon State No. 2 (formerly the Magnolia State No. 2) with the Artesia OCD November 4, 2000 is attached below that requested "Temporary Abandonment Status."

A copy of the operator's approved report filed for the API 30-015-10110 Exxon State No. 7 (formerly the Magnolia State No. 7) with the Artesia OCD November 4, 2000 is attached below that requested "Temporary Abandonment Status."

Please note that the request was not for *plugging*, but to comply with their not being actively produced for a given regulatory time. This had been pointed-out to the operator, Mr. Del Taylor, by Mr. Tim Gum of the Artesia OCD office. The ownership of both the Exxon State No. 2 and No. 7 were subsequently transferred through C-104A filings to the present operator, Mesquite SWD, Inc., December 1, 2005. Both wells were returned to active production and product sales by Mesquite SWD, Inc., thereby returning them to an active producing status.

It should also be noted that none of the wells discussed above reach a total depth, straight depth or MSL, that is as deep as the cemented casing at 587 feet in the Exxon State #8 disposal well. Therefore, hydrologic communication – even were they unplugged – would not be reasonable.

Respectfully submitted,



Kay Havenor

Attachments

Magnolia State No. 3 Plug and Abandon Diagram Correction API No. 30-015-01087, p. 3
Magnolia State No. 3 Misc Report of plugging filed 9/30/1953, p. 4
Pure State No. 6 Plug and Abandon Diagram API No. 30-015-01090, p. 5
Pure State No. 6 Notice of intent to plug API No. 30-015-01090, p. 6
Pure State No. 6 Report of plugging API No. 30-015-01090, p. 7
Pure State No. 6 Field report for plugging API No. 30-015-01090, p. 8
Exxon State No. 2 Notice of intent to temporary abandon API No. 30-015-01092, p. 9
Exxon State No 7 Notice of intent to temporary abandon API No. 30-015-01, p. 10

PLUG AND ABANDON WELL DIAGRAM

API: 3001501087
 Operator: Atha, Robert W.
 Lease: Magnolia State
 Location: Sec 15, T21S-R27E Eddy Co., NM
 Footage: 2310 FSL, 330 FEL

Well No: 3

KB:

GL:

3252

Spud date: September 20, 1953

Completion date: September 28, 1953

MSL of TD: 2692

S I P P I S

Surface Csg

Size: 10-3/4"

Set @: 40

Sxs cmt: 7

Circ:

TOC:

Hole Size:

Intermediate Csg

Size:

Set @:

Sxs cmt:

Circ:

TOC:

Hole Size:

Production Csg

Size:

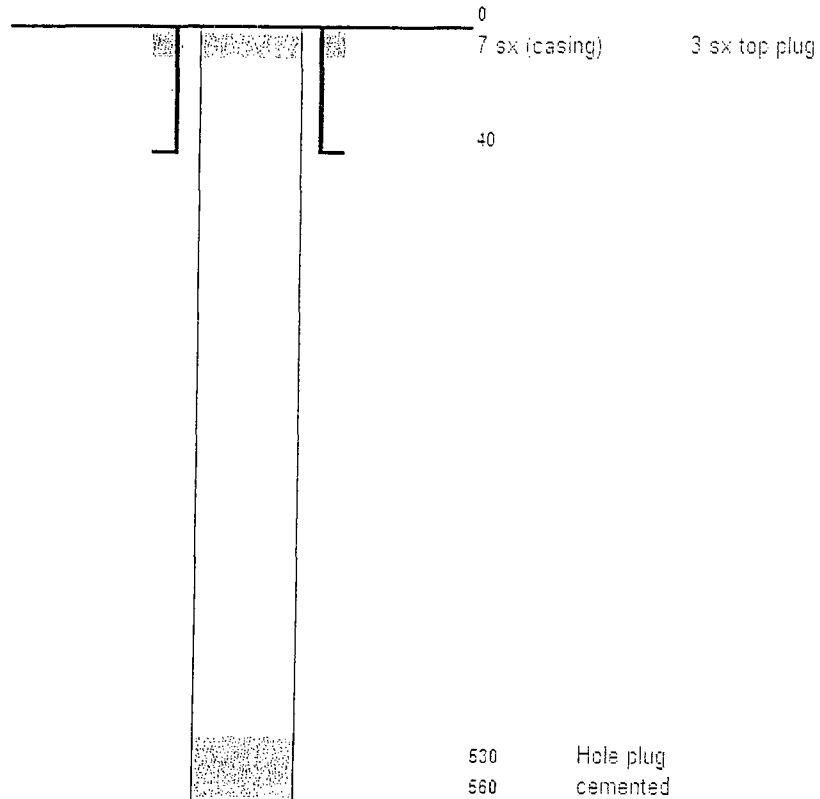
Set @:

Sxs cmt:

Circ:

TOC:

Hole Size:



Record of plugging hole 9/30/1953

This Plug and Abandon well diagram replaces Mesquite Exhibit 33, Appendix B, Page 23 diagram that erroneously reported "No record of plugging hole." A copy of the original report on plugging of the well dated 9/30/1953 filed with and approved by the Artesia OCD accompanies this corrected well diagram.

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

MISCELLANEOUS REPORTS ON WELLS

Submit this report in TRIPPLICATE to the District Office, Oil Conservation Commission, within 10 days after the work specified is completed. It should be signed and filed as a report on Beginning Drilling Operations, Results of test of casing shut-off, result of plugging of well, result of well repair, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate Nature of Report by Checking Below

| | | | | | |
|---|---|---|--|--------------------------|--|
| REPORT ON BEGINNING DRILLING OPERATIONS | | REPORT ON RESULT OF TEST OF CASING SHUT-OFF | | REPORT ON REPAIRING WELL | |
| REPORT ON RESULT OF PLUGGING WELL | X | REPORT ON RECOMPLETION OPERATION | | REPORT ON (Other) | |

Sept. 30, 1953

Artesia, N. M.

(Date)

(Place)

Following is a report on the work done and the results obtained under the heading noted above at the

Robt. W. Atha

Magnolia State

(Company or Operator)

(Lessee)

Beadle & Yates

Well No. 3 in the NE 1/4 SE 1/4 of Sec. 15

(Contractor)

T. 21S, R. 27E, NMPM, Undesignated Pool, Eddy County

The Dates of this work were as follows:

Notice of intention to do the work (was) (was not) submitted on Form C-102 on _____, 19____.

(Cross out incorrect words)

and approval of the proposed plan (was) (was not) obtained. Orally Sept. 28, 1953

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Total Depth 560'. Cement plug 560 to 530' and sand cement plug to base of 10" casing at 35' 7". 3 sand cement plug in top of 10" casing. Regulation marker set and location cleaned.

Witnessed by _____ (Name) _____ (Company) _____ (Title)

Approved: OIL CONSERVATION COMMISSION

L. A. Hancock

(Name)

(Title)

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name: Robt. W. Atha

Position: Owner

Representing: Self

Address: 1504 Highland Rd., Roswell, N. M.

(Date)

PLUG AND ABANDON WELL DIAGRAM

API: 3001501090
 Operator: Everett Burgett
 Lease: Pure State
 Location: Sec 15, T21S-R27E Eddy Co., NM
 Footage: 330 FSL, 1650 FEL

Well No: 6

KB: 3290
 GL: 3290
 Spud date: January 24, 1956
 Completion date: February 8, 1956
 MSL of TD: 2704

Surface Csg

Size: 7"
 Set @: 220'
 Sxs cmt: none
 Circ:
 TOC:
 Hole Size:

0
 5 sx at surface with marker
 7" probably pulled

Intermediate Csg

Size:
 Set @:
 Sxs cmt:
 Circ:
 TOC:
 Hole Size:

hole filled with clay

Production Csg

Size:
 Set @:
 Sxs cmt:
 Circ:
 TOC:
 Hole Size:

10 sx at TD
 586

P&A 1/12/1963

W. Nong
Well # 2
Stat

Pure State # 6

Original diagram Mesquite Exhibit 33, Appendix B, page 30, was erroneously identified with an incorrect API of 30-015-01099 instead of 30-015-01090. Further, no well was located bearing the incorrect API number and therefore the Plug and Abandon Well Diagram was incorrect. See accompanying copies of OCD plugging record and later OCD field report for 30-015-01090, Pure State #6.

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

MISCELLANEOUS NOTICES

JUL 3 1957

Submit this notice in TRIPPLICATE to the District Office, Oil Conservation Commission, before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the District Office, Oil Conservation Commission, or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approved by the District Office, Oil Conservation Commission, for additional instructions in the Rules and Regulations of the Commission.

Indicate Nature of Notice by Checking Below

| | | | | | |
|---------------------------------------|---|---|--|--------------------------------------|--|
| NOTICE OF INTENTION TO CHANGE PLANS | | NOTICE OF INTENTION TO TEMPORARILY ABANDON WELL | | NOTICE OF INTENTION TO DRILL DEEPER | |
| NOTICE OF INTENTION TO PLUG WELL | X | NOTICE OF INTENTION TO PLUG BACK | | NOTICE OF INTENTION TO SET LINER | |
| NOTICE OF INTENTION TO SQUEEZE | | NOTICE OF INTENTION TO ACIDIZE | | NOTICE OF INTENTION TO SHOOT (Nitro) | |
| NOTICE OF INTENTION TO CHIN PERFORATE | | NOTICE OF INTENTION (OTHER) | | NOTICE OF INTENTION (OTHER) | |

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Carlsbad, N. Mex.

7/3/57

Gentlemen:

Following is a Notice of Intention to do certain work as described below at the Pure State No. 6

Everett D. Burgett (Company or Operator) Pure State Lease Well No. 6 in Q (Unit)
88 1/4 Sec. 15, T. 21, R. 27, NMPM, Magruder Yates Pool
Bddy County.

FULL DETAILS OF PROPOSED PLAN OF WORK
(FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS)

Plug well with 10 sacks of cement in the bottom and fill to surface with drilling with marker and cement cap in the top

This program was approved by the State Water District Engineers Office

JUL 3 1957

Approved _____, 19____
Except as follows:

Approved
OIL CONSERVATION COMMISSION

By M. L. Armstrong
Title OIL AND GAS INSPECTOR

Everett D. Burgett
By *Everett D. Burgett*
Position Operator

Name _____
Address _____

State #2 well

NEW MEXICO OIL CONSERVATION COMMISSION

MISCELLANEOUS REPORTS ON WELLS

(Submit to appropriate District Office as per Commission Rule 1106)

JUL 11 1957

COMPANY _____
(Address) _____

LEASE _____ WELL NO. _____ UNIT _____ S _____ T _____ R _____

DATE WORK PERFORMED _____ POOL _____

This is a Report of: (Check appropriate block) ☐ Results of Test of Casing Shut-off

☐ Beginning Drilling Operations

☐ Remedial Work

☒ Plugging

☐ Other _____

Detailed account of work done, nature and quantity of materials used and results obtained.

20 lbs of cement was run in to bottom of well then mud was used to fill to surface with cement cap, and pipe capped.

FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

Original Well Data:

DF Elev. _____ TD _____ PED _____ Prod. Int. _____ Compl Date _____

Tbng. Dia _____ Tbng Depth _____ Oil String Dia _____ Oil String Depth _____

Perf Interval (s) _____

Open Hole Interval _____ Producing Formation (s) _____

RESULTS OF WORKOVER:

BEFORE

AFTER

Date of Test _____

Oil Production, bbls. per day _____

Gas Production, Mcf per day _____

Water Production, bbls. per day _____

Gas-Oil Ratio, cu. ft. per bbl. _____

Gas Well Potential, Mcf per day _____

Witnessed by _____

(Company) _____

OIL CONSERVATION COMMISSION

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name M. L. Armstrong

Name M. L. Armstrong

Title OIL AND GAS INSPECTION

Position INSPECTOR

Date JUL 11 1957

Company _____

NEW MEXICO OIL CONSERVATION COMMISSION
DRAWER DD
ARTESIA, NEW MEXICO

2nd well

Plugging
FIELD REPORT FOR ~~CROWDING~~ OF WELLS

| | | | | | |
|--|-------------------|-------------------------------------|---------------------|------------------|--------------------|
| Operator <u>A.M. BOWMAN</u> | | Lease <u>STATE</u> | | Well # <u>2</u> | |
| Location of Well | Unit <u>SEC P</u> | Section <u>15</u> | Township <u>21S</u> | Range <u>27E</u> | County <u>EDDY</u> |
| Plugging Uniting Contractor <u>Am Brimsted</u> | | Type of Equipment <u>Cable Tool</u> | | | |
| APPROVED CASING <u>7" Hole</u> | | | | | |
| Size of Hole | Size of Casing | Weight Per Foot | New or Used | Depth | Sacks Cement |
| | 7" | | | 22' | |
| Casing Data: | | | | | |
| Surface joints of _____ inch _____ # Grade _____ | | | | | |
| (Approved) (Rejected) | | | | | |
| Inspected by _____ date _____ | | | | | |
| Cementing Program | | | | | |
| Size of hole _____ Size of Casing _____ Sacks cement required _____ | | | | | |
| Type of Shoe used _____ Float collar used _____ Rim 3 jts welded _____ | | | | | |
| TD of hole <u>568</u> Set _____ Feet of _____ Inch _____ # Grade _____ | | | | | |
| New-used csg. @ _____ with _____ sacks neat cement around shoe | | | | | |
| + _____ sacks additives _____ | | | | | |
| Plug down @ _____ (AM) (PM) Date _____ | | | | | |
| Cement circulated _____ No. of Sacks _____ | | | | | |
| Cemented by _____ Witnessed by _____ | | | | | |
| Temp. Survey run @ _____ (AM) (PM) Date _____ top cement @ _____ | | | | | |
| Casing test @ _____ (AM) (PM) Date _____ | | | | | |
| Method Used _____ Witnessed by _____ | | | | | |
| Checked for shut off @ _____ (AM) (PM) Date _____ | | | | | |
| Method used _____ Witnessed by _____ | | | | | |
| Remarks: | | | | | |

well plugged as follows:

10 sh. 7" D. = 4-12-63 H.L.

5 sh. at surface.

with clay between plugs.

District Office
DISTRICT
1625 N. French Dr., Hobbs, NM 88240
DISTRICT
611 South First Avenue NM 88210
DISTRICT
1900 Rio Grande Ave., Artes, NM 87410

Energy, Minerals and Natural Resources Department

Revised March 25, 1999

CONSERVATION DIVISION

2040 South Packman

Santa Fe, NM 87505

WELL APINO. 30-015-01092

3. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. E 2597

7. Lease Name or Unit Agreement Name: Exxon State

SUNDY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR BACK TO DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator: Del Taylor

3. Address of Operator: 1403 W EDWARDS ST, CARLSBAD N.M. 88220

4. Well Location: Unit letter J, 1650' feet from the South line and 2310' feet from the East line

Section 15 Township 21S Range 27E NMPM Eddy County

10. Elevation (Show whether OF, RCR, RT, GR, etc.) 3075

Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐ TEMPORARILY ABANDON ☐ CHANGE PLANS ☐ PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Temporary Abandonment ☒

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Well #2 has 5 1/2" casing to 190' from the surface

Oct 6, 2000 the well was baled until a static level of fluids

was determined to be 216' from the surface, 26' below the

bottom of the casing; this determination requested by Mr Tim Gum.

Temporary Abandonment status is requested for the well,

as discussed with Mr. Tim Gum.

DATE: 11/21/00

Signature: Del Taylor

Title: operator

DATE: 4/4/00

Type of print name: Del Taylor

Telephone No: 800-2570

APPROVED BY: Tim Gum

Title: Field Rep 1

DATE: 11-21-00

Conditions of approval, if any:

to Appropriate
District Office
DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

Energy, Minerals and Natural Resources Department

Revised March 25, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, NM 87505

WELL API NO.

30-015-01100

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

E2597

7. Lease Name or Unit Agreement Name:

EXXON STATE

8. Well No.

07

9. Pool name or Wildcat

MAGNIFIER Yates

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well:

Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

DEL TAYLOR

3. Address of Operator

1403 W. EDWARDS, CARLSBAD, N.M. 88220

4. Well Location

Unit letter O: 990' feet from the South line and 2310 feet from the EAST line

Section 15 Township 21S Range 27E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3284

Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

MULTIPLE COMPLETION ☐

OTHER: Temporary Abandon ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐

PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Well #7 has 6 5/8" casing to 196' from the surface
Sept 28, 2000 the well was checked to determine the static level to be 224' from the surface, 28' below the bottom of the casing; this determination requested by Mr. Tim Gun

Temporary Abandonment status is requested for the well as discussed with Mr. Tim Gun

Approved by Tim Gun Date Nov 2005

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Del Taylor

TITLE operator

DATE 11/4/00

Type or print name DEL TAYLOR

Telephone No. 889 2570

(This space for State use)

APPROVED BY Tim Gun
Conditions of approval, if any:

TITLE Field Rep 1

DATE 11-21-00

Added 12/17/08

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-015-01100

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Exxon State

8. Well Number #0007

9. OGRID Number 161968

10. Pool name or Wildcat
Magruder.Yates

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-107) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

Mesquite SWD Inc.

3. Address of Operator

P.O. Box 1479 Carlsbad NM 88220

4. Well Location

Unit Letter O : feet from the line and feet from the line
Section 15 Township 21S Range 27E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water

Pit Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion

1) Ran new pump and tubing in hole, put back into production, 12-15-06

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Clay L Wilson TITLE V.P. DATE 1/08/07

Type or print name Clay L Wilson
No.885-3996

E-mail address:

Telephone

For State Use Only

APPROVED BY: Jim W. Green TITLE District II Supervisor
Conditions of Approval (if any):

DATE 1/25/07

Kelcey Nichols

From: Perini, Cindy [cperini@velaw.com]
Sent: Wednesday, November 12, 2008 1:10 PM
To: Clay Wilson; Dave Perini; Kay Havenor; Tom Hnasko; Kelcey Nichols
Subject: Production Report for Exxon 2 - API 30-015-01092

Importance: High

Here is the production report from Exxon State 2 from the OCD website showing that the well has been producing since Mesquite took over the lease. I have also included the actual link.

Thanks,
Cindy

From: Johnny Hinojos [mailto:jhinojos@plateautel.net]
Sent: Wednesday, November 12, 2008 2:02 PM
To: Perini, Cindy
Subject: Emailing: GO-TECH ONGARD Single Results

http://octane.nmt.edu/gotech/Petroleum_Data/single.aspx?API=3001501092&StartYear=2006&EndYear=2008&Production=True&Injection=False

View Production Data

In Internet Explorer, right click and select[Save Target As...]
In Netscape, right click and select [Save Link As...]

Download: [API NO 3001501092.csv](#)

API #: 3001501092 **Well Name:** EXXON STATE # 002
Location: J-15-21.0S-27E, 1650 FSL, 2310 FEL **Lat:** 32.4773634192 **Long:** -104.176625242
Operator Name: MESQUITE SWD, INC [[Operator and Lessee Info](#)] **County:** Eddy
Land Type: State **Well Type:** Oil **Spud Date:** **Plug Date:**
Elevation GL: 3282 **Depth TVD:** 576
Pools associated:

- [MAGRUDER;YATES](#) **Total Acreage:** 40.00 **Completion:** 1 [Summary of Production](#)
- [Show All](#)

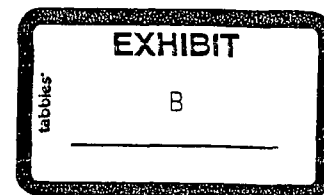
Year: 2006

Pool Name:

MAGRUDER;YATES

Month

Oil(BBLS) Gas(MCF) Water(BBLS) Days Produced



| | | | | |
|-----------|----|---|-----|----|
| January | 0 | 0 | 0 | 0 |
| February | 0 | 0 | 0 | 0 |
| March | 0 | 0 | 0 | 0 |
| April | 0 | 0 | 0 | 0 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |
| July | 0 | 0 | 0 | 0 |
| August | 0 | 0 | 0 | 0 |
| September | 0 | 0 | 0 | 0 |
| October | 0 | 0 | 0 | 0 |
| November | 0 | 0 | 0 | 0 |
| December | 30 | 0 | 225 | 31 |

Year: 2007

Pool Name: MAGRUDER;YATES

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produced |
|-----------|-----------|----------|-------------|---------------|
| January | 30 | 0 | 190 | 31 |
| February | 9 | 0 | 60 | 28 |
| March | 21 | 0 | 90 | 31 |
| April | 6 | 0 | 90 | 30 |
| May | 6 | 0 | 90 | 31 |
| June | 0 | 0 | 0 | 0 |
| July | 20 | 0 | 30 | 31 |
| August | 0 | 0 | 27 | 7 |
| September | 0 | 0 | 480 | 30 |
| October | 9 | 0 | 390 | 31 |
| November | 1 | 0 | 30 | 30 |
| December | 3 | 0 | 90 | 31 |

Year: 2008

Pool Name: MAGRUDER;YATES

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produced |
|----------|-----------|----------|-------------|---------------|
| January | 0 | 0 | 0 | 0 |
| February | 9 | 0 | 27 | 29 |
| March | 30 | 0 | 40 | 31 |
| April | 15 | 0 | 66 | 30 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |

| | | | | |
|-----------|---|---|---|---|
| July | 0 | 0 | 0 | 0 |
| August | 0 | 0 | 0 | 0 |
| September | 0 | 0 | 0 | 0 |
| October | 0 | 0 | 0 | 0 |
| November | 0 | 0 | 0 | 0 |
| December | 0 | 0 | 0 | 0 |

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Thank You.

Kelcey Nichols

From: Perini, Cindy [cperini@velaw.com]
Sent: Wednesday, November 12, 2008 1:14 PM
To: Clay Wilson; Dave Perini; Kay Havenor; Tom Hnasko; Kelcey Nichols
Subject: Production Report for Exxon State 7 from OCD website

Here is the production report from Exxon State 7 from the OCD website showing that the well has been producing since Mesquite took over the lease. I have also included the actual link.

Thanks,
Cindy

From: Johnny Hinojos [mailto:jhinojos@plateautel.net]
Sent: Wednesday, November 12, 2008 2:04 PM
To: Perini, Cindy
Subject: Emailing: GO-TECH ONGARD Single Results

http://octane.nmt.edu/gotech/Petroleum_Data/single.aspx?API=3001501100&StartYear=2006&EndYear=2008&Production=True&Injection=False

View Production Data

In Internet Explorer, right click and select[Save Target As...]
In Netscape, right click and select [Save Link As...]

Download: [API_NO_3001501100.csv](#)

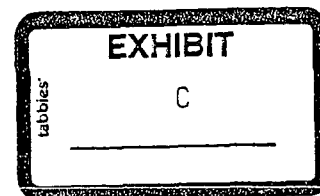
API #: 3001501100 Well_Name: EXXON STATE # 007
Location: O-15-21.0S-27E, 990 FSL, 2310 FEL Lat:32.475549137 Long:-104.176630903
Operator Name: MESQUITE SWD, INC [[Operator and Lessee Info](#)] County: Eddy
Land Type: State Well Type: Oil Spud Date: Plug Date:
Elevation GL: 3284 Depth TVD: 580
Pools associated:

- [MAGRUDER;YATES](#) Total Acreage: 40.00 Completion: 1 [Summary of Production](#)
- [Show All](#)

Year: 2006

Pool Name:
MAGRUDER;YATES

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produced |
|----------|-----------|----------|-------------|---------------|
| January | 0 | 0 | 0 | 0 |
| February | 0 | 0 | 0 | 0 |



| | | | | |
|-----------|----|---|-----|----|
| March | 0 | 0 | 0 | 0 |
| April | 0 | 0 | 0 | 0 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |
| July | 0 | 0 | 0 | 0 |
| August | 0 | 0 | 0 | 0 |
| September | 0 | 0 | 0 | 0 |
| October | 0 | 0 | 0 | 0 |
| November | 0 | 0 | 0 | 0 |
| December | 15 | 0 | 225 | 31 |

Year: 2007

Pool Name: MAGRUDER;YATES

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produced |
|-----------|-----------|----------|-------------|---------------|
| January | 30 | 0 | 210 | 31 |
| February | 3 | 0 | 30 | 28 |
| March | 6 | 0 | 60 | 31 |
| April | 6 | 0 | 60 | 30 |
| May | 6 | 0 | 60 | 31 |
| June | 0 | 0 | 0 | 0 |
| July | 60 | 0 | 30 | 31 |
| August | 0 | 0 | 30 | 7 |
| September | 6 | 0 | 150 | 30 |
| October | 3 | 0 | 130 | 31 |
| November | 1 | 0 | 30 | 30 |
| December | 6 | 0 | 60 | 31 |

Year: 2008

Pool Name: MAGRUDER;YATES

| Month | Oil(BBLS) | Gas(MCF) | Water(BBLS) | Days Produced |
|----------|-----------|----------|-------------|---------------|
| January | 0 | 0 | 0 | 0 |
| February | 15 | 0 | 69 | 29 |
| March | 10 | 0 | 30 | 31 |
| April | 19 | 0 | 33 | 30 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |
| July | 0 | 0 | 0 | 0 |
| August | 0 | 0 | 0 | 0 |

| | | | | |
|-----------|---|---|---|---|
| September | 0 | 0 | 0 | 0 |
| October | 0 | 0 | 0 | 0 |
| November | 0 | 0 | 0 | 0 |
| December | 0 | 0 | 0 | 0 |

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Thank You.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

IN THE MATTER OF MESQUITE SWD, INC.'S APPLICATION NO. PKVR0817936301
TO AMEND PERMIT SWD-180

Case No. 14178
Order No. R-13043

ORDER GRANTING MESQUITE SWD INC.'S MOTION FOR
REHEARING OF ORDER NO. R-13043

THIS MATTER having come before the Division Examiner on Mesquite SWD, Inc.'s Motion for Rehearing of Order No. 13043 ("Mesquite's Motion"), and the Division Examiner having reviewed the briefing by Mesquite and being otherwise fully advised in the premises, finds that Mesquite's Motion shall be granted.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Mesquite SWD, Inc.'s Motion for Rehearing of Order No. 13043 is hereby granted and shall be heard on December 4, 2008.

Submitted by:

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

By:

Thomas M. Hnasko
Kelcey C. Nichols
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554
Counsel for Mesquite SWD, Inc.