

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

HOBBSOCD

JAN 14 2015

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-57730

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

8. Well Name and No.
LOWE FEDERAL #1

2. Name of Operator
ROSWELL OPERATING, LLC

9. API Well No.
30-025-29647

3a. Address
1515 W CALLE SUR, SUITE 174
HOBBS, NM 88240

3b. Phone No. (include area code)

575-492-1236

10. Field and Pool or Exploratory Area
ATOKA

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330' FNL & 330' FWL
D-7-13S-38E

11. Country or Parish, State
LEA COUNTY, NEW MEXICO

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☐ Acidize

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Alter Casing

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☒ Subsequent Report

☐ Casing Repair

☐ New Construction

☐ Recomplete

☐ Other

☐ Final Abandonment Notice

☐ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

☐ Convert to Injection

☐ Plug Back

☒ Water Disposal

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Roswell Operating, LLC requests approval for disposing of produced water to Kevin O Butler & Assoc, Inc operated E B Anderson #2 well (API #30-025-22454) located in Sec 6, T13S-R38E, Lea County, New Mexico.

Enclosed please find the Water Production & Disposal Information sheet, a current water analysis and a copy of the state issued permit #SWD-1469

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

M.Y. Merchant

Title Managing Member

Signature

Date 09/02/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

SPE T

Date

1-5-15

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CRD

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

JAN 20 2015

Lowe Federal #1

WATER PRODUCTION & DISPOSAL INFORMATION

In order to process your disposal request, the following information must be completed:

1. Name(s) of all formation(s) producing water on the lease.

Devonian

2. Amount of water produced from all formations in barrels per day.

Approximately 2600 bbls per day

3. A current water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates.

ANALYSIS ATTACHED

4. How water is stored on the lease.

500 bbl fiberglass tank

5. How water is moved to the disposal facility

via 3" polyline

6. Identify the Disposal Facility by:

A. Facility Operator Name Kevin O Butler & Assoc, Inc

B. Name of facility of well name & number E B Anderson #2

C. Type of facility of well (WDW)(WIW), etc. WDW

D. Location by $\frac{1}{4}$, $\frac{1}{4}$, Section, Township and Range
UL M, Sec 6-T13S-38E

7. Attach a copy of the State issued permit for the Disposal Facility.

SEE ATTACHED PERMIT #SWD-1469

HALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY WATER ANALYSIS REPORT HOBBS, NEW MEXICO

COMPANY: Rosewell Operating
LEASE: Low Federal #1

REPORT W14-037
DATE September 2, 2014
DISTRICT Hobbs

SUBMITTED BY _____

TANK
SAMPLE

Low Federal #1

| | | | | | |
|--------------|------------------|---------------|---------------|---------------|---------------|
| Sample Temp. | <u>70</u> °F | _____ °F | _____ °F | _____ °F | _____ °F |
| RESISTIVITY | <u>0.128</u> | _____ | _____ | _____ | _____ |
| SPECIFIC GR. | <u>1.041</u> | _____ | _____ | _____ | _____ |
| pH | <u>6.62</u> | _____ | _____ | _____ | _____ |
| CALCIUM | <u>550</u> mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| MAGNESIUM | <u>480</u> mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| CHLORIDE | <u>36623</u> mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| SULFATES | <u>440</u> mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| BICARBONATES | <u>561</u> mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| SOLUBLE IRON | <u>0</u> mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| KCL | <u>Negative</u> | _____ | _____ | _____ | _____ |
| Sodium | _____ mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| TDS | _____ mpl | _____ mpl | _____ mpl | _____ mpl | _____ mpl |
| OIL GRAVITY | _____ @ 60 °F | _____ @ 60 °F | _____ @ 60 °F | _____ @ 60 °F | _____ @ 60 °F |

REMARKS

MPL = Milligrams per liter
Resitivity measured in: Ohm/m2/m

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management: it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Co.

ANALYST: JH

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1469
March 26, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Kevin O. Butler and Associates, Incorporated (the "operator") seeks an administrative order to re-enter its E. B. Anderson Well No. 2 with a location of 990 feet from the South line and 990 feet from the West line, Unit letter M of Section 6, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

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

This well was approved for injection on May 7, 1989, under Administrative Order SWD-328, but injection authority was terminated prior to 2009 due to inactivity greater than one year. This application was submitted for reauthorization of the injection authority approved in Order SWD-328.

The well is identified in Exhibit "A" of the Agreed Compliance Order for Inactive Wells (ACOI)-280 and is subject to terms and conditions of ACOI-280.

IT IS THEREFORE ORDERED THAT:

The applicant, Kevin O. Butler and Associates, Incorporated (OGRID 12627), is hereby authorized to utilize its E. B. Anderson Well No. 2 (API 30-025-22454) with a location of 990 feet from the South line and 990 feet from the West line, Unit letter M of Section 6, Township 13 South, Range 38 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) into the Wolfcamp formation through perforations from approximately 9563 feet to approximately 9686 feet and into the Devonian formation through open hole from approximately 12221 feet to approximately 12280 feet. Injection will occur through internally-coated, 2 7/8-inch and smaller tubing and a packer set within 100 feet of the permitted interval.

IT IS FURTHER ORDERED THAT:

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

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

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

The wellhead injection pressure on the well shall be limited to **no more than 1913 psig**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

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

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

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

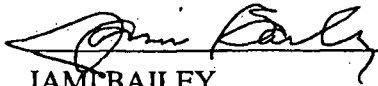
The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

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

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

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

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


JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Hobbs District Office

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14