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NEW MEXICO OIL CONSERVATION DIVISION

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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

Ray Westall
Taylor Unit
2014 JUN -3 P 2:34
RECEIVED OCD

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ben Stone
Print or Type Name

Signature

Agent for Ray Westall Operating 5/30/14
Title Date
ben@sosconsulting.us
e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: **WATERFLOOD EXPANSION** and the application *qualifies* for administrative approval.
- II. OPERATOR: **Ray Westall Operating, Inc.**
ADDRESS: **P.O. Box 4, Loco Hills, NM 88255**
- CONTACT PARTY: **Donnie Mathews (575) 677-2372**
Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850
- III. WELL DATA: **All well data and applicable wellbore diagrams are attached hereto.**
- IV. **This is an EXPANSION of the existing Taylor Unit Waterflood project, original authorization R-133 + WFX-788.**
- 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 of data on all wells of public record within the area of review which penetrate the proposed injection zone. The data includes a description of each well's type, construction, date drilled, location, depth, and a schematic of any plugged well illustrating all plugging detail. **(Previously Submitted for 2003 WFX – Additional P&As attached.)**
- VII. **The following data is attached** on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Appropriate geologic data on the injection zone is attached including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval. **(Previously Submitted for 2003 WFX.)**
- IX. **No stimulation program is proposed at this time.**
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. **There are NO domestic water wells within one mile the proposed injection wells.**
- XII. **An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. **"Proof of Notice" section on the next page of this form has been completed.**
There are 18 offset lessees and/or operators within ½ mile - all have been noticed.
- 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: **Ben Stone** TITLE: **SOS Consulting, LLC agent / consultant for Ray Westall Operating, Inc.**

SIGNATURE:  DATE: 5/14/2014

E-MAIL ADDRESS: **ben@sosconsulting.us**

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



May 30, 2014

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

Attn: Ms. Jami Bailey, Director

Re: Application of Ray Westall Operating, Inc. for Expansion of its Taylor Unit Waterflood Project by converting three (3) wells located in Sections 12 and 13, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

Dear Ms. Bailey,

Please find enclosed form C-108 Application for Authority to Inject, supporting the above-referenced waterflood expansion of the Taylor Unit Waterflood Project.

The subject waterflood project was originally permitted in 1952 by Division Order R-133 and expanded in 2003 by WFX-788. The project is one of many long term projects in the Shugart Yates Seven Rivers Queen Grayburg Pool. In fact, there are currently over 300 active oil wells operating in the pool and benefiting from more than 40 injectors as part of several large EOR projects. Waterflooding will continue to be an enhanced recovery strategy in the area for decades.

Ray Westall Operating seeks to optimize efficiency, both economically and operationally, of its operations. In addition to enhanced recovery potential, only lease produced water will be reinjected thereby eliminating the need to remove and otherwise dispose of produced water. Approval of this application is consistent with these goals as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the Friday, May 16, 2014 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included in this application package. The application also includes wellbore schematics, area of review maps and other required information for a complete Form C-108. The wells are on unitized acreage on federal lands and a copy of this application has been submitted to the Bureau of Land Management, Carlsbad Field Office.

I respectfully request that the approval of this waterflood project proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

Ben Stone, Partner
SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Application attachment and project file

III. WELL DATA – *The following information and data is included:*

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 *pursuant to the following criteria is attached.*

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.



PROPOSED WELL SCHEMATIC

> Typical Taylor Unit Injection Well <
(Shown: Taylor Unit No.4; API 30-015-05526)
SECTION 12-T18S-R31E
EDDY COUNTY, NEW MEXICO

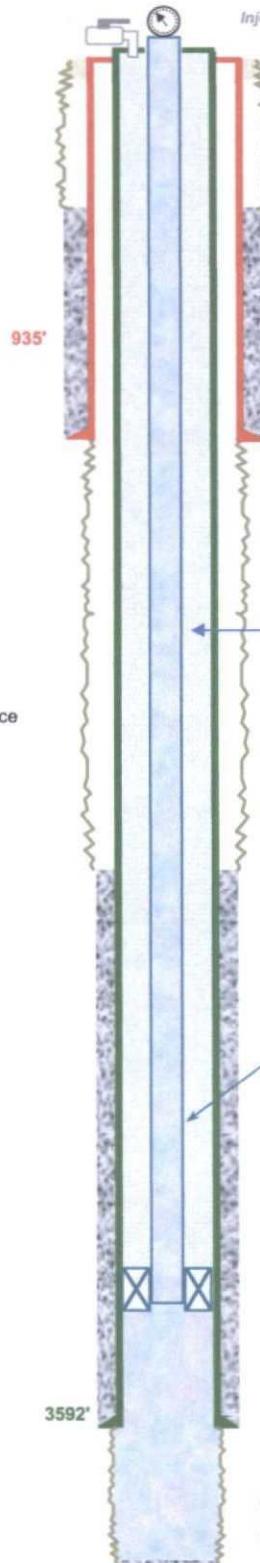
Shugart Yates Seven Rivers Queen Grayburg, Pool Code 56435

Annulus Monitored
or open to atmosphere

Injection Pressure Regulated (Ave. 659 psi)
and Volumes Reported

Surface Casing

8.625" Csg. (11.0" hole) @ 935'
w/ 50 sx Class 'C' - TOC @ 610'



Annulus Loaded w/ Inert Packer Fluid

2.375" Internally Coated Tubing Set in PKR
<100' Above Uppermost OH / Perf

Production Casing

7.0" (8.75" Hole) @ 3592'
w/ 100 sx - TOC @ 2174'

Reinjected Lease
Produced Water

Queen Openhole: 3295' to 3572'
(Well No.17 - Queen Perfs: 3586' to 96')

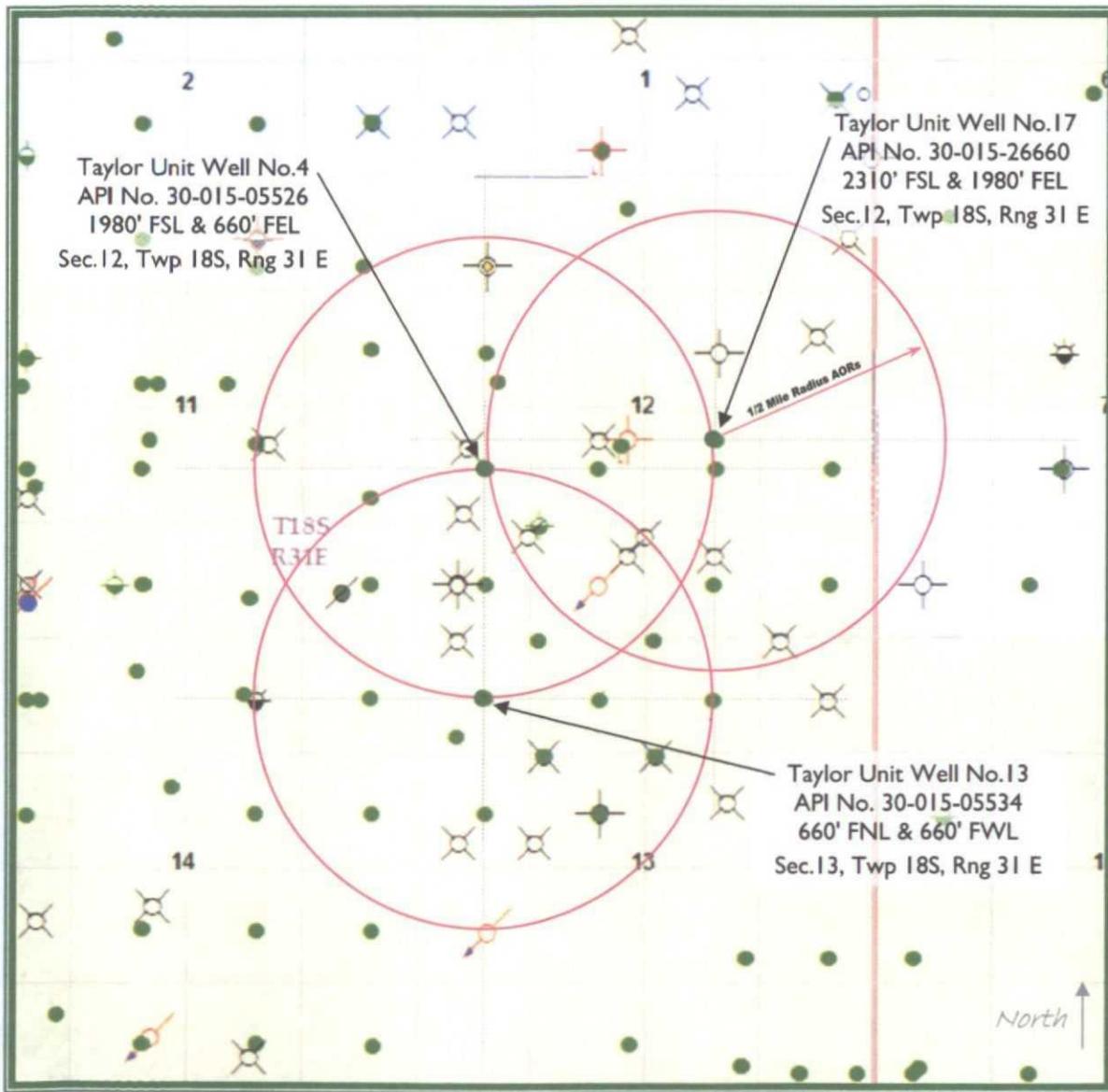
TD @ 3572'

PROJECT SYNOPSIS

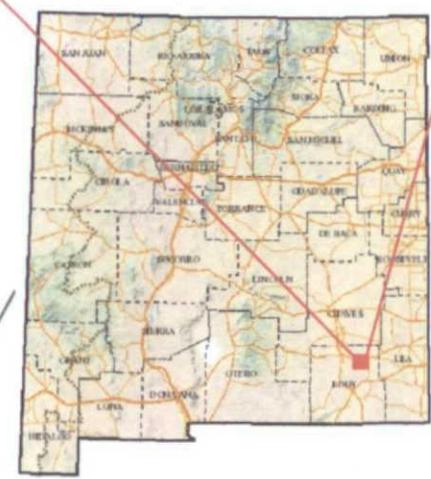
- 1940-1991 - Wells Completed as Queen Producers
- 1952 - Original Injection Authorization R-133
- 2003 - Waterflood Project Expanded by WFX-788
- 1982-1994 - TA Status for several wells
- 1994 - RWO ReCompletes TA'd wells to Active Oil
- 2008 - Acquired by Tri-Tex; 2010 - Acquired by Endurance
- 2014 - Reacquired by Ray Westall Operating

Taylor Unit Well Nos.4, 13, 17 WFX - Area of Review / Overview Map

(Attachment to NMOCD Form C-108 - Item V)



~3.8 miles West / Southwest
of Maljamar, NM



Eddy County, New Mexico

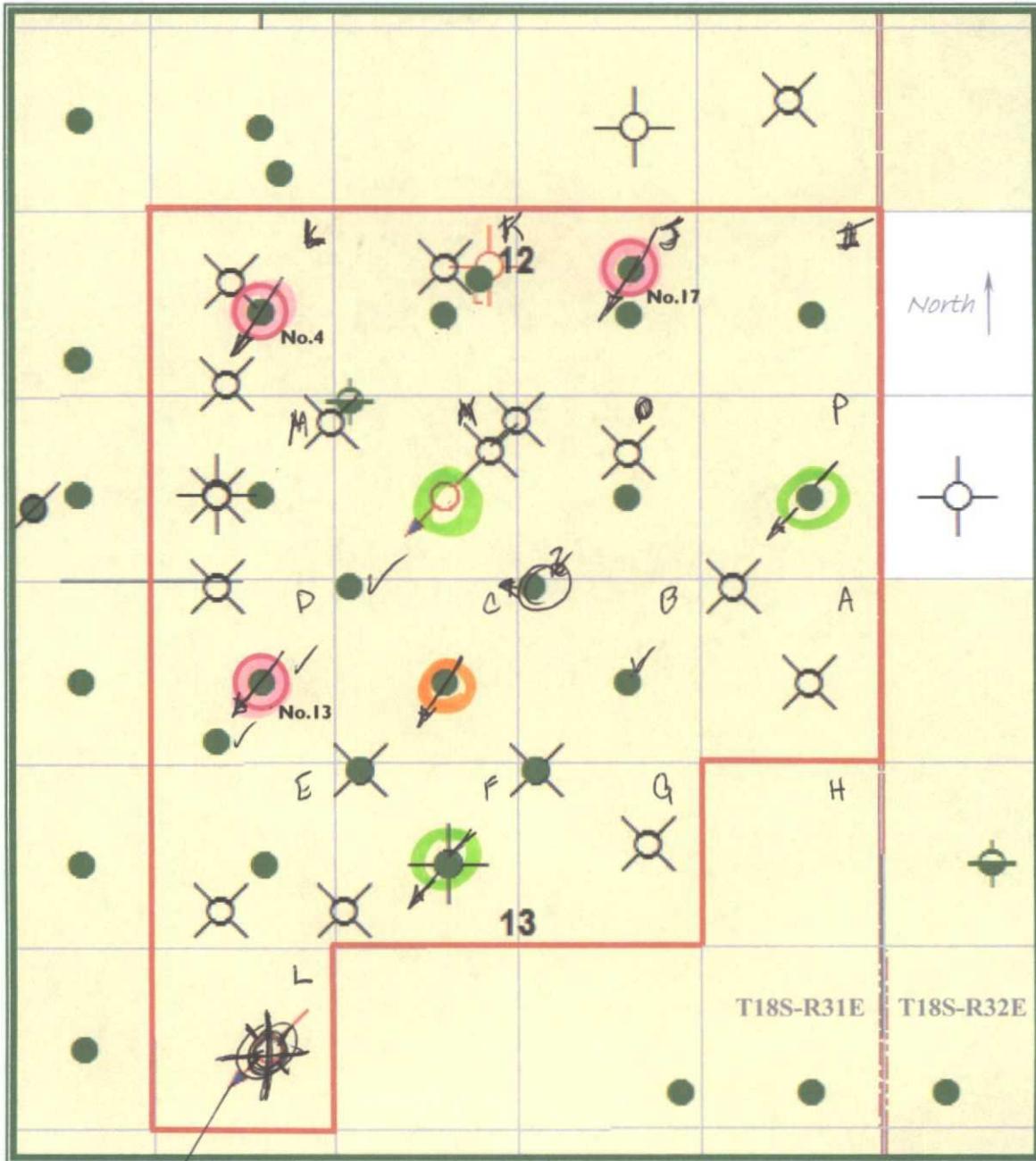


RAY WESTALL OPERATING, INC.



Taylor Unit – Boundary Map

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



~~RA~~ d 9/10/1959
 AC Taylor B No. 4B RW
 1980 FSL / 660 FWL / Sec 13

RAY WESTALL OPERATING, INC.

 WFX-243 (as of 11/3/2014)

 WFX-788 (as of 11/3/2014)

 WFX-936 (this appl.)

Form C-108 Item VI - Tabulation of AOR Wells

Top of Proposed QUEEN Interval 3295'

ALL Wells PENETRATE (-1) Proposed Injection Zone.

API	Current Operator	Well Name	Well No.	Type	Lease	Status	UL	Section	Depth	Plugged On
30-015-05526	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#004	Oil	Federal	Active	L	12-185-31E	3572'	
Well converted to injection 1966; Rtn'd to production 1994; 8.625" (11.0" hole) @ 935' w/ 50 sx TOC @ 610' by Calc.; 7.0" (8.75" hole) @ 3295' w/ 100 sx TOC 2174' by Calc.										
30-015-05534	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#013	Oil	Federal	Active	D	13-185-31E	3567'	
Well converted to injection 1965; Rtn'd to production 1994; 8.625" (11.0" hole) @ 1018' w/ 120 sx TOC @ 278' by Calc.; 7.0" (8.0" hole) @ 3455' w/ 100 sx TOC 1375' by Calc.										
30-015-26660	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#017	Oil	Federal	Active	J	12-185-31E	3980' PBTD	
8.625" (12.25" hole) @ 350' w/ 427sx - circ.; 5.5" (7.875" hole) @ 6000' w/ 1623 sx - TOC @ 955'										

Section 11 Wells

30-015-39471	[14744] MEWBORNE OIL CO	TAMANO 11 FEDERAL COM	#001H	Oil	Federal	(ND/C)	A	11-185-31E	MD 12899'	TVD 8543'
13.375" (17.5" hole) @ 900' w/ 890 sx - circ.; 9.625" (12.25" hole) @ 2350' w/ 315 sx - circ.; 7" (8.75" hole) @ 8847' w/ 940 sx - circ.										
30-015-26166	[258462] NADEL AND GUSSMAN HEYCO, LLC	HUDSON 11 FEDERAL	#005	Oil	Federal	Active	A	11-185-31E	8900'	
13.375" (17.5" hole) @ 350' w/ 375 sx - circ.; 8.625" (12.25" hole) @ 2354 w/ 900 sx - circ.; 5.5" (7.875" hole) @ 8900' w/ 1100 sx - TOC 1600'										
30-015-25740	[258462] NADEL AND GUSSMAN HEYCO, LLC	HUDSON 11 FEDERAL	#002	Oil	Federal	Active	H	11-185-31E	8813'	
13.375" (17.5" hole) @ 350 w/ 350 sx - circ.; 8.625" (11" hole) @ 2356' w/ 1000 sx - circ.; 5.5" (7.875" hole) @ 8813' w/ 1985 sx - TOC 600'										
30-015-26158	[258462] NADEL AND GUSSMAN HEYCO, LLC	AJ 11 FEDERAL	#002	Oil	Federal	P&A	I	11-185-31E	8966'	10/17/2013
PROPOSED SWD - C-108 FORTHCOMING; SEE P&A DIAGRAM.										
30-015-25895	[240974] LEGACY RESERVES OPERATING, LP	JOHNSON B FEDERAL A/C 1	#005	Oil	Federal	Active	J	11-185-31E	8950'	
13.375" (17.5" hole) @ 757' w/ 635 sx - circ.; 8.625" (11" hole) @ 2706 w/ 1350 sx - circ.; 5.5" (7.875" hole) @ 8950' w/ 1715 sx - TOC 2200'										

Section 12 Wells

30-015-38143	[258462] NADEL AND GUSSMAN HEYCO, LLC	TAYLOR DEEP 12 FEDERAL	#006	Oil	Federal	Active	A	12-185-31E	9275'	
13.375" (17.5" hole) @ 955' w/ 780 sx - circ.; 9.625" (12.25" hole) @ 2255' w/ 670 sx - circ.; 5.5" (7.875" hole) @ 9275' w/ 1250 sx - TOC 2050'										
30-015-39468	[258462] NADEL AND GUSSMAN HEYCO, LLC	TAYLOR 12 FEDERAL	#010	Oil	Federal	Active	A	12-185-31E	5500'	
8.625" (11" hole) @ 1010' w/ 350 sx - circ.; 5.5" (7.875) @ 5500' w/ 100 sx - TOC 1254'										
30-015-26358	[258462] NADEL AND GUSSMAN HEYCO, LLC	TAYLOR DEEP 12 FEDERAL	#005	Gas	Federal	New	D	12-185-31E	12450'	
13.375" (17.5" hole) @ 350' w/ 375 sx - circ.; 8.625" (12.25" hole) @ 2368' w/ 1300 sx - circ.; 5.5" (7.875" hole) @ 12450' w/ ??? sx - TOC 2368'										
30-015-26641	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#002	Oil	Federal	P&A	E	12-185-31E	5504'	1/20/1992
SEE P&A DIAGRAM.										
30-015-05525	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#002	Oil	Federal	P&A	E	12-185-31E		1/2/1900
NO WELL FILE DATA AND NO P&A DATA.										
30-015-05524	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	Federal	P&A	G	12-185-31E	3595'	6/1/1949
NO P&A DATA. 8.625" (10" hole) @ 1055' w/ 50 sx - circ.; 7" (8" hole) casing pulled, no cement recorded										
30-015-39764	[258462] NADEL AND GUSSMAN HEYCO, LLC	TAYLOR DEEP 12 FEDERAL	#009	Oil	Federal	Active	H	12-185-31E	9232'	
13.375" (17.5" hole) @ 1005' w/ 800 sx - circ.; 9.625" (12.25" hole) @ 2255' w/ 650 sx - circ.; 5.5" (7.875" hole) @ 9232' w/ 1300 sx - TOC 1230'										

Page 1/ 12 } P&A 4 Act 8 } I P&A 9 A 33
 Page 2/ 16 } 4 } 12 }
 Page 3/ 14 } 1 } 13 } } 42 wells



Form C-108 Item VI - Tabulation of AOR Wells (cont.)

Section 13 Wells (cont.)

30-015-05535	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#012	Oil	Federal	Active	C	13-185-31E	
									8.625" (11.0" hole) @ 1015' w/ 50 sx TOC @ 961' by Calc.; 7.0" (8.75" hole) @ 3400' w/ 100 sx TOC 1320' by Calc.
30-015-31234	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#019	Oil	Federal	Active	C	13-185-31E	3780'
									8.625" (12.25" hole) @ 937' w/ 515 sx - circ.; 5.5" (7.875" hole) @ 3780' w/ 750 sx - TOC 420'
30-015-31613	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#020	Inj.	Federal	Active	C	13-185-31E	3775'
									8.625" (12.25" hole) @ 1022' w/ 515 sx - circ.; 5.5" (7.875" hole) @ 3764' w/ 970 sx - circ.'
30-015-05534	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#013	Oil	Federal	Active	D	13-185-31E	
									Well converted to injection 1965; Rtn'd to production 1994; 8.625" (11.0" hole) @ 1018' w/ 120 sx TOC @ 278' by Calc.; 7.0" (8.75" hole) @ 3455' w/ 100 sx TOC 1375' by Calc.
30-015-32082	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#026	Oil	Federal	Active	D	13-185-31E	3759'
									8.625" (12.25" hole) @ 1007' w/ 570 sx - circ.; 5.5" (7.875" hole) @ 3759' w/ 970 sx - TOC 1037'
30-015-05536	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#014	Oil	Federal	Active	E	13-185-31E	
									8.625" (11.0" hole) @ 918' w/ 80 sx TOC @ 398' by Calc.; 7.0" (8.75" hole) @ 3403' w/ 100 sx TOC 1323' by Calc.
30-015-05539	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#015	Inj.	Federal	Active	F	13-185-31E	3558'
									8.625" (10" hole) @ 984' w/ 65 sx - halliburton; 7" (9" hole) @ 3408' w/ 200 sx - TOC 2883' by Calc.
30-015-26150	[258462] NADEL AND GUSSMAN HEYCO, LLC	SOUTH TAYLOR 13 FEDERAL	#004	Oil	Federal	Active	I	13-185-31E	5547'
									9.625" (14.75" hole) @ 350' w/ 400 sx - circ.; 5.5" (7.875" hole) @ 4895' w/ 1775 sx - TOC 330'
30-015-37092	[258462] NADEL AND GUSSMAN HEYCO, LLC	SOUTH TAYLOR 13 FEDERAL	#005	Oil	Federal	Active	J	13-185-31E	5500'
									8.625" (11" hole) @ 939' w/ 365 sx - circ.; 5.5" (7.875" hole) @ 5500' w/ 1730 sx
30-015-05538	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#004	Oil	Federal	P&A	L	13-185-31E	3604' 9/10/1959
									SEE P&A DIAGRAM.
30-015-37450	[258462] NADEL AND GUSSMAN HEYCO, LLC	LONGARM 13 FEDERAL	#001	Oil	Federal	Active	N	13-185-31E	5700'
									8.625" (11" hole) @ 880' w/ 377 sx - circ.; 5.5" (7.875" hole) @ 5700' w/ 1757 sx
30-015-25741	[154903] SM ENERGY COMPANY	EAST SHUGART DELAWARE UNIT	#001	Oil	Federal	Active	O	13-185-31E	5450'
									8.625" (12.25" hole) @ 366' w/ 230 sx - circ.; 5.5" (7.875" hole) @ 5450' w/ 1730 sx - circ.
30-015-25847	[154903] SM ENERGY COMPANY	EAST SHUGART DELAWARE UNIT	#002	Oil	Federal	Active	P	13-185-31E	5448'
									8.625" (11" hole) @ 356' w/ 260 sx - circ.; 5.5" (7.875" hole) @ 5448' w/ 1350 sx - TOC 200
30-015-25594	[258462] NADEL AND GUSSMAN HEYCO, LLC	SOUTH TAYLOR 13 FEDERAL	#001	Oil	Federal	Active	P	13-185-31E	5410'
									8.625" (12.25" hole) @ 353' w/ 250 sx - circ.; 5.5" (7.875" hole) @ 5410' w/ 2025 sx - circ.

14) 1-13

Form C-108 Item VI - Tabulation of AOR Wells (cont.)

Section 12 Wells (cont.)

30-015-20220	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#001	Oil	Federal	Active	I	12-185-31E	3650'	8.625" (12.25" hole) @ 750' w/ 350 sx - circ.; 4.5" (9.5" hole) @ 3650' w/ 200 sx - TOC @ 2850'
30-015-26660	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#017	Oil	Federal	Active	J	12-185-31E	6000'	8.625" (12.25" hole) @ 427' w/ 385 sx - Circ.; 5.5" (7.875" hole) @ 6000' w/ 1623 sx - Circ. to Surf.
30-015-05533	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#002	Oil	Federal	Active	J	12-185-31E	3599'	8.625" (11.0" hole) @ 958' w/ 100 sx TOC @ 597' by Calc.; 7.0" (8.0" hole) @ 3450' w/ 100 sx TOC 2329' by Calc.
30-015-05529	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#003	Oil	Federal	Active	K	12-185-31E	3598'	8.625" (10" hole) @ 965' w/ 50 sx - circ.; 7" (8" hole) @ 3407" w/ 100 sx
30-015-23721	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#001	Oil	Federal	P&A	K	12-185-31E	6973'	6/1/1987 *DOES NOT PENETRATE. 13.375" @ 356' w/ 420 sx - circ.; 8.625" @ 2410'; Cound not pump - P&A hole; skid to Well No.1-Y
30-015-25759	[258462] NADEL AND GUSSMAN HEYCO, LLC	TAYLOR DEEP 12 FEDERAL	#001Y	Oil	Federal	Active	K	12-185-31E	9500'	13.375" (17.5" hole) @ 350 w/ 350 sx - circ.; 8.625" (11" hole) @ 2410' w/ 948 sx - circ.; 5.5" (7.875" hole) @ 9500' w/ 2175 sx - circ.
30-015-05526	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#004	Oil	Federal	Active	L	12-185-31E		Well converted to injection 1966; Rtn'd to production 1994; 8.625" (11.0" hole) @ 935' w/ 50 sx TOC @ 610' by Calc.; 7.0" (8.75" hole) @ 3295' w/ 100 sx TOC 2174' by Calc.
30-015-05531	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#008	Oil	Federal	P&A	L	12-185-31E	4373'	6/17/1950 NO P&A DATA. 8.625" (10" hole) @ 947' w/ 50 sx - circ.; 7" (8" hole) @ 3414" w/ 100 sx
30-015-05530	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#006	Oil	Federal	Active	M	12-185-31E	3567'	8.625" (10" hole) @ 1013' w/ 50 sx - halliburton; 7" (8" hole) 3419' w/ 100 sx - TOC 2298' by Calc.
30-015-05523	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#005	Oil	Federal	Active	M	12-185-31E	3600'	8.625" (11.0" hole) @ 985' w/ 50 sx TOC @ 660' by Calc.; 7.0" (8.75" hole) @ 3435' w/ 100 sx TOC 1355' by Calc.
30-015-26139	[214263] PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL	#016	Oil	Federal	P&A	M	12-185-31E	8933'	7/25/1989 PROPOSED SWD - C-108 FORTHCOMING; SEE P&A DIAGRAM.
30-015-31233	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#018	Oil	Federal	Active	N	12-185-31E	3942'	8.625" (10" hole) @ 938' w/ 515 sx - circ.; 5.5" (7.875" hole) @ 3771' 2/ 850 sx - CBL
30-015-05527	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#007	Oil	Federal	Active	N	12-185-31E	3595'	8.625" (10" hole) @ 1010' w/ 50 sx - halliburton; 7" (8" hole) @ 3448' w/ 100 sx - TOC 2050' by Calc.
30-015-05532	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#008	Oil	Federal	Active	O	12-185-31E	3588'	8.625" (10" hole) @ 1050' w/ 50 sx - halliburton; 7" (8" hole) @ 3402' w/ 100 sx - TOC 2004' by Calc.
30-015-05528	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#009	Oil	Federal	Active	P	12-185-31E	3620'	8.625" (10" hole) @ 1060' w/ 120 sx - halliburton; 7" (8" hole) @ 3409' w/ 100 sx - TOC 2011'
30-015-38464	[258462] NADEL AND GUSSMAN HEYCO, LLC	TAYLOR DEEP 12 FEDERAL	#007H	Oil	Federal	New	P	12-185-31E	MD 11961'	TVD 8725' 13.375" (17.5" hole) @ 1005' w/ 196 sx - circ.; 9.625" (12.25" hole) @ 3025' w/ 716 sx - circ.; 5.5" (7.875" hole) @ 11961' w/ 1091 sx - TOC 2050'

Section 13 Wells

30-015-05537	[119305] RAY WESTALL OPERATING, INC.	TAYLOR UNIT	#011	Oil	Federal	Active	B	13-185-31E		8.625" (11.0" hole) @ 1027' w/ 50 sx TOC @ 777' by Calc.; 7.0" (8.75" hole) @ 3426' w/ 75 sx TOC 2676' by Calc.
--------------	--------------------------------------	-------------	------	-----	---------	--------	---	------------	--	---

116 - 4/12

C-108 ITEM VI – AOR WELL INFORMATION

Plugged Well Schematics

PLUGGED WELL SCHEMATIC

AJ '11' Federal Well No.2

API 30-015-26158

1650' FSL & 660' FEL, SEC. 11-T18S-R31E
EDDY COUNTY, NEW MEXICO

Spud Date: 8/19/1989
P&A Date: 9/17/2013

Well plugged by:
Nadel Gussman & Heyco, LLC

<PLUGGING ITEMS LISTED LEFT>

POOH w/ 96sx Cmt Spt
PLUGS: Fill to Surface

398'-298'

Shoot Sqz Holes @ 722'
Sqz w/ 30 sx - Circ 10 bbls.

TOC 960'

Spot 25 sx
2400'-2147'
(Tagged)

Completion Note: Several CIPBs were set for zone isolation / completion and were subsequently drilled out. Final CIBP at 4296' was D/O & washed to 5004'. D/O junk remains below P&A plugs

Displace Hole w/ Mud

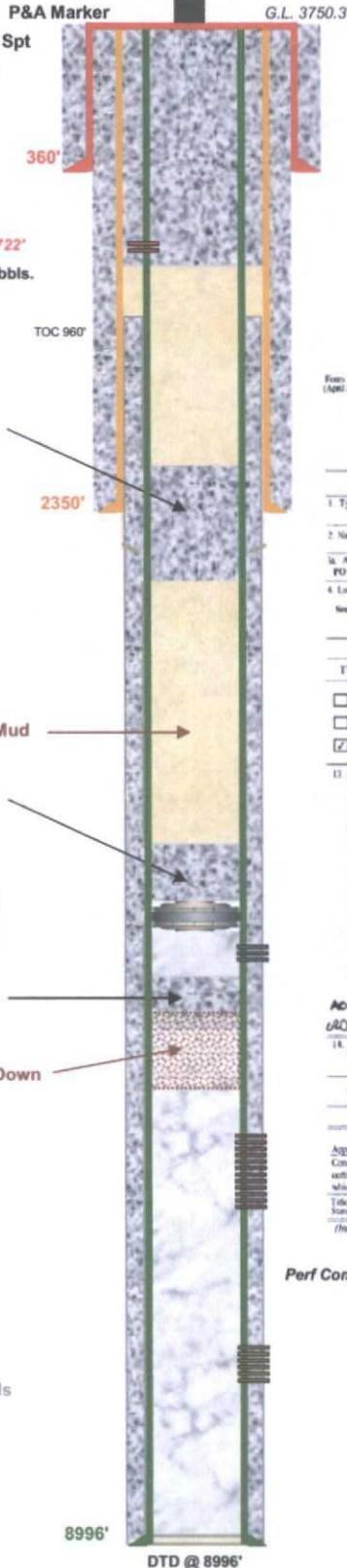
Spot 50 sx
4284'-3769'
(Tagged)

CIBP @ 4284'
(Set for P&A)

Spot 25 sx
4956'-4703'

D/O Junk Washed Down

Formation Fluids



<PRE-P&A EXISTING ITEMS LISTED RIGHT>

Surface Casing

13.375", 54.5# Csg. (17.5" Hole) @ 360'
375 sxs - Circulated to Surface

Intermediate Casing

8.875", 33.0# Csg. (12.25" Hole) @ 2350'
1000 sx - Circulated to Surface

<P&A SUBSEQUENT SUNDRY>

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3100-3 (APG) for such proposals.

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator: NADEL AND GUSSMAN HEYCO, LLC

3. Address: PO BOX 1036 - REDWELL, NM 86902-1036

4. Location of Well (Range, Sec., T., R., M., or Survey Description): Sec. 11, T18S, R18E, NESE, 1650 FSL & 660 FEL

5. Well Name and No.: AJ 11 Federal #2

6. API Well No.: 30-015-26158

7. Field and Pool, or Expiratory Area: Tamayo, Bear Spring

8. County or Parish - State: Eddy, New Mexico

12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF WORK, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Accident
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Cement to Injection
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Restart)
	<input type="checkbox"/> Pressure Test
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Recement
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other

13. Describe Proposed or Completed Operations (briefly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to decommission a well or to accept for custody, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the final order which the work will be performed or provide the final No. on file with BLM/BIA. Request subsequent reports shall be filed within 30 days following completion of the involved operations. If the operations result in a single completion or recompletion in a new interval, a Form 3100-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BLM Form No. 3100-4 (Rev. 10/2008)

NOTE: Made 1750' End plugging crew on 9/13. POOH & LD marker rods, TOOH w/ the PL 4 5/8", and THH to 4296'. Drill out CIBP & wash down 1750' RD Casing track, spot 25 sx Class "C" Casing plug @ 4956'. POOH and wash 122 jts 2 1/8" @ 16200 jts. BE 19000 jts. BEH w/ 12" CIBP and set @ 4284'. POOH w/ Wire Line, THH w/ sqz, sqz CIBP on Spot 50 sx Class "C" Casing plug @ 4284'. 1750' combine 2 plugs into 1 plug. Casing equipment POOH W/ 10' T2800, W/ 10' THH w/ 10' sqz, sqz TOC @ 722'. POH 7-5000' 54 jts in hole, spot 25 sx Class "C" Casing plug @ 2400'-2147'. POOH LD to jts. WOC F4 bars, THH W/ 10' jts (see tag, 9/14/13 THH W/ 10' 54" sqz, sqz TOC @ 2147', LD-40 jts. CIBP W/ wire line and part 4 shot @ 722'. PL 5 1/2" perfor and THH W/ 10' jts 1250' @ set perfor, set Perf & core 10 bbls. Tap, Square W/ 10' Class "C" Casing @ 1750'. Casing equipment. Lower packer & POOH LD 10 jts shot, BEH W/ wire line and part W/ 4 shot @ 410' RD HOPE and 10' sqz Range set perf & Circ 10 bbls. Ballhead to the Class "C" Casing plugs PERF to set, ok. Casing end of the head and casing track equipment. W/ 10' RD pulling unit, the well head out and set off head. Well on dry hole marker ground level, set off anchor and site location.

Accepted for record
NMOCD
11/20/13

RECLAMATION
DUE 2-16-14

Accepted for the retention of the well logs, custody under BLM's jurisdiction of the well logs, and other information, as appropriate.

14. I hereby certify that the foregoing is true and correct.
Name: *Ben Link*
Signature: *Ben Link*
Title: Production Tech
Date: *11/20/13*

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by: *[Signature]*
Title: *[Title]*
Office: *[Office]*
Date: *NOV 6 2013*

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Perf Completions:

- GB: 4334'-60'
- BS Lime: 6418'-6539'
- BS Sand: 7769'-7805'

Production Casing

5.5", 17.0# Csg. (7.875" Hole) @ 8966'
1100 sx - TOC @ 960'

PLUGGED WELL SCHEMATIC

Pre-Ongard Well No.002

(Formerly: Prickly Pear Federal Well No.2)

API 30-015-26641

2310' FNL & 790' FWL, SEC. 12-T18S-R31E
EDDY COUNTY, NEW MEXICO

Spud Date: 2/22/1991

P&A Date: 2/14/1992

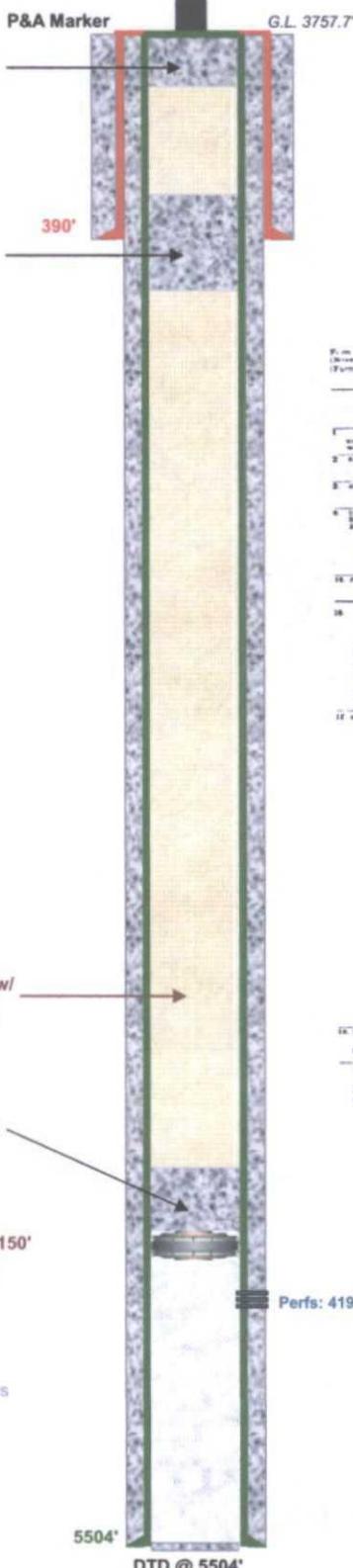
Well plugged by:
Yates Energy Corp.

<PLUGGING ITEMS LISTED LEFT>

PLUGS:

Spot 5 sx
50'-0"

Spot 7 sx
440'-340'



<PRE-P&A EXISTING ITEMS LISTED RIGHT>

Surface Casing

8.625", 24.0# Csg. (12.25" Hole) @ 390'
300 sxs - Circulated to Surface

<P&A SUBSEQUENT SUNDRY>

UNIFIED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
(Do not use this form for completion of well permits or well operations.)

WELL NO. 30-015-26641
WELL TYPE: OIL GAS OTHER

NAME OF OPERATOR: Yates Energy Corporation
ADDRESS OR LOCATION: P. O. Box 2332 Roswell, New Mexico 86202-2332

DATE OF NOTICE: FEB 13 1992

TYPE OF NOTICE: RECEIVED RECEIVED RECEIVED

REASON FOR NOTICE: PLUGGED ABANDONED OTHER

DATE OF PLUGGING: 01/20/92

WELL DEPTH: 5504'

SEC. 12 T18S R31E
EDDY

Check appropriate box to indicate nature of notice, report, or other data:

WATER ABANDONED	WELL OR ACCESS / OTHER	WATER ABANDONED	DISREGARD REMOVED UP
PLUGGED	ABANDONED	PLUGGED	ABANDONED
REPAIR WELL	TRAPED PLUG	OTHER	OTHER

1. Set a CIBP @ 4150' and dumped 35' cement of plug.
2. Circulate hole with 70 bbls 9.0# gel mud.
3. Spotted a 100' plug (7 sxs. cement) from 440' to 340'.
4. Spotted a 50' plug (5 sxs. cement) from 50' to surface.
5. Cut csg 36" below ground level, welded a steel plate and dry hole marker on stub.
6. Cleaned location and cut off rig anchors.
7. Weld on dry hole marker, cut off guyline anchors, rig down pulling unit, clean location.
Well Plugged and Abandoned 01/20/92.

APPROVED BY: [Signature] DATE: 2/11/92

Hole Circulated w/
9.0# Gel Mud

Cap w/ 35' Cmt

Set P&A CIBP @ 4150'
(Set for P&A)

Formation Fluids

Perfs: 4194'-98'(10 holes)

5504'
DTD @ 5504'

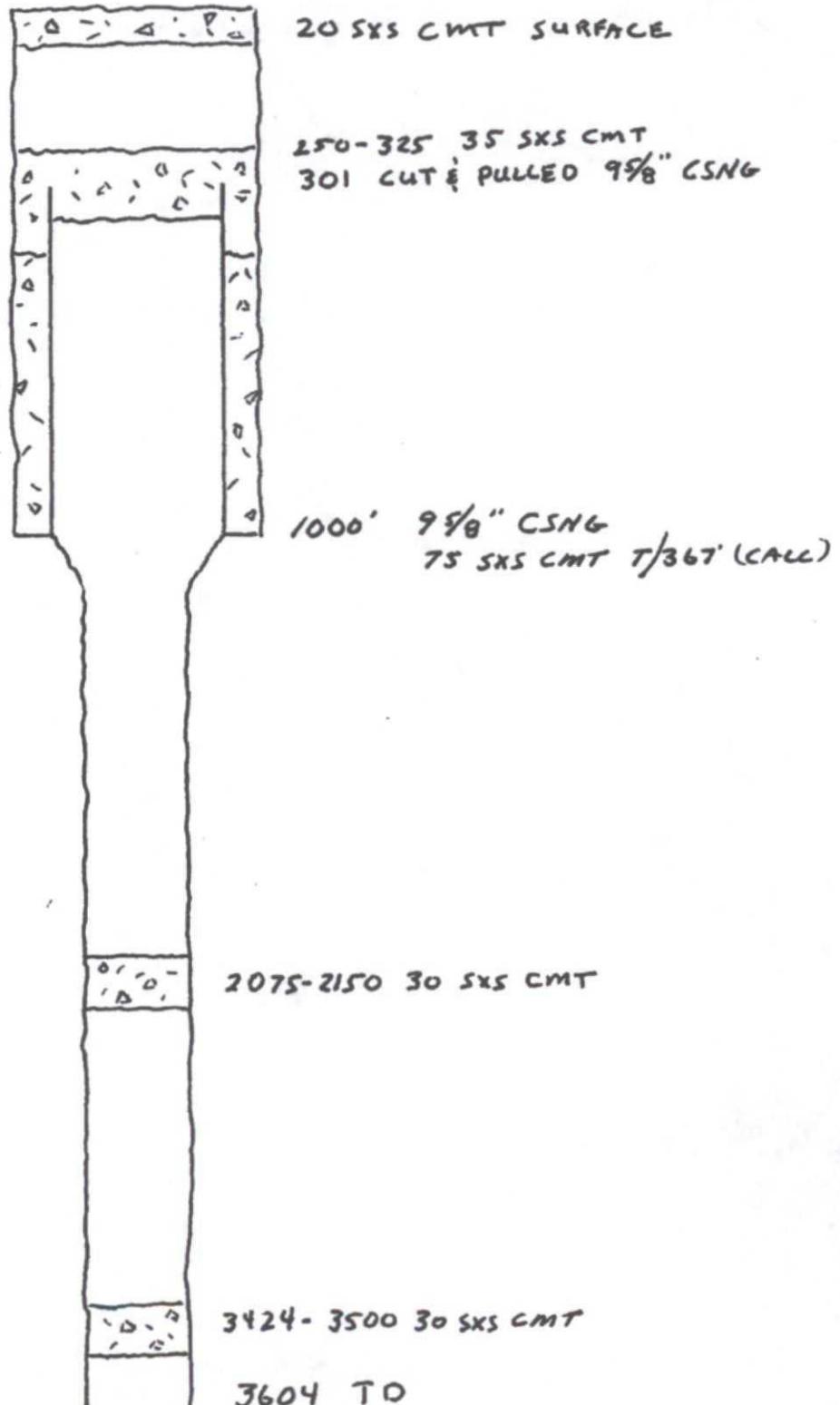
Production Casing

4.5", 10.5# Csg. (7.875" Hole) @ 5504'
1510 sxs - Circ. 60 sx to Surf.



Drawn by: Ben Stone, 5/21/2014

MAXWELL OIL CO.
A.C. TAYLOR "B" #4
1980' FSL F 660' FWL
SEC 13 T18S-R31E
EDDY Co. NEW MEXICO
D/A 9-59



**SPUD & SKID and P&A SUNDRIES FOR NOT PENETRATING WELL IN AOR
API No.30-015-25721**

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STANDARD FORM NO. 1004-1
Expires August 31, 1985

LC-058709-A

SUNDRY NOTICES AND REPORTS ON WELLS
(Use only when well is being drilled or reworked or plugged back to a different reservoir.
Use "APPLICATION FOR PERMIT" for work proposals.)

1. NAME OF OPERATOR
Harvey E. Yates Co.

2. ADDRESS OF OPERATOR
P.O. Box 1933, Roswell, NM 88201

3. LOCATION OF WELL (Show location clearly and to accordance with any Departmental or Bureau Order. See also report 12 below.)
2310' FSL & FML

4. FIELD AND POOL OR RESERVOIR
Wildcat Well

5. SEC. T. R. S. OR BLM LAND
Sec. 12, T-18S, R-31E

6. COUNTY OR PARISH OR STATE
Eddy NM

MAY 28 1987
O. C. D.
ARTESIA, OFFICE

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

NATURE OF INTERVENTION IS:		SIGNATURE REPORT OF:	
WATER SHUT-OFF	WELL OR ALTER / REPAIR	WATER SHUT-OFF	REPAIRING WELL
FRACTURE TREATMENT	MULTIPLE COMPLETION	FRACTURE TREATMENT	ALTERING CASING
PLUGGING OR ABANDON	ABANDON	PLUGGING OR ABANDON	ABANDONMENT
EXPANSE WELL	PLANNED PLANT	(Other)	SOUD & CSO report

11. DATE OF INTERVENTION (Show whether in AM, PM, or DAY)
5/11/87

12. OPERATOR'S (Show whether in AM, PM, or DAY)
3764.6 GL

13. COUNTY OR PARISH OR STATE
Eddy NM

14. SIGNATURE OF OPERATOR (Show name, title, and date)
MAY 22 1987

5/11/87 Spud well @ 1:15 am
Ran 9 jts 1 3/8 csg, 54.5#, J55 ST&C csg, set @ 356'
Cemented w/350 sks Cl 'C' w/2% CaCl₂ & 1/4# flocele
Plug Down @ 9:15 pm 5/11/87, Circ 70 sks to pit
WOC 12 hours, Test BOP 700#/30 min-Held ok

5/13/87 Ran 58 jts 8 5/8, 24#, J55, ST&C csg, set @ 2410
Cemented w/800 sks Howco Lite & 200 sks Cl 'C' w/2% CaCl₂
Plug down @ 9:45 am 5/13/87, Circ 190 sks to pit
WOC 12 hrs., Test BOP-1400#/30 min-Held ok

5/11/87 After talking to David Glass w/Roswell BLM, we both agreed there would not be a need for the Annular Preventer or the Pit Equipment & the Rig Test on BOP would be adequate.

ACCEPTED FOR RECORD
SJS
MAY 22 1987

CARLSBAD, NEW MEXICO

SIGNED: *NM Young* NM Young TITLE: Drilling Superintendent DATE: 5/19/87

APPROVED BY: _____ TITLE: _____ DATE: _____

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STANDARD FORM NO. 1004-1
Expires August 31, 1985

LC-058709-A

AND REPORTS ON WELLS
(Use only when well is being drilled or reworked or plugged back to a different reservoir.
Use "APPLICATION FOR PERMIT" for work proposals.)

1. NAME OF OPERATOR
Taylor Deep 12 Federal

2. ADDRESS OF OPERATOR
Taylor Deep 12 Federal

3. LOCATION OF WELL (Show location clearly and to accordance with any Departmental or Bureau Order. See also report 12 below.)
11, NM 88201
L & 2310' FML

4. FIELD AND POOL OR RESERVOIR
Wildcat Well

5. SEC. T. R. S. OR BLM LAND
Sec. 12, T-18S, R-31E

6. COUNTY OR PARISH OR STATE
Eddy NM

JUN - 6 1987
O. C. D.
ARTESIA, OFFICE

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

NATURE OF INTERVENTION IS:		SIGNATURE REPORT OF:	
WATER SHUT-OFF	WELL OR ALTER / REPAIR	WATER SHUT-OFF	REPAIRING WELL
FRACTURE TREATMENT	MULTIPLE COMPLETION	FRACTURE TREATMENT	ALTERING CASING
PLUGGING OR ABANDON	ABANDON	PLUGGING OR ABANDON	ABANDONMENT
EXPANSE WELL	PLANNED PLANT	(Other)	SOUD & CSO report

11. DATE OF INTERVENTION (Show whether in AM, PM, or DAY)
5/28/87

12. OPERATOR'S (Show whether in AM, PM, or DAY)
7:00 pm, 5/28/87

13. COUNTY OR PARISH OR STATE
Eddy NM

14. SIGNATURE OF OPERATOR (Show name, title, and date)
5/28/87

5/28/87 Set Howco Cement Retainer @ 1308'. Could not pump into well. (Would pressure up) Stung out of Retainer & Spot 35 sk. plug of Class "C" w/2% CaCl₂ @ 1308 (100 ft)
Set 35 sk. plug of Class "C" w/2% CaCl₂ @ 404 (100 ft)
Set 10 sk. plug @ surface. Installed dry hole marker.
Well PAA 7:00 pm, 5/28/87

NOTE: Will skid the rig 75' South & 75' West to drill replacement well called the Taylor Deep 12 Federal #1-Y (2235' FSL & 2235' FML, Sec. 12, T-18S, R-31E)

ACCEPTED FOR RECORD
JUN 3 1987
SJS
CARLSBAD, NEW MEXICO

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STANDARD FORM NO. 1004-1
Expires August 31, 1985

LC-058709-A

AND REPORTS ON WELLS
(Use only when well is being drilled or reworked or plugged back to a different reservoir.
Use "APPLICATION FOR PERMIT" for work proposals.)

1. NAME OF OPERATOR
Taylor Deep 12 Federal

2. ADDRESS OF OPERATOR
Taylor Deep 12 Federal

3. LOCATION OF WELL (Show location clearly and to accordance with any Departmental or Bureau Order. See also report 12 below.)
11, NM 88201
L & 2310' FML

4. FIELD AND POOL OR RESERVOIR
Wildcat Well

5. SEC. T. R. S. OR BLM LAND
Sec. 12, T-18S, R-31E

6. COUNTY OR PARISH OR STATE
Eddy NM

5/28/87 Set Howco Cement Retainer @ 1308'. Could not pump into well. (Would pressure up) Stung out of Retainer & Spot 35 sk. plug of Class "C" w/2% CaCl₂ @ 1308 (100 ft)
Set 35 sk. plug of Class "C" w/2% CaCl₂ @ 404 (100 ft)
Set 10 sk. plug @ surface. Installed dry hole marker.
Well PAA 7:00 pm, 5/28/87

NOTE: Will skid the rig 75' South & 75' West to drill replacement well called the Taylor Deep 12 Federal #1-Y (2235' FSL & 2235' FML, Sec. 12, T-18S, R-31E)

ACCEPTED FOR RECORD
JUN 3 1987
SJS
CARLSBAD, NEW MEXICO

TD-6972

Post IO-2
7-18-87
R+R

*See instructions on Reverse Side

**C-108 – Item VII
Additional Well & Project Data**

PROPOSED WFX Wells by this Application			
Taylor Unit Well	Interval	Status	Historical
No.4	OH: 3295'-3572'	Active Oil	Converted to injector 1966; TA'd w/ CIBP 1982; converted back to producer in 1994 by Ray Westall.
No.13	OH: 3455'-3562'	Active Oil	Converted to injector; TA'd w/ CIBP 1982; converted back to producer in 1994 by Ray Westall.
No.17	Perf: 3586'-96'	Active Oil	Recomp: PB to 3980' and perf 3586'-06'; on production 1994 by Ray Westall.
EXISTING Waterflood Injection Wells			
No.7	Perf: 3469'-70' ✓	Active Injection	This is the ORIGINAL 1952 R-133 WF Project Well. (Unitized June '67; Lease name and well number changes - originally Well No.3A.) Ran 4.5" liner 3370'-3595'.
No.20	Perf: 3510'-44'	Active Injection	WFX-788 in 2003

WFX-243

#17 }
#9 } sundry's file with Injection authority
#15 } Project Information back to OSGS/1960's

52 openhole 9 3/8 prior to 4 1/2"
#7: 3469 to 3470
#9: 3409 to 3521
#15: 3408 to 3558

The A.C. Taylor Waterflood was originally authorized in 1952 by Division Order R-133 and expanded in 2003 by WFX-788. The project area was unitized in 1967 by Division Order R-3226 and the project has since been known at the Taylor Unit Waterflood. WFX-788 Authorized well No.20 to be converted to injection. Well No.11 was included in the application but no explanation of why this well was not in the approved order and it remains an active oil producer. Ray Westall may consider other conversions in the future after waterflooding results are determined.

The project has apparently had a few wells converted to injection without full authority however, those well files did include approved federal or state sundry and other forms indicating the operator at the time did notify the BLM and/or NMOC. This was done in the 1960's with those wells later converted back to production by the applicant in 1994.

Two (2) of the subject wells, Nos.4 and 13, were included in this effort.

Ray Westall Operating had sold its Taylor Unit wells to another operator but has recently reacquired all of those wells. As a long time operator of the unit, Ray Westall seeks to optimize efficiency of the unit by converting the subject wells to injection.

The system is closed and uses water produced in the unit. If there is a need for makeup waters, RWO would seek authorization for off lease water of compatible origin to be brought in.

Average injection pressure is 659 psi but individual wells would be at the maximum of .2 psi / ft. to the uppermost injection depth.

C-108 ITEM XII – GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.



Ben Stone, Partner
SOS Consulting, LLC

Project: Ray Westall Operating, Inc.
Taylor Unit WFX
Reviewed 5/14/2014

C-108 - Item XI

Water Wells Within One Mile - NONE

3 Water wells returned in NMOSE search – none are within 1 mile of subject wells.

(Search: Sections 1, 2, 11, 12, 13 and 14 – 18S-31E and Sections 6, 7 and 18 – 18S-32E)



New Mexico Office of the State Engineer Active & Inactive Points of Diversion (with Well Drill Dates & Depths)

WR File Nbr	Sub basin	Use	Diversion	County	POD Number	Code Grant	Source	Quarters			X	Y	Start Date	Finish Date	Depth Well	Depth Water	
								1	2	3							4
CP 00896	STK		3	LE	CP 00896		Shallow	1	4	4	14	18S	31E	609166	3623396*		

Record Count: 1

PLSS Search:

Section(s): 1, 2, 11, 12, 13, 14
Township: 18S
Range: 31E

Sorted by: File Number

WR File Nbr	Sub basin	Use	Diversion	County	POD Number	Code Grant	Source	Quarters			X	Y	Start Date	Finish Date	Depth Well	Depth Water		
								1	2	3							4	
CP 00636	PRO		0	LE	CP 00636			4	4	07	18S	32E	612475	3624947*				
CP 00672	STK		3	LE	CP 00672		Shallow	4	4	07	18S	32E	612475	3624947*	07/17/1992	08/07/1992	524	430

Record Count: 2

PLSS Search:

Section(s): 6, 7, 18
Township: 18S
Range: 32E

Sorted by: File Number

*UTM location was derived from PLSS - see Help

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

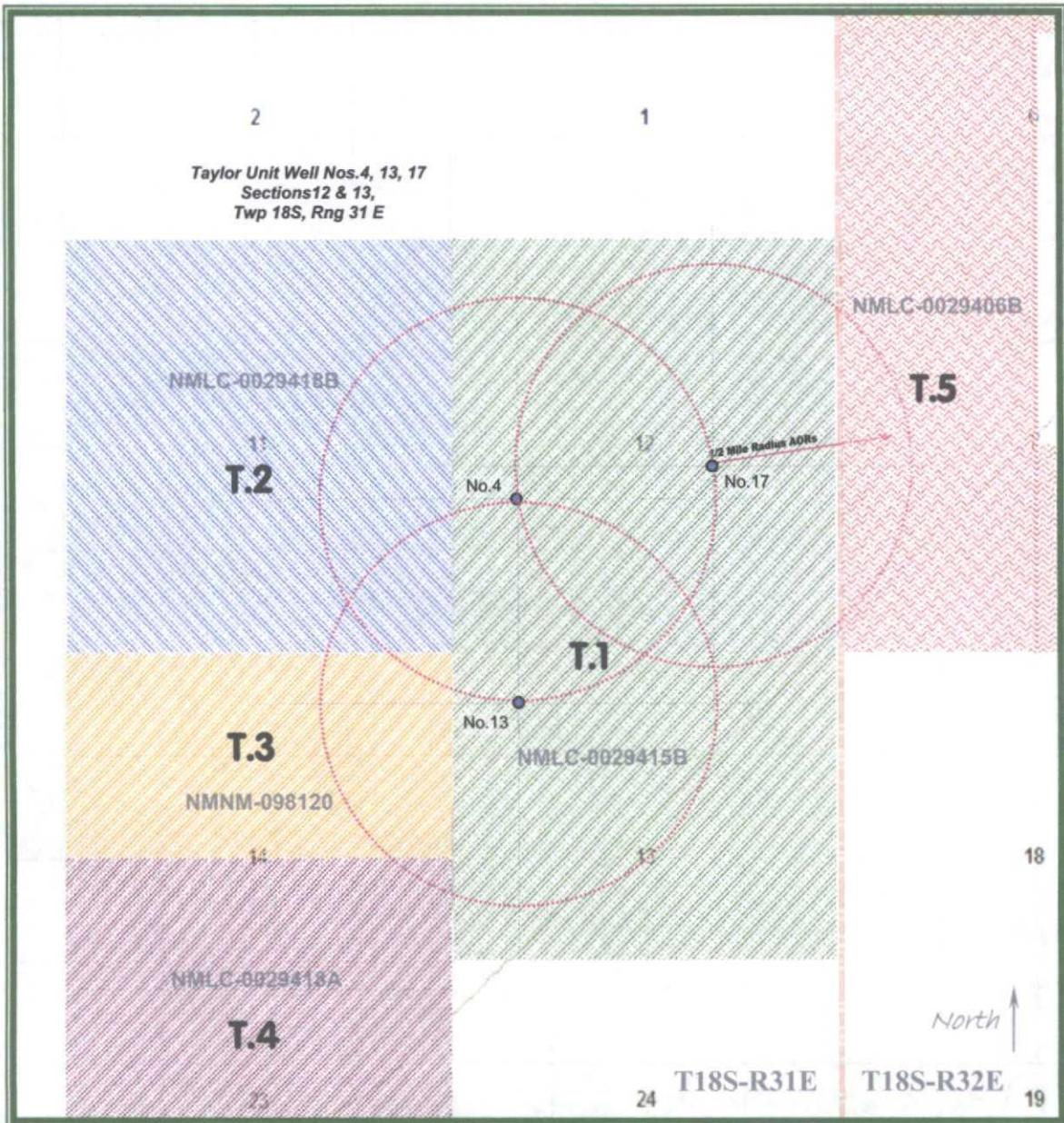
C-108 ITEM VIII – GEOLOGIC INFORMATION

The current and proposed injection zone of the Taylor Unit Waterflood is a fine grained sand in the Queen Formation. It has an average thickness of 20 feet or more but with some fairly steep contouring occurring in the area.

There is possible drinking water overlying the injection in the surface sands at a depth of 0-250'. There is no known source underlying the injection interval.

Taylor Unit Waterflood Wells 4, 13 & 17 - Leasehold Plat

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



RAY WESTALL OPERATING, INC.

LEGEND

-  T.1 – NMLC-0029415B – Lewis H. Delmar, Burnett Oil Co., William A. Hudson II, and Others
-  T.2 – NMLC-0029418B – Chevron, USA
-  T.3 – NMNM-098120 – Linn Energy Holdings
-  T.4 – NMLC-0029418A – Linn Energy Holdings
-  T.5 – NMLC-0029406B – ConocoPhillips, Chase Oil Corp.

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**

SURFACE OWNER

U.S. DEPARTMENT OF INTERIOR (FedEx'ed copy)
Bureau of Land Management
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

OFFSET MINERALS LESSEES and OPERATORS (All Notified via USPS Certified Mail)

BLM Lease NMLC-0029415B

Lessees

- 1 BURNETT OIL COMPANY
801 Cherry St., #1500, Unit #9
Fort Worth, TX 76102-6881
- 1-8 LEWIS H. DELMAR
WILLIAM A. HUDSON II
EDWARD R. HUDSON, JR.
E.R. HUDSON TRUST 1
LINDY'S LIVING TRUST
JAVALINA PARTNERS
ZORRO PARTNERS, LTD

7 above recipients addressed to:

616 Texas Street
Fort Worth, TX 76102-4612

Operators

- 9 NADEL & GUSMANN HEYCO, LLC
P.O. Box 1933
Roswell, NM 88202
- RAY WESTALL OPERATING, INC. (Applicant)
P.O. Box 4
Loco Hills, NM 88
- 10 SM ENERGY COMPANY
3300 North A Street, Bldg.7, Ste.200
Midland, TX 79705

BLM Lease NMLC-0029418B

Lessee

- 11 CHEVRON, USA
15 Smith Road
Midland, TX 79705

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

Operators

NADEL & GUSMANN HEYCO, LLC
P.O. Box 1933
Roswell, NM 88202

- 12 LEGACY RESERVES OPERATING, LP
P.O. Box 10848
Midland, TX 79702

BLM Lease NMNM-098120

Lessee

- 13 LINN ENERGY HOLDING, LLC
600 Travis St., Ste.5100
Houston, TX 77002-3092

BLM Lease NMLC-0029418B

Lessee

LINN ENERGY HOLDING, LLC
600 Travis St., Ste.5100
Houston, TX 77002-3092

BLM Lease NMLC-0029406B

Lessee

- 14 CONOCOPHILLIPS
P.O. Box 7500
Bartlesville , OK 77005-7500

OFFSET MINERALS OWNER

- 15 U.S. DEPARTMENT OF INTERIOR
Bureau of Land Management
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed original and copy)
1220 S. St. Francis Dr.
Santa Fe, NM 87505

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
811 S. First St.
Artesia, NM 88210

BUREAU OF LAND MANAGEMENT (FedEx'ed copy)
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

May 21, 2014

NOTIFICATION TO INTERESTED PARTIES

via U.S. Certified Mail

To Whom It May Concern:

Ray Westall Operating, Inc., Loco Hills, New Mexico, has made application to the New Mexico Oil Conservation Division to expand its Taylor Unit Waterflood by converting 3 additional wells to injection. Well Nos. 4, 13 and 17 are the proposed injectors and are located in Sections 12 and 13, Township 18 South, Range 31 East in Eddy County, New Mexico.

Following is the notice published in the Artesia Daily Press, Artesia, New Mexico on May 16, 2014.

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to expand its Taylor Unit Waterflood Project in the Shugart Yates-Queen-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico. The proposed expansion included 3 wells; Taylor Unit Well Nos. 4, 13 and 17; API Nos. 30-015-05526, 05534 and 26660, respectively. The project and wells are located in Sections 12 & 13, Township 18 South, Range 31 East. Produced water from the lease (with compatible makeup water as necessary) will be reinjected through open hole and perforated intervals between a maximum top of 3295 feet and a maximum depth of 3596 feet. Approximate injection pressure will be 659 psi (or .2 psi/foot to top of interval) with average rates of 250 to 350 bwpd. (Higher rates may be obtained up to the maximum allowed pressure.)

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505) 476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

You have been identified as a party who may be interested as an offset lessee or operator.

You are entitled to a full copy of the application. A full copy in PDF format on a mini-CD will be arriving within a few days of this notice. If you do not receive it, please call or email SOS Consulting, LLC at 903-488-9850, info@sosconsulting.us, and a copy will be expedited to you and may also be sent via email if preferred.

Thank you for your attention in this matter.

Best regards,

A handwritten signature in cursive script, appearing to read "Ben Stone".

Ben Stone, SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Application File

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)

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7012 2210 0001 9619 361

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WILLIAM A. HUDSON II
616 Texas Street
Fort Worth, TX 76102-4612

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Fort Worth, TX 76102-4612

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7012 2210 0001 9619 361

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616 Texas Street
Fort Worth, TX 76102-4612

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EDWARD R. HUDSON, JR.
616 Texas Street
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C-108 - Item XIV

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City, State: 616 Texas Street
Fort Worth, TX 76102-4612

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Street, Apt or PO Box: NADEL & GUSMANN HEYCO, LLC
City, State: P.O. Box 1933
Roswell, NM 88202

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City, State: 616 Texas Street
Fort Worth, TX 76102-4612

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Street, Apt or PO Box: SM ENERGY COMPANY
City, State: 3300 North A Street, Bldg. 7, Ste. 200
Midland, TX 79705

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Street, Apt or PO Box: LEGACY RESERVES OPERATING, LP
City, State: P.O. Box 10848
Midland, TX 79702

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C-108 - Item XIV

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LINN ENERGY HOLDING, LLC
 600 Travis St., Ste.5100
 Houston, TX 77002-3092

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 Bartlesville, OK 77005-7500

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BUREAU OF LAND MANAGEMENT
 Oil & Gas Division
 620 E. Greene St.
 Carlsbad, NM 88220

PS Form 3849

Affidavit of Publication

No. 22974

State of New Mexico

County of Eddy:

Danny Scott



being duly sworn, says that he is the Publisher

of the Artesia Daily Press, a daily newspaper of General circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive weeks/day on the same

day as follows:

First Publication May 16, 2014

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Sixth Publication _____

Subscribed and sworn before me this

19th day of May 2014



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015



Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Ray Westall, Inc., P.O. Box 4, Loco Hills, NM 88255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to expand its Taylor Unit Waterflood Project in the Shugart Yates-Queen-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico. The proposed expansion included 3 wells; Taylor Unit Well Nos. 4, 13 and 17; API Nos. 30-015-05526, 05534 and 26660, respectively. The project and wells are located in Sections 12 & 13, Township 18 South, Range 31 East. Produced water from the lease (with compatible makeup water as necessary) will be reinjected through open hole and perforated intervals between a maximum top of 3295 feet and a maximum depth of 3596 feet. Approximate injection pressure will be 659 psi (or .2 psi/foot to top of interval) with average rates of 250 to 350 bwpd. (Higher rates may be obtained up to the maximum allowed pressure.)

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

Published in the Artesia Daily Press, Artesia, N.M., May 16 2014 Legal No. 22974.



C-108 Review Checklist: Received 06-03-2014 Add. Request: _____ Reply Date: _____ Suspended: _____ [Ver 13]

PERMIT TYPE: WFX / PMX / SWD Number: 936 Permit Date: 2/5/13 Legacy Permits/Orders: R-1334 R-1335
3 wells total + WFX-243 3226

Well No. 13 Well Name(s): Taylor unit

API: 30-0 15-05526 0584 2660 Spud Date: 10-22-40 New or Old: old (UIC Class II Primacy 03/07/1982)

Footages 1980ESL 660FUL Lot --- or Unit L Sec --- Tsp 1KS Rge 31E County Eddy

General Location: 7mi SW of Maljamar Pool: Shugat: Y-SR-Q-GB Pool No.: 56439

BLM 100K Map: Hobbs Operator: Ray westall operating OGRID: 19805 Contact: BEN STONE

COMPLIANCE RULE 5.9: Total Wells: 91 Inactive: 20 Fincl Assur: y Compl. Order? _____ IS 5.9 OK? y Date: _____

WELL FILE REVIEWED Current Status: Existing producer - conversion to injector

WELL DIAGRAMS: NEW: Proposed or RE-ENTER: Before Conv. After Conv. Logs in Imaging: _____

Planned Rehab Work to Well: No specified in application

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned ___ or Existing ___ Surface	<u>11 1/8" / 8 5/8"</u>	<u>935</u>	<u>50</u>	<u>610</u>
Planned ___ or Existing ___ Interm/Prod	<u>---</u>	<u>---</u>		
Planned ___ or Existing ___ Interm/Prod	<u>---</u>	<u>---</u>		
Planned ___ or Existing ___ Prod/Liner	<u>8 3/8" / 7 1/4"</u>	<u>3592</u>	<u>100</u>	<u>2174</u>
Planned ___ or Existing ___ Liner	<u>2 3/8"</u>	<u>3195</u>		
Planned ___ or Existing <input checked="" type="checkbox"/> OH <input checked="" type="checkbox"/> <u>3295-3572</u>				
Injection Stratigraphic Units:			Completion/Operation Details:	
Adjacent Unit: Litho. Struc. Por.	Depths (ft)	Injection or Confining Units	Tops	Drilled TD <u>3572</u> PBDT _____
Confining Unit: Litho. Struc. Por.				NEW TD <u>well</u> NEW PBDT _____
Proposed Inj Interval TOP:	<u>3215</u>	<u>Queen sand</u>		NEW Open Hole <input type="checkbox"/> or NEW Perfs <input checked="" type="checkbox"/>
Proposed Inj Interval BOTTOM:	<u>3572</u>			Tubing Size <u>2 3/8</u> in. Inter Coated? <u>y</u>
Confining Unit: Litho. Struc. Por.				Proposed Packer Depth <u>3195</u> ft
Adjacent Unit: Litho. Struc. Por.				Min. Packer Depth <u>3195</u> (100-ft limit)
AOR: Hydrologic and Geologic Information			Admin. Inj. Press. <u>659</u> (0.2 psi per ft)	
POTASH: R-111-P <input checked="" type="checkbox"/> Noticed? <u>No</u> BLM Sec Ord <input type="checkbox"/> WIPP <input checked="" type="checkbox"/> Noticed? <u>NA</u> SALT/SALADO T: _____ B: _____ CLIFF HOUSE _____				
FRESH WATER: Aquifer <u>CAPITAN</u> Max Depth <u>460</u> HYDRO AFFIRM STATEMENT By Qualified Person <input checked="" type="checkbox"/>				
NMOSE Basin: <u>CAPITAN</u> CAPITAN REEF: thru <input type="checkbox"/> adj <input type="checkbox"/> NAO <input checked="" type="checkbox"/> No. Wells within 1-Mile Radius? <u>0</u> FW Analysis <u>N/A</u>				
Disposal Fluid: Formation Source(s) <u>Shugat's</u> Analysis? <u>yes</u> On Lease <input checked="" type="checkbox"/> Operator Only <input type="checkbox"/> or Commercial <input type="checkbox"/>				
Disposal Int: Inject Rate (Avg/Max BWPD): <u>250/350</u> Protectable Waters? <u>N</u> Source: _____ System: Closed <input checked="" type="checkbox"/> or Open <input type="checkbox"/>				
HC Potential: Producing Interval? <input checked="" type="checkbox"/> Formerly Producing? <u>water flood project</u> Method: Logs/DST/P&A/Other _____ 2-Mile Radius Pool Map <input checked="" type="checkbox"/>				
AOR Wells: 1/2-M Radius Map? <input checked="" type="checkbox"/> Well List? <input checked="" type="checkbox"/> Total No. Wells Penetrating Interval: <u>46</u> Horizontals? <u>N</u>				
Penetrating Wells: No. Active Wells <u>33</u> Num Repairs? <u>0</u> on which well(s)? _____ <u>42</u> Diagrams? _____				
Penetrating Wells: No. P&A Wells <u>9</u> Num Repairs? <u>0</u> on which well(s)? _____ Diagrams? <u>4</u>				
NOTICE: Newspaper Date <u>MAY 16, 2014</u> Mineral Owner <u>BLM</u> Surface Owner <u>BLM</u> N. Date <u>mdy</u>				
RULE 26.7(A): Identified Tracts? <input checked="" type="checkbox"/> Affected Persons: <u>Burnett, William, Hudson, CHURCH</u> N. Date <u>mdy</u>				

Permit Conditions: Issues: No special requirements

Add Permit Cond: _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 334
ORDER NO. R-133

THE MATTER OF THE APPLICATION OF
THE WORTH DRILLING COMPANY, INC.,
FOR APPROVAL OF A SECONDARY-RECOVERY
PROJECT (BY WATER FLOODING) ON A. C.
TAYLOR FEDERAL LEASE IN SECTIONS 1, 12
AND 13, T. 18 SOUTH, RANGE 31 EAST, EDDY
COUNTY, NEW MEXICO, BY INJECTION INTO ITS
A. C. TAYLOR NO. 3-A WELL ON SAID LEASE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause having come on for hearing at 10 o'clock January 22, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission", and all members being present;

NOW, on this 6th day of March 1952, the Commission, a quorum being present, and having considered the testimony adduced and the exhibits received at said hearing, and being otherwise fully advised in the premises;

FINDS:

(1) That due and proper notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter hereof;

(2) That the petitioner's request to revert to secondary recovery methods by repressuring, using their A. C. Taylor well No. 3-A situated within the North should be granted upon the condition that said program be pursued in the manner outlined at said hearing.

(3) That a secondary recovery program by ~~water injection~~ is of an experimental nature in this particular pool, and periodic reports should be submitted to the Commission by the petitioner disclosing its acts and doings in the matter.

IT IS THEREFORE ORDERED:

That the petitioner be and hereby is given the right to institute a secondary recovery program of oil on its A. C. Taylor lease by injecting water.

IT IS FURTHER ORDERED: That petitioner submit quarterly reports to the Commission disclosing all of its acts and doings and setting forth therein the progress it has made by the adoption of its secondary recovery program.

DONE at Santa Fe, New Mexico the day and year herein designated.

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

/s/ EDWIN L. MECHEM, Chairman
/s/ GUY SHEPARD, Member
/s/ R. R. SPURRIER, Secretary

Inject
Discart.
12/5/65
New line
4 perf 1966

Return to
Injection
11/9/66

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3564
Order No. R-3226

APPLICATION OF MAXWELL OIL COMPANY
FOR APPROVAL OF THE TAYLOR UNIT AGREE-
MENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 26, 1967,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of May, 1967, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Maxwell Oil Company, seeks approval
of the Taylor Unit Agreement covering 640 acres, more or less, of
Federal lands described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 12: SW/4 and SE/4
Section 13: NW/4, NW/4 SW/4, N/2 NE/4,
and SW/4 NE/4

(3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correlative
rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Taylor Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

§ E A L

esr/



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-788

***APPLICATION OF RAY WESTALL TO EXPAND ITS TAYLOR UNIT WATERFLOOD
PROJECT IN THE SHUGART YATES-SEVEN RIVERS-QUEEN-GRAYBURG POOL IN
EDDY COUNTY, NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-133, Ray Westall has made application to the Division on March 28, 2003 for permission to expand its Taylor Unit Waterflood Project in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Ray Westall is hereby authorized to inject water into the Queen formation at approximately 3,510 feet to 3,544 feet through 2 3/8-inch plastic lined tubing set in a packer located at a depth of 3,450 feet in the following-described well for purposes of secondary recovery to wit:

Taylor Unit Well No. 20
API No. 30-015-31613
1300' FNL & 2620' FWL (Unit C)
Section 13, T-18 South, R-31 East, NMPM,
Eddy County, New Mexico

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 702 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject well shall be governed by all provisions of Division Order No. R-133, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, 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 water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the

Administrative Order WFX-788

Ray Westall

April 3, 2003

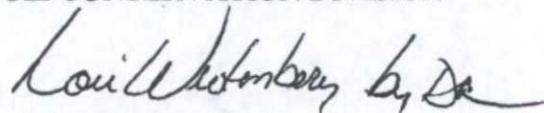
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injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 3rd day of April, 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

LW/DRC

cc: Oil Conservation Division – Artesia
Bureau of Land Management-Carlsbad