

ABOVE THIS LINE FOR DIVISION USE ONLY

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 _____

SWD 1658
 - Nearburg Producing
 CO
 15742
 Well
 - South of
 Deviation
 - Cottonwood
 Federal SWD#)

[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

Pool
 - SWD EOR Unit
 96101

[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.

Tim Green		Mgr. of Production Svcs.	10-17-16
Print or Type Name	Signature	Title	Date
		tgreen@nearburg.com	
		e-mail Address	



3416 W. Wall St. Ste. 102A
Midland, TX 79701
Tel: (432) 685-9158

10/24/16

10/24/16

October 24, 2016

SENT VIA FEDERAL EXPRESS

State of New Mexico
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

ATTN: Engineering Bureau

Re: **C-108 APPLICATION FOR AUTHORIZATION TO INJECT**
Nearburg Producing Company – Cottonwood Federal SWD #1
150' FNL and 1020' FWL, Unit D, Section 28, Township 26S, Range 26E
Eddy County, New Mexico

Please find enclosed original and one copy of Form C-108 and attachments for the referenced well.

If you have questions, or if additional information is required, please call (830) 537-4599 or send an email to vjohnston1@gmail.com.

Sincerely,

A handwritten signature in cursive script that reads 'Vicki Johnston'.

Vicki Johnston
Gray Surface Specialties, Agent for Nearburg Producing Company

cc: State of New Mexico, Oil Conservation Division – District II
811 S. First Street
Artesia, New Mexico 88210

Bureau of Land Management, Engineering Department
620 E. Greene
Carlsbad, NM 88220

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Nearburg Producing Company - OGRID #15742
ADDRESS: 3300 North A Street, Bldg. 2, Ste. 120, Midland, TX 79705
CONTACT PARTY: Tim Green PHONE: (432) 818-2940
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Tim Green TITLE: Manager of Production Services
SIGNATURE:  DATE: 10-17-16
E-MAIL ADDRESS: tgreen@nearburg.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

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

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Eddy County, NM

S28 T26S, R26E

South Eddy West Devonian SWD

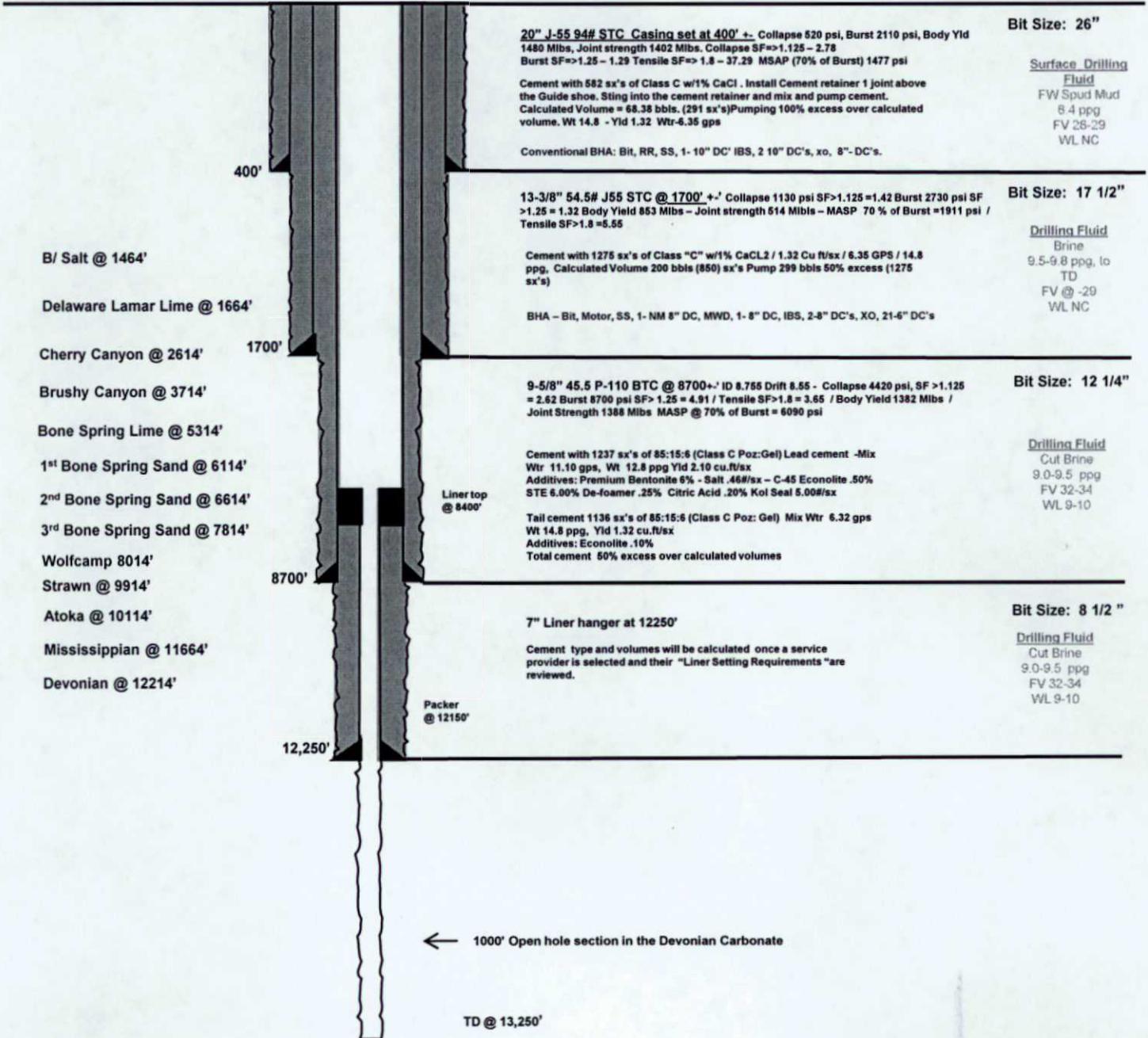
Cottonwood Fed SWD#1

Rig:	Unknown
Well Type:	Vertical
AFE Days:	35
AFE Drilling:	\$3.2M
AFE D&C:	\$5.2M

SHL
150' FNL
150' FNL

BHL
1020' FWL
1020' FWL

KB:
GL:



**ATTACHMENT TO FORM C-108
NEARBURG PRODUCING COMPANY #15742
COTTONWOOD FEDERAL SWD #1**

III. INJECTION WELL DATA SHEET

A.

1. WELL NAME & NUMBER: Cottonwood Federal SWD #1
WELL LOCATION: 150' FNL & 1020' FWL; UNIT D SEC 28 T-26S R-26E, Eddy County, New Mexico
2. CASING DETAIL:
SURFACE
Hole Size: 26" Casing Size: 20" at 400'
Cemented with: 582 sacks Top of Cement: Surface
Method Determined: Circulate
INTERMEDIATE
Hole Size: 17.5" Casing Size: 13.375" at 1700'
Cemented with: 1275 sacks Top of Cement: Surface
Method Determined: Circulate
PRODUCTION LEAD
Hole Size: 12.25" Casing Size: 9.625" at 8,700'
Cemented with: 1237 sacks Top of Cement: Surface
Method Determined: Circulate
PRODUCTION TAIL
Hole Size: 8.5" Casing Size: 7" at 12,250' to 8,400'
Cemented with: TBD Top of Cement: 8,400'
Method Determined: Calculated
3. TUBING: Size: 4.5"
Lining Material: Internal Plastic Coated
Tubing Setting Depth: 12,150'
4. PACKER: Baker Lok-Set or equivalent
Packer Setting Depth: 100' inside 7" casing shoe
Other Type of Tubing/Casing Seal: None

B.

1. Name of the Injection Formation: Devonian
Name of Field or Pool: N/A
2. Injection Interval: Perfs 12,250 to 13,250' Based on logs
3. Is this a new well drilled for injection? Yes
4. Has the well ever been perforated in any other zone(s)? No
 - i. Name and depths of any oil or gas zones underlying/overlying proposed injection zone in this area:
Over: 2 Bone Spring Sand 6,114'
Wolfcamp 8,014'
Under: None

IV. The proposed well is not an expansion of an existing project.

V. **MAP:** See "Exhibit A" attached.

VI. There are no wells within the Area of Review.

VII. PROPOSED OPERATIONS DATA:

1. Proposed Average Injection Rate: ≈7500 bwpd
Proposed Maximum Injection Rate: 10,000 bwpd
2. Closed System
3. Proposed Average Injection Pressure: ≈400 psi
Proposed Maximum Injection Pressure: 2,450 psi (= 0.2 psi/foot x 12,250' (highest perforation))
4. Main source of water will be produced water from Wolfcamp and Bone Spring wells.
5. Injection zone analysis:

WELL	Boyles 24 #1H	SCB Unit 6 B*	SCB Unit 23 2*	Nel 2	Thistle Unit 5
API	3001538246	3001523339	3001526213	3001523759	3002534580
Location	N-24-25s-28e	E-24-23s-28e	L-23-23s-28e	I-9-23s-28e	F-34-23s-33e
Zone	Bone Spring	Brushy Canyon		Cherry Canyon	Wolfcamp
*not exact match with OCD data					
Parameter mg/l					
bicarbonate (HCO ₃)	1403	365	37	61	704
calcium (Ca)	3700	29604	24720	19200	10500
carbon dioxide (CO ₂)	400	275	600	0	
Chloride (Cl)	128800	187000	161000	100000	78366
hydrogen sulfide (H ₂ S)	0	<5	<5	0	0
iron (Fe)	17	25	45	10	212.5
magnesium (Mg)	841	4358	4250	4636	14500
pH	6.69	5.5	5.5	7.2	6.7
potassium (K)	1109				43.8
sodium (Na)	69386	78232	57989	34488	
strontium (Sr)	483				
sulfate (SO ₄)	700	5	15	870	1350
TDS	206441	300090	258058	159385	105950

VIII. GEOLOGICAL DATA:

The Devonian is approximately 1,000' thick in southern Eddy County. It is composed of limestone and dolomite. The upper part of the Devonian is non-porous as the porosity occurs approximately 150' below the top of the formation. Injection will occur within porous Devonian carbonates.

Closest underground source of drinking water above the proposed disposal interval is the Quaternary which may be at the surface in this area. The New Mexico Highway Geologic Map (published by the N.M.G.S. in conjunction with the New Mexico Bureau of Mines and Minerals Resources, dated 1996) shows either Quaternary sediments and/or Permian Ochoan sediments at the surface in this part of southern Eddy County, New Mexico.

Exhibit "B" (Water Column/Average Depth, NM State Engineers Office) indicates that within a two-mile radius of the proposed SWD disposal well the average depth to water is 19', the minimum depth to water is 15', and the maximum depth to water is 31'.

No underground source of drinking water is below the proposed disposal interval.

ESTIMATED TOPS:

Quaternary/Permian Ochoan	Surface
Rustler	Not present
Top Salt	964'
Base Salt	1,464'
Delaware-Lamar Limestone	1,664'
Cherry Canyon	2,614'
Brushy Canyon	3,714'
Bone Spring Lime	5,314'
1st Bone Spring Sand	6,114'
2nd Bone Spring Sand	6,614'
3 rd Bone Spring Sand	7,814'
Wolfcamp	8,014'
Strawn	9,914'
Atoka	10,114'
Mississippian	11,664'
PTD - Devonian	12,214'

IX. The well will be stimulated with acid to clean out scale or fill.

X. Compensated neutron density and resistivity logs will be run.

XI. No water well is within a one-mile radius.

XII. Bill Elton, Senior Geologist, has examined available geologic and engineering data and finds no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. PROOF OF NOTICE:

Legal Notice published in Artesia Daily Press on October 21, 2016.

Section 28 (surface owner): BLM

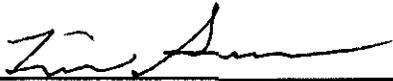
Section 28 (operator): Nearburg Producing Company

Offset Operator: Chevron NA E&P Company

**NEARBURG PRODUCING COMPANY #15742
COTTONWOOD FEDERAL SWD #1**

As stated in the Attachment to Form C-108, Item XII:

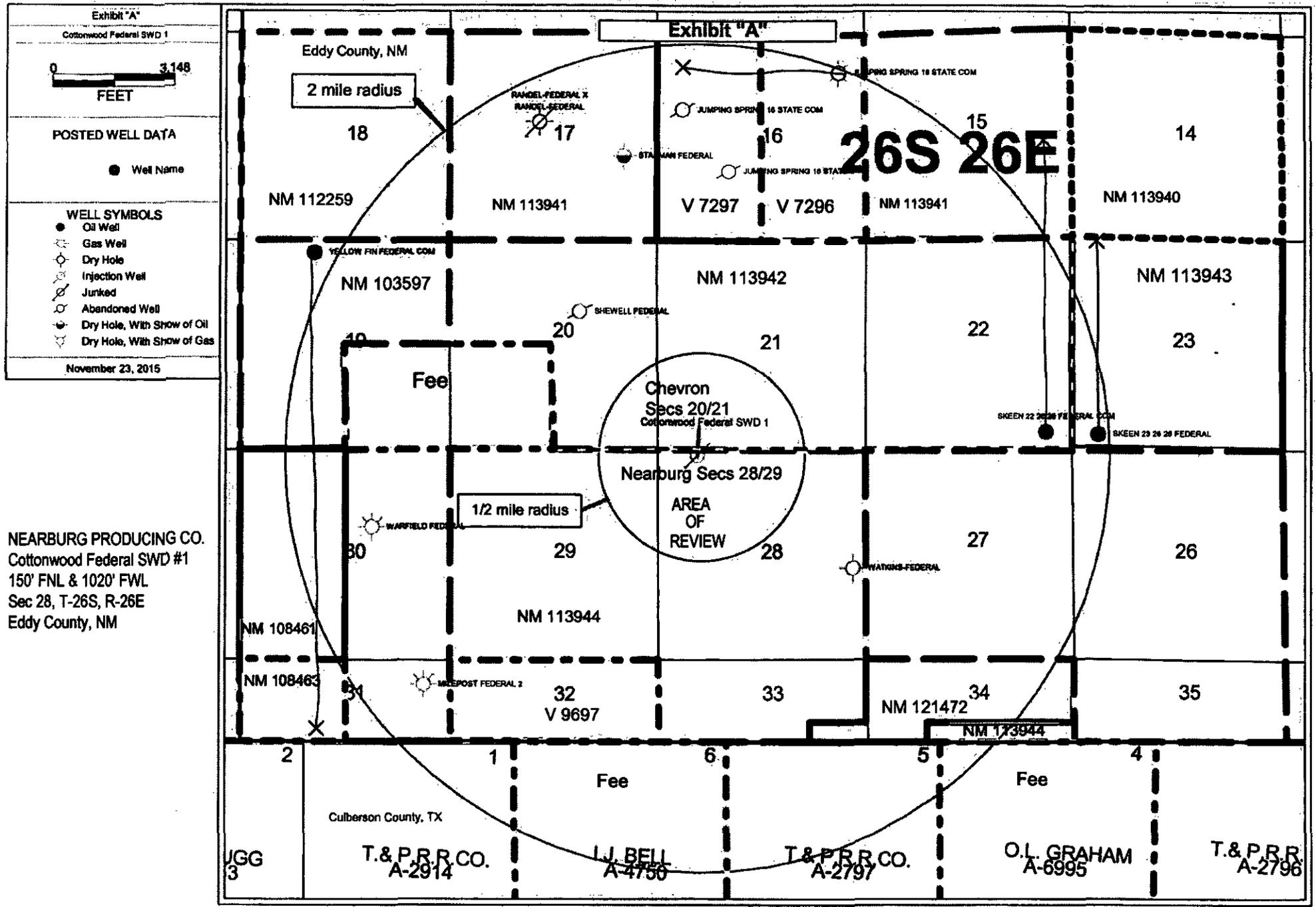
Bill Elton, Senior Geologist, has examined available geologic and engineering data and finds no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.



Tim Green, Production Manager
Nearburg Producing Company

November 14, 2016

V. TWO-MILE AND HALF-MILE RADIUS MAP





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

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

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

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

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

(In feet)

POD Number	POD Sub-Code	basin	County	Q Q Q			Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
				64	16	4								
C 01351			ED	4	2	4	19	26S	26E	563772	3543411*	25		
C 01351 X			ED	4	4	1	20	26S	26E	564581	3543822*	25		
C 01351 X-2			ED	3	1	3	20	26S	26E	563978	3543413*	25		
C 01887	C		ED	4	4	2	15	26S	26E	568614	3545497*	53	31	22
C 02407	C		ED	1	4	1	08	26S	26E	564347	3547268*	160	22	138
C 02438			ED	4	2	3	12	26S	26E	571015	3546705*	30		
C 02439			ED	2	4	2	15	26S	26E	568614	3545697*	30		
C 02791			ED		4	4	17	26S	26E	565288	3544739*	100		
C 03810 POD1	C		ED	3	1	3	20	26S	26E	563896	3543406	100	15	85
C 03811 POD1	C		ED	3	1	3	20	26S	26E	563895	3543468	46	15	31
C 03812 POD1	C		ED	4	4	1	20	26S	26E	564641	3543737	96	15	81

Average Depth to Water: **19 feet**
 Minimum Depth: **15 feet**
 Maximum Depth: **31 feet**

Record Count: 11

Basin/County Search:

Basin: Carlsbad

County: Eddy

PLSS Search:

Township: 26S

Range: 26E

*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.

**LEGAL NOTICE FOR PUBLICATION – ARTESIA DAILY NEWS
October 21 2016**

Nearburg Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705, will file Form C-108 (Application for Authorization to Inject) with the New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division seeking administrative approval to complete for saltwater disposal its proposed Cottonwood Federal SWD #1 (API No. pending), to be drilled 150' FNL & 1020' FWL (Unit D), Section 28, Township 26 South, Range 26 East, Eddy County, New Mexico.

Injection water will be sourced from area wells producing from the Bone Spring and Wolfcamp formations. The produced water will be injected into the Devonian formation from 12,250' to 13,250'. The maximum injection rate will be 10,000 BWPD at a maximum surface injection pressure of 413 psi.

Any interested party opposing the action must file an objection or request a hearing with the Oil Conservation Division, 1220 South St. Francis, Santa Fe, NM 87505, within 15 days. Additional information may be obtained by contacting Tim Green at Nearburg Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705 or (432) 818-2940.

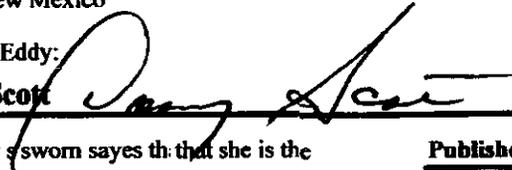
Affidavit of Publication

No. 24093

State of New Mexico

County of Eddy:

Danny Scott



being duly sworn says that she 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 Ad

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:

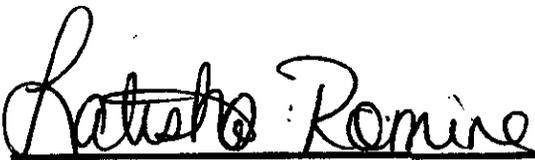
First Publication	<u>October 21, 2016</u>
Second Publication	_____
Third Publication	_____
Fourth Publication	_____
Fifth Publication	_____
Sixth Publication	_____

Subscribed and sworn before me this 24th day of October 2016



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2019



Latisha Romine
Notary Public, Eddy County, New Mexico

Copy of Publication:

Nearbury Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705, will file Form C-108 (Application for Authorization to Inject) with the New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division seeking administrative approval to complete for water disposal its proposed Cottonwood Federal SWD #1 (API No. pending), to be drilled 150' FNL & 1020' FWL (Unit D), Section 28, Township 26 South, Range 26 East, Eddy County, New Mexico.

Injection water will be sourced from area wells producing from the Bone Spring and Wolfcamp formations. The produced water will be injected into the Devonian formation from 12,250' to 13,350'. The maximum injection rate will be 10,000 BWPD at a maximum surface injection pressure of 413 psi.

Any interested party opposing the action must file an objection or request a hearing with the Oil Conservation Division, 1220 South St. Francis, Santa Fe, NM 87505. Additional information may be obtained by contacting Tim Green at Nearbury Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705 or (432) 818-2940.

Published in the Artesia Daily Press, Artesia, N.M., Oct. 21 2016 Legal No. 24093.

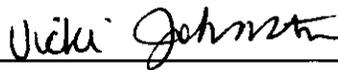
**CERTIFICATION -- NOTICE OF APPLICATION
NEARBURG PRODUCING COMPANY
COTTONWOOD FEDERAL SWD #1
150' FNL and 1020' FWL
Section 28, T26-S, R-26E
Eddy County, New Mexico**

I certify that letters were sent via certified mail or hand-carry delivery to serve notice of application and provide a copy of the application 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. In addition, a copy of the application was delivered to the Bureau of Land Management Carlsbad Field Office. The letters were delivered as follows:

Nearburg Producing Company Hand-Carry Delivery
3300 North A St., Bldg. 2, Ste. 120
Midland, TX 79705

Bureau of Land Management
Certified Mail/Return Receipt 7013 0600 0001 4364 7428
Attn: Engineering Department
620 E. Greene
Carlsbad, NM 88220

Chevron North America Exploration and Production Company
Certified Mail/Return Receipt 7013 0600 0001 4364 7411
Mid-Continent Business Unit
ATTN: Land Manager
15 Smith Road
Midland, TX 79705



Vicki Johnston
Gray Surface Specialties
Agent for Nearburg Producing Company
116 White Oak Trail
Boerne, TX 78006
(830) 537-4599
e-mail: vjohnston1@gmail.com



3416 W. Wall St., Suite 102A
Midland, TX 79701
Tel: (432) 685-9158

October 21, 2016

SENT VIA CERTIFIED MAIL
7013 0600 0001 4364 7428

Bureau of Land Management
Attn: Engineering Department
620 E. Greene
Carlsbad, New Mexico 88220

Re: **Notice of Application for Salt Water Disposal Well**
COTTONWOOD FEDERAL SWD #1 (API # pending)
Nearburg Producing Company – OGRID #15742

To Whom It May Concern:

Enclosed please find a copy of the application (Form C-108) of Nearburg Producing Company (NPC) in the above-referenced matter. As a quick summary of the project, below is the text of a legal notice as published in the local newspaper:

Nearburg Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705, will file Form C-108 (Application for Authorization to Inject) with the New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division seeking administrative approval to complete for saltwater disposal its proposed Cottonwood Federal SWD #1 (API No. pending), to be drilled 150' FNL & 1020' FWL (Unit D), Section 28, Township 26 South, Range 26 East, Eddy County, New Mexico.

Injection water will be sourced from area wells producing from the Bone Spring and Wolfcamp formations. The produced water will be injected into the Devonian formation from 12,250' to 13,250'. The maximum injection rate will be 10,000 BWPD at a maximum surface injection pressure of 413 psi.

Any interested party opposing the action must file an objection or request a hearing with the Oil Conservation Division, 1220 South St. Francis, Santa Fe, NM 87505, within 15 days. Additional information may be obtained by contacting Tim Green at Nearburg Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705 or (432) 818-2940.

Please note instructions for objections and additional information in the legal notice above.

Sincerely,

A handwritten signature in black ink that reads 'Vicki Johnston'.

Vicki Johnston
Gray Surface Specialties, Agent for Nearburg Producing Company



3416 W. Wall St., Suite 102A
Midland, TX 79701
Tel: (432) 685-9158

October 21, 2016

SENT VIA CERTIFIED MAIL
7013 0600 0001 4364 7411

Chevron North America Exploration and Production Company
Mid-Continent Business Unit
15 Smith Road
Midland, TX 79705

ATTN: LAND MANAGER

Re: **Notice of Application for Salt Water Disposal Well**
COTTONWOOD FEDERAL SWD #1 (API # pending)
Nearburg Producing Company – OGRID #15742

Dear Land Manager:

Enclosed please find a copy of the application (Form C-108) of Nearburg Producing Company (NPC) in the above-referenced matter. As a quick summary of the project, below is the text of a legal notice as published in the local newspaper:

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Please note instructions for objections and additional information in the legal notice above.

Sincerely,

A handwritten signature in cursive script that reads 'Vicki Johnston'.

Vicki Johnston
Gray Surface Specialties, Agent for Nearburg Producing Company



3416 W. Wall St., Suite 102A
Midland, TX 79701
Tel: (432) 685-9158

October 21, 2016

SENT VIA HANDCARRY DELIVERY

Nearburg Producing Company
3300 North A Street, Building 2, Suite 120
Midland, Texas 79705

ATTN: Tim Green

Re: **Notice of Application for Salt Water Disposal Well**
COTTONWOOD FEDERAL SWD #1 (API # pending)
Nearburg Producing Company – OGRID #15742

Dear Mr. Green:

Enclosed please find a copy of the application (Form C-108) of Nearburg Producing Company (NPC) in the above-referenced matter. As a quick summary of the project, below is the text of a legal notice as published in the local newspaper:

Nearburg Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705, will file Form C-108 (Application for Authorization to Inject) with the New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division seeking administrative approval to complete for saltwater disposal its proposed Cottonwood Federal SWD #1 (API No. pending), to be drilled 150' FNL & 1020' FWL (Unit D), Section 28, Township 26 South, Range 26 East, Eddy County, New Mexico.

Injection water will be sourced from area wells producing from the Bone Spring and Wolfcamp formations. The produced water will be injected into the Devonian formation from 12,250' to 13,250'. The maximum injection rate will be 10,000 BWP/D at a maximum surface injection pressure of 413 psi.

Any interested party opposing the action must file an objection or request a hearing with the Oil Conservation Division, 1220 South St. Francis, Santa Fe, NM 87505, within 15 days. Additional information may be obtained by contacting Tim Green at Nearburg Producing Company, 3300 N. A Street, Bldg. 2, Ste. 120, Midland, TX 79705 or (432) 818-2940.

Please note instructions for objections and additional information in the legal notice above.

Sincerely,

A handwritten signature in cursive script that reads 'Vicki Johnston'.

Vicki Johnston
Gray Surface Specialties, Agent for Nearburg Producing Company

7013 0600 0000 4364 7428

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

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

CARLSBAD, NM 88220

Postage	\$2.70
Certified Fee	\$0.00
Return Receipt Fee (Endorsement Required)	\$0.00
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$1.36

0006
04
Postmark Here
10/24/2016

Sent Bureau of Land Management
Street or PO Attn: Engineering Department
City 620 E. Greene
 Carlsbad, New Mexico 88220
 PSR Instructions

7013 0600 0000 4364 7411

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

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

MIDLAND, TX 79705

Postage	\$2.70
Certified Fee	\$0.00
Return Receipt Fee (Endorsement Required)	\$0.00
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$1.36

0006
04
Postmark Here
10/24/2016

Sent Chevron NA E&P Company
Street or PO Mid-Continent Business Unit
 ATTN: LAND MANAGER
City 15 Smith Road
 Midland, TX 79705
 PSR Instructions

Mearling Cottonwood #1

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Bureau of Land Management
 Attn: Engineering Department
 620 E. Greene
 Carlsbad, New Mexico 88220

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) _____ C. Date of Delivery *10/27/06*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number *7013 0600 0001 4364 7428*
 (Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Chevron NA E&P Company
 Mid-Continent Business Unit
 ATTN: LAND MANAGER
 15 Smith Road
 Midland, TX 79705

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) _____ C. Date of Delivery *10-28-06*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number *7013 0600 0001 4364 7411*
 (Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540



C-108 Review Checklist: Received 11/22/16 Add. Request: 11/14/2016 Reply Date: _____ Suspended: _____ [Ver 15]

ORDER TYPE: WFX / PMX / SWD Number: _____ Order Date: _____ Legacy Permits/Orders: _____

Well No. I Well Name(s): Cottonwood Federal SWD

API: 30-0 15-Pending Spud Date: T B D New or Old: N (UIC Class II Primacy 03/07/1982)

Footages 1020 F W L Lot _____ or Unit D Sec 26 Tsp 26S Rge 26E County Eddy

General Location: 2.14 mile South of village Pool: SWD, Devonian Pool No.: 96101

BLM 100K Map: CARLSBAD Operator: Producing Company OGRID: 15742 Contact: Subston, agent

COMPLIANCE RULE 5.9: Total Wells: 165 Inactive: 1 Fincl Assur: OK Compl. Order? NA IS 5.9 OK? Y Date: 11-19-2016

WELL FILE REVIEWED Current Status: N/A

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

Planned Rehab Work to Well: _____

Well Construction Details	Sizes (In) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned ___ or Existing ___ Surface	<u>24 1/2"</u>	<u>400'</u>	Stage Tool	<u>582</u> SURFACE / VISUAL
Planned ___ or Existing ___ Intern/Prod	<u>17 1/2" / 13 7/8"</u>	<u>1700</u>		<u>1275</u> SURFACE / VISUAL
Planned ___ or Existing ___ Intern/Prod	<u>12 1/4" / 5 5/8"</u>	<u>8700</u>		<u>2333</u> SURFACE / VISUAL
Planned ___ or Existing ___ Prod/Liner	<u>8 1/2" / 7"</u>	<u>12250</u>		<u>1750</u> 8400 / CBL
Planned ___ or Existing ___ Liner				
Planned ___ or Existing ___ OH / PERF	<u>12250 / 13250</u>		Inj Length <u>1000'</u>	Completion/Operation Details:
Injection Lithostratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops	Drilled TD <u>13250</u> PBTD _____
Adjacent Unit: Litho. Struc. Por.		<u>M S</u>	<u>11667</u>	NEW TD _____ NEW PBTD _____
Confining Unit: Litho. Struc. Por.		<u>D V</u>	<u>1244</u>	NEW Open Hole <input checked="" type="radio"/> or NEW Perfs <input type="radio"/>
Proposed Inj Interval TOP:				Tubing Size <u>4.5</u> in. Inter Coated? <input checked="" type="checkbox"/>
Proposed Inj Interval BOTTOM:				Proposed Packer Depth _____ ft
Confining Unit: Litho. Struc. Por.				Min. Packer Depth _____ (100-ft limit)
Adjacent Unit: Litho. Struc. Por.				Proposed Max. Surface Press. <u>413</u> psi
				Admin. Inj. Press. <u>245</u> (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P Noticed? BLM Sec Ord WIPP Noticed? Salt/Salado T: 164 B: 1464 NW: Cliff House fm

FRESH WATER: Aquifer Quaternary Max Depth 100' HYDRO AFFIRM STATEMENT By Qualified Person

NMOSE Basin: _____ CAPITAN REEF: thru adj NA No. Wells within 1-Mile Radius? _____ FW Analysis _____

Disposal Fluid: Formation Source(s) spring Analysis? Y On Lease Operator Only or Commercial

Disposal Int: Inject Rate (Avg/Max BWPD): 1.5K/10K Protectable Waters? _____ Source: _____ System Closed or Open

HC Potential: Producing Interval NA Formerly Producing? _____ Method: Logs/DST/P&A/Other NA 2-Mile Radius Pool Map

AOR Wells: 1/2-M Radius Map? Well List? NA Total No. Wells Penetrating Interval: 0 Horizontals? _____

Penetrating Wells: No. Active Wells 0 Num Repairs? _____ on which well(s)? _____ Diagrams? _____

Penetrating Wells: No. P&A Wells 0 Num Repairs? _____ on which well(s)? _____ Diagrams? _____

NOTICE: Newspaper Date 10-27-2016 Mineral Owner BLM Surface Owner BLM N. Date 10-27-2016

RULE 26.7(A): Identified Tracts? Affected Persons: CHEVRON N. Date 10-28-2016

Order Conditions: Issues: C-B-L OF 7" Liner from 8400 - 12250

Add Order Cond: _____

X 11-14-2016 -> must redo b/c packer not 100' injection interval.