

1707452217

DATE IN 3/30/2017	SUSPENSE	ENGINEER PRG	LOGGED IN X 3/30/2017	TYPE SWD	APP NO. PMAmt 70305836
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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 - 1667
 - Mesquite SWD #1
 30-015-pending well
 + Sandstone SWD #2
 30-015-pending

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- [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, Dedication
 SILVIAN
 47862

[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.

KAY HAVENOR
Print or Type Name

See Application
Signature

Agent
Title

1-30-2017
Date

e-mail Address

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	1		<u>Operator, Well, and Contact info:</u>
	2	II	Name of person submitting the application: <u>Kay Havenor</u> Other Contact? _____
	3	II	Did you Include a contact Email in the application? <u>Yes</u> and Mailing Address? <u>Yes</u> and Phone? <u>Yes</u>
	4	II	Operator Name: <u>Mesquite SWD, Inc</u> OGRID Num <u>161968</u>
	5		RULE 5.9 Compliance..... Number of Inactive Wells <u>N/A</u> vs Total Wells Operated <u>N/A</u> Is financial assurance required on any well? <u>No Violation Known</u>
	6		Is there any hearing order finding this operator out of compliance with Division Rule 19.15.5.9 NMAC? <u>No</u>
	7		Are all Rule 5.9 issues OK to allow the Division to issue Disposal Permits?
	8	III	Well Name: <u>Sand Dunes SWD #2</u>
	9	III	API Num: <u>30-015-not assigned</u> Spud Date: <u>new drill</u>
	10		Have you included API numbers on all wellbore diagrams and well list(s) in this application? <u>Yes</u>
	11	III	Proposed well...Footages <u>2600' FSL & 2500' FWL</u> Unit <u>K</u> Sec <u>8</u> Tsp <u>24S</u> Rge <u>31E</u> County <u>Eddy</u>
	12		General Location (i.e. Y miles NW of Z): <u>Approx 2-1/8 miles SE off Buck Jackson Road</u>
	13		Current Well Status: <u>Staked location</u>
	14	I	General Summary of Planned Work to Well: <u>Build location and road, drill and case to 16,620', drill OH to 18,010', Siluro-Devonian open hole, complete for SWD.</u>
	15		<u>INTERVAL TOP and BOTTOM:</u>
	16	IIIB.(2)	Proposed disposal <u>Approx 16,620'- 18,010'</u> Formation Name <u>Siluro-Devonian</u> (include Member Names for Delaware or Mesaverde)
	18	IIIB.(2)	Is the disposal interval OpenHole? <u>Yes</u> or Perfed?
	19	IIIB.(2)	What will be the disposal tubing size OD? <u>5-1/2"</u> Packer Seat, Feet: <u>approx 16,620'</u>
	20	VII	What max surf inj. psi are you proposing? <u>3324</u> If differing from 0.2 psi/ft surf. Grad., is supporting data attached such as a Step Rate Test?
	21		<u>FRESH WATERS:</u>

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	22	VIII	Depth to bottom of Fresh Waters: less than 200' Formation Name(s)? Quaternary alluvium
	23	XI	Any Fresh Water Wells Within 1 Mile? No If so, did you attach an analysis from these Wells?
	24		Are all "Fresh" waters isolated with Casing and Cement? Yes ("Fresh" water is defined as less than 10,000 mg/l of TDS)
	25	XII	Included "Affirmative Statement" concerning any Connection from Disposal Depths to existing Fresh Waters? Yes Item XII
	26		<u>WASTE WATERS:</u>
	27	XIV	Will this be a Lease Only disposal well? No or only used for the Operator's own waste needs? No or Commercial Disposal? Yes
	28	VII	Which formations will supply the waste waters to be disposed into this well... List most common: Delaware/Bone Springs
	29	VII	Are Waste waters compatible with proposed disposal interval waters? Yes Did you include waste water analysis? Yes, Delaware water
	30		<u>AT PROPOSED WELL....INSITU WATERS AND HYDROCARBON POTENTIAL:</u>
	31		Is a discussion included of the potential for future OIL/GAS recovery from the proposed disposal interval? Yes
	32		If your proposed well for disposal is a depleted producer (within the proposed interval); do you know what was the cumulative oil/gas/water? and did you include a Rate-Time plot of this depleted interval?
	33	VII	Insitu water analysis Included? No Is the salinity within the disposal interval more than 10,000 mg/l of TDS? Yes or how will you determine this insitu water salinity? Regional knowledge Siluro-Devonian.
	34	VIII	Does the application include a list of Formation tops down to and including the bottom of the target formation? Yes, on Page 11
	35		What is the top main salt 1,180' +/- and bottom 2,385' +/- of the Salado Salt (...If this well is in the Southeast and the Salt is present)
	36	X	Are all existing Logs (including any CBL over the disposal interval) are on the OCD Web Site? No, new Drill If logs not there, please send On completion
	37	IIIA.	Are the wellbore diagrams for this well included in the Application.....Before Conversion? and After Conversion? Yes. New drill.
	38		Are the top and bottom footage of the proposed disposal interval marked on the "after" diagram? Yes
	39		<u>NOTICE:</u>
	40	XIV	Date of the Newspaper Notice in the County: Eddy Co. Artesia Daily Press 01/19/2017 Copy in C-108
	41	V	Within 1/2 mile, did you clearly identify (either on a map or by legal description) all separately owned tracts of lands within the disposal interval? _Yes

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	42	XIII	Did you identify the owner(s) of each of these separately owned tracts? Yes, in Item XIII Were they all formally noticed? Yes
	43	XIII	If reentering a P&Aed well, are there depth divisions of ownership within that well If so, have you also noticed all the shallower interests of the intent to use the well for disposal?
	44	XIII	Is the proposed well within the R-111-P defined Potash Area or the BLM Secretaries Potash Area? No ... If so, did you send notice to the nearest Potash lessee?
	45	XIV	Who owns the surface lands at the disposal well site (BLM, SLO, or who)? BLM Was that party formally noticed? Yes
	46		<u>Area of Review:</u>
	47	V	Did you include a map identifying all wells within 2 miles? Yes
	48	VI	Did you include a list of all AOR wells? Yes Is the list available to be emailed (if requested) in spreadsheet format? Yes - Included in Item VI list
	50	VI	Did you include wellbore diagrams for all P&Aed wells that exist within the 1/2 mile AOR that penetrate the disposal interval? None penetrate
	51	VI	How many wells exist within the 1/2 mile AOR that penetrate the disposal interval? 0 How many of these are Plugged/Dry and Abandoned?
	52	VI	Are details included on cement coverage of the proposed disposal interval for all wells penetrating the disposal interval within 1/2 mile of the proposed well? N/A
	53	VI	Do all reported cement tops describe how that "top" was determined? N/A If you calculated any tops, what fillup efficiency factor did you use?
	54	VI	Did you identify the presence and depth of all Cement Stage Tools (DV) in the subject well and in the AOR wells? N/A
	55	VIII	For the target formation, is there significant formation structural depth changes within the 1/2 mile AOR? No
	56	VIII	Is there any Karst or Massive Limestone in this target formation? No ...or in the formations directly above or below? No
	57		<u>Administrative or Hearing:</u>
	58	VI	How many wells within the 1/2 mile AOR currently are producing (or still have open perforations) within the disposal interval? 0 is it "gas" or "oil"?
	59	 NOTE: If the proposed disposal interval is a "Gas" interval or if any AOR wells are producing or have open perforations within this interval then this application may not be properly classified as a "disposal". These types of applications must be processed at an examiner hearing.
	60		Any other Issues..? No

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ X _____ Disposal _____ Storage
Application qualifies for administrative approval? _____ X _____ Yes _____ No
- II. OPERATOR: Mesquite SWD, Inc
ADDRESS: P.O. Box 1478 Carlsbad, NM 88220
CONTACT PARTY: Kay Havenor PHONE: 575-626-4518
- 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 _____ X _____ 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: Kay Havenor TITLE: Agent
SIGNATURE: *Kay C Havenor* DATE: 01/18/2017
E-MAIL ADDRESS: Kay.Havenor@Gmail.com Mesquite SWD, Inc contact: ClayL.Wilson@hotmail.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: _____

III. WELL DATA

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

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

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

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

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

XIV. PROOF OF NOTICE

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

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

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

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

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

INJECTION WELL DATA SHEET

OPERATOR: Mesquite SWD, Inc. (OGRID 161968)WELL NAME & NUMBER: Sand Dunes SWD #2 30-015-WELL LOCATION: 2600' FSL & 2500' FWL K 8 24S 31E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGEWELLBORE SCHEMATIC

See attached diagram

PROPOSED WELL CONSTRUCTION DATASurface CasingHole Size: 26" Casing Size: 20" 133# J-55 BTCCemented with: 800 sx. *or* _____ ft³Top of Cement: Surface Method Determined: Circulated1st Intermediate-CasingHole Size: 14-3/4" Casing Size: 13-3/8" 68# HCN-80Cemented with: 1200 sx. _____Top of Cement: Surface Method Determined: Circulated2ND Intermediate-CasingHole Size: 12 1/4" Casing Size: 9 5/8" 53.5# L-80 LTCCemented with: 2100 sx. *or* _____ ft³Top of Cement: Surface DV tool @ 6600' Method Determined: CirculatedTotal Depth: 18,010' (Base csg 16,520')

-

Injection IntervalProposed 16,620' To 18,010'(Perforated or Open Hole; indicate which) Open Hole

INJECTION WELL DATA SHEET

Tubing Size: 5-1/2" 17/20# Lining Material: Fiberglass coated

Type of Packer: Lok-Set or equivalent

Packer Setting Depth: Approx 16,620 ft

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? Yes No

If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: Siluro-Devonian

3. Name of Field or Pool (if applicable): _____

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Bone Springs 8300', Brushy Canyon 6700'

Mesquite SWD, Inc.
 Sand Dunes SWD #2
 2600' FSL & 2500' FWL
 Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned

PROPOSED NEW WELL DIAGRAM

API: 30025xxxx
 Operator: Mesquite SWD, Inc
 Lease: Sand Dunes SWD
 Location: Sec 8, T24S-R31E Eddy Co., NM
 Footage: 2600 FSL, 2500 FWL

Well No: 2

KB: 3537 est
 GL: 3514.5
 MSL of TD: 14473
 : 32.231740N 103.800299W

Surface Csg

Size: 20" 94# J-55 BTC
 Set @: 650
 Sxs cmt: 735
 Circ: Yes
 TOC: Surf
 Hole Size: 26"

Intermediate Csg

Size: 13-3/8" 68# HCN-80 LTC
 Set @: 4,400
 Sxs cmt: 1000
 Circ: Yes
 TOC: Surf
 Hole Size: 17-1/2"

Intermediate-2 Csg

Size: 9-5/8" 47# HCL
 Set @: 11900
 Sxs cmt: 1800
 Circ: Yes
 Hole Size: 12-1/4"

Liner

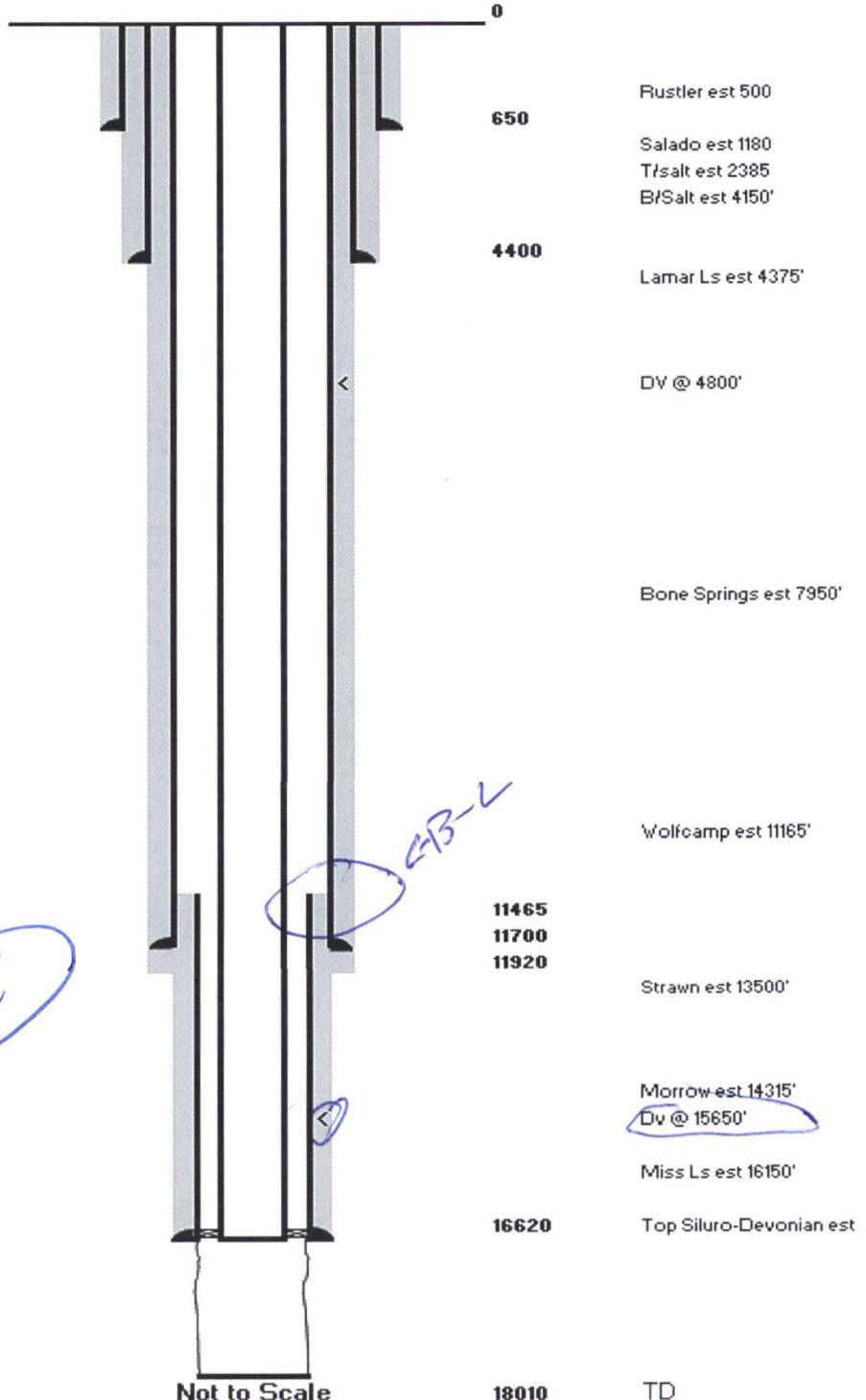
Size: 7-5/8" 39# P-110 HCP-110
 Top: 11750
 Set @: 16620
 Sx cmt: 2880
 Circ: Yes
 Hole Size: 8-1/2"

Open Hole

Size: 16620-18010'
 Interval: 16620-18010'
 Hole Size: 6-1/4"

Tubular requirements (made-up): 5-1/2"
 0-2700' 17#P110 But, 2700'-12300' 17#
 P-110 LTC, 12300-15300 20.0# N80 LTC,
 15300'-16620' 20.0# P110 LTC
 Lok-Set or equivalent approx 16,620'

Open hole acid if required.
 Tubing annulus w/corrosion inhibitor
 Complete surface head for disposal

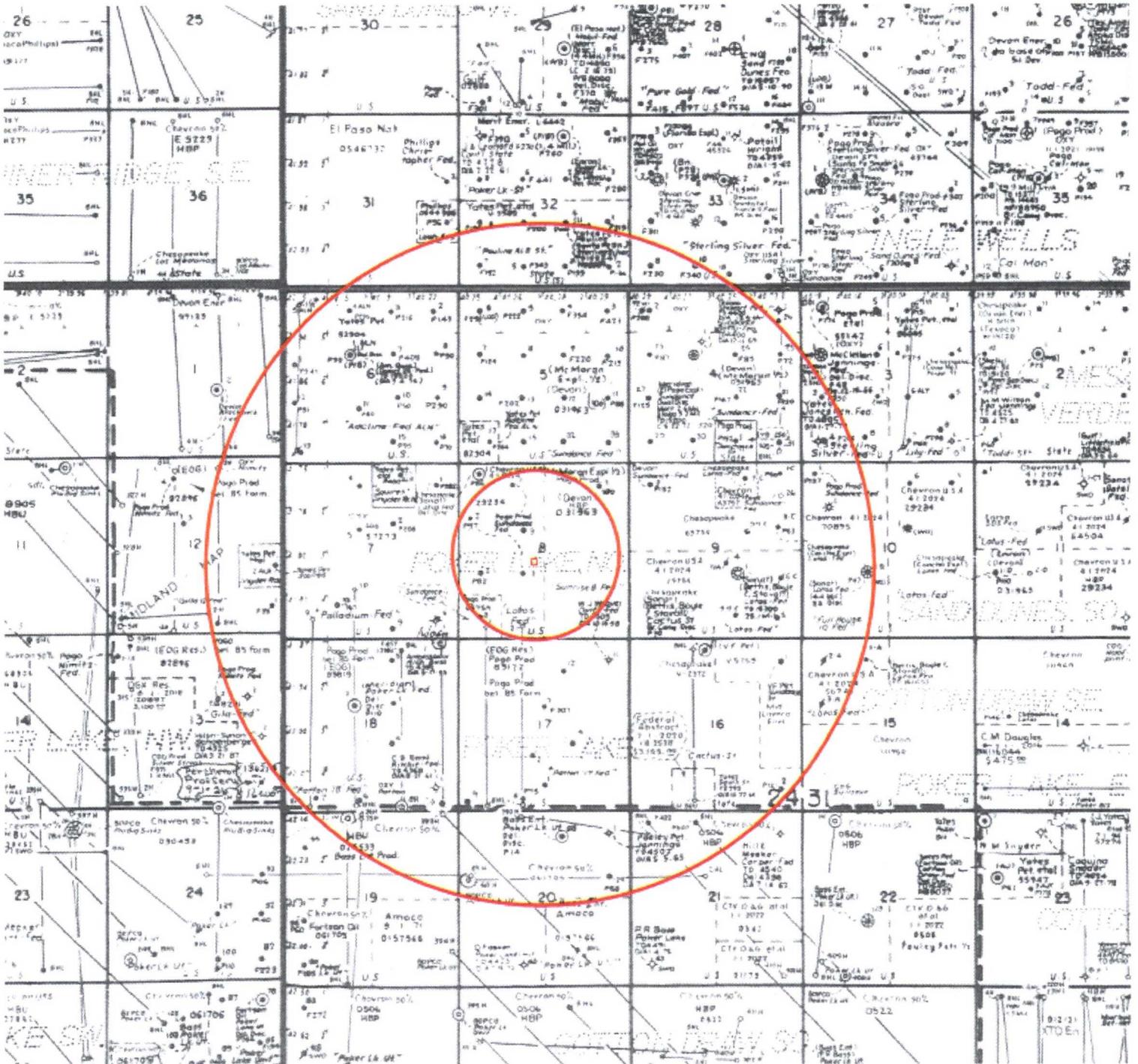


Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
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API 30-015-unassigned

Item V:

Area of Review
1/2 Mile AOR and 2 Mile Radius



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API 30-015-unassigned

Item VI: Data on wells in AOR:

API	WELL_NAME	STATUS	SDIV	SEC	TWN	RANGE	FTG_	NS	FTG	EW	OCD	OPERATOR	WELL	LAND	PLUG_DATE	SPUD	ELEVGL	TVD_DEPTH
3001528654	LOTOS FEDERAL 802	Active	L	8	24.0S	31E	660	S	1980	W	L	CHEVRON U S A INC	O	F		08-Feb-98	3546	8340
3001505850	CONTINENTAL FED 001	Plugged	A	17	24.0S	31E	660	N	660	E	A	WJ WEAVER	O	F	20-Oct-58	05-Aug-58	3550	4505
3001533013	PATTON 17 FEDERAL 012Z	Active	B	17	24.0S	31E	1980	N	990	E	B	OXY USA INC	O	F		28-Sep-04	3539	8380
3001533034	PATTON 17 FEDERAL 009T	Plugged	M	17	24.0S	31E	330	S	330	W	M	OXY USA INC	O	F	06-Mar-10	17-Oct-04	3499	8375

No well in the AOR penetrates the proposed SWD disposal zone

Item VII:

1. The maximum injected volume anticipated is 40,000 BWPD. Average anticipated is 30,000 BWPD.
2. Injection will be through a closed system.
3. Maximum injection pressure is expected to be 3,324 psi, or as controlled by depth.
4. Sources will be produced water that is compatible with known waters in the disposal zones.
5. Water sample analyses from the surrounding Siluro-Devonian area are not know. However, the regional information indicates it commercially non-productive of hydrocarbons. The closest water sample is from the Delaware in Sec. 25, T26S-R32E. It is representative of Delaware water that might be received for disposal.

General Information About: Sample 4222			
NORTH EL MAR UNIT 022			
API	3002508278	Sample Number	
Unit/Section/ Township/Range	J / 25 / 26 S / 32 E	Field	EL MAR
County	Lea	Formation	DEL
State	NM	Depth	
Lat/Long	32.01136 / - 103.62579	Sample Source	UNKNOWN
TDS (mg/L)	244815	Water Type	
Sample Date (MM/DD/YYYY)		Analysis Date (MM/DD/YYYY)	
Remarks/Description			
Cation Information (mg/L)		Anion Information (mg/L)	
Potassium (K)		Sulfate (SO)	220
Sodium (Na)		Chloride (Cl)	153500
Calcium (Ca)		Carbonate (CO ₃)	
Magnesium (Mg)		Bicarbonate (HCO ₃)	88
Barium (Ba)		Hydroxide (OH)	
Manganese (Mn)		Hydrogen Sulfide (H ₂ S)	
Strontium (Sr)		Carbon Dioxide (CO ₂)	
Iron (Fe)		Oxygen (O)	

Data obtained from <http://octance.nmt.edu>

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 Sand Dunes SWD #2
 2600' FSL & 2500' FWL
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API 30-015-unassigned

Item VIII:

Disposal will be into the Siluro-Devonian formations above the Montoya Formation. There are no known potable water wells within a 2-mile radius. Records from the New Mexico Office of the State Engineer on December 22, 2016 shows known water wells within a 2-mile radius of the proposed Mesquite SWD disposal well. The 2 closest wells are in the east-half of Sec. 3, outside the AOR. The well depths are above Mesquite's scheduled surface casing depth of 650'.



**New Mexico Office of the State Engineer
 Wells with Well Log Information**

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

(R=POD has been replaced, O=orphaned, C=the file is 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	Source	q	q	q	q	4	Sec	Tws	Rng	X	Y	Distance	Start Date	Finish Date	Log File Date	Depth Well	Depth Water	Driller	License Number
C 02783		CUB	ED	Shallow	3	3	1	04	24S	31E			613011	3568401	1328		12/31/1970	10/18/2010	708		SANDIA NATIONAL LABS/USGS	
C 02783 POD2	C	ED	Shallow	3	3	1	04	24S	31E				613011	3568401	1328	09/08/2010	06/29/2010	10/18/2010	672		BRUNSON, WILLIAM	331
C 02784	C	ED	Shallow	4	2	4	04	24S	31E				613011	3568401	1328	10/06/2010	10/08/2010	10/18/2010	584		BRUNSON, WILLIAM	331
C 02440	C	ED		2	3	10		24S	31E				616103	3566569*	3057	03/20/1995	03/21/1995	04/25/1995	360		COLLIS, ROBERT E. (LD)	1184

Record Count: 4

Basin/County Search:

County: Eddy

UTM/NAD83 Radius Search (in meters):

Easting (X): 613146

Northing (Y): 3567376

Radius: 3200

*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.

Known water salinity in greater area:

Bone Spring

WELLNAME	API	TOWNSHIP	RANGE	SECTION	TDS(mg/L)	Chlorides(mg/L)
COTTON DRAW UNIT #203H	3001541847	24S	31E	26	155991.9	93761.5
COTTON DRAW UNIT #211H	3001541941	24S	31E	34	155270.6	93359.6
COTTON DRAW UNIT #114	3001537410	24S	31E	34	258924	160043.3
COTTON DRAW UNIT #155H	3001538607	24S	31E	35	250734.8	154666.1
COTTON DRAW UNIT #152H	3001538609	24S	31E	35	258919.1	157593.1
COTTON DRAW UNIT #114	3001537410	24S	31E	34	268137.4	161607.2
COTTON DRAW UNIT #119H	3001537447	24S	31E	26	252483.3	152004
ADELINE ALN FEDERAL #003	3001527244	24S	31E	06		148966
ADELINE ALN FEDERAL #007	3001527248	24S	31E	06		189957
COTTON DRAW UNIT #244H	3001542331	24S	31E	36	113124.8	71448.6

1234567

The surface geology of the greater area, including the 2-mile radius as shown in Item V above, is Holocene to middle Pleistocene gypsiferous eolian deposits that blanket the underlying Permian Rustler Formation and evaporites. Based upon surface geology and available shallow data the depth to potential potable water (not hole depth), if present, is estimated to be less than 350'.

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Item IX:

Acid may be applied after completion. No other formation stimulation is currently planned.

Item X:

Gama, density, neutron logs will be run.

Item XI:

Two shallow water wells are reported in a 2-mile radius of the proposed SWD. Please note Item VIII discussion above.

Item XII:

There is no geological evidence of open faults or hydrologic connection between the disposal zone and any possible underground sources of protectable water.

Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned



Google Earth
16 miles east of Malaga, NM.

Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned

Item XIII: Proof of Notice

Minerals Owner:

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

Surface:

Bureau of Land Management

Operators:

Chevron USA
15 Smith Road
Midland, TX 79702

Sec 8

Devon Energy Corp
333 W. Sheridan Ave
Oklahoma City, OK 73102-5015

Sec 5 and 8

OXY Oil and Gas Corporation
5 Greenway Plaza, Ste 110
Houston, TX 77046-0521

Sec 5

Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned

Item XIII: Notification Receipts (Page 1)

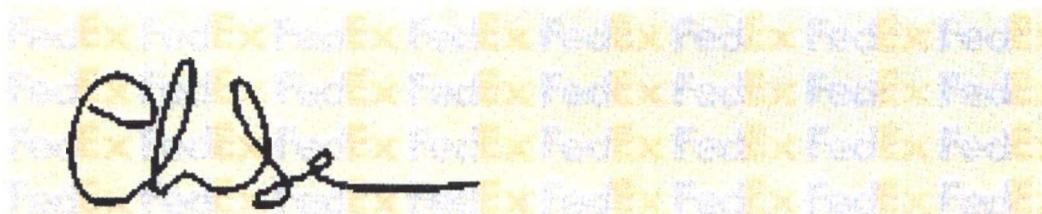
January 22, 2017

Dear Customer:

The following is the proof-of-delivery for tracking number **785356757843**.

Delivery Information:

Status:	Delivered	Delivered to:	Receptionist/Front Desk
Signed for by:	M.BROWN	Delivery location:	6301 DEAUVILLE MIDLAND, TX 79705
Service type:	FedEx Express Saver	Delivery date:	Jan 19, 2017 11:29
Special Handling:	Deliver Weekday Direct Signature Required		



Shipping Information:

Tracking number:	785356757843	Ship date:	Jan 18, 2017
		Weight:	0.5 lbs/0.2 kg

Recipient:
CHEVRON USA
15 SMITH RD
MIDLAND, TX 79705 US

Shipper:
HAVENOR OPERATING COMPANY
904 MOORE AVE
ROSWELL, NM 88201 US

Thank you for choosing FedEx.

Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned

Notification Receipts (Page 2)

Dear Customer:

The following is the proof-of-delivery for tracking number **785356810860**.

Delivery Information:

Status:	Delivered	Delivered to:	Mailroom
Signed for by:	D.EDWARDS	Delivery location:	5 GREENWAY PLZ 110 HOUSTON, TX 77046
Service type:	FedEx Express Saver	Delivery date:	Jan 19, 2017 10:16
Special Handling:	Deliver Weekday Direct Signature Required		



Shipping Information:

Tracking number:	785356810860	Ship date:	Jan 18, 2017
		Weight:	0.5 lbs/0.2 kg

Recipient:
OXY OIL GAS CORPORATION
5 GREENWAY PLZ STE 110
HOUSTON, TX 77046 US

Shipper:
HAVENOR OPERATING COMPANY
904 MOORE AVE
ROSWELL, NM 88201 US

Thank you for choosing FedEx.

Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned

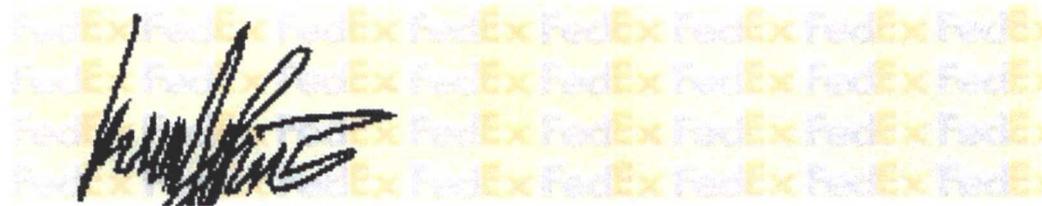
Notification Receipts (Page 3)

Dear Customer:

The following is the proof-of-delivery for tracking number **785356879830**.

Delivery Information:

Status:	Delivered	Delivered to:	Shipping/Receiving
Signed for by:	I.PINON	Delivery location:	333 W SHERIDAN AVE OKLAHOMA CITY, OK 73102
Service type:	FedEx Express Saver	Delivery date:	Jan 19, 2017 09:20
Special Handling:	Deliver Weekday Direct Signature Required		



Shipping Information:

Tracking number:	785356879830	Ship date:	Jan 18, 2017
		Weight:	0.5 lbs/0.2 kg

Recipient:
DEVON ENERGY CORP
333 W SHERIDAN AVE
OKLAHOMA CITY, OK 73102 US

Shipper:
HAVENOR OPERATING COMPANY
904 MOORE AVE
ROSWELL, NM 88201 US

Thank you for choosing FedEx.

Mesquite SWD, Inc.
Sand Dunes SWD #2
2600' FSL & 2500' FWL
Sec. 8, T24S-R31E Eddy County, NM

API 30-015-unassigned

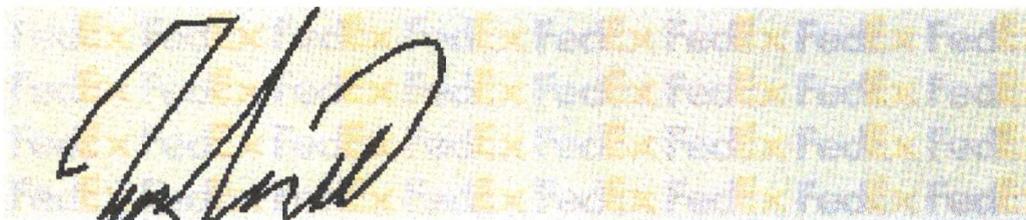
Notification Receipts (Page 4)

Dear Customer:

The following is the proof-of-delivery for tracking number **785356848304**.

Delivery Information:

Status:	Delivered	Delivered to:	Receptionist/Front Desk
Signed for by:	J.FRANCO	Delivery location:	620 E GREENE ST CARLSBAD, NM 88220
Service type:	FedEx Express Saver	Delivery date:	Jan 23, 2017 10:28
Special Handling:	Deliver Weekday Direct Signature Required		



Shipping Information:

Tracking number:	785356848304	Ship date:	Jan 18, 2017
		Weight:	0.5 lbs/0.2 kg

Recipient:
BLM
620 E GREENE ST
CARLSBAD, NM 88220 US

Shipper:
HAVENOR OPERATING COMPANY
904 MOORE AVE
ROSWELL, NM 88201 US

Thank you for choosing FedEx.

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Friday, February 24, 2017 9:12 AM
To: 'mjp1692@gmail.com'
Cc: Riley Neatherlin; Bratcher, Mike, EMNRD; Inge, Richard, EMNRD; 'Swartz, Paul'; James Glover ; Lisa Lemon ; Podany, Raymond, EMNRD; Sharp, Karen, EMNRD; Jones, William V, EMNRD; Brown, Maxey G, EMNRD; Whitaker, Mark A, EMNRD; Goetze, Phillip, EMNRD; Lowe, Leonard, EMNRD
Subject: SWD-1667 Mesquite SWD Inc. Sand Dunes SWD Well No. 2 Eddy County API 30-015-pending

Ms. Wilson:

The following order has been signed as approved by the Director and will soon be scanned along with the applications and will be available on the Division's Imaging web site. A copy of the approved SWD order has been attached.

SWD-1667 Mesquite SWD Inc. Sand Dunes SWD Well No. 2 API 30-015-pending (Unit K, Sec 8, T24S, R31E) Eddy Co. BLM

Please review the order for any additional requirements that may have been included as conditions for approval. **The Maximum allowed tubing size shall be no greater than 4-1/2 inches.**

Contact me with any questions regarding this matter

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us



C-108 Review Checklist: Received 1-30-2017 Add. Request: NA Reply Date: _____ Suspended: _____ [Ver 15]

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

Well No. 2 Well Name(s): SANDHILLS SWD

API: 30-0 15-Pending Spud Date: TBD New or Old: N (UIC Class II Primacy 03/07/1982)
2600PSL

Footages 2500FWL Lot _____ or Unit K Sec 8 Tsp 245 Rge 31E County ELL
240miles/NW

General Location: _____ Pool: SUD, Devonian - Mesquite Pool No.: 97869
S. LUKIAN KAY HAVENS

BLM 100K Map: JAL Operator: SUD, Inc OGRID: 161968 Contact: _____

COMPLIANCE RULE 5.9: Total Wells: 22 Inactive: 2 Fincl Assur: OK Compl. Order? NA IS 5.9 OK? Y Date: 2-15-2017

WELL FILE REVIEWED Current Status: Proposed

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

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>26"/20"</u>	<u>650'</u>	<u>735</u>	<u>Surface/Visual</u>
Planned ___ or Existing ___ Interm/Prod	<u>17 3/4"/13 3/8"</u>	<u>4400</u>	<u>1000</u>	<u>Surface/Visual</u>
Planned ___ or Existing ___ Interm/Prod	<u>12 1/4"/9 5/8"</u>	<u>11900</u>	<u>4800</u>	<u>Surface/Visual</u>
Planned ___ or Existing ___ Prod/Liner	<u>8 3/4"/7 5/8"</u>	<u>16620</u>	<u>15650</u>	<u>11750/C-B-</u>
Planned ___ or Existing ___ Liner				
Planned ___ or Existing ___ <input checked="" type="radio"/> PERFORATED	<u>16620/1900'</u>			

Injection Lithostratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops	Completion/Operation Details:
Adjacent Unit: Litho. Struc. Por.		<u>DU</u>	<u>16620</u>	Drilled TD <u>1840</u> PBDT _____
Confining Unit: Litho. Struc. Por.		<u>MS</u>	<u>16150</u>	NEW TD _____ NEW PBDT _____
Proposed Inj Interval TOP:			<u>16620</u>	NEW Open Hole <input checked="" type="radio"/> or NEW Perfs <input type="radio"/>
Proposed Inj Interval BOTTOM:			<u>1840</u>	Tubing Size <u>5 1/2</u> in. Inter Coated? <u>Y</u>
Confining Unit: Litho. Struc. Por.				Proposed Packer Depth <u>16620</u> ft
Adjacent Unit: Litho. Struc. Por.				Min. Packer Depth <u>16520</u> (100-ft limit)
				Proposed Max. Surface Press. <u>3324</u> psi
				Admin. Inj. Press. <u>3324</u> (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P NA Noticed? _____ BLM Sec Ord WIPP Noticed? NA Salt/Salado T: 28 B: 45 NW: Cliff House fm NA

FRESH WATER: Aquifer < 200' Max Depth _____ HYDRO AFFIRM STATEMENT By Qualified Person

NMOSE Basin: CARLSBAD CAPITAN REEF: thru adj NA No. Wells within 1-Mile Radius? 0 FW Analysis _____

Disposal Fluid: Formation Source(s) Bone Springs Del Norte Analysis? _____ On Lease Operator Only or Commercial

Disposal Int: Inject Rate (Avg/Max BWPD): 400/1MAX Protectable Waters? _____ Source: _____ System: Closed or Open

HC Potential: Producing Interval? NA Formerly Producing? _____ Method: Logs/DST/P&A/Other region 1 2-Mile Radius Pool Map

AOR Wells: 1/2-M Radius Map? Y Well List? Y 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 1-14-2017 Mineral Owner BLM Surface Owner BLM N. Date 1-18-2017

RULE 26.7(A): Identified Tracts? Y Affected Persons: Chevron, Oxy, Devon N. Date 1-18-2017

Order Conditions: Issues: 24W C-B-L from 11000' - 16620' (on liner - TRP Lines)

Add Order Cond: _____

Inactive Well List

Total Well Count: 22 Inactive Well Count: 2

Printed On: Wednesday, February 15 2017

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-25697	BRAN SWD #001	P-11-24S-31E	P	161968	MESQUITE SWD, INC	F	S	07/2014	SEE COMMENTS BELL CYN- CHERRY CYN		
2	30-015-29602	HEAVY METAL 12 FEDERAL #001	K-12-24S-31E	K	161968	MESQUITE SWD, INC	F	S	07/2014	CONVERTED TO SWD-1269		

WHERE Ogrid:161968, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Inactive Well Additional Financial Assurance Report

161968 MESQUITE SWD, INC

Total Well Count: 22

Printed On: Wednesday, February 15 2017

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
38571	BIG EDDY SWD #001	F	P-03-20S-31E	P	30-015-05819	S	12/2016		14205					0
315072	BLUE QUAIL SWD FEDERAL #001	F	F-11-25S-32E	F	30-025-42717	S	12/2016		Unknown					0
39091	BRAN SWD #001	F	P-11-24S-31E	P	30-015-25697	S	07/2014		6794					0
39602	CAGNEY 28 FEDERAL #001	F	P-28-17S-30E	P	30-015-35249	S	12/2016		11756					0
317379	CEDAR CANYON SWD #001	P	P-08-24S-29E	P	30-015-44054	S			Unknown					0
40322	COTTON DRAW SWD #066	F	E-10-25S-32E	E	30-025-22024	S	12/2016		15769					0
316783	CYPRESS SWD #001	F	L-34-23S-29E	L	30-015-43867	S			Unknown					0
316780	GNOME EAST SWD #001	F	L-26-23S-30E	L	30-015-43801	S			Unknown					0
38766	HEAVY METAL 12 FEDERAL #001	F	K-12-24S-31E	K	30-015-29602	S	07/2014		8554					0
307132	HOBBS STATE #003	S	B-29-18S-38E	B	30-025-23621	S	01/2010	02/01/2012	6083	11083	Y		11083	
301620	KAISER STATE #044	S	F-13-21S-34E	F	30-025-32741	O	03/2006	04/01/2008	4190	9190	Y		9190	
316767	OXY MOUTRAY SWD #001	P	A-28-24S-29E	A	30-015-43895	S			Unknown					0
316377	PADUCA 6 SWD #001	P	3-06-26S-32E	L	30-025-43277	S			960					0
	PADUCA 6 SWD #001Y	P	2-06-26S-32E	E	30-025-43379	S			Unknown					0
39498	PADUCA FEDERAL SWD #002	F	O-22-25S-32E	O	30-025-40813	S	12/2016		Unknown					0
	PADUCA FEDERAL SWD #003Y	F	C-23-25S-32E	C	30-025-42258	S	12/2016		Unknown					0
38668	PADUCA SWD #001	F	H-22-25S-32E	H	30-025-27616	S	12/2016		15850					0
309592	SAND HILLS SWD #001	F	O-31-17S-30E	O	30-015-29104	S	12/2016		13600					0
317126	STATION SWD #001	F	F-07-24S-32E	F	30-025-43473	S			Unknown					0
316781	UBER EAST SWD #001	F	I-24-23S-31E	I	30-015-43806	S			Unknown					0
316782	UBER NORTH SWD #001	F	B-15-23S-31E	B	30-015-43805	S			Unknown					0
309620	WEST JAL DISPOSAL #001	P	G-10-25S-36E	G	30-025-26676	S	12/2016	01/01/2019	9550	14550				0

WHERE Ogrid:161968

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Wednesday, February 22, 2017 3:05 PM
To: 'Swartz, Paul'
Subject: FW: Mesquite SWD, Inc. Sand Dunes SWD Well No. 2 tubing size increase

Paul:
FYI
Sorry about not including you.
Mike

From: McMillan, Michael, EMNRD
Sent: Wednesday, February 22, 2017 3:01 PM
To: 'Kay Havenor' <kay.havenor@gmail.com>
Cc: Riley Neatherlin <rgneatherlin@gmail.com>; 'claywilson@hotmail.com' <claywilson@hotmail.com>; 'mjp1692@gmail.com' <mjp1692@gmail.com>; Brown, Maxey G, EMNRD <MaxeyG.Brown@state.nm.us>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Whitaker, Mark A, EMNRD <MarkA.Whitaker@state.nm.us>; Perrin, Charlie, EMNRD <charlie.perrin@state.nm.us>; Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>; Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>; Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; Podany, Raymond, EMNRD <Raymond.Podany@state.nm.us>; Inge, Richard, EMNRD <richard.inge@state.nm.us>
Subject: Mesquite SWD, Inc. Sand Dunes SWD Well No. 2 tubing size increase

Kay and Riley:

The OCD has received your requests on several disposal wells to use 5-1/2 inch EUE pipe as tubing installed inside 7-5/8 inch cemented casing or liner.

Thank you for supplying the analysis from the fishing tool experts and other justifications.

The OCD has consulted outside experts, looked at the rating of various fishing tools and debated this with our most experienced district personnel, the engineering staff, and management.

After all considerations, the OCD is respectively denying the use of this tubing as proposed.

Please plan to install a maximum of 4-1/2 inch tubing inside the 7-5/8 cemented casing.

If you disagree with this finding, the OCD would be willing to hear testimony at hearing.

Thank You

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

McMillan, Michael, EMNRD

From: mjp1692@gmail.com
Sent: Friday, February 24, 2017 9:19 AM
To: McMillan, Michael, EMNRD
Subject: RE: SWD-1667 Mesquite SWD Inc. Sand Dunes SWD Well No. 2 Eddy CountyAPI 30-015-pending

Thank you Michael! That's great!!

Sent from Mail for Windows 10

From: McMillan, Michael, EMNRD
Sent: Friday, February 24, 2017 9:14 AM
To: mjp1692@gmail.com
Cc: Riley Neatherlin; Bratcher, Mike, EMNRD; Inge, Richard, EMNRD; Swartz, Paul; James Glover; Lisa Lemon; Podany, Raymond, EMNRD; Sharp, Karen, EMNRD; Jones, William V, EMNRD; Brown, Maxey G, EMNRD; Whitaker, Mark A, EMNRD; Goetze, Phillip, EMNRD; Lowe, Leonard, EMNRD
Subject: SWD-1667 Mesquite SWD Inc. Sand Dunes SWD Well No. 2 Eddy CountyAPI 30-015-pending

Ms. Wilson:

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Please review the order for any additional requirements that may have been included as conditions for approval. **The Maximum allowed tubing size shall be no greater than 4-1/2 inches.**

Contact me with any questions regarding this matter

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us