July 22, 1999

From: Siamak Safargar
To: Oil Conservation Division
Subject:Converting VGSAU #122

Dear Mr. Mark Ashly:

This letter has been composed as a follow up regarding Texaco's application for converting a producing well (VGSAU #122, Unit Letter H, 1336' FNL & 660'FEL, Sec. 1, Twp. 18S, Rng. 34E, Lea County) to an injector. The request for converting this well was submitted to Oil Conservation Division in June of this year. It was brought to our attention that we might need to provide OCD with the wellbore diagrams of all the wells that are within the regulatory distance from the aforementioned well. It should be noted that Texaco E&P Inc. is the only operator offset to VGSAU #122 and in previous years Texaco has obtained injection permits for other wells that are within the same proximity of VGSAU #122. Therefore, we assumed that there might not be a need to provide the OCD with the wellbore diagrams of the offset wells (in order to eliminate the redundancy). However, if needed, we would gladly provide you with such information. Please, do not hesitate to contact me at Tel: (505) 3970429 and/or safarms@texaco.com. Thank you.

Sincerely,

Siamak Safargar

New Mexico Conservation Division – Form C-108

VII. Proposed average daily injection rate is 1000 barrels per day and anticipated maximum rate is 2000 barrels per day. Maximum pressure will not exceed 1950 psi system working pressure. The initial injection pressure will be limited to about 850 psi (0.2 psi/ft). Step-Rate-Test will be run to establish higher limits with the authorization of the NMOCD. The system will be closed.

IX. There are not any stimulation proposed on this well at this stage. However, adequate stimulation will be performed upon the determination of such need.

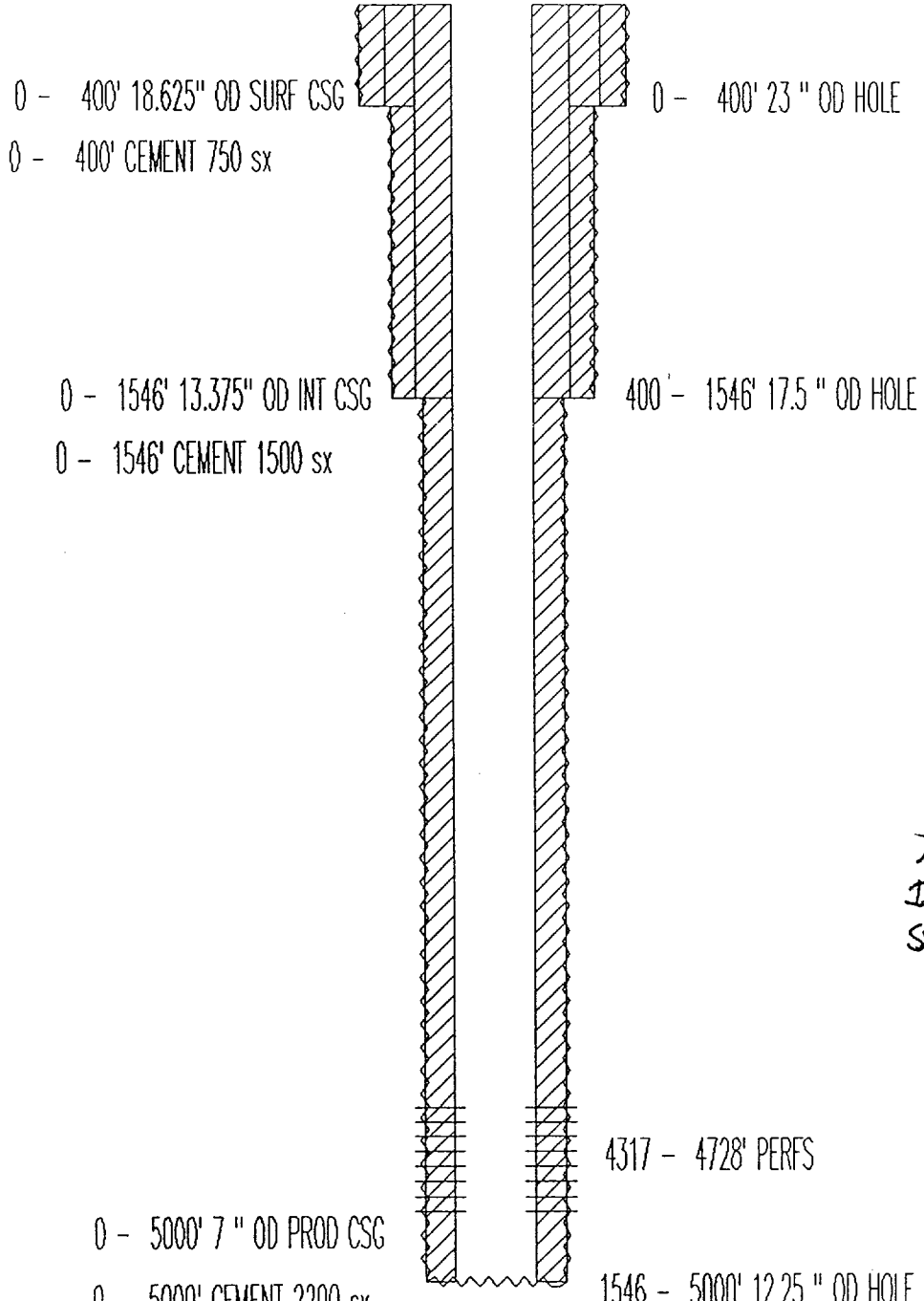
XII. Based on current geological and engineering data, no evidence of natural or artificially induced open faults occurs within the unitized interval or above. No known communication has been observed between the injection zone and any subsurface source of drinking water.

XIII. A copy of the legal notice is attached.

Summary of order Number for Texaco's
Vacuum Grayburg San Andres
Pressure maintenance Project

R-4442	Nov. 1, 1972	Initial Secondary recovery
PMX-43	Jan. 31, 1973	Expansion
PMX-44	Jan. 31, 1973	Expansion
PMX-74	Jan. 8, 1979	Expansion
R-6094	Aug. 8, 1979	Remove the top unit allowable restriction
R-7010	May 26, 1982	Initiate tertiary recovery
R-1070-A	Jul. 30, 1982	Correction to R-7010
PMX-120	Nov. 2, 1982	Expansion
PMX-167	Feb. 2, 1992	Expansion
PMX-157	Feb. 10, 1992	Expansion

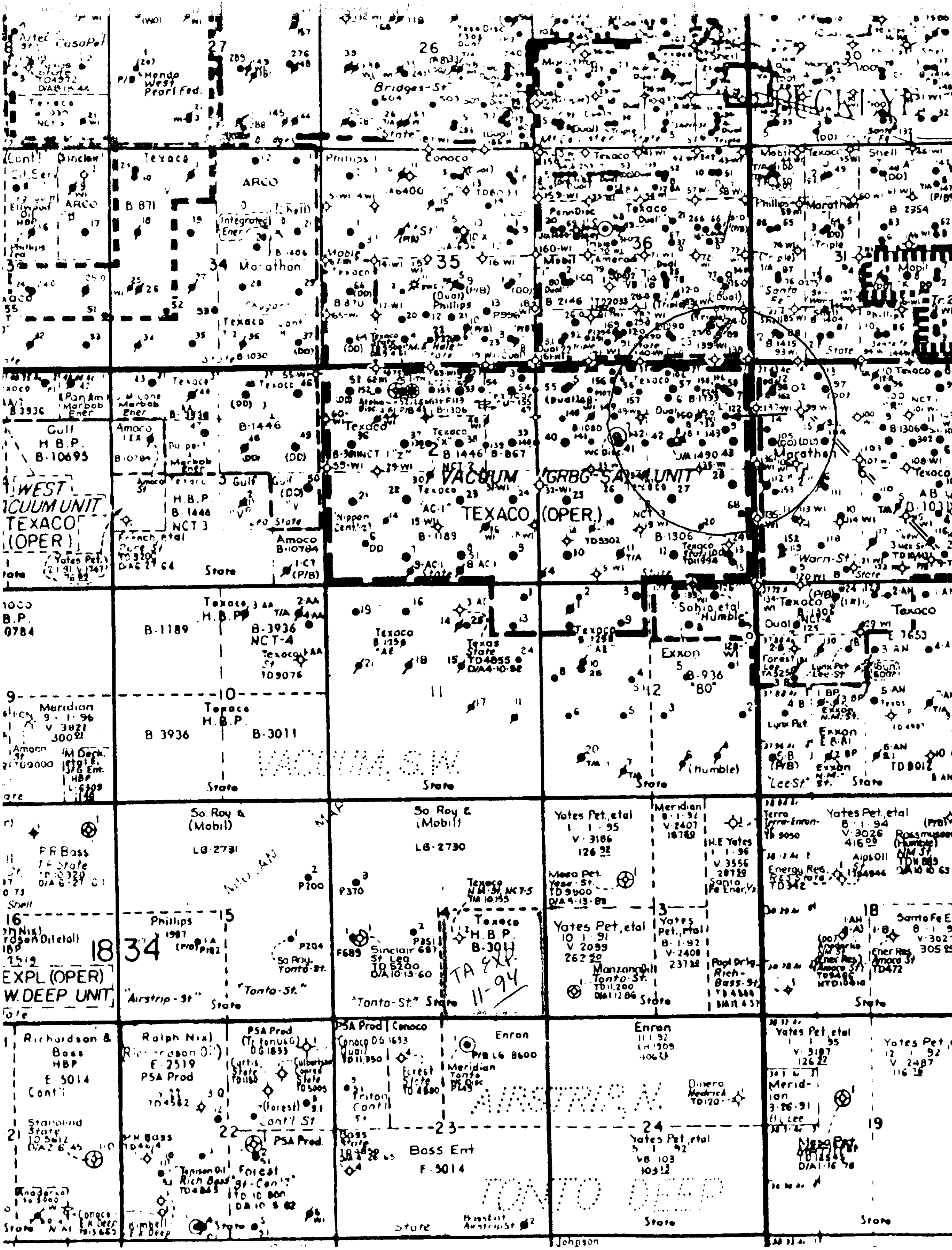
TEXACO PROD
VACUUM GRAYBURG-SA NO. 122
API# 30025307210000



1336 FNL & 660 FEL
SEC 1 , TWN 18 S, RANGE 34 E
ELEVATION: 3996 KB
COMPLETION DATE: 06-20-90
++++
COMPLETION INTERVAL: 4317 - 4728 (SADR)

7-22-99 TELEPHONE INFORMATION FROM STANLEY SANDERS:
PACKER: 4150'
8-1 PLASTIC COATED TENSION PACKER.
TUBING 2 3/8" PLASTIC COATED.

PERFS:
4252' - 4728'



26
27
Bridges-St
Hondo West Pearl Fed.
ARCO
B 871
Texaco
Marathon
34
35
36
31
30
Phillips
Conoco
Mobil
Shell
Marathon
B 2354
PennDisc
B 2146
B 870
B 1030
Pan Am Marbob Ener
B 3936
Gulf
H B P
B-10695
WEST VACUUM UNIT TEXACO (OPER)
Amoco
B 1446
B-10784
VACUUM (GRBG-SA) UNIT
TEXACO (OPER)
B 1189
B 1306
Nippon Central
Warn-St
State
Texaco
B-1189
B-3936
NCT-4
TD 9076
TD 4655
Exxon
B-936
"80"
Sohio etal Humble
9
10
11
12
Meridian
Texaco H.B.P.
B 3936
B-3011
VACUUM, S.W.
Lea St
So. Roy & (Mobil)
LG-2731
LG-2730
Yates Pet. etal
Meridian
H.E Yates
F R Bass
Phillips
Airstrip-St
Tonto-St.
Sinclair
Texaco H.B.P. B-30H
TA EXP. 11-94
Manzano Oil
18
34
EXPL (OPER)
W. DEEP UNIT
Richardson & Bass HBP E-5014
Ralph Nix
E 2519
PSA Prod
Conoco
Enron
Meridian
Boss Ent
E-5014
22
23
24
19
Yates Pet. etal
AUSTRALIA
TONTO DEEP
State
Johnson

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

PMX 6/30/99

FORM C-108
Revised 7-1-81

198

JUN 15

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose: ☐ Secondary Recovery ☒ Pressure Maintenance ☐ Disposal ☐ Storage
Application qualifies for administrative approval? ☒ yes ☐ no

II. Operator: Texaco Exploration & Production Inc.

Address: 205 E. Bender Blvd., Hobbs, New Mexico 88240

Contact party: Siamak Safargar Phone: _____

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 Please, refer to the attachment

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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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 source 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: Siamak Safargar (915)367-0429 Title Production Engineer

Signature: _____ Date: May 27 1999

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal: Please, refer to the attachment

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate Division 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 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;

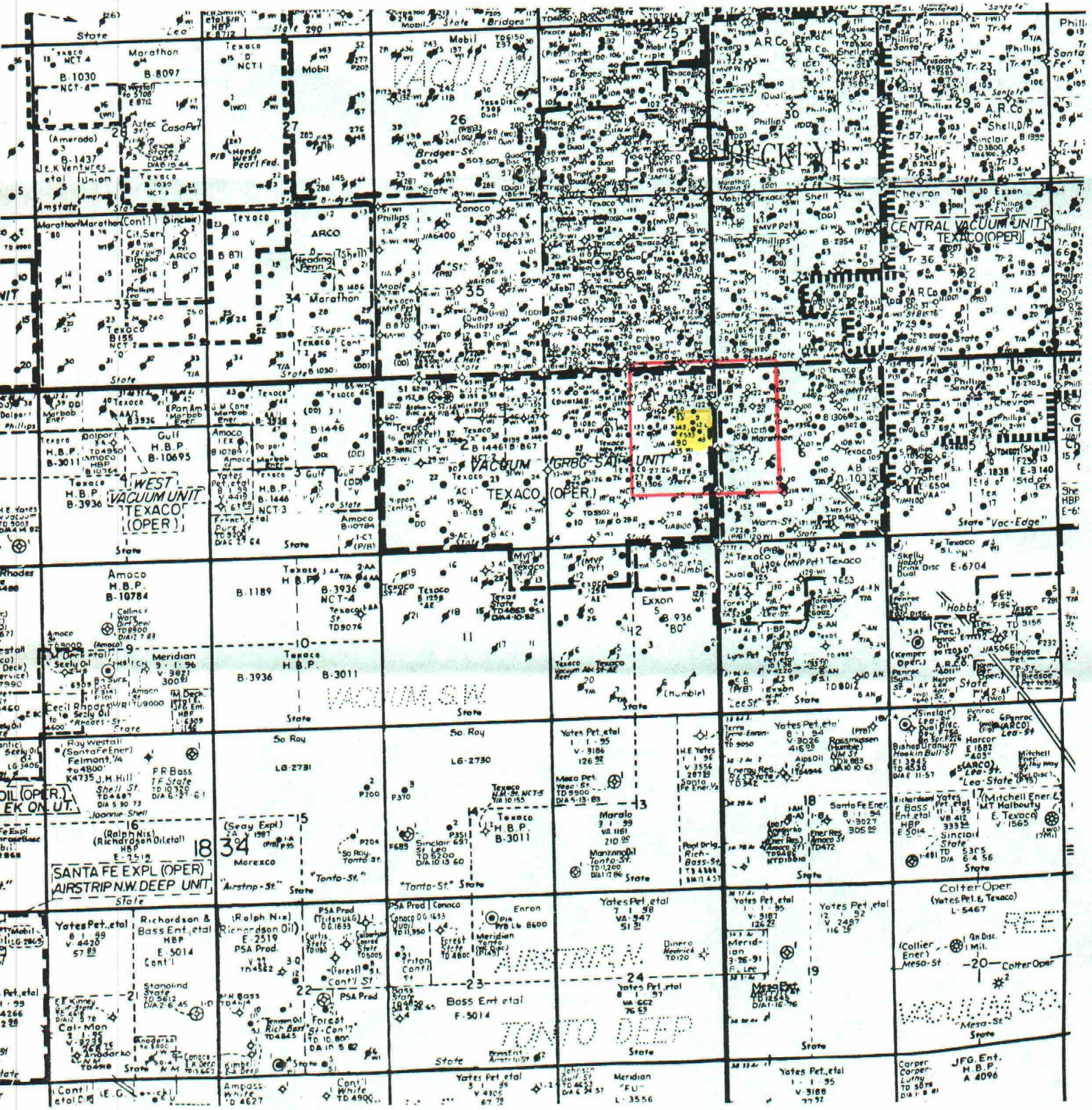
(3) the formation name and depth with expected maximum injection rates and pressures; and

(4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

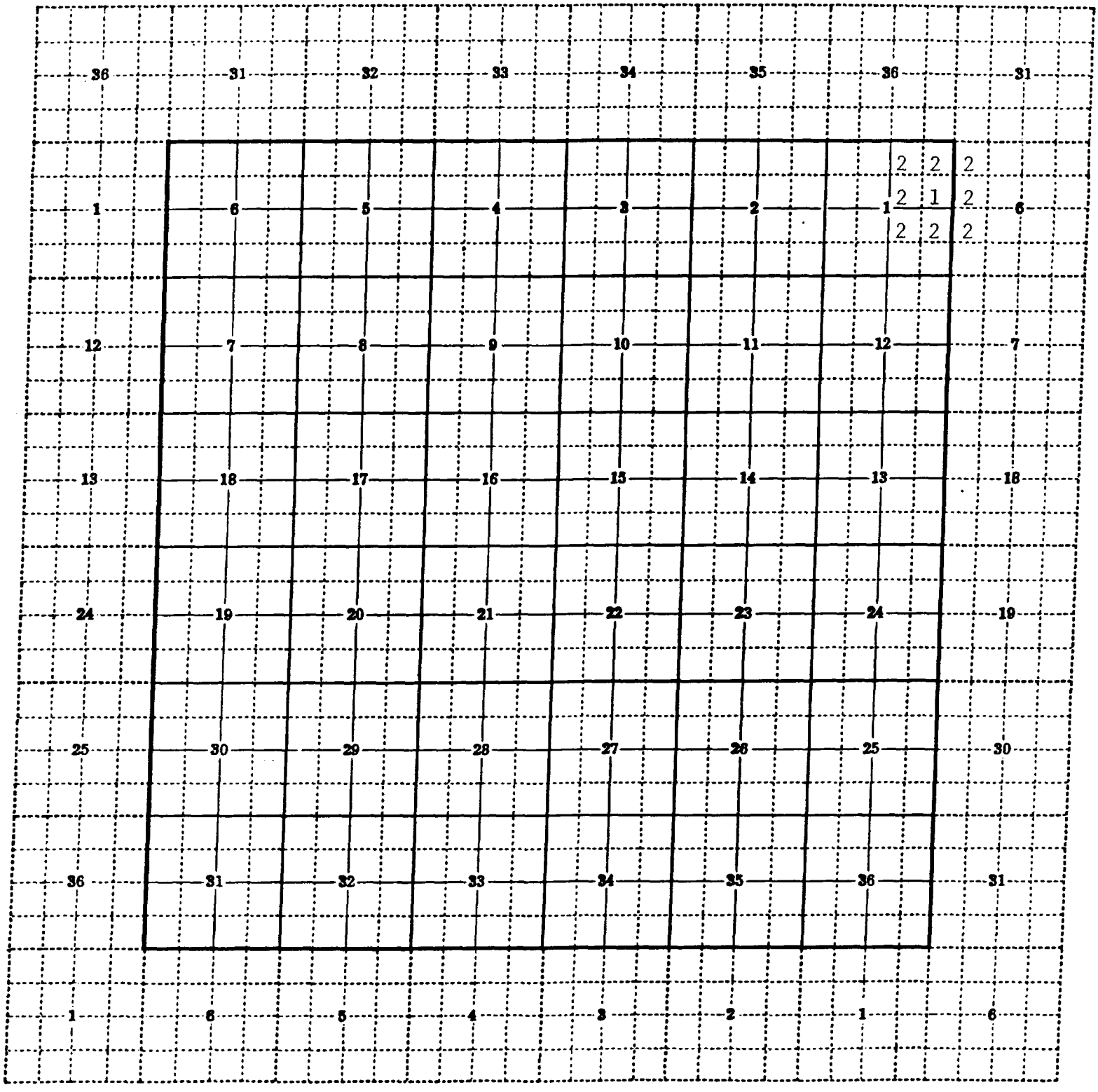
NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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.

Surface Owners and Offset Operators
Vacuum Grayburg San Andres Unit Well No. 122
SE/4 NE/4 of Section 1, T-18-S, R-34-E, NMPM
Lea County, New Mexico
May 27, 1999



Surface Owners and Offset Operators
Vacuum Grayburg San Andres Unit Well No. 122
SE/4 NE/4 of Section 1, T-18-S, R-34-E, NMPM
Lea County, New Mexico
May 27, 1999



FORM 202 Printed and for sale by Hall-Poorbaugh Press, Roswell, N. M.

Surface Owners and Offset Operators
Vacuum Grayburg San Andres Unit Well No. 122
SE/4 NE/4 of Section 1, T-18-S, R-34-E, NMPM
Lea County, New Mexico
May 27, 1999

Number 1

State of New Mexico------Surface Owner
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Number 2

Texaco Exploration and Production Inc.
P. O. Box 3109
Midland, Texas 79702

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write *"Return Receipt Requested"* on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504-1148

4a. Article Number
Z 576 997 402

4b. Service Type
☐ Registered ☑ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: *(Print Name)*

8. Addressee's Address *(Only if requested and fees paid)*

6. Signature: *(Addressee or Agent)*
X

JUN 0 6 1996

PS Form **3811,** December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

June1, 1999

Re: Vacuum Grayburg San Andres Unit No. 122
Lea County, New Mexico
Notification of Expansion of Waterflood

This letter is to notify all offset operators and landowners that Texaco Exploration & Production Inc. is amending NMOCD order Nos. R-4442, PMX-43, PMX-44, PMX-74, R-6094, R-7010, R-1070-A, PMX-120, PMX-167 and PMX-157 on the Vacuum Grayburg San Andres Unit in Lea County, New Mexico. The following producing well will be converted to a water injection well for the purpose of pattern improvement and pressure maintenance.

No. 122-Unit Letter H, 1336' FNL & 660' FEL, Sec. 1, Twp. 18S, Rng. 34E

Proposed average daily injection rate for this well is 1200 barrels per day and anticipated maximum rate is 1700 barrels per day. The initial injection pressure will be limited to 850 psi (0.2 psi/ft). Attached are maps showing the location of the above well and schematic of the pertinent wellbore data.

Interested parties must file objections or request for hearing with the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505.

Sincerely,

Siamak Safargar
Production Engineer

Attachemnts

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I,

Publisher

of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

June 6 1999

and ending with the issue dated

June 6 1999

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 5th day of

June 1999

Jodi Henson

Notary Public.

My Commission expires
October 18, 2000
(Seal)

LEGAL NOTICE
June 6, 1999

Notice is hereby given of the application of Texaco Exploration and Production Inc., Attention: Tim Miller, Area Manager, 205 East Bender Blvd., Hobbs, New Mexico 88240, Telephone (505) 397-0421, to the New Mexico Oil Conservation Commission, Energy and Mineral Department, for approval to convert one producing well to an injector for the purpose of injection pattern improvement and pressure maintenance.

Unit Name:
Vacuum Grayburg San Andres, Lea County, New Mexico

Well's Number and Location:
122-Unit Letter H, 1336' FNL & 660' FEL, Sec. 1, Twp. 18S, Rng. 34E

The injection formation is Vacuum Grayburg San Andres at a depth of 4100 feet below the surface of the ground. Expected maximum injection pressure is 1500 pound per square inch. Interested parties must file objection or request for hearing with the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505.

#16674

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

01101308000 01532851

Texaco E&P, Inc.
205 E. Bender
Hobbs, NM 88240