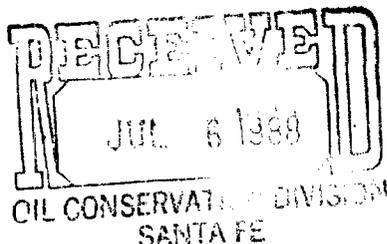


# PENROC

Penroc Oil Corporation / P. O. Box 5970 / Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051



July 5, 1988

Re: Conversion of Penroc Oil Corporation  
State "AF" No. 2 to a disposal well

Dear Sir:

Please find enclosed a copy of Penroc Oil Corporation application to convert the State "AF" No. 2 well to disposal well. This application is being furnished to you per New Mexico Conservation requirements.

No reply is required unless you object to this application. Thank you for your cooperation.

Sincerely,

PENROC OIL CORPORATION

A handwritten signature in cursive script, appearing to read "M. Y. (Merch) Merchant".

M. Y. (Merch) Merchant  
President

MYM/br

Enclosures

CC: Texaco - Hobbs  
Arco - Hobbs  
Maralo - Midland  
Bledsoe Petro Corp. - Bethany, OK.  
R. D. Lee - Lovington  
New Mexico State Land Office - Santa Fe  
N. M. O. C. D. - Santa Fe  
N. M. O. C. D. - Hobbs  
W. T. Kellahin - Santa Fe

APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose:  Secondary Recovery  Pressure Maintenance  Disposal  Storage  
Application qualifies for administrative approval?  yes  no
- II. Operator: PENROC OIL CORPORATION  
Address: P. O. BOX 5970, HOBBS, NEW MEXICO 88241  
Contact party: M. Y. (Merch) MERCHANT Phone: (505) 397-3596
- 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. ATTACHED
- \* 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. ATTACHED
- 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.). ATTACHED
- \*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. ATTACHED
- IX. Describe the proposed stimulation program, if any. ATTACHED
- \* 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. ATTACHED
- 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. ATTACHED
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form. ATTACHED
- 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: MOHAMMED YAMIN MERCHANT Title PRESIDENT

Signature: *Mohammed Yamin Merchant* Date: July 5, 1988

\* 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.

## 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.

ATTACHED

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.

ATTACHED

## 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.

Attachment to FORM C-108  
STATE "AF" WELL NO. 2

Part III A. 1-4 Attached.

- Part III B.
- 1) The formation to be injected is the Wolfcamp in the Vacuum Wolfcamp East field.
  - 2) The injection zone will be through the perforations:  
9864-9900' & 10134-10155'
  - 3) This well was originally completed in the Abo zone which is now squeezed.
  - 4) The production from the lower zone in the area is from the Devonian (below 12000') and from the upper zone which is in the Abo (above 9100').

- Part VII.
- 1) The average daily injection rate will be 5000 BWPD with a maximum of 10,000 BWPD.
  - 2) The system will be a closed system.
  - 3) The source of water will be produced water from various formations in the general area.
  - 4) The average injection pressure will be zero psig, with a maximum pressure of 2000 psig.
  - 5) The injection zone is not productive within one (1) mile of the proposed disposal well.

Part VIII. The proposed injection zone is Wolfcamp and the lithology is limestone. The top of the Wolfcamp is 9500'+, and the injection will be from 9864-10155 feet.

The only fresh water in the area is the Ogallala at 200' 250' from surface, and there is no fresh water zone known below the injection zone.

Part IX. The proposed injection zone will be acidized with 5000 gallons of 20% hydrochloric acid.

Part XII. PENROC OIL CORPORATION 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 SOURCE OF DRINKING WATER.

Attachment to FORM C-108

PENROC OIL CORPORATION  
STATE "AF" WELL NO. 2  
Section 8, Township 18 South Range 35 East  
Unit Letter O,, 330 feet from South Line & 2130 feet from East Line  
Lea County, New Mexico

---

Well data:

13 3/8", 48# set at 408' w/ 400 sxs. Cement circulated to surface.

9 5/8" , 40# set at 4015' w/ 3554 sxs. Cement circulated to surface.

7" 26-29# set at 11,850' w/ 2000 sxs. Cement top at 320' from surface.

Abo perfs (squeezed) 8937-9025 & 9053-9080'

Wolfcamp perfs. 9864-9900 & 10134-10155' (Currently open)

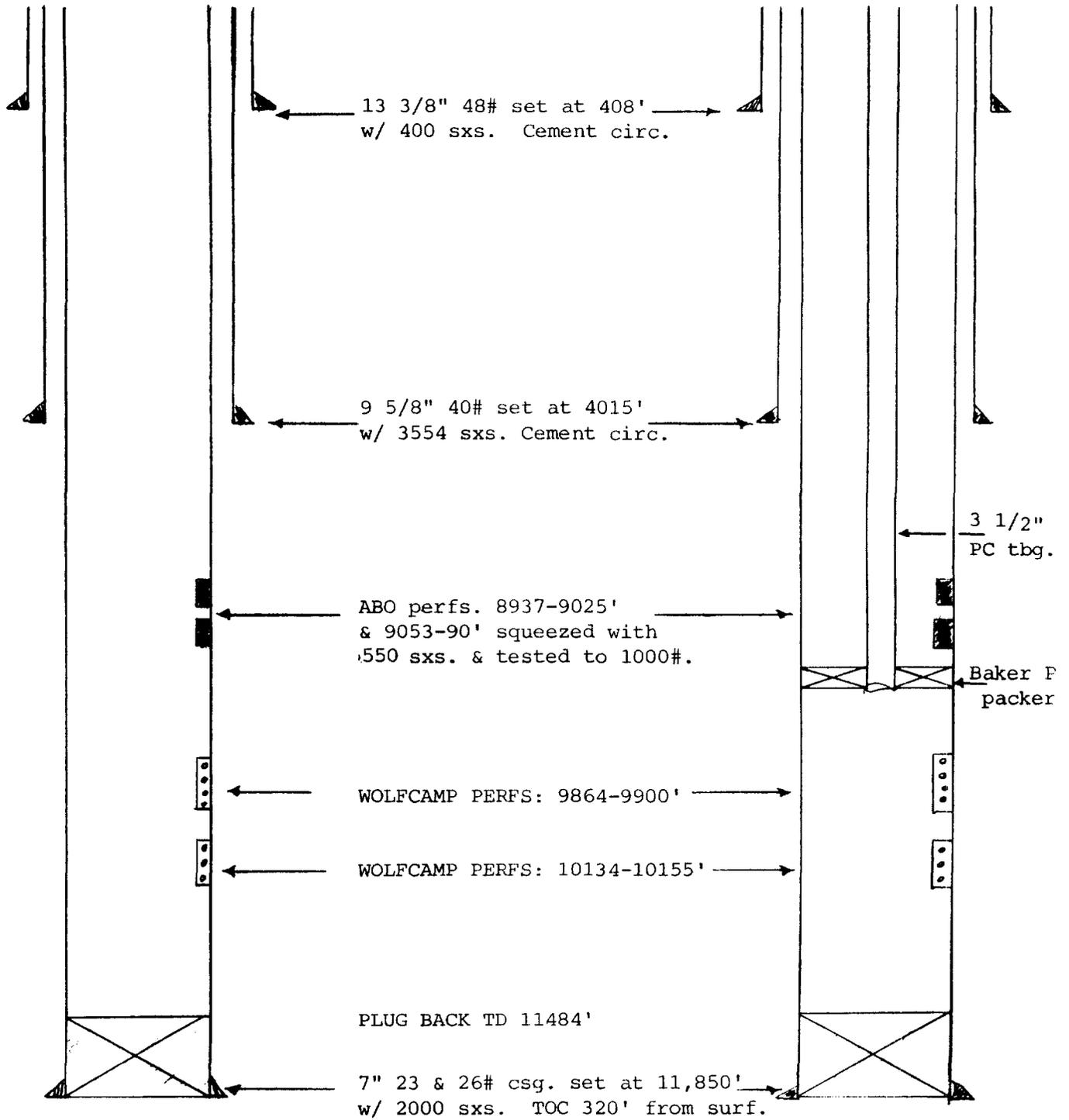
PBTD 11,484

3 1/2" plastic coated tubing set with a 7" Nickel-coated packer at 9040'.

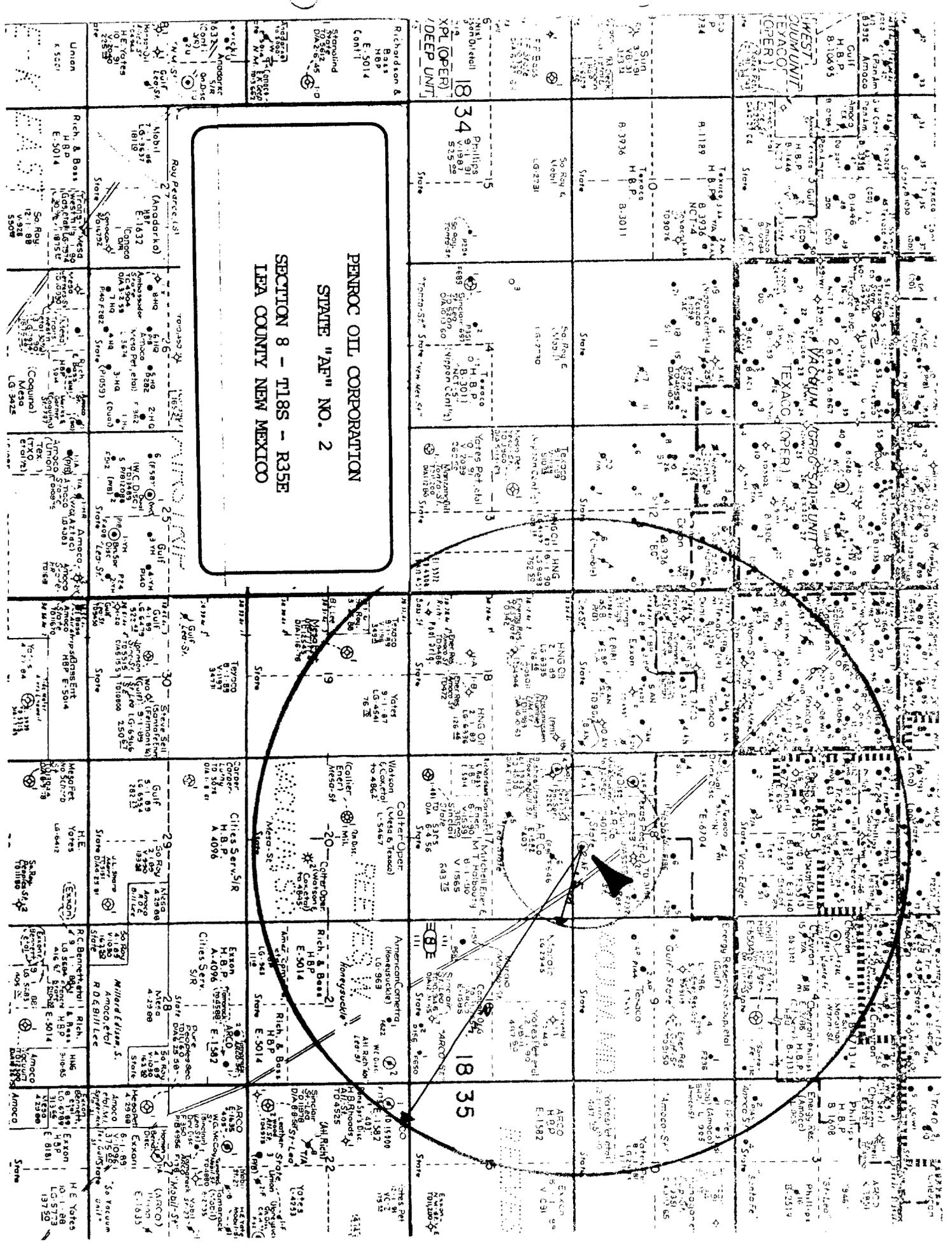
PENROC OIL CORPORATION  
STATE "AF" NO. 2

CURRENT

PROPOSED



**PENROC OIL CORPORATION**  
**STATE "AF" NO. 2**  
**SECTION 8 - T18S - R35E**  
**LEA COUNTY NEW MEXICO**



ATTACHMENT TO FORM C - 108  
 PENROC OIL CORPORATION  
 STATE "AF" NO. 2

PENROC OIL CORPORATION  
 STATE "AF" NO. 1  
 SECTION 8 - T18S - R35E UNIT LETTER M  
 510' FSL & 660' FWL  
 TD 11791' DEVONIAN

13 3/8" 48# set @ 385' with 400 sxs circulated  
 9 5/8" 36, 40# set @ 3970' with 2176 sxs circulated  
 7" 23,29, and 32# set @ 11791' with 1700 sxs TOC 230' TS

Perforations; 8707 - 8782  
 11513 - 11573 currently producing  
 MID VACUUM DEVONIAN

PENROC OIL CORPORATION  
 STATE "AF" NO.3  
 SECTION 8 - T18S - R35E UNIT LETTER L  
 1980' FSL & 990' FWL  
 TD 11956' DEVONIAN

13 3/8" 48# set @ 360' with 400 sxs circulated  
 9 5/8" 36, 40# set @ 3876' with 2300 sxs circulated  
 5 1/2" 17# set @ 10387' with 2440 sxs Toc 1780' TS  
 TD 11956' PBTD 10387'

Perforations; 8714 - 8770 SQZD WITH 150 sxs  
 9883 - 9927 OPEN  
 WELL APPROVED FOR SWD. NMOCD ORDER #R-8596  
 CONVERTED TO DISPOSAL ON FEBRUARY 12, 1988  
 FROM PERFS. 9883'-9927'.

ARCO OIL and GAS COMPANY  
 LEA 403 STATE NO. 4  
 SECTION 17 - T18S - R35E UNIT LETTER D  
 510' FNL & 510' FWL  
 TD 11896' DEVONIAN

13 3/8" 48# set @ 380' with 475 sxs circulated  
 9 5/8" 36, 40# set @ 4000' with 1700 sxs TOC 800' TS  
 7" 23,26,29, 32# set @ 11896 with 1050 sxs TOC 6400' TS

Perforations; 11652 - 11720 CIBP set @ 9550' + 25 sxs cmt  
 8807 - 8882 currently producing  
 VACUUM ABO REEF

ENERGY RESERVES GROUP, INC.  
TP STATE NO. 2  
SECTION 8 - T18S - R35E unit letter J  
1980' FSL & 1980' FEL  
TD 5066' SAN ANDRES

ENERGY RESERVES GROUP, INC.  
TP STATE 2 - Y  
SECTION 8 - T18S - R35E UNIT LETTER J  
1980' FSL & 1880' FEL  
TD 9156' ABO

BLEDSOE PETRO CORPORATION  
TP STATE NO. 1  
SECTION 8 - T18S - R35E UNIT LETTER I  
1980' FSL & 660' FEL  
TD 9200' ABO

BISHOP CANYON URANIUM CORPORATION  
HOOKIN BULL NO. 1  
SECTION 17 - T18S - R35E UNIT LETTER D  
660' FNL & 660' FWL  
TD 4530' SAN ANDRES

ARCO OIL and GAS COMPANY  
LEA 4011 STATE NO. 1  
SECTION 8 - T18S - R35E UNIT LETTER N  
330' FSL & 1650' FWL  
TD 12000' DEVONIAN

13 3/8" 48#set @ 415' with 400 sxs circulated  
9 5/8" 36# set @ 4000' with 2700 sxs circulated  
7" 26# set @ 12000' with 2600 sxs TOC 2650' TS

Perforations; 8758 - 8785 SQZD with 100 sxs  
8834 - 8856 SQZD with 100 sxs  
11506 - 11586 Currently producing  
MID VACUUM DEVONIAN

ARCO OIL and GAS COMPANY  
 LEA 403 STATE NO. 5  
 SECTION 17 - T18S - R35E UNIT LETTER F  
 1980' FNL & 1980' FWL  
 TD 11823' DEVONIAN

13 3/8" 48# set @ 382' with 400 sxs circulated  
 9 5/8" 36, 40# set @ 4013' with 1800 sxs circulated  
 5 1/2" 17, 20# set @ 11823' with 1867 sxs TOC 4300' TS

Perforations; 11770 - 11807 CIBP @ 11680' + 2 sxs cmt  
 CMT RETAINER @ 7800' 50 sxs  
 ABOVE & 50 sxs BELOW  
 5 1/2" cut & pulled @ 4220'  
 SET 75 sxs ACROSS 5 1/2" STUB  
 AND 9 5/8" csg shoe  
 SET 10 sxs @ surface  
 P&A'D 3/26/75

ARCO OIL and GAS COMPANY  
 LEA 403 STATE NO. 6  
 SECTION 17 - T18S - R35E UNIT LETTER B  
 660' FNL & 1980' FEL  
 TD 11776' DEVONIAN

13 3/8" 48# set @ 402' with 450 sxs circulated  
 9 5/8" 36, 40# set @ 4000' with 1850 sxs TOC 965' TS  
 7 5/8" liner set @ 3849 - 10425 with 1060 sxs circulated  
 5" 18# liner set @ 10318 - 11776 with 142 sxs circulated

Perforations; 11642 - 11745 SQZD with 250 sxs  
 Spot 40 sx plug across top of 5" liner @ 10400 - 10140  
 Perf. 9016 - 9083 SQZD with 150 sxs  
 Perf. 7813 - 7837 SQZD with 125 sxs  
 Spot 100' plug @ 7637 - 7737  
 Spot 100' plug @ 3820 - 3920  
 Spot 100' plug @ 1800 - 1900  
 Spot 10 sxs plug @ surface  
 P&A 8/3/81

ARCO OIL and GAS COMPANY  
LEA 403 STATE NO. 6

Set 10 sx plug at surface

13 3/8" 48# set @ 402' with 450 sxs  
circulated

Set 100' plug @ 1800 - 1900  
Set 100' plug @ 3820 - 3920  
Top of 7" liner @ 3849'  
9 5/8" 36, 40# set @ 4000' with  
1850 sxs TOC 965' TS  
Set 100' plug @ 7637 - 7737

Perf. 7813 - 7837 SQZD with 125 sxs

Cmt retainer @ 8943' + 30' cmt

Perf. 9016 - 9083 SQZD with 150 sxs

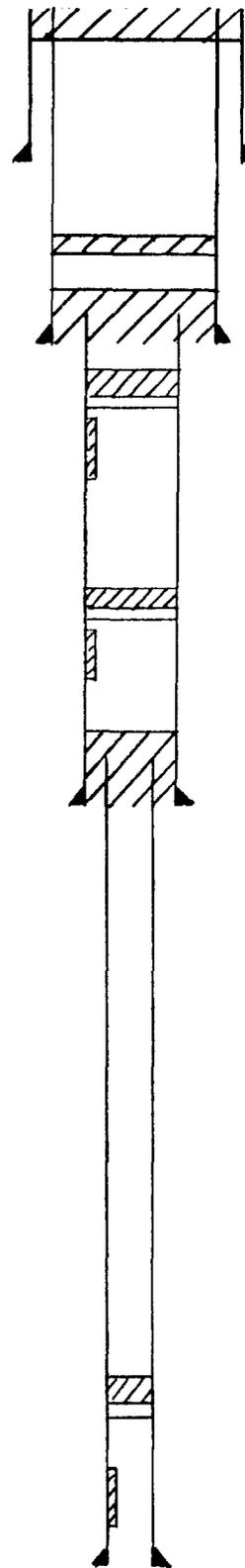
Set 40 sx plug across top of 5" liner  
10140 - 10400  
Top of 5" liner @ 10318'  
7 5/8" liner @ 10425' with 1060 sxs  
circulated

Cmt retainer @ 11500' +5 sxs cmt

Perf. 11642 - 11745 SQZD with 250 sxs

5" liner @ 11776' with 142 sxs  
circulated

P & A 8/3/81



ARCO OIL and GAS COMPANY  
LEA 403 STATE NO. 5

Set 10 sx plug at surface

13 3/8" 48# set @ 382" with 400  
sxs circulated

Set 75 sx plug across 9 5/8" csg  
shoe & 5 1/2" stub

9 5/8" 36, 40# set @ 4013' with 1800  
sxs circulated

5 1/2' csg shot & pulled @ 4220'

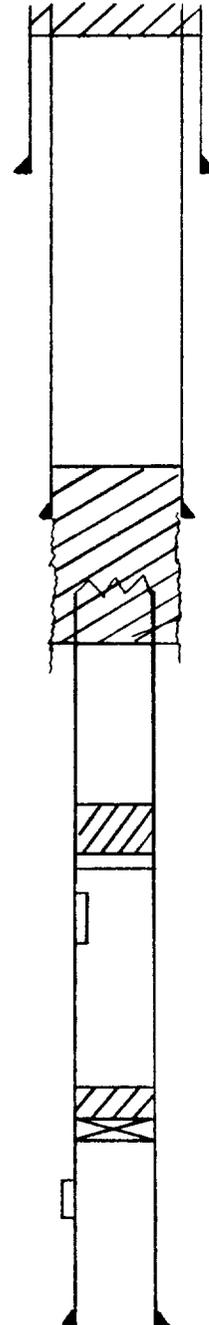
Cmt retainer @ 7800' + 50 sxs

Perfs. 7897 - 7904

CIBP @ 11680' + 2 sxs cmt

Perfs. 11770 - 11807

5 1/2" 17, 20# set @ 11823' with  
1867 sxs TOC 4300' TS  
P & A 3/26/75



LABORATORY WATER ANALYSIS

No. WS-87-243

To Mr. M. Y. Merchant

Date 12-12-87

PENROC

P. O. Box 5970

Hobbs NM 88240

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

Submitted by M.Y. Merchant Date Rec. 12-10-87

Well No. N.A. Depth N.A. Formation \_\_\_\_\_

County Lea Co. NM Field Buckeye Area Source water well / Devonian well

	<u>water well</u>	<u>Devonian well</u>
Reactivity	<u>3.41 @ 68°F</u>	<u>.09 @ 68°F</u>
Specific Gravity	<u>1.002</u>	<u>1.066</u>
pH	<u>7.2</u>	<u>7.6</u>
Calcium (Ca)	<u>45</u>	<u>2150</u> *MPL
Magnesium (Mg)	<u>30</u>	<u>330</u>
Chlorides (Cl)	<u>950</u>	<u>55000</u>
Sulfates (SO <sub>4</sub> )	<u>nil</u>	<u>heavy</u>
Bicarbonates (HCO <sub>3</sub> )	<u>240</u>	<u>1284</u>
Soluble Iron (Fe)	<u>nil</u>	<u>nil</u>

Remarks: water taken from wells in the same area for comparison purposes. \*Milligrams per liter

C. R. Moore Charles Ray Moore  
Respectfully submitted,

Analyst crm

HALLIBURTON COMPANY

By crm  
CHEMIST

NOTICE

THIS REPORT IS LIMITED TO THE DESCRIBED SAMPLE TESTED. ANY USER OF THIS REPORT AGREES THAT HALLIBURTON SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE, WHETHER IT BE TO ACT OR OMISSION, RESULTING FROM SUCH REPORT OR ITS USE.

PENROC OIL CORPORATION  
STATE "AF" NO. 3 ELECTRIC LOG

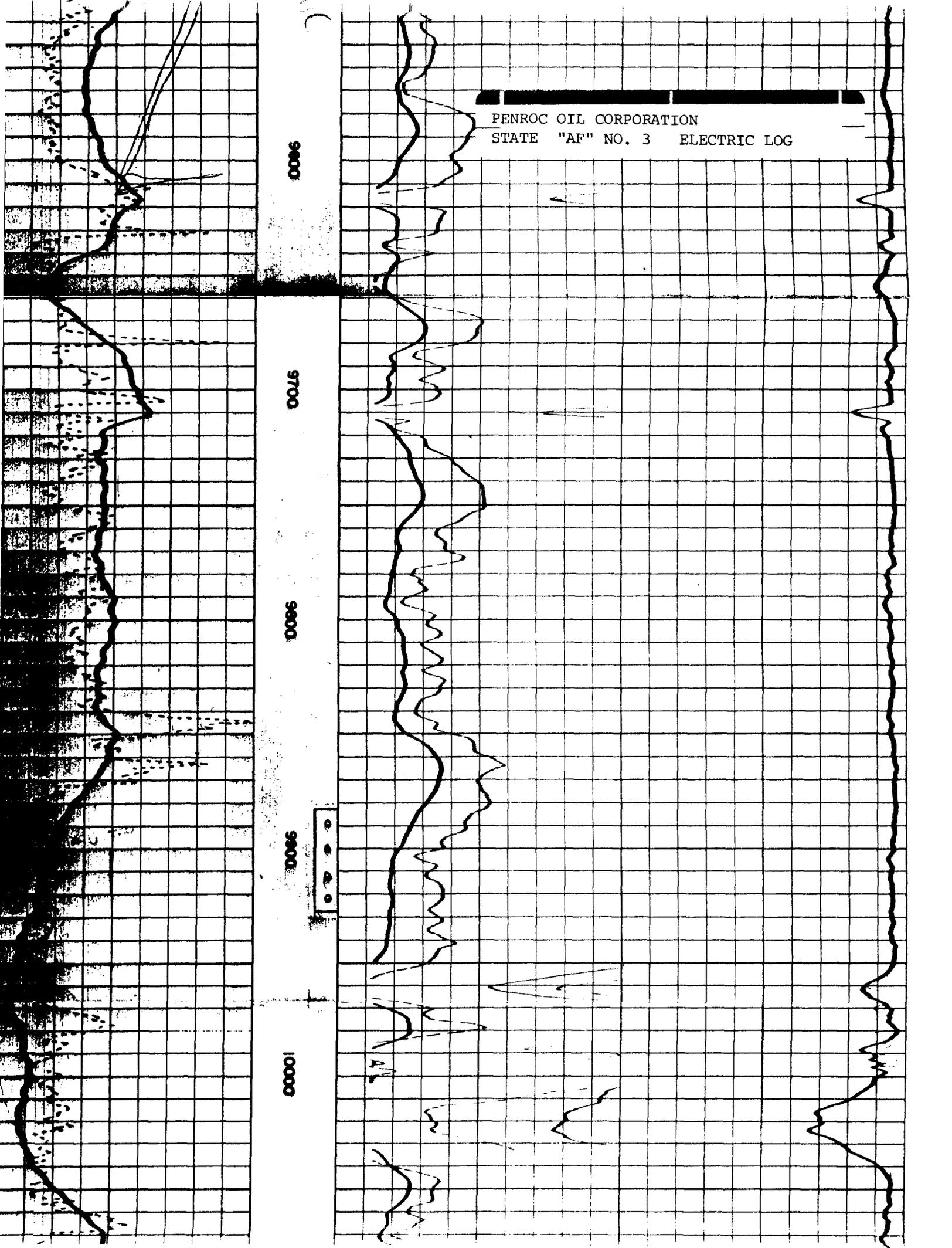
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9700

9800

9900

10000



PENROC OIL CORPORATION  
STATE "AF" NO. 2 ELECTRIC LOG

9700

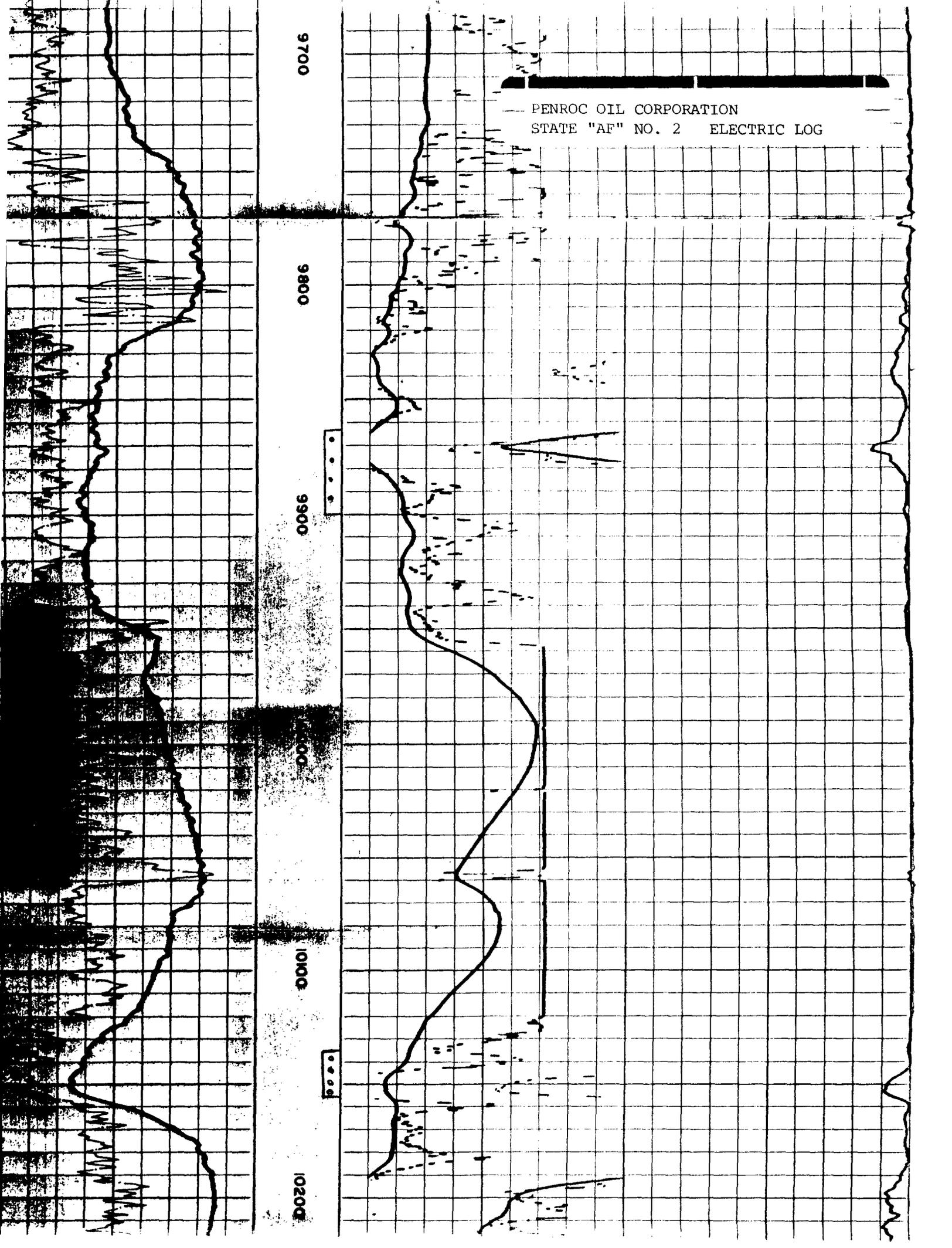
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9900

10000

10100

10200

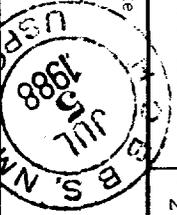


P 69J 994 874

**RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to	Arcco Oil & Gas
Street and No	P. O. Box 1710
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

Fold at line over top of envelope to the right of the return address

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P 69J 994 874

P 69J 994 873

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(See Reverse)

PS Form 3800, June 1985

Sent to	Texaco, Inc.
Street and No	P. O. Box 728
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
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P 69J 994 873

P 69J 994 872

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PS Form 3800, June 1985

Sent to	R. D. Lee
Street and No	P. O. Box 363
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

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**CERTIFIED**

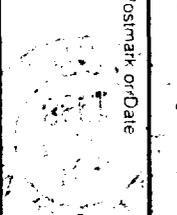
P 69J 994 872

P 69J 994 871

**RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to	Maralo, Inc.
Street and No	P. O. Box 832
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

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**CERTIFIED**

P 69J 994 871

P 691 774 366

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(See Reverse)

PS Form 3800 June 1985

Sent to Bledsoe Petro Corp. 3908 N. Peniel, Suite 200 Bethany, OK 73008	
P.O. State and ZIP Code	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

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CERTIFIED

P 691 994 866

MAIL

P 691 994 867

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to M. O. C. D. P. O. Box 2088 Santa Fe, NM 87504-2088	
P.O. State and ZIP Code	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 691 994 867

MAIL

P 691 994 868

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to State of NM Commissioner of Public Lands P. O. Box 1148 Santa Fe, New Mexico 87504	
P.O. State and ZIP Code	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 691 994 868

MAIL

P 691 994 869

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to Kemper Operating Street and No. 2500 S. Willis, Suite G Abilene, Texas 79605	
P.O. State and ZIP Code	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 691 994 869

MAIL

P 691 994 870

**RECEIPT FOR CERTIFIED MAIL**

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NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to Kellahin, Kellahin & Aubrey	
Address NW. T. Kellahin	
P. O. Box 2265	
Bahia Pst, NM 87504-2265	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark of Delivery Office	



Fold at line over top of envelope to the right  
of the return address

**CERTIFIED**

P 691 994 870

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin  
Karen Aubrey

El Patio - 117 North Guadalupe  
Post Office Box 2265

Telephone 982-4285  
Area Code 505

Jason Kellahin  
Of Counsel

Santa Fé, New Mexico 87504-2265

July 29, 1988

11/29/88

JUL 29 1988

OIL CONSERVATION DIVISION

Mr. David R. Catanach  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

(Hand Delivered)

Re: Penroc Oil Corporation  
State "AF" Well No 2  
Application for SWD  
Lea County New Mexico

Dear David:

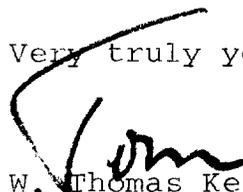
I wish to confirm with you our conversation concerning Mr. Merchant's application dated July 5, 1988 on behalf of Penroc Oil Corporation for approval of salt water disposal for the referenced well.

Prior to the deadline for publication of the docket for the hearings on August 3, 1988, you advised me that you had reviewed Mr. Merchant's application and would not require it to be set for hearing in order to process his request.

As you know he is most anxious to have either this well approved or the well that was the subject of Case 9303 approved so that he can address his water production problem.

Please call me if there is anything else either Mr. Merchant or I must do in order to have this matter approved.

Very truly yours,



W. Thomas Kellahin

WTK:pm

cc: M. Y. Merchant (Penroc)

# PENROC

Penroc Oil Corporation / P. O. Box 5970 / Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051

JUL 20 1988  
RECEIVED  
91 77 80

July 26, 1988

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Attn: David Catanach

Re: Affidavit of Publication  
State AF Well No. 2  
Salt Water Disposal Application

Dear Mr. Catanach:

Enclosed is a copy of the Affidavit of Publication from the Hobbs Daily News-Sun. Please add this to PENROC'S application for salt water disposal on the captioned well. Thank you for your cooperation and we look forward to a early approval.

Sincerely,

PENROC OIL CORPORATION



Betty L. Rinehart  
Secretary to M. Y. Merchant

/br

Enclosure

**AFFIDAVIT OF PUBLICATION**

State of New Mexico,  
County of Lea.

I, William H. Shearman, Jr.

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 \_\_\_\_\_

One \_\_\_\_\_ weeks.  
Beginning with the issue dated

July 22, 19 88  
and ending with the issue dated

July 22, 19 88

Bill Shearman  
Publisher.

Sworn and subscribed to before

me this 25 day of

July, 19 88  
Cesa Murphy  
Notary Public.

My Commission expires \_\_\_\_\_

November 14, 19 88  
(Seal)

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.

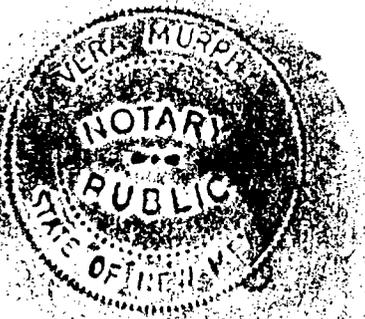
**LEGAL NOTICE**

July 22, 1978  
PENROC OIL CORPORATION, P.O. Box 5970, Hobbs, New Mexico 88241, is filing an application to convert State AF Well No. 2 to water disposal. This well is located 2130' FEL, 330' FSL in Section 8 T18S, R35E, Lea County New Mexico.

The intention of applicant is to inject produced water from various formations in the general area. The formation to be injected is the Wolfcamp in the Vacuum Wellcamp East Field at an average daily injection rate of 5000

BWPD to a maximum of 10,000 BWPD. The average injection pressure will be zero psig, with a maximum pressure of 2000 psig.

All interested parties must file objections, if any, or request for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico 87501 within 15 days of this notice. M.Y. (Merch) Merchant, President, (305) 397-3596.





STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
 OIL CONSERVATION DIVISION  
 HOBBS DISTRICT OFFICE

GARREY CARRUTHERS  
 GOVERNOR

7-7-88

POST OFFICE BOX 1980  
 HOBBS, NEW MEXICO 88241-1980  
 (505) 393-6161

OIL CONSERVATION DIVISION  
 P. O. BOX 2088  
 SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC \_\_\_\_\_  
 DHC \_\_\_\_\_  
 NSL \_\_\_\_\_  
 NSP \_\_\_\_\_  
 SWD  \_\_\_\_\_  
 WFX \_\_\_\_\_  
 PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

*Penroc oil Corp. State AF# 2-0 8-18-85*  
 Operator . Lease & Well No. Unit S-T-R

and my recommendations are as follows:

*OK*

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Yours very truly,

*Jerry Sexton*  
 Jerry Sexton  
 Supervisor, District 1

/ed