

NADEL AND GUSSMAN PERMIAN, L.L.C.
3200 FIRST NATIONAL TOWER
TULSA, OK 74103
(918) 583-3333 (P)
(918) 583-0888 (F)

Via Mail and Fax

January 10, 1997

Mr. Jerry Sexton, District I Supervisor
New Mexico Oil Conservation Division
1000 W. Broadway, P.O. Box 1980
Hobbs, NM 88240

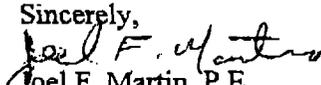
Re: Peery Federal #4 SWD Well, Little Lucky Lake (Morrow) Field
29-15S-30E, Chaves, NM
Request For Temporary Approval to Inject Produced Water Down Casing

The subject well, permitted in the Devonian as a produced water disposal well, recently developed a tubing leak. Nadel and Gussman ("NG") has pulled the injection tubing, and the well is shut-in. The Peery Federal #1, which is a Devonian producer, is also shut-in. NG has been unable to economically rod pump the well due to rod wear/tubing leaks, and we plan to test the well's productivity utilizing either a jet pump or submersible pump. At the same time, NG plan's to test the Devonian in the Peery Federal #3, which is also shut-in, with a jet pump. We do not know what total withdrawal and disposal rates will be from both wells, which is information we must have before we can correctly size our disposal tubing.

Due to the significant investment that will be required to purchase pumping equipment, additional surface tankage, and production and coated injection tubing, NG hereby respectfully requests that we be allowed to inject down the Peery Federal #4 casing for a period not to exceed 60 days while we rent equipment and perform the above described production tests. Once we have determined if we have economically viable Devonian production, we will purchase correctly sized plastic coated injection tubing.

The Peery Federal #4 passed its most recent mechanical integrity test, and, as you can see from the attached wellbore sketch, has 11-3/4", 8-5/8", and 5-1/2" casing cemented to surface. The Devonian will take water on a vacuum, so potential to inject out of zone is minimal. Prior to beginning injection down the casing, we will test the casing integrity down to +/- 11000' with a workstring and packer, and will notify your office prior to the test so that you can be on location should you so desire. We will not proceed unless the well passes this test. Also, NG will notify you when we begin and when we cease injection down the Peery Fed. #4 casing.

Your prompt consideration of this request will be greatly appreciated. If your office approves, we will also apply to the BLM for approval. Please contact the undersigned should you have any questions.

Sincerely,

Joel F. Martin, P.E.
attachment

Jerry:
45 Day approval given.
MIT test to be run before &
after. We'll let you guys
watch the time period.

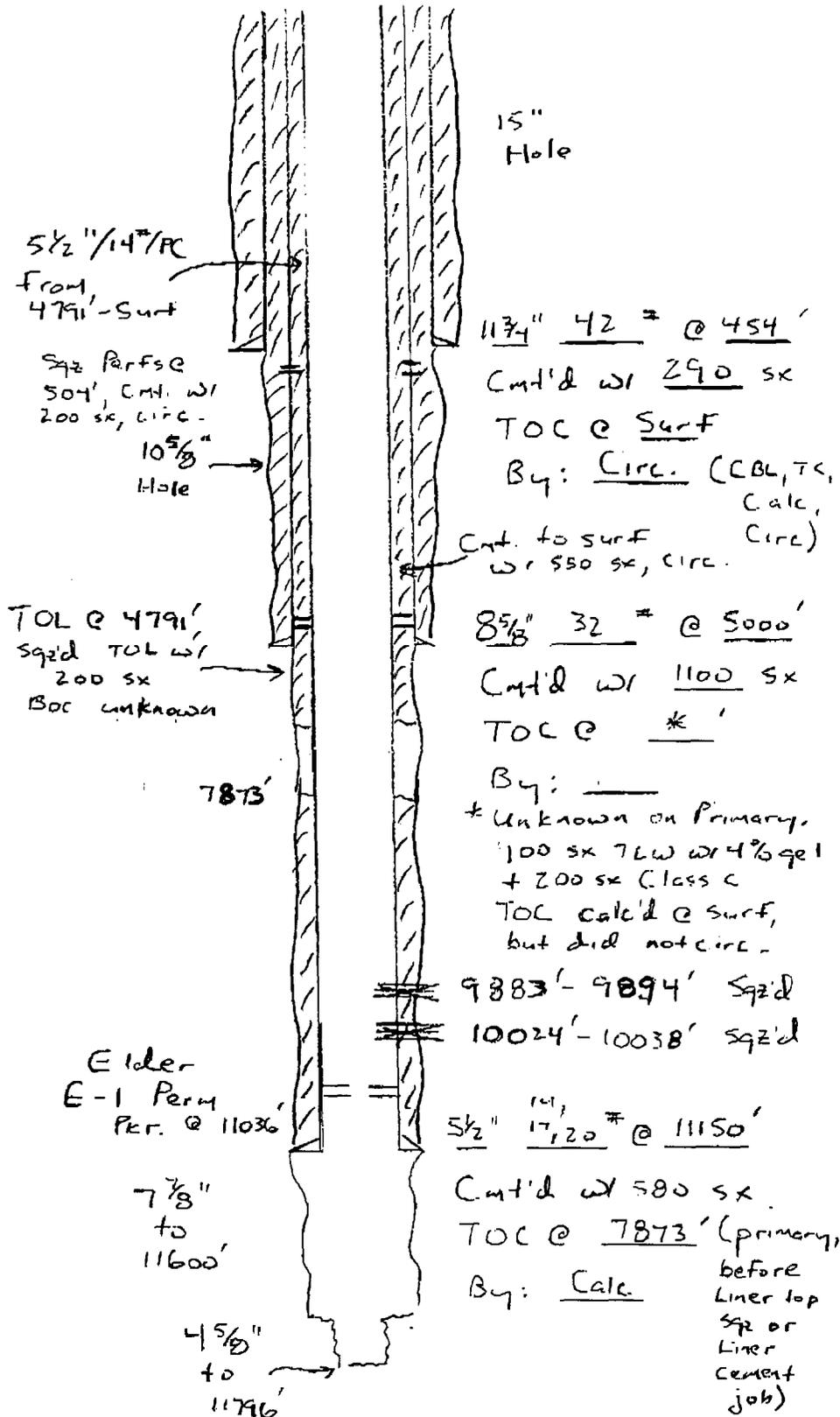
DLC

Well: Peery, Fed No. 4

State/County: Chaves, NM

Legals: 660' FNL, 990' FEL, 29-155-30E

GL/KB: DF @ 3999' ASL



Well History

Spud 7/70. Set
Liner @ 4791'. Sqr
TOL w/ 200 sx. Tie
into liner longer w/
5 1/2" / 14" PC, Cmt. -
5 1/2" to surf. w/
550 sx, circ. PWOOD
in Dev.

7/85 Recomplete to
Morrow @ 10024'-
10038'. Acdz 5/87.

3/88 Sqr Morrow
@ 10024'-10033',
35 sx. Perf Morrow
@ 9883'-9894',
acdz., unsuccessful.

1/89 PAA well. Set
plugs & perf 5 1/2"
& 8 5/8" @ 504', Cmt.
8 5/8" to surf.

2/95 Re-enter well.
Sqr Morrow @ 9883'-
9894' w/ 100 sx.
Set Elder E-1 @
11036', run injection
tubing, return well
to disposal.

11/96 Acdz well.
Found tbg. lost.

12/96 POK w/ injection
tubing. Shut well
in.