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WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

May 17, 1996

PLEASE REPLY TO SANTA FE

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Administrative Order No. SWD-599
Eddy County, New Mexico

Dear Mr. LeMay:

On July 6, 1995, the Division entered Administrative Order SWD-599 pursuant to the application of Dalen Resources Oil and Gas Company for Salt Water Disposal for its Murchison "2" State SWD Well No. 1 located 760 feet from the South line and 330 feet from the East Line (Unit P) of Section 2, T-25-S, R-26-E, NMPM, Eddy County, New Mexico.

The original order authorized Dalen Resources to inject salt water into the Bell Canyon formation at a depth of approximately 2304 feet to 2428 feet. Dalen Resources has since been acquired by Enserch Exploration, Inc. and Enserch now seeks the amendment of Administrative Order No. SWD-599 to expand the injection interval to include the depths from 2004 feet to 2418 feet. The expansion would include the Ramsey sand of the Delaware formation which is not productive in the immediate area and would increase disposal capacity by approximately 400 BWPD.

In addition to the disposal of salt water produced from its own well on the subject state lease lands, Enserch also proposes to take produced water from offsetting operators. Enserch Exploration's application to the New Mexico State Land Office for a Salt Water Disposal Well Easement is presently pending. Consequently, Enserch also requests that the effective date of Administrative Order No. SWD-599 be extended for an additional six months to January 7, 1997.

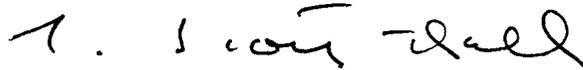
Mr. William J. LeMay, Director
May 17, 1996
Page 2

On behalf of Enserch Exploration, we are notifying the offsetting operators of this request, by copies thereof.

Should the Division require additional information, please do not hesitate to contact me.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke.

J. Scott Hall

JSH/ag

cc: Michael Lyons
Unit Production Co.
Redstone Oil & Gas Co.
Texaco Exploration & Production, Inc.
Matador Petroleum
MW Petroleum
Chevron USA, Inc.
Honorable Ray Powell, Jr.
Murchison Oil & Gas Co.
NMOCD Artesia District Office

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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May 23, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

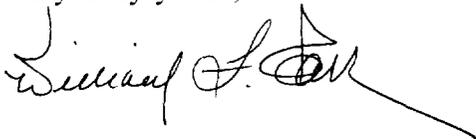
Re: Application of Enserch Exploration Inc. for Amendment of New Mexico Oil
Conservation Division Administrative Order No. SWD-599, Eddy County,
New Mexico

Dear Mr. LeMay:

This letter is to advise that Chevron U.S.A. Inc., hereby objects to the May 17, 1996 application of Enserch Exploration Inc. for Amendment of New Mexico Oil Conservation Division Administrative Order No. SWD-599. Chevron requests that this matter be set for hearing on the next available Examiner hearing docket.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc: J. Scott Hall, Esq.
Miller, Stratvert, Torgerson & Schlenker, P.A.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
Attorney for Enserch Exploration Inc.

Frank N. Cusimano, III
Chevron U.S.A. Production Company
Post Office Box 1150
Midland, TX 79702

VERBAL
MEMO 7.10.96

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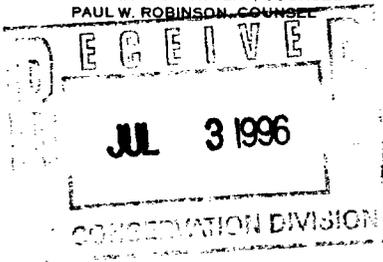
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WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

July 3, 1996

PLEASE REPLY TO SANTA FE



Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

HAND DELIVERED

Re: Application of Enserch Exploration, Inc. for Amendment of NMOCD
Administrative Order No. SWD-599
Eddy County, New Mexico

Dear Mr. LeMay:

On May 17, 1996, we filed a letter application on behalf of Enserch Application, Inc. for an amendment to NMOCD Administrative Order No. SWD-599 in order to expand the previously approved injection interval. A copy of the May 17, 1996 letter is enclosed.

On May 23, 1996, William F. Carr filed an objection to the Enserch application on behalf of Chevron USA, Inc. Chevron and Enserch have since reached an accord and Mr. Carr has authorized me to advise the Division that Chevron is withdrawing its objection to the Enserch application. No other offsetting operators, interest owners or the landowner (State of New Mexico) have objected.

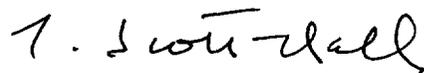
Administrative Order No. SWD-599 presently expires on July 6, 1996. In view of these circumstances, Enserch respectfully requests the amendment to be approved on an expedited basis and the Order's effective date be extended for an additional six months to January 7, 1997.

Mr. William J. LeMay, Director
July 3, 1996
Page 2

Thank you for your attention to this matter.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

A handwritten signature in cursive script that reads "J. Scott Hall".

J. Scott Hall

JSH/ag

Enclosure

cc: Michael Lyons, Enserch Exploration, Inc.
Wm. F. Carr, Esq.
Ben Stone, NMOCD - Santa Fe

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

AMEND SWD-599
GAVE VERBAL ON
7.10.96
(83)

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WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

July 9, 1996

PLEASE REPLY TO SANTA FE

*ADMITTED IN ILLINOIS ONLY
**ADMITTED IN UTAH ONLY

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

HAND DELIVERED

Re: Application of Enserch Exploration, Inc. for Amendment of NMOCD
Administrative Order No. SWD-599
Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is a copy of a letter agreement dated July 2, 1996 between Enserch Exploration, Inc. and Chevron USA, Inc. whereby Chevron has agreed to withdraw its objection to the Enserch application to expand the injection intervals by amendment to NMOCD Administrative Order No. SWD-599.

The referenced administrative order expired on July 6, 1996. However, it is hoped the amendment to the order can be approved and the order reinstated, nunc pro tunc. On behalf of the applicant, Enserch Exploration, Inc., it is requested this matter be given expedited consideration by the Division.

Thank you for your cooperation.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

J. Scott Hall

J. Scott Hall

JSH/ag
Enclosure

cc: Michael Lyons, (w/o enclosure)
Ben Stone, NMOCD - Santa Fe

**ENSERCH
EXPLORATION INC**

ClayDesta Center
6 Desta Drive, Suite 5250
Midland, Texas 79705-5510
Phone: 915-682-9756
Fax #: 915-687-4109

Brian Sherran
District Production Manager
West Texas/Rocky Mountain District
Production & Engineering Division
Mark Burkett
District Petroleum Engineer
Sammy Reed
Production Superintendent

July 2, 1996

Chevron USA
Attn.: Mr. Dave Rittersbacher

RE: Enserch Exploration, Inc.
Murchison St. 2 No. 1 SWD
Sec. 2P, T-25-S, R-26-E
P J Delaware Field
Eddy County, NM

Enserch Exploration Inc. is seeking to amend the New Mexico Oil Conservation Division's order SWD-599, which granted authority for Enserch to operate a disposal well at the referenced location, to include a provision to inject produced water into the Ramsey Sand as found in the Enserch operated Murchison St. 2 No. 2 from 2000' to 2120' and to adjust the time constraint of the order from July 6, 1996 to allow ample time to conduct proper operations. Chevron USA has voiced opposition to the order which would force a hearing with the OCD. In order to avoid a hearing, Enserch and Chevron have come to a verbal agreement in which Chevron agrees to drop opposition to the said amendment on the condition that Enserch performs the following:

Enserch will first perforate and stimulate the Bell Canyon interval as found in the Murchison St. 2 No. 2 from 2121' to 2530' and attempt to establish injection prior to opening up additional footage in the Ramsey Sand. If the Bell Canyon interval is deemed adequate for Enserch's disposal requirements then the Ramsey Sand will not be perforated. If, however, the Bell Canyon interval is not able to

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& SHERIDAN, P.A.
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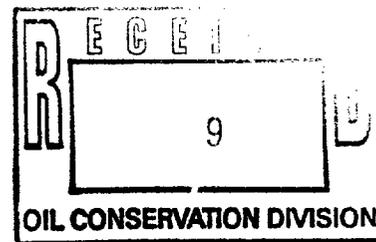
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July 9, 1996

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: *Application of Enserch Exploration Inc. for Amendment of New Mexico Oil Conservation Division Administrative Order No. SWD-599, Eddy County, New Mexico*

Dear Mr. LeMay:

On May 23, 1996, Chevron U. S. A. Inc. objected to the above referenced application and requested that this matter be set for hearing before a Division Examiner.

Enserch and Chevron have reached an agreement concerning this application and, therefore, Chevron hereby withdraws its objection to this application and its request for hearing.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large, sweeping flourish at the end.

WILLIAM F. CARR
WFC:mlh

cc: Frank N. Cusimano, III
Chevron U. S. A. Production Company
Post Office Box 1150
Midland, Texas 79702

J. Scott Hall, Esq.
Miller, Stratvert, Torgerson & Schlenker, P. A.
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Attorney for Enserch Exploration Inc.

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FACSIMILE TRANSMISSION COVER SHEET

DATE: July 11, 1996

TO: Ben Stone
NMOCD

FAX NO.: 827-8177

FROM: J. Scott Hall

OPERATOR: Angela

DOCUMENTS SENT:

MESSAGE:

NUMBER OF PAGES INCLUDING COVER SHEET: 2

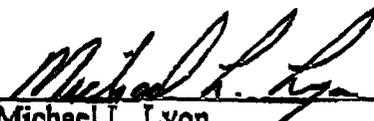
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* * * * *

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Murchison SWD Agreement
Page #2

accept the volumes required by Enserch, now or in the future, then Enserch will contact Chevron and apprise them of what work has been done and what Enserch is planning prior to any work being performed in the Ramsey Sand.



Michael L. Lyon
Petroleum Engineer II

If Chevron USA finds this resolution acceptable and agrees to drop its protest to the referenced amendment please indicate by signing below and returning a copy to the Enserch Midland Production District as soon as possible.

Name:

Dave Tetterbach

Title or position:

Senior Geologist - NM Area

Date:

7/9/96

mll
mragrswd.doc