



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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NM OIL CONSERVATION

ARTESIA DISTRICT

NOV 19 2018

RECEIVED

GC 11-20-18
Accepted for record - NMOCD

November 13, 2018

Ray Westall Operating Inc
P.O. Box 4
Loco Hills, NM 88255

Certified Mail

7016 1130 0001 5847 5541

Re: Non-renewal of Salt Water Disposal Easement SWD-0327
(Cowtown Loyd #1, API 30-015-23618)

Dear Mr. Westall,

This letter is to inform you of the formal expiration of Salt Water Disposal Easement SWD-327 effective December 10, 2017.

The State Land Office has reviewed the application to deepen the Cowtown Loyd SWD #1 well located 1,830' FSL, 510' FEL, Section 14, Township 18 South, Range 28 East, in Eddy County, New Mexico. The proposed additional saltwater disposal (SWD) injection interval is **9630'-9780'** into the Upper Penn formation. An oil well, the Cowtown Loyd, (30-015-22830) produced oil from 9630'-9786' from years 1981 to 2004. Approximately 10 oil wells have produced oil and gas from the same interval, all located within 1 mile of the SWD well in question.

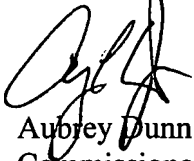
The State Land Office plans to oppose the SWD application when presented to the OCD and will recommend that the application to dispose of salt water into a known producing oil and gas zone be denied.

All equipment on site used exclusively for the disposal of salt water must be removed within 90 days, and the well plugged and abandoned per the requirements of the New Mexico Oil Conservation Division. The site must be fully reclaimed within a two year period for which Ray Westall Operating must have a Right of Entry Permit.

November 8, 2018
Ray Westall Operating Inc
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If you have any questions, please contact Faith Crosby of the Oil, Gas and Minerals Division at the address above or by calling (505)-827-5849.

Respectfully,



Aubrey Dunn
Commissioner of Public Lands

EM/fc

Cc: ~~New Mexico Oil Conservation Division, Artesia, NM~~