Form 3160-5 (June 2015)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NMOCD Artesia

FORM APPROVED OMB NO. 1004-0137

| | Expires: Jan | | |
|----------|--------------|---|--|
| Lease Se | erial No. | W | |

| Do not use th | | , | NMNM132673 | | | |
|--|---|--|------------------------------|----------------------|---|---|
| abandoned we | s. | | 6. If Indian, Allottee or | Tribe Name | | |
| SUBMIT IN | TRIPLICATE - Other ins | tructions on page 2 | | | 7. If Unit of CA/Agree NMNM139453 | ment, Name and/or No. |
| Type of Well Gas Well Qt | her | | | | 8. Well Name and No. AJAX STATE COM | й 1H |
| Name of Operator MACK ENERGY CORPORA | Contact: FION E-Mail: jerrys@ma | JERRY SHERRELL ckenergycorp.com | . 1 | | 9. API Well No. 30-005-64294-0 | D-S1 |
| 3a. Address P.O. BOX 960 ARTESIA, NM 8821,1-0960 | | 3b. Phone No. (include a Ph. 505.748.1288 Fx: 505.746.9539 | rea code) | | 10. Field and Pool or E ROUND TANK-S | xploratory Area |
| 4. Location of Well (Footage, Sec., 7 | r., R., M., or Survey Description, |). | | | 11. County or Parish, S | tate |
| Sec 36 T15S R28E NENE 73 32.977707 N Lat, 104.078194 | 6FNL 464FEL W Lon | | | | CHAVES COUN | 4 2 |
| 12. CHECK THE AI | PPROPRIATE BOX(ES) | TO INDICATE NAT | URE OF | NOTICE, | REPORT, OR OTH | ER DATA |
| TYPE OF SUBMISSION | | Т | YPE OF | ACTION | | |
| ☐ Notice of Intent | ☐ Acidize | Deepen | | ☐ Product | ion (Start/Resume) | ☐ Water Shut-Off |
| • | ☐ Alter Casing | ☐ Hydraulic Frac | turing | ☐ Reclama | | ☐ Well Integrity |
| ☑ Subsequent Report | Casing Repair | ■ New Construct | tion | Recomp | | Other |
| ☐ Final Abandonment Notice | Change Plans | ☐ Plug and Aban | don | Tempora | arily Abandon | - |
| Describe Proposed or Completed Ope If the proposal is to deepen directions | ☐ Convert to Injection | Plug Back | | Water D | isposal | • |
| following completion of the involved testing has been completed. Final Abdetermined that the site is ready for fit. 1. Name of formations produced from the site is ready for fit. 2. Amount of water produced from the site is the site is ready for fit. 3. Attach a current water analyconcentrations of chlorides and the stored on leas for the site is fit. 4. How water is moved to dispose for the site is moved to dispose for the site is fit. A. Facility the Disposal Facility A: Facility operators name. Made is name of Facility or well (WDV D. Location. NESW Sec. 19 T. Attach a copy of the state is | nal inspection. Ing water on the lease. Ro from all formations in barre visis of produced water from d sulfates. e. Fiberglass tank. osal facility. Pipeline. by: ick Energy Corporation. e and number. Round Ta W) (WIW) etc. WDW. 15S R29F. | und Tank; San Andres ls per day. 250. m all zones showing at Accepted for ink SWD #1 | s, melddin s. least td | s, ph, and | pec 1 | 4 must be filed once d the operator has ENED 1 2019 ENESIAO.C.D. |
| 14. Hereby certify that the foregoing is | trustant ocurret | | | | <u> </u> | |
| | Electronic Submission #4 For MACK ENER pitted to AFMSS for process IERRELL | Title P | RODUC | TION CLEI ACCEPTE | (20JS0034SE) | |
| | THIS SPACE FOI | R FEDERAL OR ST | | | E 0 5 2019 | |
| the trial the applicant holds legal or equinich would entitle the applicant to conduct the 18 U.S.C. Section 1001 and Title 43 Ustates any false, fictitious or fraudulent states to the conduction of the conductions on page 2) | Approval of this porice doesn table title to those frights in the stoperations therein. | ot warrant or ubject lease Office inne for any person knowing any matter within its jurisc | BUI gly and wi | REAU OF L ROSWEL | AND MANAGEMEN L FIELD OFFICE e to any department or ago | ency of the United |
| | PUNIVEARD | OFM KEAISED | DLIVI I | ィロストロ | RFM KEAISED , | · * |

Revisions to Operator-Submitted EC Data for Sundry Notice #494618

Operator Submitted

Sundry Type:

DISPOSE SR

Lease:

NMNM132673

Agreement:

NMNM139453 -

Operator:

MACK ENERGY CORPORATION PO BOX 960 ARTESIA, NM 88211-0960 Ph: 575-748-1288

Admin Contact:

JERRY SHERRELL PRODUCTION CLERK E-Mail: jerrys@mec.com

Ph: 575-748-1288

Tech Contact:

JERRY SHERRELL PRODUCTION CLERK E-Mail: jerrys@mec.com

Ph: 575-748-1288

Location:

State: County:

CHAVES

Field/Pool:

ROUND TANK SAN ANDRES

Well/Facility:

AJAX STATE COM 1H Sec 36 T15S R28E Mer NMP NENE 736FNL 464FEL 32,977707 N Lat, 104.078194 W Lon

BLM Revised (AFMSS)

DISPOSE

SR

NMNM132673

NMNM139453 (NMNM139453)

MACK ENERGY CORPORATION P.O. BOX 960 ARTESIA, NM 88211-0960 Ph: 505-748-1288

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MM⁻ CHAVES

ROUND TANK-SAN ANDRES

AJAX STATE COM 1H Sec 36 T15S R28E NENE 736FNL 464FEL 32.977707 N Lat, 104.078194 W Lon



Catalysi Öllfield Services 11999 É Hwy 158 Gardendale, TX, 79758 (432) 363-0727 Fax: (432) 224-1038

Water Analysis Report

| Customer: | Mack Energy Corpora | ition . | Sample #: | 81443 | | |
|---------------|---------------------|--|-----------|-------|--|--|
| Ârea: | Artesia | ion Sample #: 81443 Analysis ID #: 80568 | | | | |
| Lease: | Ajax | and the second s | | | | |
| Location: | 1H | 0. | | | | |
| Sample Point: | Wellhead | | | | | |

| | | the street of the | | | | 7 - 4 | <u> </u> |
|---------------------|-----------|--|---------|------------|--|-----------------|----------|
| Sampling Date: | 1/10/2019 | Anions | mg/l | meq/l | Cations | mg/l | meq/l |
| Analysis Date: | 1/22/2019 | Chloride: | 92946.1 | 2621.67 | Sodium: | 58080.0 | 2526.34 |
| Analyst: | Catalyst | Bicarbonate: | 197.6 | 3.24 | Magnesium: | 693.1 | 57.02 |
| TDS (mg/l or g/m3): | 157589.1 | Carbonate: | , | | Calcium: | 1955.0 | 97.55 |
| Density (g/cm3): | 1.106 | Sulfate: | 3200.0 | 66.62 | Potassium: | 390.4 | 9.98 |
| | · · | Borate*: | 82.7 | 0.52 | · Strontium: | 43.0 | 0.98 |
| | | Phosphate* | | | Barlum: | 1.0 | 0.01 |
| Hydrogen Sulfide: | 17 | | | | Iron: | 0.0 | 0. |
| Carbon Dioxide: | 112 | *Calculated based elemental boron a | | Manganose: | 0.222 | 0.01 | |
| Comments: | | pH at time of sampling: | | 7 | | | |
| | | pH at time of analysis: | •. | | • | | |
| | | pH used in Calculation | i: | 7 | The second second | | |
| | | Temperature @ lab conditions (F): 75 | | | Conductivity (mlc: Resistivity (ohm m | 198854 .0503 | |

| Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl | | | | | | | | | | | |
|---|-------|-----------------------------|-----------------------------------|----------|---------------------|--------|--------------------------------|--------|-----------------------------|---------|---|
| Temp | | alcite CaCO ₃ | Gypsum CaSO 22H ₂ 0 | | Anhydrite CaSO 4 | | Celestite SrSO ₄ | | Barite BaSO ₄ | | |
| °F | Index | * Amount | Index | Amount - | Index | Amount | Index | Amount | Index | Amount | |
| 80 | 0.32 | 5.11 | `-0.22 ^ | -0.00 | -0.21 | 0.00 | 0.17 | 0.00 | 1.31 | 0.60 | |
| 100 | 0.36 | 6.61 | -0.29 | 0.00 | -0,22 | 0.00 | -0.20 | 0.00 | 1.11 | -0,60 - | , |
| 120 | 0.40 | 8.42 | -0.35 | 0.00 | -0.20 | 0.00 | -0.21 | 0.00 | 0.93 | 0.60 | |
| 140 | 0.44 | 10.22 | -0.40 | 0.00 | 0.15 | 0.00 | -0.22 | 0.00 | 0.78 | 0.30 | |
| 160 | 0.47 | 12.62 | 0.44 | 0.00 | 0.09 | 0.00 | -0.22 | 0.00 | 0.65 | 0.30 | |
| -180 | 0.51 | 15.33 | -0.4ृ7 | 0.00 | -0.02 | 0.00 | -0.22 | 0.00 | 0.53 | 0.30 | |
| 200 | 0.56 | 18.03 | -0.50 | 0.00 | 0.08 | 144.57 | -0.21 | 0.00 | 0.44 | 0.30 | |
| 220 | 0.61 | 21.04 | 0.53 | 0.00 | 0.18 | 318.00 | -0.19 | 0.00 | 0.38 | 0.30 | |



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary

Mark Fesmire Division Director Oil Conservation Division



March 9, 2009

Jerry W. Sherrell Mack Energy Corp PO Box 960 Artesia, NM 88211-0960 Administrative Order SWD-1163

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., Mack Energy Corp seeks an administrative order to utilize its Roundtank SWD Well No. 1 (API 30-005-64095) located 1980 feet from the South line and 1980 feet from the West line, Unit K of Section 19, Township 15 South, Range 29 East, NMPM, Chaves County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 26.8B. Satisfactory information has been provided that affected parties as defined in Rule 26.8B.(2) have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 26.8 will be met and the operator is in compliance with Division Rule 5.9.

IT IS THEREFORE ORDERED THAT:

The applicant Mack Energy Corp, is hereby authorized to utilize its Roundtank SWD Well No. 1 (API 30-005-64095) located 1980 feet from the South line and 1980 feet from the West line, Unit K of Section 19. Township 15 South, Range 29 East, NMPM, Chaves County, New Mexico, for disposal of produced water into the Devonian formation from approximately 10500 feet to 11200 feet through 2-7/8 inch or smaller diameter, plastic-lined tubing set within 100 feet of the disposal interval

As preparation and prior to commencing disposal, the operator shall perform the following work on the subject well:

Unless hole-conditions prevent this, run openhole resistivity and porosity logs from total depth to surface and supply copies of these electric logs to the Division (send to Hobbs district for scanning).

2) Send a copy of a mudlog with plots of lithology; drilltimes, and any hydrocarbon



shows through this Devonian interval - OR

If a mudlog is NOT available, perforate and swab test the new perforations for hydrocarbon potential and catch a water sample for analysis. The Division's district office shall be noticed prior to this test and given the opportunity to witness the swab test. The results of the swab test and water analysis shall be sent to the Division attached to a sundry notice.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface:

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The wellhead injection pressure on the well shall be limited to no more than 2100 psi. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district II office in Artesia of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district II office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 26.13 and 7.24.

Without limitation on the duties of the operator as provided in Division Rules 30 and 29, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

In accordance with Division Rule No 26.12.C., the disposal authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request, mailed by the operator prior to the termination date, may grant an extension thereof for good

Administrative Order SWD-1163 Mack Energy Corp March 9, 2009 Page 3 of 3

cause. One year after disposal into the well has ceased, the authority to dispose will terminate ipso facto.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.

MARK E. FESMIRE, P.E.

Director

MEF/wvji

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division