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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

TH	IIS CHECKLIST IS MA	NDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applic	ation Acronyms	·
	[DHC-Down [PC-Poc]	NDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE dard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] fied Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	[A]	[SWD-Sait Water Disposal] [IPI-Injection Pressure increase] ified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM
	[C] [D]	Injection - Disposal - Pressure Increase - Ephanced Oil Recovery
[2]	NOTIFICATI [A] [B] [C] [D] [E] [F]	 Other: Specify
[3]	SUBMIT ACC	CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE

OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James B Campanella		Member/Manager	8/15/2012
Print or Type Name	Signature	Title	Date
		jbc@judahoil.com e-mail Address	245872)

RED LAKE SWD, LLC

2012 AUG -6 P 12: 51

August 3, 2012

To: Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

Attn: William V. Jones Examiner

FINTE

Reference: Step-Rate-Test on Red Lake/SWD No. 1 (G-22-T17S-R28E) API # 30-015-22893, Date July 19, 2012

Dear Sir,

Please find the certified report on the subject Step-Rate-Test report and prepared by Van S. Welch II, PE State of Texas # 66291. As presented in this report, the subject well did not fracture up to a surface pressure of 2050 psi and 4196 psi bottom-hole pressure. Based on these results, Judah Oil, LLC as operator of this well respectfully requests the limiting surface pressure be increased from 1322 psi to 1950 psi.

Respectfully,

James B. Campanella Judah Oil, LLC

P.O. Box 568 611 W Mahone, Suite D Artesia, NM 88211-0568 Office: (575) 746-1280 Fax: (575) 746-1290 E-Mail: judahoil@yahoo.com

JUDAH OIL

Review of Step-Rate Test Dated July 19, 2012

Red Lake SWD Well No. 1

API # 30-015-22893

G-22-T17S-R28E

Date : August 2012

DISCLAIMER - THIS REVIEW IS BASED ON THE INFORMATION COLLECTED ON LOCATION BY VAN WELCH, PE, OF VSW2 E&P, LLC (VSW2), DURING A STEP-RATE-TEST ON THE RED LAKE SWD WELL NO. 1. THE INFORMATION COLLECTED WAS FROM RISING STAR SERVICES (SURFACE RATES AND PRESSURES) AND PRO WELL TESTING \$ WIRELINE, INC (BHP DATA). ALL DATA WAS ACCEPTED AS TRUE AND VALID. VSW2 DOES NOT GUARANTEE THE RESULTS OF ANY ACTIONS TAKEN BASED ON THIS REVIEW NOR DOES VSW2 ACCEPT ANY RESPONSIBILITY FOR ANY DECISIONS OR ACTIONS TAKEN BY JUDAH OIL, ANY PARTNERS TO JUDAH OIL, ANY ASSOCIATES OF JUDAH OIL AND/OR OTHER THIRD PARTIES OR AGENCIES (PRIVATE OR GOVERNMENTAL) WITH WHOM JUDAH OIL MAY SHARE THIS REVIEW.

Prepared by:

Van S. Welch II, PE # 66291 State of Texas

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Preface

This is a review prepared by **VSW2 E&P**, **LLC.** (VSW2) of Duncan, Oklahoma. Mr. Van Welch, **Professional Engineer (No. 66291 State of Texas)** has performed the "Technical Review" of the Step-Rate-Test (SRT) conducted on the Red Lake SWD Well No. 1, Eddy Co. New Mexico on July 19, 2012. Mr. Welch was physically present to collect all necessary data and assure that the Step-Rate-Test was properly performed in accordance with industry standards. The SRT program and pressure data collection met industry standards.

Disclaimer – VSW2 does not accept any responsibility for any decisions or actions taken by Judah Oil (its Partners, any associates of Judah Oil, third-parties or governmental agencies) relative to this "Technical Review". Due to the many uncertainties relative to individual wells and reservoirs, VSW2 cannot make any guarantees as to the best practices for future reservoir performance on the Red Lake SWD Well No. 1 as presented in this document.

Summary Result

As discussed in the review, the surface and bottom-hole pressure (BHP) data establish that the well has not fractured up to a surface pressure of 2050 psi or 4196 psi bottom-hole.

Discussion

Mr., Welch collected surface and BHP data from a SRT conducted on July 19, 2012. Mr. Randy Dade with the OCD in Artesia NM was contacted as to when the SRT was to be conducted but the OCD was not able to physically witness the test. The surface data set on the SRT are included as **Appendix I** which is a copy of Rising Star Services surface pressure and rates. **Appendix II** is a copy of Pro Well Testing & Wireline, Inc BHP report which is only presented in graphic form. VSW2 included in this report an extraction of the critical starting and ending BHP for each rate increase from Pro Well's extended file which includes pressure readings every 6 seconds. If the OCD desire this extended pressure file, please advice.

The procedures used in the SRT were as follows:

- 1. Run Bottom-Hole Gauge to 7987 ft GL; 8000 ft KB (Perfs 6610-8828 ft KB)
- 2. Start Rate 2 BPM constant for 30 Minutes and Record Pressures
- 3. Increase Rate to 4 BPM for 30 Minutes and Record Pressures
- 4. Increase Rate to 6 BPM for 30 Minutes and Record Pressures
- 5. Increase Rate to 8 BPM for 30 Minutes and Record Pressures
- 6. Increase Rate to 9 BPM for 30 Minutes and Record Pressures
- 7. SI Record Surface ISIP, 2, and 5 Minute SIP's

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Figure 1	illustrates	the	wellbore	at the	time	of t	he	SRT.	
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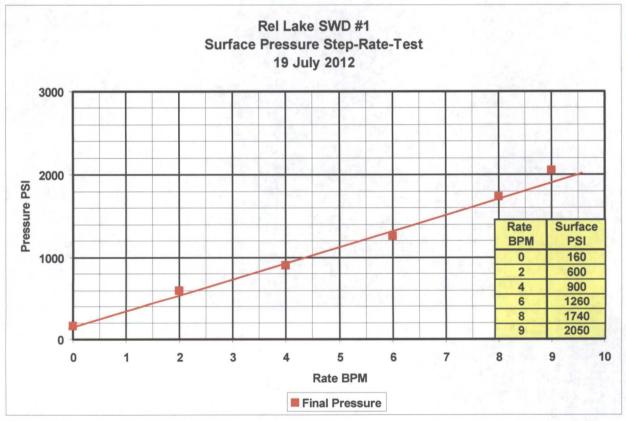
Figure 1 Wellbore Diagram

Table 4. ODT Dates Date

This review included graphing the data collected by Mr. Welch in a standard SRT format of plotting the surface and BHP at the end of each 30 minute (approx) injection period as a function of injection rate. Data used for these plots are shown in **Table 1**.

	RED LA	KE SWD #1	
End	Rate	Surface	BHP
Time	BPM	PSI	PSI
13:01	0	160	4086
13:30	2	600	4098
14:07	4	900	4121
14:38	6	1260	4145
15:08	8	1740	4176
15:38	9	2050	4196

The surface and bottom-hole graphs of this data are shown in **Figure 2**, surface pressure, and **Figure 3**, bottom-hole pressure.





Mr. Welch received the complete BHP data file from Pro Well which had pressures on 6 second readings. The report attached from Pro Well only has graphical data. Mr. Welch extracted the starting and end pressures for each strep rate and included it in Appendix II.

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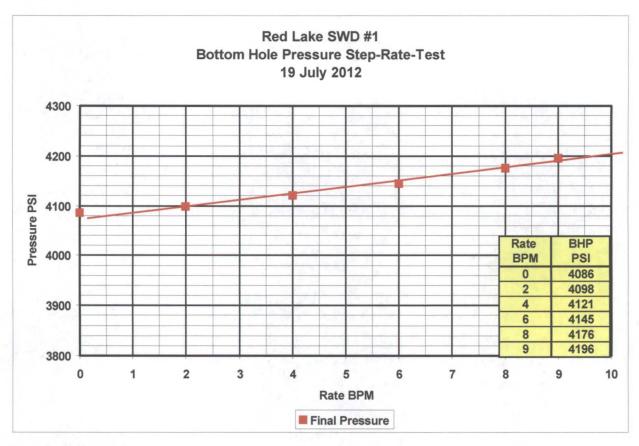


Figure 3: Bottm-Hole Pressure SRT

Both pressure graphs are representative of a typical SRT illustrating a continued increased pressure with each rate increase. Neither graph illustrates the characteristic break associate with fracturing the reservoir in which the pressure increase is significantly reduced with each incremental increase in rate.

Van S. Welch II, PE V&C Properties, LLC. President Professional Engineer State of Texas (PE No. 66291) Seal

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Appendix :1 Rising Star Surface Rate and Pressure Report

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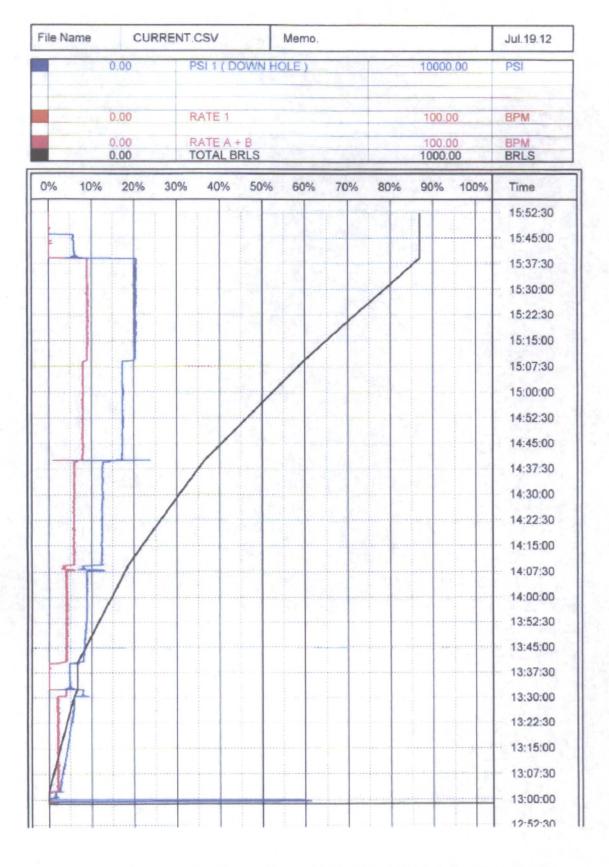
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Technical Review



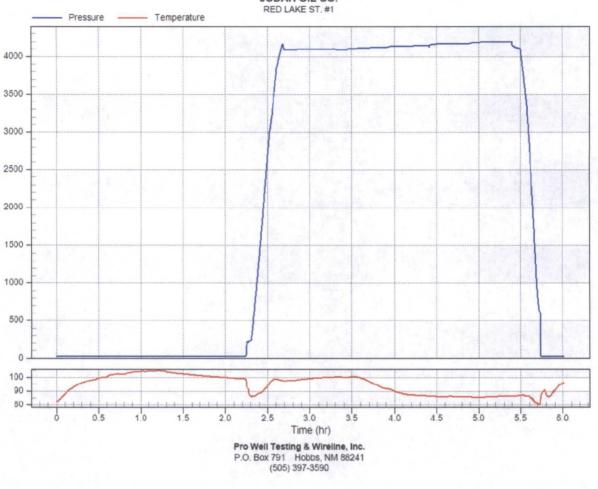
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PRO YESTING & WIRELINE

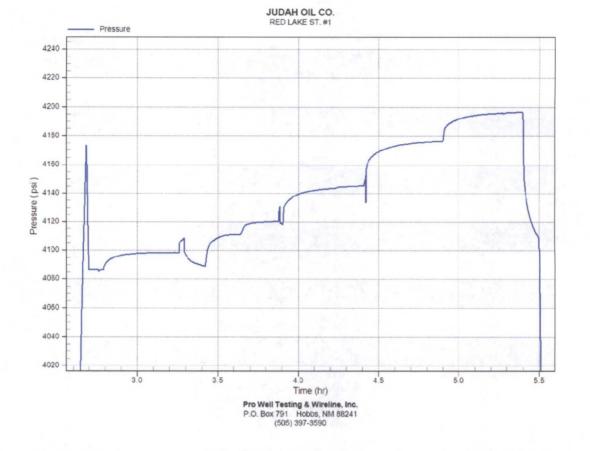
Appendix :2 Pro Well Testing Bottom-Hole Pressure Report

BUILDUP JOB INFORMATION SHEET

	Company Information	
Company Name:	JUDAH OIL CO.	
Address:		
	Well Information	······································
Well Name:	RED LAKE ST. #1	
Location:		
Field – Pool:		
Status:	SHUT IN	· · · · · · · · · · · · · · · · · · ·
	Test Information	
Type of Test:	STEP RATE	
Gauge Depth:	7987 ft	
Production Interval:	6610 ft to 8828 ft	
Production Through:	3.5" [DC	
Tubing Pressure:		
Casing Pressure:		
Shut In Time Status:	SHUT IN	
Temperature @ Run Depth	104.59 degF	
Surface Temperature:	79.75 degF	
Sunace Temperature.	Gauge Information	
	Top Recorder	Bottom Recorder
Serial Number:	76171	76181
Calibration Date:	8/23/11	1/4/06
Pressure Range:	6001 psi	5998 psi
riccouro ricingo.	Comments	



JUDAH OIL CO.



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RED LAKE SWD #1 SRT JULY 19, 2012 STARTING AND END-POINT BHP DATA DATA FROM PRO WELL TESTING & WIRELINE (Complete 6 sec reading data file available on request)

Line No.	Date M/d/yyyy	Time h:mm:ss	Time hr	Rate BPM	Pressure psi	Temp degF
1674	7/19/2012	12:59:12	2.785	0	4086.4	97.6
1674	7/19/2012	12:59:12	2.785	0	4086.4	97.6
1675	7/19/2012	12:59:18	2.787	0	4086.4	97.6
				0		
1677	7/19/2012	12:59:30	2.790	0	4086.4	97.6
1678	7/19/2012	12:59:36	2.792		4086.8	97.6
1679	7/19/2012	12:59:42	2.794	start 2	4088.5	97.6
1680	7/19/2012	12:59:48	2.795	2	4089.1	97.6
1681	7/19/2012	12:59:54	2.797	2	4089.6	97.6
1682	7/19/2012	1:00:00	2.799	2	4090.1	97.6
1683	7/19/2012	1:00:06	2.800	2	4090.4	97.6
1955	7/19/2012	1:27:18	3.254	2	4098.3	99.9
1956	7/19/2012	1:27:24	3.255	2	4098.3	99.9
1957	7/19/2012	1:27:30	3.257	2	4098.3	99.9
1958	7/19/2012	1:27:36	3.259	2	4098.3	99.9
1959	7/19/2012	1:27:42	3.260	end 2	4098.6	100.0
1960	7/19/2012	1:27:48	3.262	start 4	4103.9	100.0
1961	7/19/2012	1:27:54	3.264	4	4105.1	100.0
1962	7/19/2012	1:28:00	3.265	4	4105.4	100.0
1963	7/19/2012	1:28:06	3.267	4	4105.8	100.0
1964	7/19/2012	1:28:12	3.269	4	4106.1	100.0
2328	7/19/2012	2:04:36	3.875	4	4120.5	92.2
2329	7/19/2012	2:04:42	3.877	4	4120.5	92.2
2330	7/19/2012	2:04:48	3.879	4	4120.6	92.2
2330	7/19/2012	2:04:54	3.880	4	4120.6	92.1
2332	7/19/2012	2:04:54	3.882	end 4	4120.0	92.1
2332	7/19/2012	2:05:06	3.884	start 6	4120.9	92.1
2334	7/19/2012	2:05:12	3.885	6	4130.4	92.1
2335		2:05:18	3.887	and the second se	4130.3	92.0
2336	7/19/2012	2:05:24	3.889	6	4130.9	92.0
2337	7/19/2012	2:05:30	3.890	6	4120.3	91.9
2645	7/19/2012	2:36:18	4.404	6	4145.2	86.5
2646	7/19/2012	2:36:24	4.405	6	4145.2	86.5
2647	7/19/2012	2:36:30	4.407	6	4145.3	86.5
2648	7/19/2012	2:36:36	4.409	6	4145.1	86.5
2649	7/19/2012	2:36:42	4.410	end 6	4145.6	86.5
2650	7/19/2012	2:36:48	4.412	start 8	4148.1	86.5
2651	7/19/2012	2:36:54	4.414	8	4148.6	86.5
2652	7/19/2012	2:37:00	4.415	8	4148.9	86.5
2653	7/19/2012	2:37:06	4.417	8	4150.3	86.5
2654	7/19/2012	2:37:12	4.419	8	4152.8	86.5
2940	7/19/2012	3:05:48	4.895	8	4176.3	85.7
2941	7/19/2012	3:05:54	4.897	8	4176.4	85.7
2942	7/19/2012	3:06:00	4.899	8	4176.3	85.7
2943	7/19/2012	3:06:06	4.900	8	4176.3	85.7
2944	7/19/2012	3:06:12	4.902	end 8	4176.4	85.7
2945	7/19/2012	3:06:18	4.904	start 9	4178.3	85.7
2946	7/19/2012	3:06:24	4.905	9	4180.1	85.7
2947	7/19/2012	3:06:30	4.907	9	4182.3	85.7
2948	7/19/2012	3:06:36	4.909	9	4183.8	85.7
2949	7/19/2012	3:06:42	4.910	9	4184.5	85.7
3240	7/19/2012	3:35:48	5.395	9	4196.4	86.4
3240	7/19/2012	3:35:54	5.397	9	4196.5	86.4
3241	7/19/2012	3:36:00	5.399	9	4196.5	86.4
3242	7/19/2012	3:36:06	5.400	9	4196.5	86.4
	7/19/2012			end 9		86.4
3244	a second s	3:36:12	5.402		4196.5	
3245	7/19/2012	3:36:18	5.404	SIO	4186.1	86.4
3246	7/19/2012	3:36:24	5.405	0	4160.4	86.4
3247	7/19/2012	3:36:30	5.407	0	4151.6	86.4
3248	7/19/2012	3:36:36	5.409	0	4148.8	86.4
3249	7/19/2012	3:36:42	5.410	0	4146.8	86.4

October 2011

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