

2/03/2016 DATE IN	Multiple/ SUSPENSE	ENGINEER Neg. Res	2/03/2016 LOGGED IN	SW TYPE	PMAM1603456148 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR
 [D] Other: Specify _____

- SWD
- Llano Disposal, LLC
370661
Well
- Scheduling Eagle
30-025-39739
Pool
Jury; San Andres

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☒ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 The original AOP will be sent to the Engineering Bureau upon receipt.
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE 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.

Danny J. Holcomb

DJ Holcomb

Agent for Llano Disposal, LLC

2/1/2016

Print or Type Name


Signature

Title

Date

danny@pwllc.net
e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: Llano Disposal, LLC
ADDRESS: PO Box 190, Lovington, New Mexico 88260
CONTACT PARTY: Marvin Burrows PHONE: 575-361-8067
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Danny J. Holcomb TITLE: Agent for Llano Disposal, L.L.C.
SIGNATURE:  DATE: 2/1/2016
E-MAIL ADDRESS: billy@pwllc.net
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico
Amended C108 Application for Authorization to Inject

I.

The purpose of this application is seeking administrative approval for the conversion of the Screaming Eagle State #1 from an oil well to a commercial San Andres-Abo salt water disposal well.

II.

Operator: Llano Disposal, L.L.C. OGRID: 370661
Address: P. O. Box 190, Lovington, NM 88260
Contact Party: Marvin Burrows 575-361-8067 email: burrowsmarvin@gmail.com

III.

Please see Exhibit "A" for proposed well data.

IV.

This is not an expansion of an existing project.

V.

Please see Exhibit "B" of lease map.

VI.

There is only one well within the 0.5 mile Area of Review. It is a P&A well and does penetrate the proposed disposal zone. Please see Exhibit "C" for offset well data and wellbore diagram.

VII.

1. Anticipated disposal volume – 2,500 BWPD with a maximum of 10,000 BWPD.
2. System will be closed. It will include a central tank battery and pump. Water will be trucked in.
3. Anticipated disposal pressure: Minimum 0 (zero) psig, Maximum 1096 psig.
4. Disposed fluid will be trucked in from producing wells in the immediate area. Please see Exhibit "D" for disposed fluid analysis.
5. Please see Exhibit "D" for disposal zone fluid analysis.

VIII.

Formation	Anticipated Depth (ft)
T. Rustler	1917
T. Yates	3075
T. Grayburg	4400
T. San Andres	4770
Proposed disposal zone	5480 – 8800
T. Abo	8690

The proposed well is not located within the Capitan Reef Area.

Checked
Tubbs
Drinkard



Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico
Amended C108 Application for Authorization to Inject

IX.

After laying down production tubing, we plan to squeeze 25 sacks of cement in the perfs at 4885'-4922', WOC, drill out cement at 4885' and mill over junk in hole at 5014' and tag composite BP at 5030', circulate hole clean and pressure test casing. If ok, we plan to drill out composite BP at 5030' and tag CIBP at 5200', circulate hole clean, squeeze 25 sacks of cement in the perfs at 5066' - 5113', WOC, drill out cement at 5066' and tag CIBP at 5200', circulate hole clean and pressure test casing. If ok, we plan to drill out CIBP at 5200' and tag cement plug #3 at 5480', circulate hole clean, squeeze 25 sacks of cement in the perfs at 5229'-5286', WOC, drill out cement at 5229', circulate hole clean and pressure test casing. If ok, we plan to drill out cement plugs #3, #2 and #1 in open hole to TD at 8800'. A pump-in test will be performed to establish initial injection rate. If needed an acid job will be pumped into the open hole interval. Finally, 2-7/8" injection tubing and packer will be run. Packer will be set a maximum of 100' above the 5-1/2" casing shoe.

X.

Any additional logs performed will be submitted after completion.

XI.

NM OSE records indicate there have been eleven fresh water wells within the 1 mile Area of Review. The latest recorded GO-Tech sample is from 1995. An additional sample from the nearest fresh water well was taken June 24, 2015. Both GO-Tech and recent sample results are included in Exhibit "E". The nearest water well is located approximately 2416' from the proposed SWD well.

XII.

Available geological and engineering data have been examined and no evidence of open faults or hydrological connection between the disposal zone and any underground sources of drinking water has been found.

XIII.

Please see Exhibit "F" for Proof of Notice. The original newspaper affidavit of publication and USPS noticee signature receipts will be submitted to the Engineering Bureau.

Danny J. Holcomb 
Agent for Llano Disposal, LLC

Date: 10/20/2016



www.pwllc.net

Page 2 of 2

**Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico**

Current Well Data

Spud May 20, 2010 as an exploration well in the Abo formation.

13-3/8" 54# casing set at 400' in 17-1/2" hole, cemented with 325 sacks cement. Circulated 30 sacks cement to surface. Pressure tested to 1000 psi for 30 minutes, held ok.

8-5/8" 36# casing set at 3897' in 12-1/4" hole, cemented with 775 sacks cement. Circulated 101 sacks cement to surface. Pressure tested to 1000 psi for 30 minutes, held ok.

Drilled 7-7/8" hole to TD at 8800', ran logs. Spotted 50 sack cement plug #1 at 8800' (TD), pumped 75 sack cement plug #2 from 6698' – 6828' (confirmed by tagging), pumped 50 sack cement plug #3 at 5600'. Ran 5-1/2" 17# casing set at 5480' in 7-7/8" hole, cemented with 535 sacks cement. TOC at 3170' (confirmed by CBL). Pressure tested to 1000 psi for 30 minutes, held ok.

Perforated from 5229' – 5286', acidized, swabbed 2 days, no test. Set CIBP at 5200' with 25 sacks cement on top. Perforated from 5066' – 5113', acidized, swabbed 7 days, not test. Set composite BP at 5030'. Perforated from 4885' – 4922', acidized, swabbed 3 days. Fraced perfs, well flowed slight show. Ran pump and rods, put well on production. Well potential test 8/30/10: 15 BOPD, 156 BWPD, gas TSTM. By September 2012, production had declined to 0 BOPD and 18 BWPD. From the NMOCD production records, it appears the well was shut-in during February, 2013.

Estimated Formation Tops

Rustler – 1917'

Yates – 3075'

Seven Rivers – 3388'

Queen – 4014'

Grayburg – 4400'

San Andres – 4770'

Glorieta – 6130'

Drinkard – 7878' ✓

Abo – 8690'



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EXHIBIT "A"

DJH

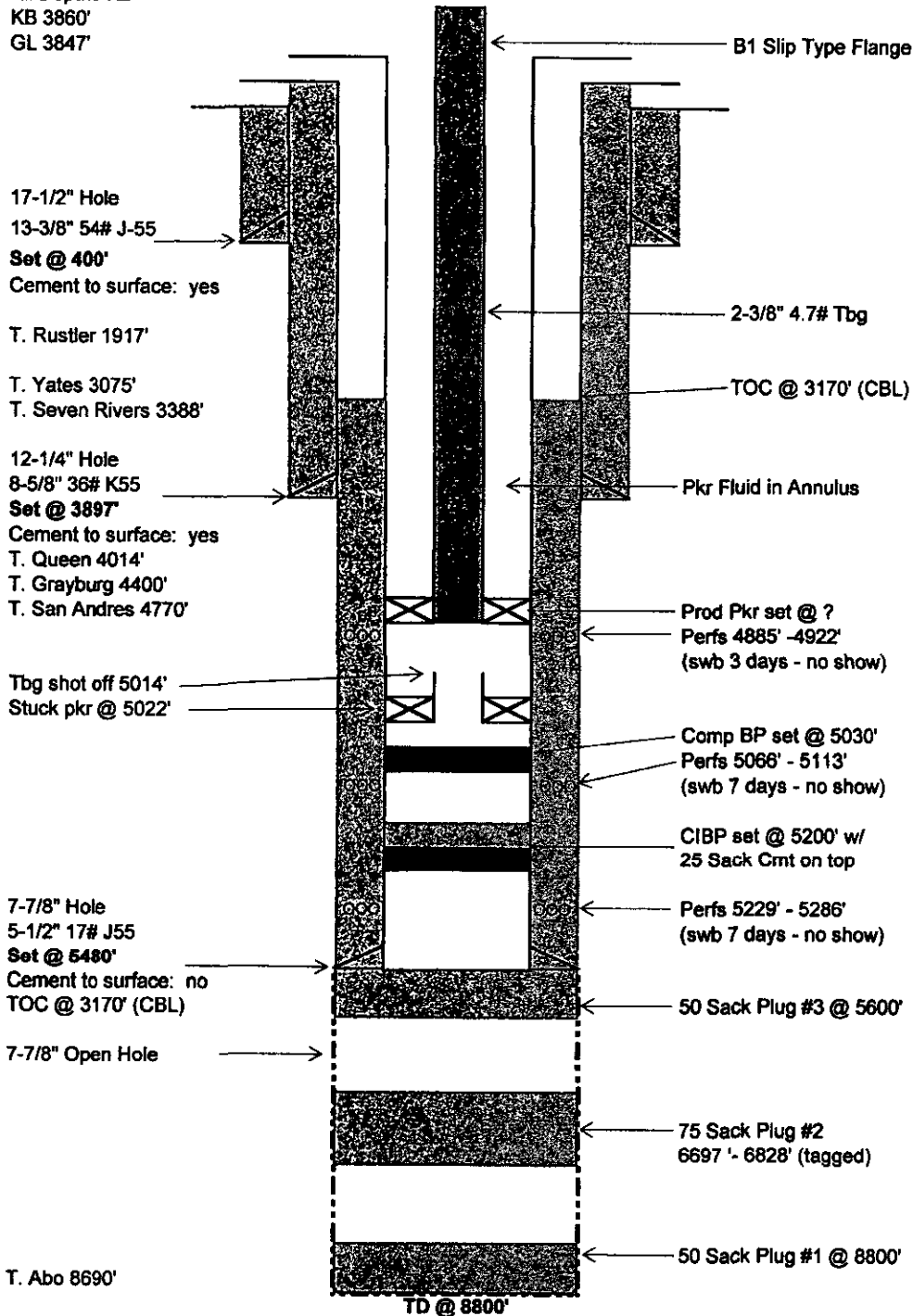
CURRENT WELLBORE

TA Well

Llano Disposal, LLC
Screaming Eagle State #1
API # 30-025-39739

660' FNL x 660' FWL, UL 'D' Sec 11, T17S, R36E, Lea County, NM

All Depths KB
KB 3860'
GL 3847'



Drawing Not to Scale

EXHIBIT "A"



PROPOSED WELLBORE

Configured for SWD Service

Llano Disposal, LLC

Screaming Eagle State #1

API # 30-025-39739

660' FNL x 660' FWL, UL 'D' Sec 11, T17S, R36E, Lea County, NM

All Depths KB

KB 3860'

GL 3847'

17-1/2" Hole

13-3/8" 54# J-55

Set @ 400'

Cement to surface: yes

T. Rustler 1917'

T. Yates 3075'

T. Seven Rivers 3388'

12-1/4" Hole

8-5/8" 36# K55

Set @ 3897'

Cement to surface: yes

T. Queen 4014'

T. Grayburg 4400'

T. San Andres 4770'

7-7/8" Hole

5-1/2" 17# J55

Set @ 5480'

Cement to surface: no

TOC @ 3170' (CBL)

T. Abo 8690'

7-7/8" Open Hole

TD @ 8800'

B1 Slip Type Flange

2-7/8" 6.5# Tbg (IPC)

TOC @ 3170' (CBL)

Pkr Fluid in Annulus

Perfs 4885' - 4922'
sqzd w/ 25 sx cement

Perfs 5066' - 5113'
sqzd w/ 25 sx cement

Perfs 5229' - 5286'
sqzd w/ 25 sx cement

Inj Pkr (set max of 100'
above top of inj interval)

Drawing Not to Scale

EXHIBIT "A"



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Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico

Screaming Eagle State SWD #1

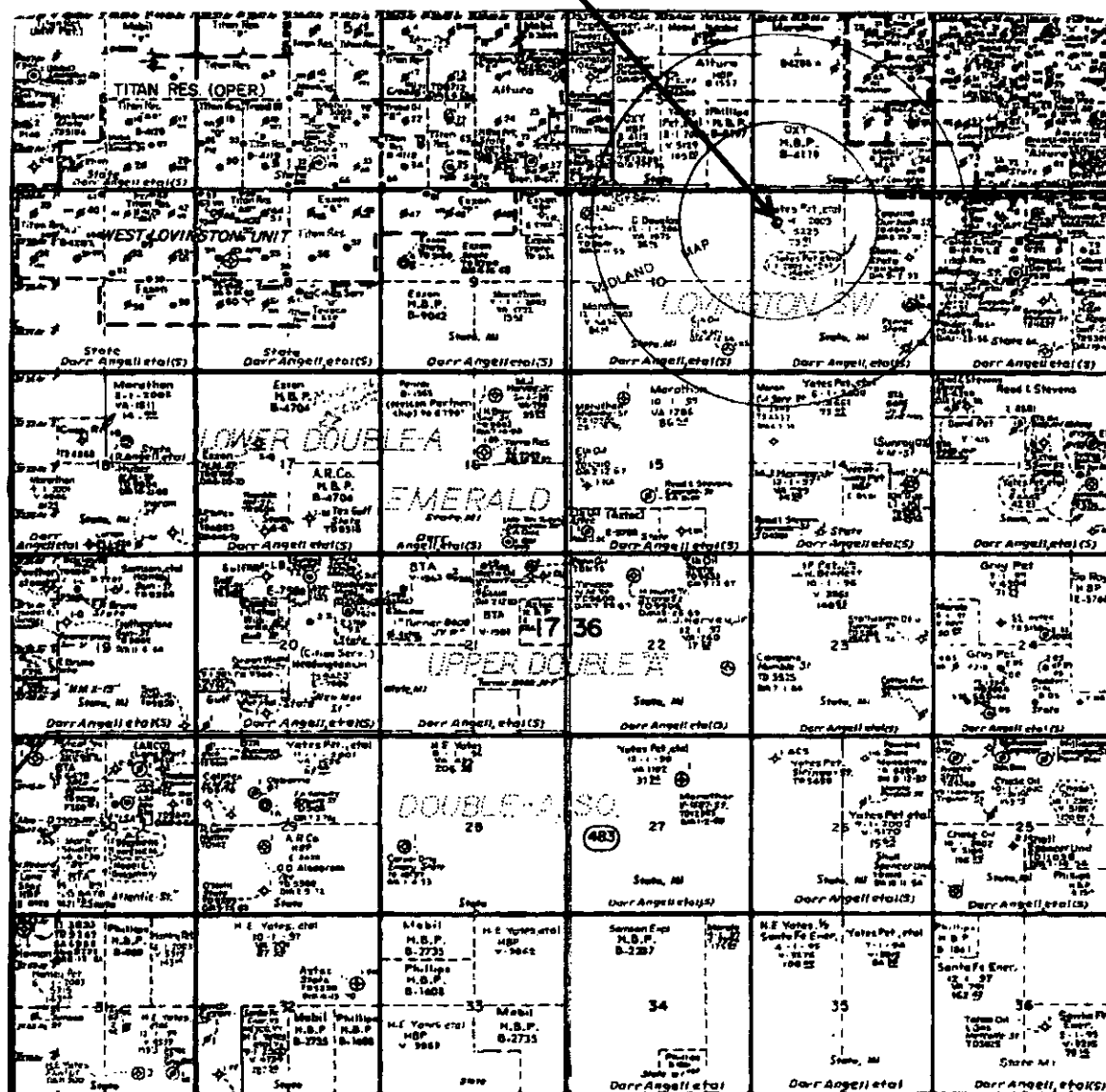


EXHIBIT "B"

**Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
0.5 Mile AOR**

Sec 3, T17S, R36E

Sec 2, T17S, R36E

30-025-37845
P&A
TD 8350'

**Proposed Screaming
Eagle State SWD #1
30-025-39739**

Sec 10, T17S, R36E

Sec 11, T17S, R36E

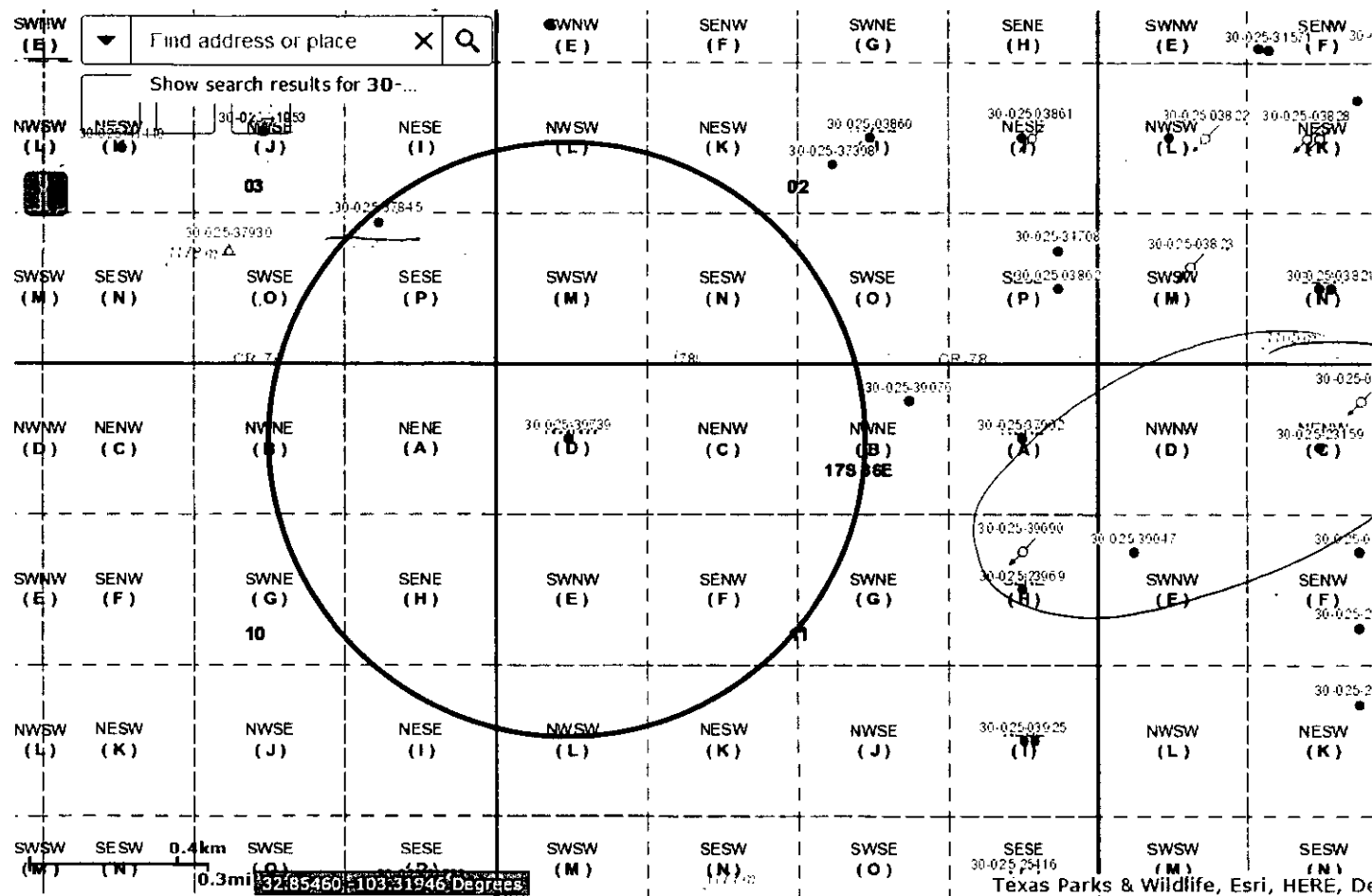


www.pwllc.net

**This location 660 FNL x 660 FWL, UL 'D',
Section 11, T17S, R36E, Lea County, NM
Drawing Not to Scale**

EXHIBIT "C"

Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
0.5 Mile AOR



Revised &
discussed with
applicant

EXHIBIT "C"

**Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
Offset Wells within 0.5 Mile AOR**

Exhibit "C"

One Well within the AOR Penetrates the Proposed Injection Zone

UL, Sec, T, R	API Well No.	Well Type	Well Status	Spud Date	TVD	Formation	Perfs	TOC	Verified by	Wellbore Diagram
P-3-17S-26E	30-025-37845	Oil	P&A	4/30/2006	8350	Seven Rivers Paddock Drinkard	3254-63', 3346-56' 6234-98', 6300-91', 6410-18' 7944-8226'	Surface	Visual	Y

30-025-37845

This well was drilled to 8350' in 2006. 8-5/8" surface casing was landed at 1982', cemented with 950 sks of cement, 79 bbls of cement circulated to surface. 5-1/2" production casing was landed at 8350' (TD), cemented with 1750 sks of cement, 73 bbls of cement circulated to surface.

Initial completion was in the Drinkard formation through perfs at 7944' – 8226'. Potential test 6/23/06: 11 BOPD, 0 BWPD, 6 MCFD. Well produced for just a few days.

On 7/31/06, set CIBP @ 7850' w/ 20' of cement on top. Perforated Paddock formation at 6234 – 98', 6300 – 91', 6410 – 18', swab tested, no test. Set CIBP @ 6118' w/ 2 sks of cement on top. TA status approved on 9/8/06.

On 11/9/06, set CIBP @ 4650' w/ 2 sks of cement on top. Perforated Seven Rivers formation at 3346 – 56', acidized, swab tested, no test. Set CIBP @ 3320', perforated Sever Rivers formation at 3254 – 63', acidized, swab tested, no test.

On 1/29/07, set CIBP @ 3167' w/2 sks of cement on top. TA status approved on 2/20/07.

On 10/31/07, well was P&A'd with plugs listed below:

Set 25 sack cement plug @ 3140 – 2883'

Set 25 sack cement plug @ 2110' – 1799', WOC 2.5 hours, tag TOC @ 1799'

Set 40 sack cement plug @ 408' - surface

See attached wellbore diagram.



DJH

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OFFSET WELL

CP 3 STATE 1

Wellbore Schematic



API/ULI 30-025-37845	Operator Texland Petroleum, Inc	Field Name	Area	County LEA	State/Province NM
Original KB Elevation (ft) 3,887.00	Ground Elevation (ft) 3,867.00	Spud Date 4/30/2006	Rig Release Date 5/20/2006	Completion Date	

Main Hole 11/13/2007 7:38:21 AM
Schematic - Actual

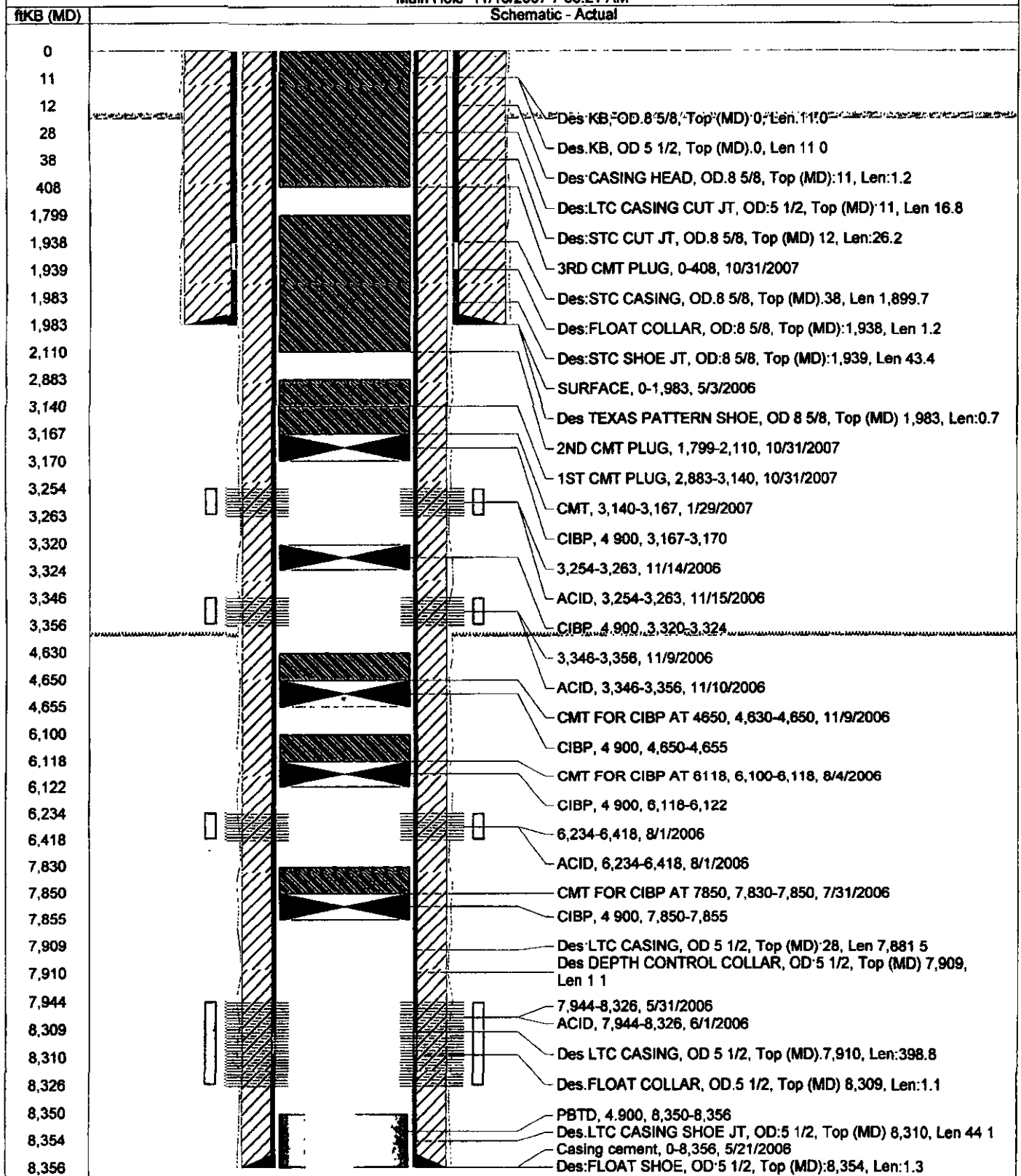


EXHIBIT "C"

OFFSET WELL

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1220 N. FRENCH DR., HOBBES, NM 87340

DISTRICT II

1201 W. GRAND AVENUE, ARTERIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-37845	Pool Code	Pool Name Lovington Paddock
Property Code 35996	Property Name CP 3 STATE	Well Number 1
GRID No. 113315	Operator Name TEXLAND PETROLEUM - HOBBS, LLC	Elevation 3867'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	17-S	36-E		1229	SOUTH	1005	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1
39.37 AC	39.42 AC	39.47 AC	39.52 AC
GEODETIC COORDINATES NAD 27 NME Y=678062.2 N X=806080.6 E LAT.=32°51'36.38" N LONG.=103°20'11.63" W			
Textland et al B-8197			

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Vickie Smith 7/27/06
Signature Date
Vickie Smith
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 30, 2006

Date Surveyed MR
Signature & Seal of Professional Surveyor
Barry J. Edson 4/8/06
06.11.0557
Certificate No. 12841

EXHIBIT "C"

Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico

Exhibit "D"

<u>API Number</u>	<u>Formation Water</u>		<u>Chlorides</u>
	<u>Formation</u>	<u>TDS</u>	
30-025-03917	SA	52,590	28,200
30-025-03842	Abo	37,770	20,030

<u>API Number</u>	<u>Possible Disposed Fluid</u>		<u>Chlorides</u>
	<u>Formation</u>	<u>TDS</u>	
30-025-03832	Paddock	245,670	152,400
30-025-03829	Penn	63,805	34,800
30-025-03836	GBG/SA	28,126	15,350
30-025-03842	Abo	37,770	20,030
30-025-03917	SA	52,590	28,200

Data obtained from GO-Tech.

Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico



New Mexico Office of the State Engineer Water Column/Average Depth to Water
















(A CLW#### in the
POD suffix indicates the
POD has been replaced
& no longer serves a
water right file.)

(R=POD has
been replaced,
O=orphaned,
C=the file is
closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
L 00380	L	LE		1	4	1	10	17S	36E	654811	3636117* 	90		
L 01716	L	LE		1	1	4	02	17S	36E	656808	3637357* 	145	50	95
L 01724	L	LE				2	03	17S	36E	655492	3637835* 	146	80	66
L 01724 S	L	LE		3	4	2	03	17S	36E	655593	3637539* 	135	85	50
L 01724 S2	L	LE				1	02	17S	36E	656298	3637848* 	140	128	12
L 01724 S3	L	LE		2	1	3	02	17S	36E	656201	3637343* 	140	125	15
L 02413	L	LE		4	4	02	17S	36E	657318	3636861* 	90	90	0	
L 02426	L	LE		4	4	02	17S	36E	657318	3636861* 	115	48	67	
L 02480	L	LE		1	2	02	17S	36E	656897	3638063* 	130	58	72	
L 02481	L	LE		4	4	2	02	17S	36E	657405	3637566* 	150	76	74
L 02984	L	LE		1	1	10	17S	36E	654502	3636414* 	125	45	80	
L 03676	L	LE		4	2	02	17S	36E	657306	3637667* 	75	68	7	
L 05879	L	LE		4	4	10	17S	36E	655731	3635227* 	120	40	80	
L 07042	L	LE		3	4	2	03	17S	36E	655593	3637539* 	100	60	40
L 13272 POD1	L	LE		2	2	3	03	17S	36E	674360	3637724 	185		

Average Depth to Water: 73 feet

Minimum Depth: 40 feet

Maximum Depth: 128 feet

Record Count: 15

PLSS Search:

Section(s): 2, 3, 10, 11

Township: 17S

Range: 36E

Water wells within 1 mile AOR

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

10/2/15 5:01 PM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER

EXHIBIT 'E'

Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
1 Mile AOR for Water Wells

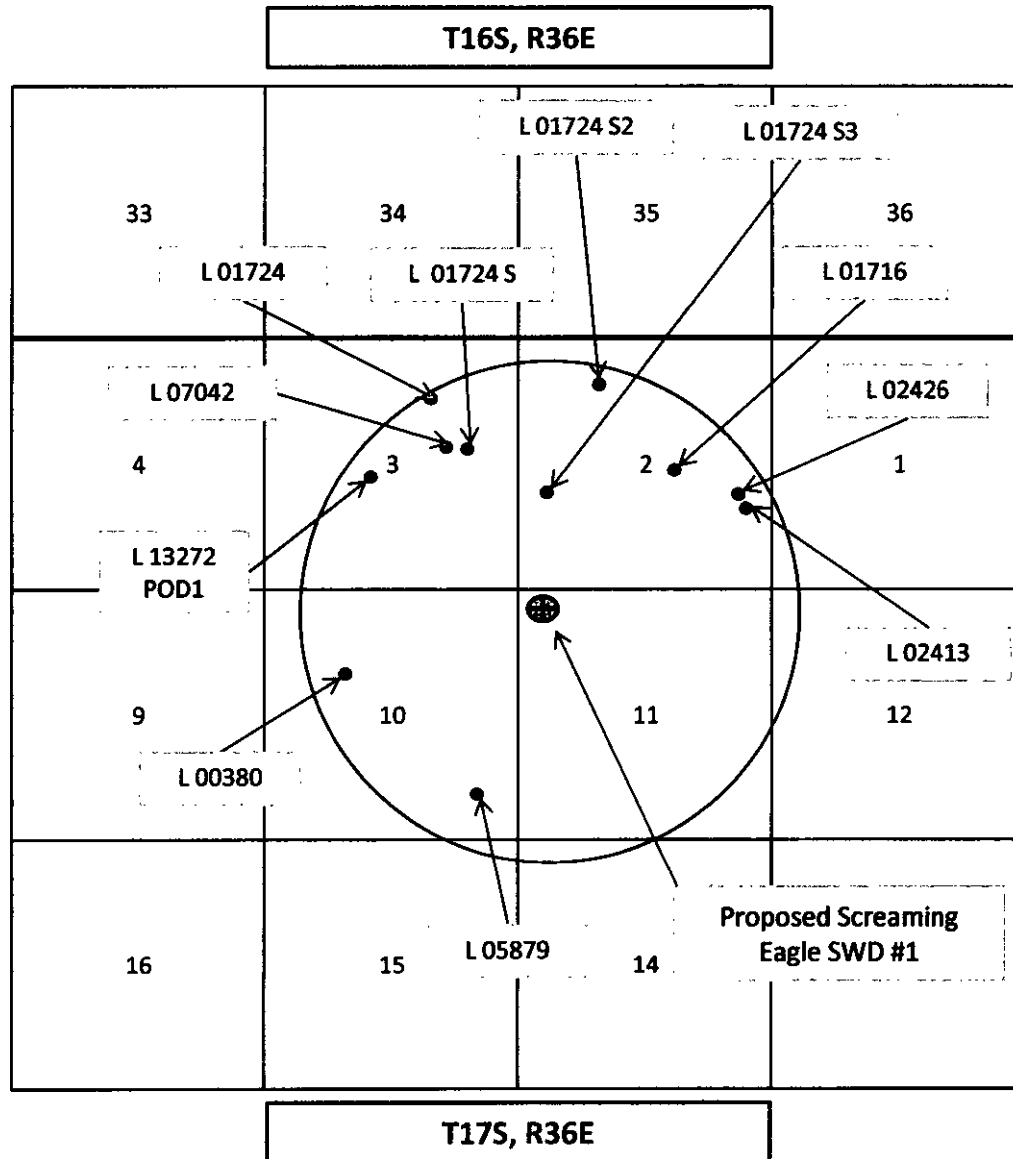


Exhibit "E"

**Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico**

Exhibit "E"

Eleven Ground Water Wells Listed on the OSE Database Are Identified Within the 1 Mile AOR

<u>POD Number</u>	<u>Location</u>	<u>Well Depth</u>	<u>Water Depth</u>	<u>Sample Date</u>	<u>TDS</u>	<u>Chlorides</u>	<u>Note</u>
L 01716	Sec 2, T17S, R36E	145	50	Unk			
L 01724 S2	Sec 2, T17S, R36E	140	128	Unk			
L 01724 S3	Sec 2, T17S, R36E	140	125	8/7/1964	Unk	65	1
L 01724 S3	Sec 2, T17S, R36E	140	125	6/24/2015	5	32	2
L 02413	Sec 2, T17S, R36E	90	90	Unk			
L 02426	Sec 2, T17S, R36E	115	48	Unk			
L 01724	Sec 3, T17S, R36E	146	80	Unk			
L 01724 S	Sec 3, T17S, R36E	135	85	Unk			
L 07042	Sec 3, T17S, R36E	100	60	Unk			
L 13272 POD1	Sec 3, T17S, R36E	185	Unk	Unk			
L 00380	Sec 10, T17S, R36E	90	Unk	Unk			
L 05879	Sec 10, T17S, R36E	120	40	8/30/1995	Unk	34	1

1 – Historical test data obtained from GO-Tech database. L 01724 S3 is the nearest fresh water well to the proposed SWD well. It is located approximately 2416 feet from the proposed SWD well. This well's data is highlighted in yellow above.

2 - Data from Cardinal Laboratories report dated 6/30/15.



www.pwllc.net



LLANO DISPOSAL, LLC
125 W. ST. ANNE
HOOBES NM. 88240

Project:
Project Number: NONE GIVEN
Project Manager: MARTIN BURLINIS
Fax To: NONE

Reported:
30-Jun-14 12:02

Analyte	Result	MDL	Reporting Unit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
---------	--------	-----	----------------	-------	----------	-------	---------	----------	--------	-------

Alkalinity, Bicarbonate	224	5.00	mg/L	1	4062305	AP	23-Jun-14	310.1
Alkalinity, Carbonate	ND	0.00	mg/L	1	4062305	AP	23-Jun-14	310.1
Chloride*	32.0	4.00	mg/L	1	4062303	HSM	20-Jun-14	4500-4740
Conductivity*	495	1.00	uS/cm	1	4062309	AP	28-Jun-14	120.1
pH*	7.84	0.100	pH Units	1	4062610	AP	19-Jun-14	130.1
Sulfate*	73.3	10.0	mg/L	1	4062404	AP	15-Jun-14	275.4
TDS*	348	5.00	mg/L	1	4062006	AP	11-Jun-14	160.1
Alkalinity, Total*	104	4.00	mg/L	1	4062305	AP	23-Jun-14	310.1

Calcium*	89.1	1.00	mg/L	1	B406205	JGS	25-Jan-14	EPA200.7
Magnesium*	12.0	1.00	mg/L	1	B406205	JGS	25-Jan-14	EPA200.7
Potassium*	2.45	5.00	mg/L	1	B406205	JGS	25-Jan-14	EPA200.7
Sodium*	34.4	1.00	mg/L	1	B406205	JGS	25-Jan-14	EPA200.7

*=Accredited Analyte

[illegible]

Chaplin

Coley D. Keene, Lab Director/Quality Manager

EXHIBIT "E"

Ground Water Samples Query

Water Sample Search

SECTION	02 ▼
Township	17S ▼
Range	36E ▼
Formation	
DATE	
CHLORIDE (mg/L)	

Find

Export Data

Water Samples for TOWNSHIP 17S RANGE 36E SECTION 02

Operation	# of samples	S	T	R	Location (qtr/qtr)
select	1	02	17S	36E	17S.36E.02.411123

Water Samples for Township 17S RANGE 36E Section 02 Location 17S.36E.02.411123

Operation	SampleID	Township	Range	Section	Formation	Location	Date	Chlorides
select	7556	17S	36E	02	OGALLALA	17S.36E.02.411123	8/7/1964	65

EXHIBIT "E"

Ground Water Samples Query

Water Sample Search

SECTION	10 ▼
Township	17S ▼
Range	36E ▼
Formation	
DATE	
CHLORIDE (mg/L)	
<input type="button" value="Find"/> <input type="button" value="Export Data"/>	

Water Samples for TOWNSHIP 17S RANGE 36E SECTION 10

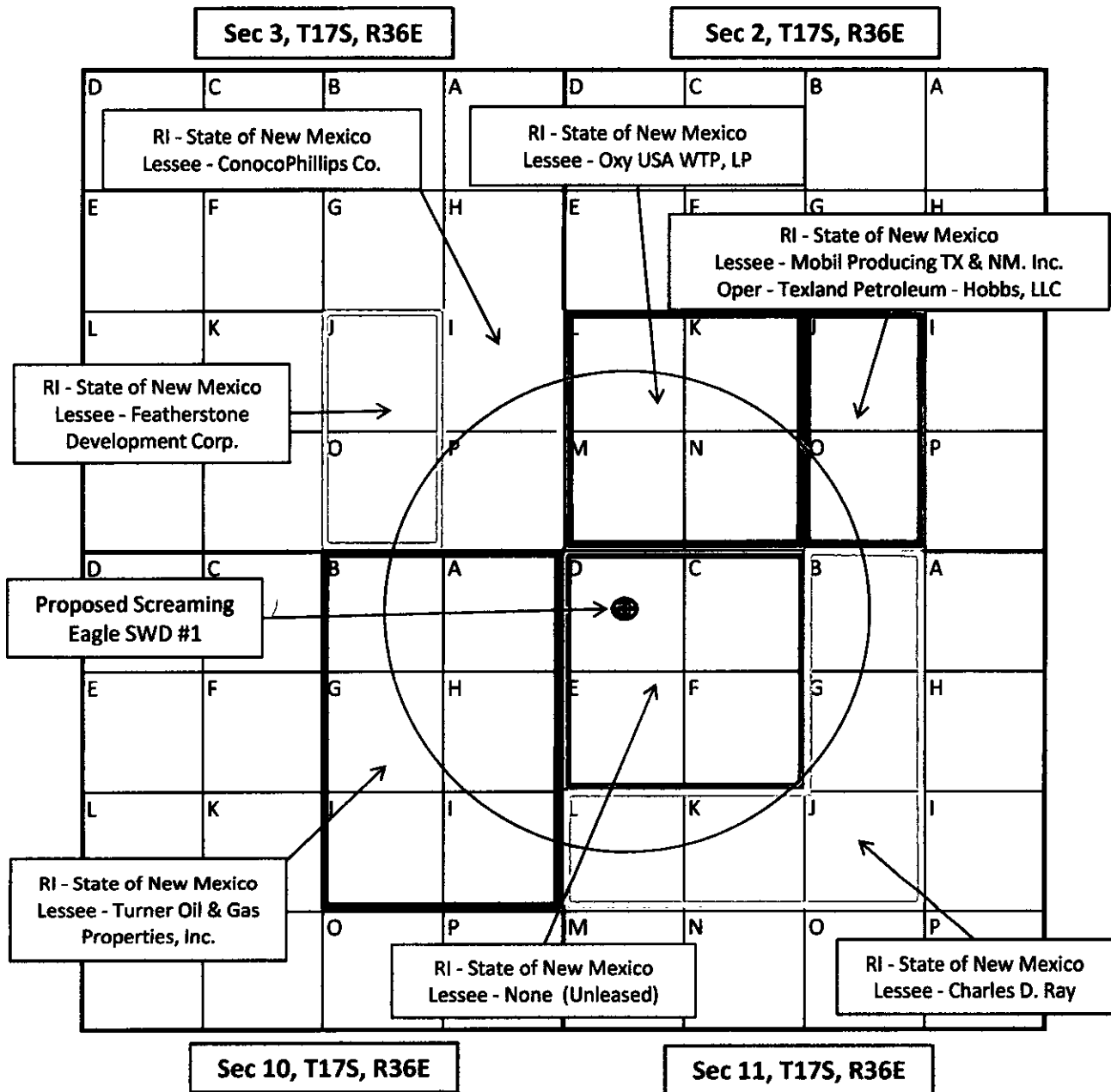
Operation	# of samples	S	T	R	Location (qtr/qtr)
select	1	10	17S	36E	17S.36E.10.111134

Water Samples for Township 17S RANGE 36E Section 10 Location 17S.36E.10.111134

Operation	SampleID	Township	Range	Section	Formation	Location	Date	Chlorides
select	4428	17S	36E	10	OGALLALA	17S.36E.10.111134	8/30/1995	34

EXHIBIT "E"

Llano Disposal, LLC
Screaming Eagle State SWD #1
API # 30-025-39739
0.5 Mile AOR



This location 660 FNL X 660 FWL
Surface Owner - Angell #2 Family Ltd,
P. O. Box 190, Lovington, NM 88260
Drawing not to scale



Exhibit "F"

Llano Disposal, LLC
Screaming Eagle State SWD #1
API #30-025-39739

EXHIBIT 'F' - NOTIFICATION LIST

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	Angell #2 Family Ltd, c/o Mr. Darr Angell	P. O. Box 190	Lovington, NM 88260	Surface Owner

Section 2, T17S, R36E, NMPM (ULs J, O)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	Mobil Producing TX & NM, Inc.	P. O. Box 2305	Houston, TX 77252-2305	Lessee
3	Texland Petroleum - Hobbs, LLC	777 Main Street, Suite 3200	Ft Worth, TX 76102	Operator

Section 2, T17S, R36E, NMPM (ULs K, L, M, N)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	Oxy USA WTP, LP	P. O. Box 4294	Houston, TX 77210	Lessee

Section 3, T17S, R36E, NMPM (ULs I, P)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	ConocoPhillips Company	3401 E. 30th Street	Farmington, NM 87402	Lessee

Section 3, T17S, R36E, NMPM (ULs J, O)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	Featherstone Development Corp.	P. O. Box 429	Roswell, NM 88201	Lessee

Section 10, T17S, R36E, NMPM (ULs A, B, G, H, I, J)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	Turner Oil & Gas Properties, Inc. c/o Allen Clark	3332 West Britton Rd, Suite 200	Oklahoma City, OK 73120	Lessee

Section 11, T17S, R36E, NMPM (ULs B, G, J, K, L)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	Charles D. Ray	P. O. Box 51608	Midland, TX 79710	Lessee

Llano Disposal, LLC
Screaming Eagle State SWD #1
API #30-025-39739

Section 11, T17S, R36E, NMPM (ULs C, D, E, F)

#	NAME	ADDRESS	CITY STATE ZIP	TYPE
1	State of New Mexico Commissioner of Public Land	P. O. Box 1148	Santa Fe, NM 87504	Mineral Owner
2	None - acreage unleased (see foot note #1)			Lessee

NMOCD Noticees

#	NAME	ADDRESS	CITY STATE ZIP
1	State of New Mexico NMOCD Engineering Bureau	1220 South St. Francis Drive	Santa Fe, NM 87505
2	State of New Mexico NMOCD District 1	1625 N. French Drive	Hobbs, NM 88240

#1 Information obtained from SLO land data records and confirmed by Mr. Ed Martin via email on 10/5/15.

7015 0640 0000 3691 7946

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<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

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Street and Apt. No. **1625 N. French Drive**

City, State, ZIP+4® **Hobbs, NM 88240**

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Street and Apt. No. **Commissioner of Public Land**

City, State, ZIP+4® **P. O. Box 1148
Santa Fe, NM 87504**

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Postage \$1.42

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Street and Apt. No. **P. O. Box 4294**

City, State, ZIP+4® **Houston, TX 77210**

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<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

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Sent To **Mobil Producing TX & NM, Inc.**

Street and Apt. No. **P. O. Box 2305**

City, State, ZIP+4® **Houston, TX 77252-2305**

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LOVINGTON, NM 88260

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<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$1.86

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Sent To **Angell #2 Family, Ltd**

Street and Apt. No. **P. O. Box 190**

City, State, ZIP+4® **Lovington, NM 88260**

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 1 of 2

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City, State, ZIP+4®

PS Form 3800, Apr

ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402

0206
03

Postmark
Here

02/01/2016

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Ref 2

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MIDLAND, TX 79710

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Charles G. Ray
P. O. Box 51808
Midland, TX 79710

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Postage \$1.42

Total Postage and Fees \$7.67

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Street and Apt. No.,

City, State, ZIP+4®

PS Form 3800, Apr

Featherstone Development Corporation
P. O. Box 429
Roswell, NM 88202

02/01/2016

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FORT WORTH, TX 76102

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Postage \$1.42

Total Postage and Fees \$7.67

Sent To

Street and Apt. No.

City, State, ZIP+4®

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Texland Petroleum - Hobbs, LLC
777 Main St, Suite 3200
Ft. Worth, TX

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OKLAHOMA CITY, OK 73120

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City, State, ZIP+4®

PS Form 3800, Apr

Turner Oil & Gas Properties, Inc.
c/o Allen Clark
3332 West Britton Rd, Suite 200
Oklahoma City, OK 73120

02/01/2016

Affidavit of Publication


STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

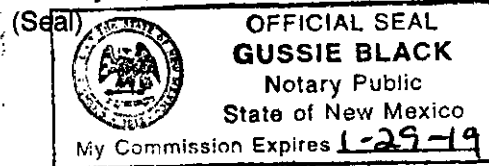
Beginning with the issue dated
February 03, 2016
and ending with the issue dated
February 03, 2016.


Publisher

Sworn and subscribed to before me this
3rd day of February 2016.


Business Manager

My commission expires
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE February 3, 2016

Llano Disposal, L.L.C., P. O. Box 190, Lovington, NM 88260 has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval to convert the Screaming Eagle State #1, API 30-025-39739, 660 FNL x 660 FWL, Unit Letter "D", Section 11, T17S, R36E, Lea County, New Mexico to a commercial salt water disposal well. The proposed disposal interval is the San Andres formation through perforations between 4770' - 5950'. Disposal fluid would be produced water as defined by current NMOCD regulations from producing oil and gas wells in the area. Anticipated average disposal volume is 2,500 BWPD with a maximum anticipated volume of 10,000 BWPD. Anticipated disposal pressure is 0 (zero) psi with a maximum disposal pressure of 954 psi. The well is located approximately 6 miles south of Lovington, New Mexico.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 within 15 days. Additional information can be obtained by contacting Billy Prichard at 432-934-7680. #30650

1st Notice
RLB

02107812

00169884

BILLY E./SHARON PRICHARD
PUEBLO WEST LLC
125 GREENHOUSE VILLAGE
DECATUR, TX 76234

Pueblo West Resources, LLC
125 Greathouse Village
Decatur, Texas 76234
432-934-7680

11-11-11 COD

7-1-11-11 7-3-11

February 1, 2016

*Original
Amended on October 20,
2016
GJ*

Per the rules and regulations of the New Mexico Oil Conservation Division, please find enclosed a copy of NMOCD form C108.

Llano Disposal, LLC, P. O. Box 190, Lovington, NM 88260 has filed form C108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval to convert the Screaming Eagle State #1, API 30-025-39739, 660 FNL x 660 FWL, Unit Letter "D", Section 11, T17S, R36E, Lea County, New Mexico to a commercial salt water disposal well. The proposed disposal interval would be the San Andres formation through perforations between 4770' – 5950'. Disposal fluid will be produced water as defined by current NMOCD regulations from producing oil and gas wells in the area. Anticipated average disposal volume is 2500 BWPD with a maximum anticipated volume of 10,000 BWPD. Anticipated disposal pressure is 0 (zero) psi with a maximum disposal pressure of 954 psi. The well is located approximately 6 miles south of Lovington, New Mexico.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 within 15 days. Additional information can be obtained by contacting Billy Prichard 432-934-7680.

Sincerely,

DJ Holcomb

Danny J. Holcomb
Agent for Llano Disposal, LLC
Email: danny@pwllc.net
Fax 940-627-5449



www.pwllc.net

Pueblo West Resources, LLC
6900 Spring Cherry Lane
Amarillo, Texas 79124

November 3, 2016

New Mexico Oil Conservation Division
Engineering Bureau
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. Phillip Goetze

Re: Documentation of Required Notices to Affected Parties
Llano Disposal, LLC
Screaming Eagle State SWD #1 (30-025-39739)
UL 'D', Sec 11, T17S, R36E, Lea County, New Mexico

Dear Mr. Goetze,

Pursuant to 19.15.26.8.B(2) NMAC, Llano Disposal, LLC is hereby providing proof of notice for the amended C108 application on the referenced well. Attached to this letter are signature receipts for 9 of the 10 notices and a review of the notice actions undertaken on the 10 notice.

The 10th notice was sent to Turner Oil and Gas Properties, Inc in Oklahoma City. Two certified letters were mailed to Turner and neither notice was ever received. On November 1, 2016, I personally contacted Turner Oil and Gas Properties, Inc by telephone and the receptionist (Erin) provided her email address for Llano's notice. I emailed her the notice documents on November 1, 2016 at 9:30 am. On November 3, 2016 at 10:48 am, I called Erin back and she confirmed receipt of the notice documents. Please accept this letter as affidavit of proper notice to Turner Oil and Gas Properties.



www.pwllc.net

Pueblo West Resources, LLC
6900 Spring Cherry Lane
Amarillo, Texas 79124

The original copy of the newspaper legal notice affidavit was mailed to you under separate cover. If you have any questions concerning these notice documents, please let me know.

Sincerely,



Danny J. Holcomb
Pueblo West Resources, LLC
Agent for Llano Disposal, LLC
Cell: 806-471-5628
Email: danny@pwllc.net

Attachments



www.pwllc.net

Pueblo West Resources, LLC
125 Greathouse Village
Decatur, Texas 76234

October 20, 2016

Turner Oil and Gas Properties, Inc.
c/o Allen Clark
3232 W. Britton Road, Suite 200
Oklahoma City, OK 73120

Re: Screaming Eagle State #1 (API 30-025-39739), Section 11, T17S, R36E, Lea County, New Mexico

Per the rules and regulations of the New Mexico Oil Conservation Division, please find enclosed an amendment to the NMOCD form C108 originally filed in February, 2016 for the subject well.

Llano Disposal, LLC, P. O. Box 190, Lovington, NM 88260 hereby amends the form C108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval to convert the Screaming Eagle State #1, API 30-025-39739, 660 FNL x 660 FWL, Unit Letter "D", Section 11, T17S, R36E, Lea County, New Mexico to a commercial salt water disposal well. The proposed amendments to this application are listed below:

	<u>Original Proposal</u>	<u>Amended Proposal</u>
Injection Formation	San Andres Formation	San Andres – Abo Formations
Injection Interval	4770' – 5950'	5480' – 8800'
Maximum Injection Pressure	954 psi	1096 psi
Completion Procedure	Run liner (5470'-5950') and add San Andres perfs (4770'-5950')	Cement squeeze existing San Andres perfs and drill out plugs in open hole interval
Disposal Zone Fluid Analysis	San Andres	San Andres and Abo

Based upon our recent review, there are no other changes to the application requirements noted below:

- Offset wells located within the Area of Review (AOR)
- Affected parties to be notified
- OSE fresh water wells within the AOR
- Water analysis of the proposed injected fluids
- No evidence of open faults or hydrological connection between the proposed disposal zone and any underground sources of drinking water

Pueblo West Resources, LLC
125 Greathouse Village
Decatur, Texas 76234

Attached are amended documents reflecting the proposed modifications.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 within 15 days. Additional information can be obtained by contacting Danny Holcomb as noted below.

Sincerely,



Danny J. Holcomb
Pueblo West Resources, LLC
Agent for Llano Disposal, LLC
Email: danny@pwllc.net
Cell: 806-471-5628

Attachments



www.pwllc.net

Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico
Amended C108 Application for Authorization to Inject

I.

The purpose of this application is seeking administrative approval for the conversion of the Screaming Eagle State #1 from an oil well to a commercial San Andres-Abo salt water disposal well.

II.

Operator: Llano Disposal, L.L.C. OGRID: 370661
Address: P. O. Box 190, Lovington, NM 88260
Contact Party: Marvin Burrows 575-361-8067 email: burrowsmarvin@gmail.com

III.

Please see Exhibit "A" for proposed well data.

IV.

This is not an expansion of an existing project.

V.

Please see Exhibit "B" of lease map.

VI.

There is only one well within the 0.5 mile Area of Review. It is a P&A well and does penetrate the proposed disposal zone. Please see Exhibit "C" for offset well data and wellbore diagram.

VII.

1. Anticipated disposal volume – 2,500 BWPB with a maximum of 10,000 BWPB.
2. System will be closed. It will include a central tank battery and pump. Water will be trucked in.
3. Anticipated disposal pressure: Minimum 0 (zero) psig, Maximum 1096 psig.
4. Disposed fluid will be trucked in from producing wells in the immediate area. Please see Exhibit "D" for disposed fluid analysis.
5. Please see Exhibit "D" for disposal zone fluid analysis.

VIII.

Formation	Anticipated Depth (ft)
T. Rustler	1917
T. Yates	3075
T. Grayburg	4400
T. San Andres	4770
Proposed disposal zone	5480 – 8800
T. Abo	8690

The proposed well is not located within the Capitan Reef Area.



**Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico
Amended C108 Application for Authorization to Inject**

IX.

After laying down production tubing, we plan to squeeze 25 sacks of cement in the perms at 4885'-4922', WOC, drill out cement at 4885' and mill over junk in hole at 5014' and tag composite BP at 5030', circulate hole clean and pressure test casing. If ok, we plan to drill out composite BP at 5030' and tag CIBP at 5200', circulate hole clean, squeeze 25 sacks of cement in the perms at 5066' - 5113', WOC, drill out cement at 5066' and tag CIBP at 5200', circulate hole clean and pressure test casing. If ok, we plan to drill out CIBP at 5200' and tag cement plug #3 at 5480', circulate hole clean, squeeze 25 sacks of cement in the perms at 5229'-5286', WOC, drill out cement at 5229', circulate hole clean and pressure test casing. If ok, we plan to drill out cement plugs #3, #2 and #1 in open hole to TD at 8800'. A pump-in test will be performed to establish initial injection rate. If needed an acid job will be pumped into the open hole interval. Finally, 2-7/8" Injection tubing and packer will be run. Packer will be set a maximum of 100' above the 5-1/2" casing shoe.

X.

Any additional logs performed will be submitted after completion.

XI.

NM OSE records indicate there have been eleven fresh water wells within the 1 mile Area of Review. The latest recorded GO-Tech sample is from 1995. An additional sample from the nearest fresh water well was taken June 24, 2015. Both GO-Tech and recent sample results are included in Exhibit "E". The nearest water well is located approximately 2416' from the proposed SWD well.

XII.

Available geological and engineering data have been examined and no evidence of open faults or hydrological connection between the disposal zone and any underground sources of drinking water has been found.

XIII.

Please see Exhibit "F" for Proof of Notice. The original newspaper affidavit of publication and USPS noticee signature receipts will be submitted to the Engineering Bureau.

Danny J. Holcomb 
Agent for Llano Disposal, LLC

Date: 10/20/2016



www.pwllc.net

Page 2 of 2

CURRENT WELLBORE

TA Well

Llano Disposal, LLC

Screaming Eagle State #1

API # 30-025-39739

660' FNL x 660' FWL, UL 'D' Sec 11, T17S, R36E, Lea County, NM

All Depths KB

KB 3860'

GL 3847'

17-1/2" Hole

13-3/8" 54# J-55

Set @ 400'

Cement to surface: yes

T. Rustler 1917'

T. Yates 3075'

T. Seven Rivers 3388'

12-1/4" Hole

8-5/8" 36# K55

Set @ 3897'

Cement to surface: yes

T. Queen 4014'

T. Grayburg 4400'

T. San Andres 4770'

Tbg shot off 5014'

Stuck pkr @ 5022'

7-7/8" Hole

5-1/2" 17# J55

Set @ 5480'

Cement to surface: no

TOC @ 3170' (CBL)

7-7/8" Open Hole

T. Abo 8690'

B1 Slip Type Flange

2-3/8" 4.7# Tbg

TOC @ 3170' (CBL)

Pkr Fluid in Annulus

Prod Pkr set @ ?
Perfs 4885' - 4922'
(swb 3 days - no show)

Comp BP set @ 5030'
Perfs 5066' - 5113'
(swb 7 days - no show)

CIBP set @ 5200' w/
25 Sack Crmt on top

Perfs 5229' - 5286'
(swb 7 days - no show)

50 Sack Plug #3 @ 5600'

75 Sack Plug #2
6697' - 6828' (tagged)

50 Sack Plug #1 @ 8800'

TD @ 8800'

Drawing Not to Scale

EXHIBIT "A"



www.pwllc.net

PROPOSED WELLBORE

Configured for SWD Service

Llano Disposal, LLC

Screaming Eagle State #1

API # 30-025-39739

660' FNL x 660' FWL, UL 'D' Sec 11, T17S, R36E, Lea County, NM

All Depths KB

KB 3860'

GL 3847'

17-1/2" Hole

13-3/8" 54# J-55

Set @ 400'

Cement to surface: yes

T. Rustler 1917'

T. Yates 3075'

T. Seven Rivers 3388'

12-1/4" Hole

8-5/8" 36# K55

Set @ 3897'

Cement to surface: yes

T. Queen 4014'

T. Grayburg 4400'

T. San Andres 4770'

7-7/8" Hole

5-1/2" 17# J55

Set @ 5480'

Cement to surface: no

TOC @ 3170' (CBL)

T. Abo 8690'

7-7/8" Open Hole

TD @ 8800'

B1 Slip Type Flange

2-7/8" 6.5# Tbg (IPC)

TOC @ 3170' (CBL)

Pkr Fluid in Annulus

Perfs 4885' - 4922'
sqzd w/ 25 sx cement

Perfs 5068' - 5113'
sqzd w/ 25 sx cement

Perfs 5229' - 5286'
sqzd w/ 25 sx cement

Inj Pkr (set max of 100'
above top of inj interval)

Drawing Not to Scale

EXHIBIT "A"



www.pwllc.net

Llano Disposal, L.L.C.
Screaming Eagle State SWD #1
API # 30-025-39739
660 FNL x 660 FWL
Unit Letter 'D', Section 11, T17S, R36E
Lea County, New Mexico

Exhibit "D"

Formation Water			
<u>API Number</u>	<u>Formation</u>	<u>TDS</u>	<u>Chlorides</u>
30-025-03917	SA	52,590	28,200
30-025-03842	Abo	37,770	20,030

Possible Disposed Fluid			
<u>API Number</u>	<u>Formation</u>	<u>TDS</u>	<u>Chlorides</u>
30-025-03832	Paddock	245,670	152,400
30-025-03829	Penn	63,805	34,800
30-025-03836	GBG/SA	28,126	15,350
30-025-03842	Abo	37,770	20,030
30-025-03917	SA	52,590	28,200

Data obtained from GO-Tech.



www.pwllc.net



Date: October 24, 2016

Danny Holcomb:

The following is in response to your October 24, 2016 request for delivery information on your Certified Mail™ item number 70121010000260895925. The delivery record shows that this item was delivered on October 24, 2016 at 7:50 am in SANTA FE, NM 87501. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature of Recipient: [Handwritten signature]
[Handwritten name: JOSEPH PADILLA]

Address of Recipient :

Address of Recipient: [Handwritten address: 1148]

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

SANTA FE, NM 87504

OFFICIAL USE

Postage	\$3.30
Certified Fee	\$0.00
Return Receipt Fee (Endorsement Required)	\$1.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$5.80

Postmark Here: 0206 10/20/2016

Sent To: State of New Mexico
Commissioner of Public Land
P. O. Box 1148
Santa Fe, NM 87504

PS Form 3800, All

7012 1010 0002 6089 5925



Date: October 23, 2016

Danny Holcomb:

The following is in response to your October 23, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122520. The delivery record shows that this item was delivered on October 22, 2016 at 10:54 am in LOVINGTON, NM 88260. The scanned image of the recipient information is provided below.

Signature of Recipient :

Address of Recipient :

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

7015 1730 0002 2212 2520

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®	
LOVINGTON, NM 88260	
OFFICIAL USE	
Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	\$0.00
<input type="checkbox"/> Return Receipt (hardcopy)	\$1.35
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80
Sent To	Angell #2 Family, Ltd
Street and Apt. No.,	P. O. Box 190
City, State, ZIP+4®	Lovington, NM 88260
PS Form 3800, Apr 2015	

Postmark Here
10/20/2016



Date: October 24, 2016

Danny Holcomb:

The following is in response to your October 24, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122582. The delivery record shows that this item was delivered on October 24, 2016 at 9:01 am in MIDLAND, TX 79705. The scanned image of the recipient information is provided below.

Signature of Recipient :

Charles D Ray

Address of Recipient :

51608
79710

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

7015 1730 0002 2212 2582

U.S. Postal Service™	
CERTIFIED MAIL® RECEIPT	
Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
MIDLAND TX 79710	
OFFICIAL USE	
Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$1.30
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80
Sent To	Charles D. Ray
Street and Apt. No.	P. O. Box 51608
City, State, ZIP+4®	Midland, TX 79710
PS Form 3800, Apr 2010	

0206 06
Postmark Here
10/20/2016



Date: October 24, 2016

Danny Holcomb:

The following is in response to your October 24, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122568. The delivery record shows that this item was delivered on October 24, 2016 at 8:56 am in ROSWELL, NM 88201. The scanned image of the recipient information is provided below.

Signature of Recipient :

Address of Recipient :

Box 429

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

952 2122 2000 0000 5102

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com	
ROSWELL, NM 88201	
Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$1.35
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80
Sent To	Featherstone Development Corp
Street and Apt. No.	P. O. Box 429
City, State, ZIP+4®	Roswell, NM 88201
PS Form 3800, Apr 2016	

0206 06 10/20/2016



Date: October 24, 2016

Danny Holcomb:

The following is in response to your October 24, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122599. The delivery record shows that this item was delivered on October 24, 2016 at 4:02 pm in FORT WORTH, TX 76102. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature	
Printed Name	Danny Holcomb

Address of Recipient :

Delivery Address	777 Main St #3200
------------------	-------------------

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
FORT WORTH, TX 76102	
OFFICIAL USE	
Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80
Sent To	Texland Petroleum - Hobbs, LLC
Street and Apt. No.	777 Main Street, Suite 3200
City, State, ZIP+4®	Ft Worth, TX 76102
PS Form 3800, A	

6552 2122 2599 7015 1730 0002 2221 22599

Postmark Here
10/20/2016



Date: October 24, 2016

Danny Holcomb:

The following is in response to your October 24, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122551. The delivery record shows that this item was delivered on October 24, 2016 at 9:36 am in FARMINGTON, NM 87402. The scanned image of the recipient information is provided below.

Signature of Recipient :

Link Word
Link Word

Address of Recipient :

Box 1257 (Private)

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®

FARMINGTON, NM 87402

OFFICIAL USE

Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$1.35
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80

Sent To
Street and Apt. No.
City, State, ZIP+4®

ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402

PS Form 3800, Apr 2015

1552 2122 2222 2551

0206
10/20/2016
Postmark Here

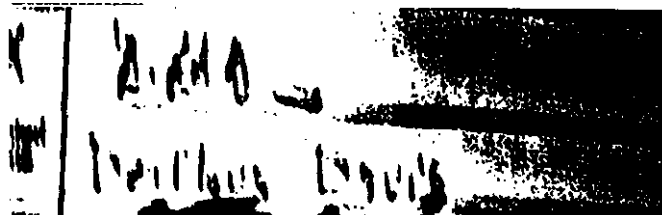


Date: October 25, 2016

Danny Holcomb:

The following is in response to your October 25, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122537. The delivery record shows that this item was delivered on October 25, 2016 at 6:24 am in HOUSTON, TX 77201. The scanned image of the recipient information is provided below.

Signature of Recipient :



Address of Recipient :



Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

7015 1730 0002 2212 2537

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at www.usps.com ®.	
HOUSTON, TX 77201	
OFFICIAL USE	
Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$1.35
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80
Sent To	Mobil Producing TX & NM, Inc.
Street and Apt. No.	P. O. Box 2305
City, State, ZIP+4®	Houston, TX 77252-2305
PS Form 3800, A	

0206
06
Postmark
Here
10/20/2016



Date: October 27, 2016

Danny Holcomb:

The following is in response to your October 27, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122544. The delivery record shows that this item was delivered on October 27, 2016 at 4:55 am in HOUSTON, TX 77210. The scanned image of the recipient information is provided below.

Signature of Recipient :

Address of Recipient :

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

HOUSTON, TX 77210
OFFICIAL USE

Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	\$0.00
<input type="checkbox"/> Return Receipt (hardcopy)	\$1.35
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and Fees	\$5.80

Sent To **Oxy USA WTP, LP**
Street and Apt. No. **P. O. Box 4294**
City, State, ZIP+4® **Houston, TX 77210**

PS Form 3800, April 2015

Postmark Here
0206 06
10/20/2016

4452 2132 2544
7015 1730 0002 2212 2544



Date: October 24, 2016

Danny Holcomb:

The following is in response to your October 24, 2016 request for delivery information on your Certified Mail™ item number 70151730000222122513. The delivery record shows that this item was delivered on October 24, 2016 at 10:24 am in HOBBS, NM 88240. The scanned image of the recipient information is provided below.

Signature of Recipient :

Address of Recipient :

1625 N French

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

HOBBS, NM 88240

OFFICIAL USE

Certified Mail Fee	\$3.30
Extra Services & Fees (check box, add fee as appropriate)	\$0.00
<input type="checkbox"/> Return Receipt (hardcopy)	\$2.75
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00
Postage	\$1.15
Total Postage and	\$5.80

Sent To **NMOC District 1**
Street and Apt. No. **1625 N. French Drive**
City, State, ZIP+4® **Hobbs, NM 88240**

PS Form 3800, A

7015 1730 0002 2212 2513

0206
OCT 2016
USPS JORDAN STATION
Here
Postmark

Turner Oil and Gas Properties, Inc

Notice Documents

USPS Tracking®

Still Have Questions?
Browse our FAQs

Get Easy Tracking Updates
Sign up for My USPS

Tracking Number: 7015173000222122575



Expected Delivery Day: Saturday, October 22, 2016

In-Transit

Product & Tracking Information

Postal Product: First-Class Mail®
Features: Certified Mail™

Available Actions

- Return Receipt Electronic
- Text Updates
- Email Updates

DATE & TIME	STATUS OF ITEM	LOCATION
October 22, 2016, 3:45 am	In Transit to Destination	

The item is currently in transit to the destination as of October 22, 2016 at 3:45 am.

October 21, 2016, 4:41 am	Departed USPS Facility	AMARILLO, TX 79120
October 20, 2016, 9:45 pm	Arrived at USPS Origin Facility	AMARILLO, TX 79120
October 20, 2016, 5:15 pm	Departed Post Office	AMARILLO, TX 79124
October 20, 2016, 2:22 pm	Acceptance	AMARILLO, TX 79124

Track Another Package

Tracking (or receipt) number

Track It

Manage Incoming Packages

Track all your packages from a dashboard. No tracking numbers necessary.

Sign up for My USPS



1st Attempt
Mailed 10/20/16
As of 11/3/16 this
notice was not
received by
addressee.

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®

OKLAHOMA CITY, OK 73120

OFFICIAL U.S. MAIL

Certified Mail Fee \$3.30

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$1.25
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$1.15

Total Postage and Fees \$5.80

Postmark Here
10/20/2016

Sent To
Street and Apt. No.
City, State, ZIP+4

Turner Oil & Gas Properties, Inc.
c/o Allen Clark
332 West Britton Rd, Suite 200
Oklahoma City, OK 73120

PS Form 3800, 6-1

USPS Tracking®

Still Have Questions?
Browse our FAQs.



Get Easy Tracking Updates
Sign up for My USPS.

Tracking Number: 7015173000222122674



In-Transit,
Delayed

Product & Tracking Information

Postal Product:
First-Class Mail®

Features:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
October 29, 2016, 9:08 am	In Transit to Destination	

The package is delayed and will not be delivered by the expected delivery date. An updated delivery date will be provided when available. The item is currently in transit to the destination as of October 29, 2016 at 9:08 am.

October 27, 2016, 3:08 am	Departed USPS Destination Facility	OKLAHOMA CITY, OK 73107
October 26, 2016, 2:20 pm	Arrived at USPS Destination Facility	OKLAHOMA CITY, OK 73107
October 26, 2016, 3:49 am	Departed USPS Facility	AMARILLO, TX 79120
October 25, 2016, 9:35 pm	Arrived at USPS Origin Facility	AMARILLO, TX 79120
October 25, 2016, 5:25 pm	Departed Post Office	AMARILLO, TX 79124
October 25, 2016, 4:24 pm	Acceptance	AMARILLO, TX 79124

Available Actions

- Return Receipt Electronic ☐
- Text Updates ☐
- Email Updates ☐

Track Another Package

Tracking (or receipt) number

Track It

Manage Incoming Packages

Track all your packages from a dashboard. No tracking numbers necessary.

Sign up for My USPS.



2nd Attempt
Mailed 10/25/16
As of 11/3/16 this notice was
not received by addressee.

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

OKLAHOMA CITY, OK 73120

Certified Mail Fee \$3.30

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$1.35
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$1.15

Total Postage and Fees \$5.80

Sent To
Street and Apt. No.
City, State, ZIP+4®

Turner Oil & Gas Properties, Inc.
c/o Allen Clark
3232 W. Britton Rd, Suite 200
Oklahoma City, OK 73120

PS Form 3800, April 2015

USPS JORDAN STATION
OCT 29 2016
AMARILLO, TX 79124

[Print](#) | [Close Window](#)**Subject: Notice of Amended Injection Authority Application - Screaming Eagle State SWD #1 (30-025-39739)****From: danny@pwllc.net****Date: Tue, Nov 01, 2016 9:30 am****To: erinn@turneroil.net****Attach: Screaming Eagle State SWD #1 Amended C108 Pkg - Turner Emailed 110116.pdf**

Erin,

Thank you for taking my phone call this morning. Pueblo West is a consulting firm that assists operators with injection authority applications in New Mexico. Llano Disposal, LLC has applied to the NMOCD to permit an SWD well in Section 11, T17S, R36E, Lea County, New Mexico. The original C108 application was submitted in February, 2016. Through negotiations with the State, the application was recently amended which requires re-notice to the potential affected parties. Turner Oil and Gas Properties, Inc is identified as the lessee of record for State minerals in an offsetting section (Sec 10, T17S, R36E).

I've attempted to mail two certified letters to Turner with the attached information. According to the USPS tracking information, neither letter has been received by Turner. That was the reason for my phone call this morning. Thank you for providing your email address so that I could get this information to Turner. If you have any questions concerning this application, please contact me.

Thank you,

Danny J. Holcomb

Pueblo West, LLC

Cell: 806-471-5628

Email: danny@pwllc.net

Copyright © 2003-2016. All rights reserved.

*Email with attached
notice documents.*

*Confirmed receipt by phone
call 11/3/16 10:48 am
DJH*

Affidavit of Publication

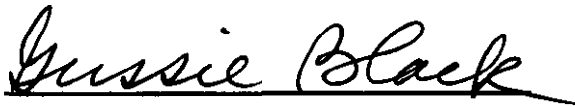
STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 23, 2016
and ending with the issue dated
October 23, 2016.


Publisher

Sworn and subscribed to before me this
23rd day of October 2016.


Business Manager

My commission expires
January 29, 2019

(Seal)



OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-19

This newspaper is duly qualified to publish
legal notices or advertisements within the
meaning of Section 3, Chapter 167, Laws of
1937 and payment of fees for said

LEGALS

LEGAL NOTICE
October 23, 2016

Public Notice

Liano Disposal, LLC, P. O. Box 190, Lovington, NM 88260 has filed an amended form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval to convert the Screaming Eagle State #1, API 30-025-39739, 660 FNL x 660 FWL, Unit Letter "D", Section 11, T17S, R36E, Lea County, New Mexico to a commercial salt water disposal well. The proposed disposal interval is the San Andres-Abo formations through open hole completion between 5480' - 8800'. Disposal fluid would be produced water as defined by current NMOC regulations from producing oil and gas wells in the area. Anticipated average disposal volume is 2,500 BWPD with a maximum anticipated volume of 10,000 BWPD. Anticipated disposal pressure is 0 (zero) psi with a maximum disposal pressure of 1096 psi. The well is located approximately 6 miles south of Lovington, New Mexico.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 within 15 days. Additional information can be obtained by contacting Danny Holcomb at 806-471-5628.
#31306

02107812

00183061

BILLY E./SHARON PRICHARD
PUEBLO WEST LLC
125 GREENHOUSE VILLAGE
DECATUR, TX 76234

Pueblo West Resources, LLC
125 Greathouse Village
Decatur, Texas 76234

October 28, 2016

Mr. Phillip Goetze
c/o New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Original Affidavit of Publication for the C108 Application from Llano Disposal, LLC
Screaming Eagle State SWD #1 (30-025-39739)
UL 'D', Sec 11, T17S, R36E, Lea County, New Mexico

Dear Mr. Goetze,

Attached is the original AOP received from the Hobbs News-Sun for the legal notice publication made on October 23, 2016 as part of the amended C108 application on the above referenced well.

Copies of all noticee's certified mail signature cards will be emailed to you when they are received. If you need any additional information, please let me know.

Sincerely,



Danny J. Holcomb
Agent for Llano Disposal, LLC
Email: danny@pwllc.net
Cell: 806-471-5628

Attachment



www.pwllc.net



C-108 Review Checklist:

Received: 02/03/16 Add. Request: 05/24/16 Reply Date: 05/25/16 Suspended: 02/04/16 [Ver 16]

ORDER TYPE: WFX / PMX (SWD) Number: 1655 Order Date: 11/28/16 Legacy Permits/Orders: 05/06/16 - MMSLO comments requested

Well No. 1 Well Name(s): Screaming Eagle State

API: 30-0 25-39739 Spud Date: 05/20/2010 New or Old: N (UIC Class II Primacy 03/07/1982)

Footages 660 FNL / 660 FWL Lot or Unit D Sec II Tsp 17S Rge 36E County Lea

General Location: Approximately 6 miles S of Lovington Pool: Lovington; Abo; Grayburg-San Andres No. 40470 40580

BLM 100K Map: Hobbs Operator: Llano Disposal, LLC OGRID: 370661 Contact: D. Holcomb, Pueblo West Resources

COMPLIANCE RULE 5.9: Total Wells: 2 Inactive: 0 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes Date: 11/28/16

WELL FILE REVIEWED Current Status: Currently TA; no production from Lovington GR/SA; Perm plugged zone of Abo; last Prod. 2014

WELL DIAGRAMS: NEW: Proposed or RE-ENTER: Before Conv. After Conv. Logs in Imaging: DTH/PP, Comp 2D/CNL

Planned Rehab Work to Well: Drillout existing deeper plugs and deeper - open hole completion

Well Construction Details		Sizes (in)	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
		Borehole / Pipe			
Planned or Existing	Surface	17 1/2 / 13 3/8	0 to 400	325	Cr. to surface
Planned or Existing	Interm/Prod	12 1/4 / 8 5/8	0 to 3897	77.5	Cr. to surface
Planned or Existing	Interm/Prod	7 7/8 / 5 1/2	0 to 5480	535	3170' / CCL
Planned or Existing	Prod/Liner	—	—	—	[727' tie]
Planned or Existing	Liner	—	—	—	—
Planned or Existing	OH PERF	7 7/8 OH	5480 to 8800	Inj Length 3,320	

Injection Lithostratigraphic Units:		Depths (ft)	Injection or Confining Units	Tops
Adjacent Unit: Litho. Struc. Por.			Grayburg	4400'
Confining Unit: Litho. Struc. Por.			San Andres	4770'
Proposed Inj Interval TOP:	5480		San Andres [GI/DK]	—
Proposed Inj Interval BOTTOM:	8800		Abo	8190'
Confining Unit: Litho. Struc. Por.			Abo	—
Adjacent Unit: Litho. Struc. Por.			—	—

Completion/Operation Details:	
Drilled TD	8800' PBDT 5030'
NEW TD	8800' NEW PBDT —
NEW Open Hole	or NEW Perfs
Tubing Size	2 7/8 in. Inter Coated? Yes
Proposed Packer Depth	< 5380 ft
Min. Packer Depth	5380 (100-ft limit)
Proposed Max. Surface Press.	0 psi
Admin. Inj. Press.	10916 (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P NA Noticed? BLM Sec Ord NA WIPP/NA Noticed? Salt/Salado T: B: NW: Cliff House fm

FRESH WATER: Aquifer Lea / Alluvial (Poss. Roubidoux) Max Depth < 150' (Swindler section) HYDRO AFFIRM STATEMENT By Qualified Person

NMOSE Basin: Lea CAPITAN REEF: thru adj NA No. GW Wells in 1-Mile Radius? 11 FW Analysis? Yes/Go Tech

Disposal Fluid: Formation Source(s) Abo & San Andres Analysis? Go Tech On Lease Operator Only or Commercial

Disposal Interval: Inject Rate (Avg/Max BWPD): 25000/10000 Protectable Waters? No Source: Historical/Prod System: Closed or Open

HC Potential: Producing Interval? No Formerly Producing? Yes Method: Logs/DST/P&A/Other Production 2-Mile Radius Pool Map

AOR Wells: 1/2-M Radius Map? Yes Well List? Total No. Wells Penetrating Interval: 1 Horizontals? 16 Abo/Drill Bit

Penetrating Wells: No. Active Wells 0 Num Repairs? 0 on which well(s)? Checked Texland 3 State #1 SWD-1436 Diagrams?

Penetrating Wells: No. P&A Wells 1 Num Repairs? 0 on which well(s)? Diagrams? Yes

NOTICE: Newspaper Date 10/23/16 (2nd) Mineral Owner NMSLO Surface Owner Private Angell Family N. Date 10/20/16

RULE 26.7(A): Identified Tracts? Yes Affected Persons: NMSLO/ConocoPhillips/Featherstone/Mobil/Texland N. Date 10/20/16

Order Conditions: Issues: NMSLO protest retracted with new interval / readvertised / additional info provided

Add Order Cond: Survey within 2 years of commencing injection.

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Wednesday, October 19, 2016 3:24 PM
To: 'danny@pwwllc.net'
Cc: Jones, William V, EMNRD
Subject: Llano Disposal, LLC - Screaming Eagle State No. 1 (30-025-39739): Notification

RE: Llano Disposal, LLC - Screaming Eagle State No. 1 (30-025-39739)

Danny:

I was completing the review of the application for the Screaming Eagle when I found a significant item that needs to be addressed. The original application described the proposed injection interval as the San Andres from 4770' to 5950'. Following the review by the NMSLO and input from Pueblo West on OCD's concern for the PM project, the new proposed injection interval is 5480' to 8800' and includes the Abo Formation. This constituted a major modification due to the addition of the interval from 5950' to 8800' (and additional unit – the Abo) that was not covered in the notification to the affected persons and advertised through general publication.

If Llano wishes to proceed with the application for approval of the new interval (5950' to 8800'), then a new round of notification must be completed. I would suggest that Llano prepare a simple package with the amended items (a cover letter stating the changes [interval footage, formations, MSIP], a current well diagram, and a new well diagram) instead of preparing and sending a new C-108 to all affected persons. I would also include in the cover letter a statement that there are no other changes based upon review – AOR wells/affected persons to be notified/water wells/etc. A copy of the package should be forwarded to Santa Fe to be included in the C-108. The newspaper publication would also reflect the changes (and I would suggest including the word amended in that also).

Other than this item, the application would be available on the closing of the 15th day. Call/e-mail with any questions.
PRG

Phillip Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive, Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



Goetze, Phillip, EMNRD

From: Holm, Anchor <aholm@slo.state.nm.us>
Sent: Thursday, October 6, 2016 3:18 PM
To: Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD
Cc: danny@pwllc.net; Martin, Ed; Khalsa, Niranjn K.; Padilla, Patrick; Crosby, Faith
Subject: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) Proposed Alternate Completion Plan
Attachments: LlanoDisposal- Screaming EagleSt.#1 - GIS+.docx; Screaming Eagle Wellbore Diagram Alternate 093016.pdf

Phillip and Michael,

Danny Holcomb, consultant for Llano Disposal LLC, has provided some additional information to the State Land Office and the newly revised proposed SWD. Based upon the revised proposed SWD injection interval of 5,480' to 8,800', the New Mexico State Land Office believes that this depth interval will be protective of the State Trust Minerals. Therefore, the State Land Office withdraws our objection to the use of the proposed Screaming Eagle State #1 (30-025-39076) wellbore for this SWD project if the proposed disposal interval is changed to that cited above.

Respectfully,

Anchor E. Holm
Geoscientist/Petroleum Engineering Specialist
Oil Gas & Minerals Division
505.827.5759
New Mexico State Land Office
310 Old Santa Fe Trail
P.O. Box 1148
Santa Fe, NM 87504-1148
aholm@slo.state.nm.us
nmstatelands.org



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From: danny@pwllc.net [mailto:danny@pwllc.net]
Sent: Friday, September 30, 2016 2:06 PM
To: Martin, Ed <emartin@slo.state.nm.us>; Holm, Anchor <aholm@slo.state.nm.us>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>; Bill Prichard <billy@pwllc.net>
Subject: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) Proposed Alternate Completion Plan

Ed and Anchor,

The C-108 on this proposed SWD well was protested by you on February 5, 2016. We understand your concern with offset upper SA production in the Angell #2 well (30-025-39076) through GB-SA perfs

between 5384'-5430'. Llano is considering an alternate completion plan in a new C108 for this well and we wanted to reach out to you to discuss what your position would be on this proposed plan.

Attached are two documents:

- 1) a proposed wellbore diagram with the alternative completion plan
- 2) copy of GR-CNC log showing existing csg point and the highest porosity lobes (greater than 10%) above the csg point in red, and the highest porosity (greater than 10%) lobes below the csg point in blue.

The alternate plan includes drilling out all existing cement plugs in the well and setting an injection packer a maximum of 100' above the existing 5.5" casing shoe. The proposed injection interval would be from 5480' to 8800' (TD). This injection interval would be from the extreme lower San Andres - Abo formations. This configuration would have all the high porosity San Andres formation behind pipe. The remaining extremely lower San Andres formation shows to be mostly low porosity which should not impact offsetting upper SA production located up structure in the SA offset well 30-025-39076. We realize you want the injection interval to be below 5730', but we wanted to see if we could work with you to achieve your desired protection of the offset SA production without setting a liner in the well. If a liner is required, it would reduce the size of the injection tubing string which dramatically impacts injection capability.

See our comments on this well as a proposed SWD well in the email below to Phillip. Llano believes this area is ideally suited for an SWD due to reasons listed below. When we did the land work for this application, the State Trust Lands in the quarter section of this well were unleased. As you know, locating an SWD well there would provide income to the State Lands Trust where none is currently being made. Llano believe that can be done without risking SA production in the referenced offset well located outside the 0.5 mile AOR.

We ask that you please review this alternate proposal and let us know your position. By moving the injection interval below 5000', Phillip's issues #1 and #2 below should be resolved since the injection interval would be below the Lovington GB-SA Pool and the Lovington SA WF.

If you have any questions or need any clarification, please let us know. Thank you for considering this alternate plan.

Thank you,
Danny J. Holcomb
Pueblo West, LLC
Cell: 806-471-5628
Email: danny@pwllc.net

----- Original Message -----

Subject: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD

From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>

Date: Tue, May 24, 2016 2:45 pm

To: "danny@pwllc.net" <danny@pwllc.net>

Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, "Holm, Anchor E." <aholm@slo.state.nm.us>, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

RE: Screaming Eagle State No. 1 (API 30-025-39739; Appl. No. pMAM1603456148);
Application for Injection

Mr. Holcomb:

Per your request, Division has reviewed your application on behalf of Llano Disposal, LLC. However, the review has found issues that make administrative approval not possible. These items include the following:

1. The location of the well is within a designated pool (Lovington; Grayburg-San Andres pool; Pool code: 40580) and includes a proposed injection interval containing the producing interval for this pool. The application does not offer a discussion of potential resources of the San Andres in this area and there has been no previous hearing for consideration of the conversion of a well for disposal in this pool.
2. The proximity of the proposed SWD well to existing EOR projects including the Lovington San Andres Waterflood Project (Order No. 9431; Case No. 10154) and Angell Lease Pressure Maintenance Pressure Project (Order No. R-13361; Case No. 14571) with the same interval as the proposed disposal interval. No information is provided in the application as to potential impacts to correlative rights.
3. Concerns expressed by the State Land Office regarding this application and mineral interest of the State Trust lands. Their comments are provided in the attached e-mail.

If Llano Disposal wishes to pursue approval of the application, they may proceed with taking the application to hearing. Please contact me, at your convenience, with any questions you may have regarding this application or the content of this communication.
PRG

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: Holm, Anchor [<mailto:aholm@slo.state.nm.us>]
Sent: Friday, February 05, 2016 12:00 PM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Martin, Ed <emartin@slo.state.nm.us>; Khalsa, Niranjana K. <nkhalsa@slo.state.nm.us>; Warnell, Terry G. <twarnell@slo.state.nm.us>
Subject: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phil,

After review of the C-108 for Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD in same zone, the State Land Office is opposed to the proposed SWD interval of 4770'-5950'. Offset and in-wellbore production of oil and gas requires at least a 300' vertical buffer between oil production and SWD in our opinion. This would leave only a potential SWD interval from 5730' to 5938', which appears to not contain significant zones of injectivity.

SLO recommends that the applicant seriously consider changing its proposed SWD interval to the deeper Abo Reef in a manner similar to that of the Texland Petroleum-Hobbs, LLC – Texland 3 State #1 SWD (30-025-37930), which is completed open hole in the Abo Reef from 8450'-8710'. This Texland well is located about ½ mile to the WNW from the Screaming Eagle well, and is capable of disposing over 3000 BWPD as demonstrated in 2015. Attached is a map of offset wells and the State Land Trust Lands surrounding the Screaming Eagle well with annotations.

Respectfully yours,



Anchor E. Holm

Geoscientist/Petroleum Engineering Specialist

Oil Gas & Minerals Division

505.827.5759

New Mexico State Land Office

310 Old Santa Fe Trail

P.O. Box 1148

 Santa Fe, NM 87504-1148

aholm@slo.state.nm.us

nmstatelands.org

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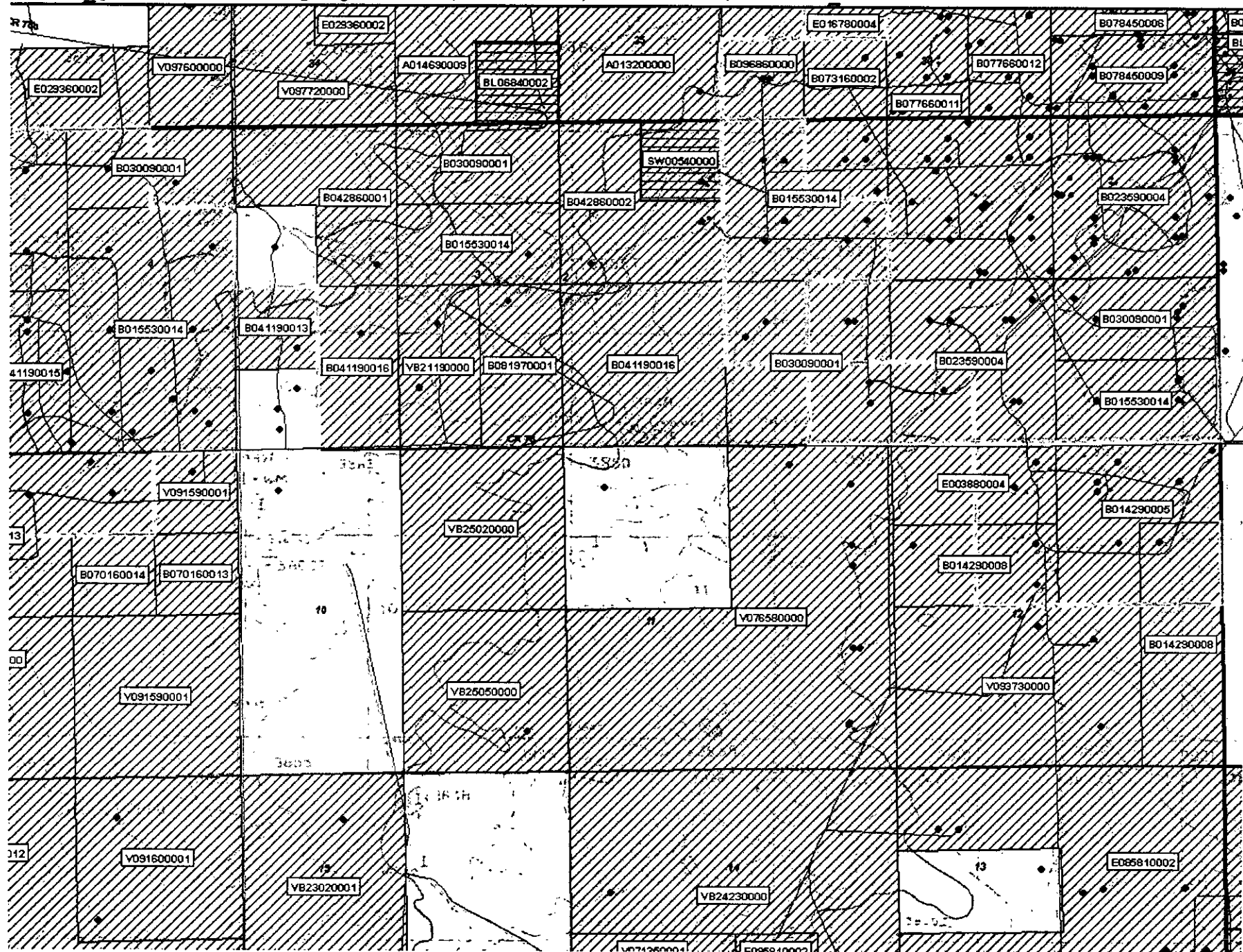
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Llano Disposal, LLC- Screaming Eagle State #1 (30-025-39739) D-11-17S-36E, Lea



PROPOSED WELLBORE

Configured for SWD Service

Llano Disposal, LLC

Screaming Eagle State #1

API # 30-025-39739

660' FNL x 660' FWL, UL 'D' Sec 11, T17S, R36E, Lea County, NM

All Depths KB

KB 3860'

GL 3847'

17-1/2" Hole

13-3/8" 54# J-55

Set @ 400'

Cement to surface: yes

T. Rustier 1917'

T. Yates 3075'

T. Seven Rivers 3388'

12-1/4" Hole

8-5/8" 36# K55

Set @ 3897'

Cement to surface: yes

T. Queen 4014'

T. Grayburg 4400'

T. San Andres 4770'

7-7/8" Hole

5-1/2" 17# J55

Set @ 5480'

Cement to surface: no

TOC @ 3170' (CBL)

B1 Slip Type Flange

2-7/8" 6.5# Tbg (IPC)

TOC @ 3170' (CBL)

Pkr Fluid in Annulus

Inj Pkr (set max of 100'
above top of inj interval)

7-7/8" Open Hole

T. Abo 8690'

TD @ 8800'

Drawing Not to Scale

EXHIBIT "A"



www.pwllc.net

Goetze, Phillip, EMNRD

From: danny@pwllc.net
Sent: Friday, October 7, 2016 9:25 AM
To: Goetze, Phillip, EMNRD
Cc: Marvin Burrows; Jones, William V, EMNRD
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phillip,
Thank you for your reply. As you know, Llano has negotiated a resolution to the SLO protest of the SA SWD C108. Llano agreed to lower the injection interval to 5480' - 8800' in the extreme lower SA to the Abo formations. This resolved the SLO protest.

According to the pool code depths listed in the NMOCD files, the Lovington GB-SA Pool is listed at depths of 0-4999'. Llano's new injection interval now falls below this pool interval.

According to the WF project (R-9431) files, the new proposed injection interval on the Screaming Eagle State SWD #1 now falls below the approved injection interval listed in this order for all the WF wells.

According to the Pressure Maint Project (R-13361) files, the new proposed injection interval on the Screaming Eagle State SWD #1 now falls below the 4802'-5432' injection interval listed in this order.

Llano believes that lowering the proposed injection interval to 5480' - 8800' has resolved all issues both the NMOCD and NMSLO had listed in your original response.

Concerning your question about redirecting the review of this application to someone else. I think you misunderstood my question. Will had advised that you were spending much of your time then on a DMG issue heard at hearing. My question was simply asking if I needed to direct my inquiries on the status of the application to someone else. I was not asking that the application examination be directed to someone else. Sorry for the confusion.

Thank you,
Danny J. Holcomb
Pueblo West, LLC
Cell: 806-471-5628
Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Fri, October 07, 2016 9:37 am
To: "danny@pwllc.net" <danny@pwllc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>

RE: Llano Disposal, LLC application: Screaming Eagle State #1 (30-025-39739)

Danny:

I have received Anchor's input regarding the proposed disposal well. I'll be putting the application on top (Tuesday's schedule) and will talk with Director (today) about the having the proposed disposal well in a declared pool. Typically,

these type of applications are recommended for hearing based on historical procedures and as is stipulated in the Division's process for review as detailed in the primacy agreement with the EPA.

With regards to your request to redirect the review of the application to someone else; if you can find someone on staff who is available and not behind, then I will gratefully welcome your recommendation and will offer it to the Director.
PRG

From: danny@pwllc.net [mailto:danny@pwllc.net]
Sent: Wednesday, August 24, 2016 11:41 AM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phillip,
We never heard back from you concerning this matter. It has been 2.5 months now. We know you are busy, but you had offered to speak to the SLO and Mr. Catanach concerning the uniqueness of this administrative application. We appreciate your help with this matter.

If we should be directing our request for re-evaluation of our C108 administrative consideration to someone else, please advise.

Thank you,
Danny J. Holcomb
Pueblo West, LLC
Cell: 806-471-5628
Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: <danny@pwllc.net>
Date: Wed, July 13, 2016 12:54 pm
To: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Cc: "Marvin Burrows" <burrowsmarvin@gmail.com>

Phillip,
We know you are probably very busy. We have not heard back from you concerning this matter. After receiving our response to your notice that the C108 application would have to go to hearing, you offered to discuss this matter with the SLO and Mr. Catanach. Have you been able to do that yet? Thanks in advance for your assistance with this matter.
Thank you,
Danny J. Holcomb
Pueblo West, LLC
Cell: 806-471-5628
Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: <danny@pwllc.net>
Date: Mon, June 20, 2016 8:47 am
To: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Cc: "Marvin Burrows" <burrowsmarvin@gmail.com>

Phillip,

Have you had a chance to discuss this application with the SLO and Mr. Catanach yet?
Thank you,
Danny J. Holcomb
Pueblo West, LLC
Cell: 806-471-5628
Email: danny@pwlrc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Fri, June 03, 2016 3:40 pm
To: "danny@pwlrc.net" <danny@pwlrc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>

Mr. Holcomb:

No, schedules have not permitted a discussion this week. I will be meeting with the SLO on Tuesday and may have the opportunity for discussion with the Director when he gets back from Artesia. PRG

And with regards

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: danny@pwlrc.net [mailto:danny@pwlrc.net]
Sent: Friday, June 03, 2016 7:32 AM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phillip,
Have you been able to discuss this application with Mr. Catanach and the SLO for reconsideration?
Thank you,
Danny J. Holcomb
Pueblo West Resources
Cell: 806-471-5628
Email: danny@pwlrc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Wed, May 25, 2016 3:35 pm
To: "danny@pwillc.net" <danny@pwillc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V, EMNRD"
<WilliamV.Jones@state.nm.us>, "McMillan, Michael, EMNRD"
<Michael.McMillan@state.nm.us>

Mr. Holcomb:

Thank you for response to the items in the Division's e-mail and they will be considered relative to Division's decision. With regards to the administrative procedure, Llano has proposed injection into an interval that is still within an active pool. The application provided no geological or engineering information for an evaluation of potential impacts to correlative rights while your response provides a very accurate summary. Finally, the practice of hearings for proposed new injection in older active pools with no previous injection has been customary, as found in the numerous orders written by Director Catanach during his term as an examiner and technical reviewer of C-108 applications. I will present this matter to him for consideration. I will also forward your information to NMSLO and will discuss it with them tomorrow. PRG

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: danny@pwillc.net [mailto:danny@pwillc.net]
Sent: Wednesday, May 25, 2016 1:53 PM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739)
proposed oil zone conversion to SWD

Phillip,
Thank you for the information. Llano desires to better understand the reasons for the rejection of administrative approval. Please see the comments/questions below in the same order as your email:

1. The Screaming Eagle State #1 is located off structure and downslope from the two Units within the Lovington; Grayburg-San Andres Pool. As a matter of fact, the middle-lower San Andres in the Screaming Eagle #1 was not found to be productive of oil/gas during original completion activities in 2010. The original operator perforated and tested the SA as noted below:

5229' - 5286' - swabbed for 2 days with no show
5066' - 5113' - swabbed for 7 days with no show
4885' - 4922' - swabbed for 3 days with no show, then fracture stimulated these perms, C105 indicates 15 BOPD, 156 BWPD. By mid 2012, well was making less than 1 BO per month and was shut in

The AOR for the subject well does not now contain or has it ever contained any producing San Andres wells within this portion of the Lovington: Grayburg-San Andres Pool. In fact, the 160 acres of State minerals in the NW/4 surrounding the subject well remains unleased since the primary term expired on the previous operator's lease. Llano believes this area is well suited as a candidate for a San Andres SWD well.

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3. We have reviewed the SLO concerns provided. We assume that the SLO concerns were the primary reason for the administrative approval rejection. Is that correct? If we work with the SLO to address their

concerns, would this application move back into the administrative approval process? Please advise.

Thank you for your time and consideration of this additional information provided. Please advise your comments or any questions.

Thank you,

Danny J. Holcomb

Pueblo West Resources

Cell: 806-471-5628

Email: danny@pwwllc.net

----- Original Message -----

Subject: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>

Date: Tue, May 24, 2016 2:45 pm

To: "danny@pwwllc.net" <danny@pwwllc.net>

Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V, EMNRD"

<WilliamV.Jones@state.nm.us>, "Holm, Anchor E."

<aholm@slo.state.nm.us>,

"McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>,

"Lowe,

Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

RE: Screaming Eagle State No. 1 (API 30-025-39739; Appl. No. pMAM1603456148); Application for Injection

Mr. Holcomb:

Per your request, Division has reviewed your application on behalf of Llano Disposal, LLC. However, the review has found issues that make administrative approval not possible. These items include the following:

1. The location of the well is within a designated pool (Lovington; Grayburg-San Andres pool; Pool code: 40580) and includes a proposed injection interval containing the producing interval for this pool. The application does not offer a discussion of potential resources of the San Andres in this area and there has been no previous hearing for consideration of the conversion of a well for disposal in this pool.

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3. Concerns expressed by the State Land Office regarding this application and mineral interest of the State Trust lands. Their comments are provided in the attached e-mail.

If Llano Disposal wishes to pursue approval of the application, they may proceed with taking the application to hearing. Please contact me, at your convenience, with any questions you may have regarding this application or the content of this communication. PRG

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources
Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: Holm, Anchor [<mailto:aholm@slo.state.nm.us>]
Sent: Friday, February 05, 2016 12:00 PM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Martin, Ed <emartin@slo.state.nm.us>; Khalsa, Niranjana K. <nkhalsa@slo.state.nm.us>; Warnell, Terry G. <twarnell@slo.state.nm.us>
Subject: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phil,

After review of the C-108 for Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD in same zone, the State Land Office is opposed to the proposed SWD interval of 4770'-5950'. Offset and in-wellbore production of oil and gas requires at least a 300' vertical buffer between oil production and SWD in our opinion. This would leave only a potential SWD interval from 5730' to 5938', which appears to not contain significant zones of injectivity.

SLO recommends that the applicant seriously consider changing its proposed SWD interval to the deeper Abo Reef in a manner similar to that of the Texland Petroleum-Hobbs, LLC - Texland 3 State #1 SWD (30-025-37930), which is completed open hole in the Abo Reef from 8450'-8710'. This Texland well is located about ½ mile to the WNW from the Screaming Eagle well, and is capable of disposing over 3000 BWPD as demonstrated in 2015. Attached is a map of offset wells and the State Land Trust Lands surrounding the Screaming Eagle well with annotations.

Respectfully yours,



Anchor E. Holm

Geoscientist/Petroleum Engineering Specialist

Oil Gas & Minerals Division

505.827.5759

New Mexico State Land Office

310 Old Santa Fe Trail

P.O. Box 1148

 Santa Fe, NM 87504-1148

aholm@slo.state.nm.us

nmstatelands.org

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Goetze, Phillip, EMNRD

From: danny@pwllc.net
Sent: Wednesday, August 24, 2016 11:41 AM
To: Goetze, Phillip, EMNRD
Cc: Marvin Burrows
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phillip,

We never heard back from you concerning this matter. It has been 2.5 months now. We know you are busy, but you had offered to speak to the SLO and Mr. Catanach concerning the uniqueness of this administrative application. We appreciate your help with this matter.

If we should be directing our request for re-evaluation of our C108 administrative consideration to someone else, please advise.

Thank you,

Danny J. Holcomb

Pueblo West, LLC

Cell: 806-471-5628

Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: <danny@pwllc.net>
Date: Wed, July 13, 2016 12:54 pm
To: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Cc: "Marvin Burrows" <burrowsmarvin@gmail.com>

Phillip,

We know you are probably very busy. We have not heard back from you concerning this matter. After receiving our response to your notice that the C108 application would have to go to hearing, you offered to discuss this matter with the SLO and Mr. Catanach. Have you been able to do that yet? Thanks in advance for your assistance with this matter.

Thank you,

Danny J. Holcomb

Pueblo West, LLC

Cell: 806-471-5628

Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: <danny@pwllc.net>
Date: Mon, June 20, 2016 8:47 am
To: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Cc: "Marvin Burrows" <burrowsmarvin@gmail.com>

Phillip,

Have you had a chance to discuss this application with the SLO and Mr. Catanach yet?

Thank you,

Danny J. Holcomb

Pueblo West, LLC
Cell: 806-471-5628
Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Fri, June 03, 2016 3:40 pm
To: "danny@pwllc.net" <danny@pwllc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>

Mr. Holcomb:

No, schedules have not permitted a discussion this week. I will be meeting with the SLO on Tuesday and may have the opportunity for discussion with the Director when he gets back from Artesia. PRG

And with regards

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: danny@pwllc.net [mailto:danny@pwllc.net]
Sent: Friday, June 03, 2016 7:32 AM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phillip,
Have you been able to discuss this application with Mr. Catanach and the SLO for reconsideration?
Thank you,
Danny J. Holcomb
Pueblo West Resources
Cell: 806-471-5628
Email: danny@pwllc.net

----- Original Message -----

Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Wed, May 25, 2016 3:35 pm
To: "danny@pwllc.net" <danny@pwllc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V,
EMNRD"
<WilliamV.Jones@state.nm.us>, "McMillan, Michael, EMNRD"
<Michael.McMillan@state.nm.us>

Mr. Holcomb:

Thank you for response to the items in the Division's e-mail and they will be considered relative to Division's decision. With regards to the administrative procedure, Llano has proposed injection into an interval that is still within an active pool. The application provided no geological or engineering information for an evaluation of potential impacts to correlative rights while your response provides a very accurate summary. Finally, the practice of hearings for proposed new injection in older active pools with no previous injection has been customary, as found in the numerous orders written by Director Catanach during his term as an examiner and technical reviewer of C-108 applications. I will present this matter to him for consideration. I will also forward your information to NMSLO and will discuss it with them tomorrow. PRG

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: danny@pwllc.net [mailto:danny@pwllc.net]
Sent: Wednesday, May 25, 2016 1:53 PM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739)
proposed oil zone conversion to SWD

Phillip,
Thank you for the information. Llano desires to better understand the reasons for the rejection of administrative approval. Please see the comments/questions below in the same order as your email:

1. The Screaming Eagle State #1 is located off structure and downslope from the two Units within the Lovington; Grayburg-San Andres Pool. As a matter of fact, the middle-lower San Andres in the Screaming Eagle #1 was not found to be productive of oil/gas during original completion activities in 2010. The original operator perforated and tested the SA as noted below:

5229' - 5286' - swabbed for 2 days with no show
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The AOR for the subject well does not now contain or has it ever contained any producing San Andres wells within this portion of the Lovington: Grayburg-San Andres Pool. In fact, the 160 acres of State minerals in the NW/4 surrounding the subject well remains unleased since the primary term expired on the previous operator's lease. Llano believes this area is well suited as a candidate for a San Andres SWD well.

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Thank you for your time and consideration of this additional information provided. Please advise your comments or any questions.

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Pueblo West Resources
Cell: 806-471-5628
Email: danny@pwlrc.net

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From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Tue, May 24, 2016 2:45 pm
To: "danny@pwlrc.net" <danny@pwlrc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, "Holm, Anchor E." <aholm@slo.state.nm.us>, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

RE: Screaming Eagle State No. 1 (API 30-025-39739; Appl. No. pMAM1603456148); Application for Injection

Mr. Holcomb:

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Phillip R. Goetze, PG

Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources
Department

1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: Holm, Anchor [<mailto:aholm@slo.state.nm.us>]
Sent: Friday, February 05, 2016 12:00 PM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Martin, Ed <emartin@slo.state.nm.us>; Khalsa, Niranjn K. <nkhalsa@slo.state.nm.us>; Warnell, Terry G. <twarnell@slo.state.nm.us>
Subject: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phil,

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Anchor E. Holm
Geoscientist/Petroleum Engineering Specialist

Oil Gas & Minerals Division
505.827.5759
New Mexico State Land Office
310 Old Santa Fe Trail
P.O. Box 1148

 Santa Fe, NM 87504-1148
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Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Wednesday, May 25, 2016 2:36 PM
To: danny@pwllc.net
Cc: Marvin Burrows; Jones, William V, EMNRD; McMillan, Michael, EMNRD
Subject: RE: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

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Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
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Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



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To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
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Thank you,
Danny J. Holcomb
Pueblo West Resources
Cell: 806-471-5628
Email: danny@pwlrc.net

----- Original Message -----

Subject: FW: Llano Disposal, LLC - Screaming Eagle State #1
(30-025-39739) proposed oil zone conversion to SWD
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: Tue, May 24, 2016 2:45 pm
To: "danny@pwlrc.net" <danny@pwlrc.net>
Cc: Marvin Burrows <burrowsmarvin@gmail.com>, "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, "Holm, Anchor E." <aholm@slo.state.nm.us>, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

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Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: Holm, Anchor [<mailto:aholm@slo.state.nm.us>]
Sent: Friday, February 05, 2016 12:00 PM
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Cc: Martin, Ed <emartin@slo.state.nm.us>; Khalsa, Niranjana K. <nkhalsa@slo.state.nm.us>; Warnell, Terry G. <twarnell@slo.state.nm.us>
Subject: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phil,

After review of the C-108 for Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD in same zone, the State Land Office is opposed to the proposed SWD interval of 4770'-5950'. Offset and in-wellbore production of oil and gas requires at least a 300' vertical buffer between oil production and SWD in our opinion. This would leave only a potential SWD interval from 5730' to 5938', which appears to not contain significant zones of injectivity.

SLO recommends that the applicant seriously consider changing its proposed SWD interval to the deeper Abo Reef in a manner similar to that of the Texland Petroleum-Hobbs, LLC - Texland 3 State #1 SWD (30-025-37930), which is completed open hole in the Abo Reef from 8450'-8710'. This Texland well is located about ½ mile to the WNW from the Screaming Eagle well, and is capable of disposing over 3000 BWPD as demonstrated in 2015. Attached is a map of offset wells and the State Land Trust Lands surrounding the Screaming Eagle well with annotations.

Respectfully yours,



Anchor E. Holm

Geoscientist/Petroleum Engineering Specialist

Oil Gas & Minerals Division

505.827.5759

New Mexico State Land Office

310 Old Santa Fe Trail

P.O. Box 1148

 Santa Fe, NM 87504-1148

aholm@slo.state.nm.us

nmstatelands.org

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Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Tuesday, May 24, 2016 1:45 PM
To: danny@pwllc.net
Cc: Marvin Burrows; Jones, William V, EMNRD; Holm, Anchor E. (aholm@slo.state.nm.us); McMillan, Michael, EMNRD; Lowe, Leonard, EMNRD
Subject: FW: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD
Attachments: LlanoDisposal- Screaming EagleSt.#1 - GIS+.docx

RE: Screaming Eagle State No. 1 (API 30-025-39739; Appl. No. pMAM1603456148); Application for Injection

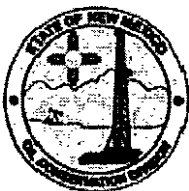
Mr. Holcomb:

Per your request, Division has reviewed your application on behalf of Llano Disposal, LLC. However, the review has found issues that make administrative approval not possible. These items include the following:

1. The location of the well is within a designated pool (Lovington; Grayburg-San Andres pool; Pool code: 40580) and includes a proposed injection interval containing the producing interval for this pool. The application does not offer a discussion of potential resources of the San Andres in this area and there has been no previous hearing for consideration of the conversion of a well for disposal in this pool.
2. The proximity of the proposed SWD well to existing EOR projects including the Lovington San Andres Waterflood Project (Order No. 9431; Case No. 10154) and Angell Lease Pressure Maintenance Pressure Project (Order No. R-13361; Case No.14571) with the same interval as the proposed disposal interval. No information is provided in the application as to potential impacts to correlative rights.
3. Concerns expressed by the State Land Office regarding this application and mineral interest of the State Trust lands. Their comments are provided in the attached e-mail.

If Llano Disposal wishes to pursue approval of the application, they may proceed with taking the application to hearing. Please contact me, at your convenience, with any questions you may have regarding this application or the content of this communication. PRG

Phillip R. Goetze, PG
Engineering Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



From: Holm, Anchor [mailto:aholm@slo.state.nm.us]
Sent: Friday, February 05, 2016 12:00 PM

To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>

Cc: Martin, Ed <emartin@slo.state.nm.us>; Khalsa, Niranjn K. <nkhalsa@slo.state.nm.us>; Warnell, Terry G. <twarnell@slo.state.nm.us>

Subject: Llano Disposal, LLC - Screaming Eagle State #1 (30-025-39739) proposed oil zone conversion to SWD

Phil,

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SLO recommends that the applicant seriously consider changing its proposed SWD interval to the deeper Abo Reef in a manner similar to that of the Texland Petroleum-Hobbs, LLC – Texland 3 State #1 SWD (30-025-37930), which is completed open hole in the Abo Reef from 8450'-8710'. This Texland well is located about ½ mile to the WNW from the Screaming Eagle well, and is capable of disposing over 3000 BWPD as demonstrated in 2015. Attached is a map of offset wells and the State Land Trust Lands surrounding the Screaming Eagle well with annotations.

Respectfully yours,

Anchor E. Holm

Geoscientist/Petroleum Engineering Specialist

Oil Gas & Minerals Division

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New Mexico State Land Office

310 Old Santa Fe Trail

P.O. Box 1148

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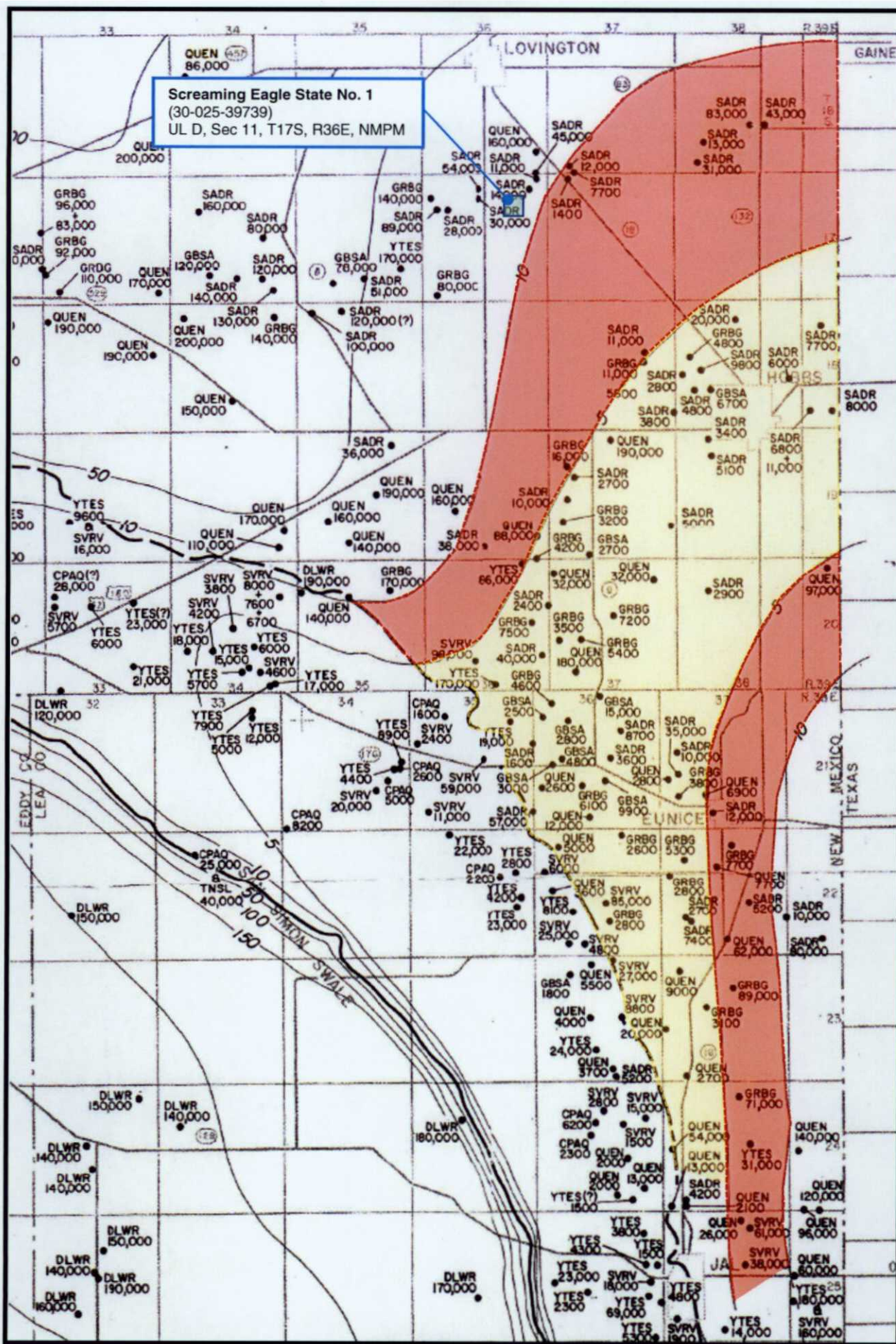


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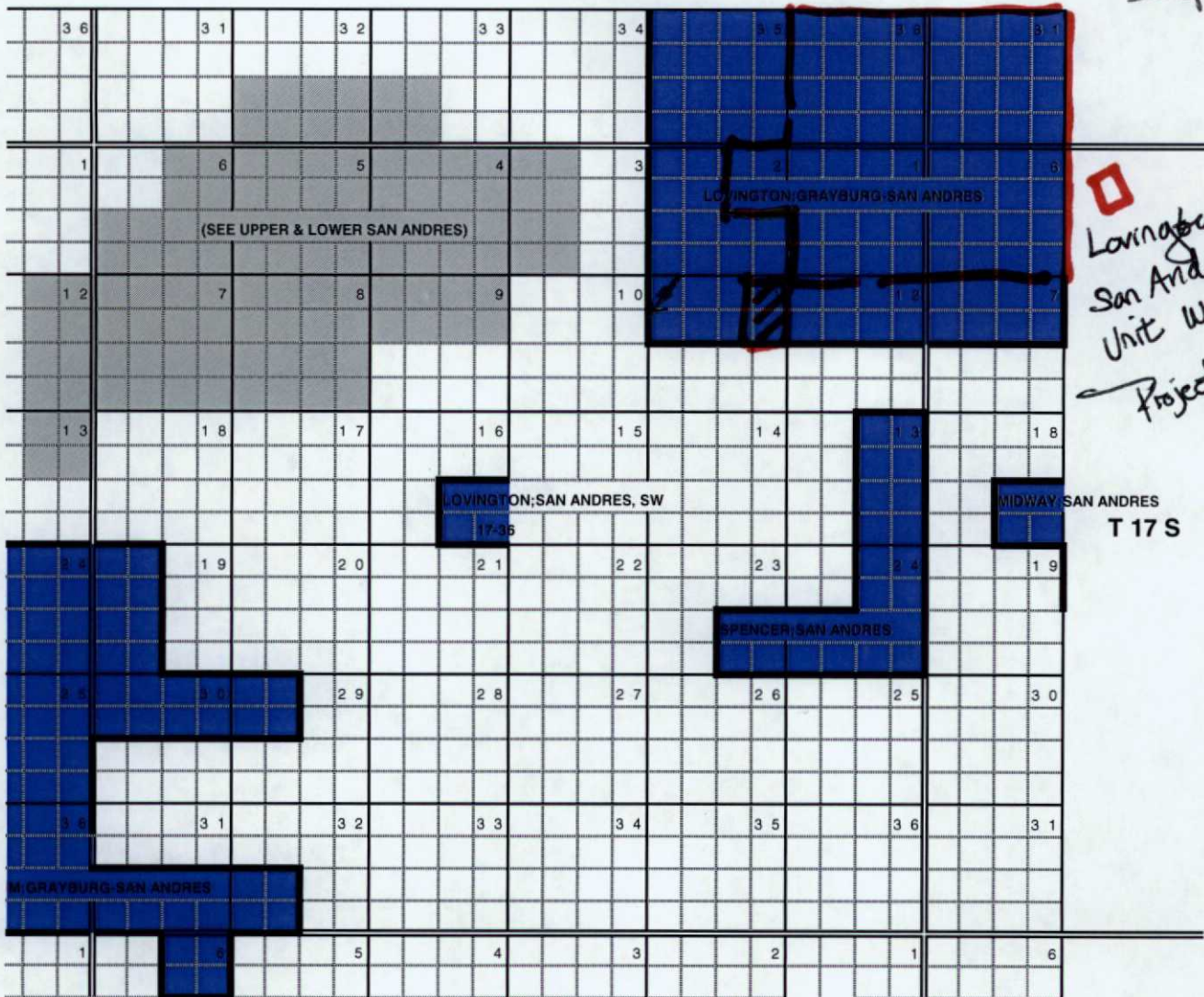
(after Hiss, 1975; Figure 26)



San Andres Pools

R 36 E

 Angell Lease PM Project
Be operating



 Lovington
San Andres
Unit Waterflood
Project

T 17 S

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10154
ORDER NO. R-9431

APPLICATION OF GREENHILL PETROLEUM
CORPORATION FOR WATERFLOOD EXPANSION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 14, 1990, and January 10, 1991 at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of February, 1991, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Greenhill Petroleum Corporation, seeks authority to expand its Lovington San Andres Unit Waterflood Project, Lovington-San Andres Pool, by converting the 18 wells shown on Exhibit "A" attached hereto located in Townships 16 and 17 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico, to injection wells in the San Andres formation.

CASE NO. 10154
Order No. R-9431
Page -2-

(3) The Lovington San Andres Unit Waterflood Project, approved by Division Order No. R-2278 on July 12, 1962, currently comprises the following described acreage in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 25: S/2 SE/4
Section 35: S/2 SE/4
Section 36: E/2, E/2 NW/4 and SW/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 31: Lots 1, 2, 3, 4, SE/4 NW/4, E/2 SW/4, SW/4
NE/4, and SE/4
Section 32: W/2 SW/4

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 1: Lots 1, 2, 3, 4, S/2 N/2, SE/4, N/2 SW/4,
and SE/4 SW/4
Section 2: Lots 1, 2, S/2 NE/4, and N/2 SE/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 5: Lot 4
Section 6: Lots 1, 2, 3, 4, 5, 6 and SE/4 NW/4

(4) The applicant assumed operation of the subject waterflood project in December, 1891.

(5) The wells in the project area are in an advanced state of depletion and should be classified as "stripper" wells.

(6) The proposed expansion of the Lovington-San Andres Unit Waterflood Project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(7) The applicant should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(8) No surface injection pressure limitation was imposed on the project by said Order No. R-2278, and the evidence indicates that the former operator had been injecting water in project wells at pressures of up to 1,900 psi at the surface.

(9) The injection wells or pressurization system should be equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 0.2 psi per foot of depth to the top injection perforation, or in the case of open hole completions, the casing shoe, all as shown on Exhibit "A".

(10) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(11) There are 14 wells shown on Exhibit "B" attached hereto, which are located within the "area of review" which are not completed or cemented in such a manner which will assure that their wellbores will not serve as a conduit for movement of injected fluid out of the injection interval.

(12) Prior to initiating injection within one-half mile of any of the wells shown on Exhibit "B", the applicant should be required to perform remedial cement operations on said wells in a manner which will assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Hobbs district office of the Division.

(13) There are 11 wells shown on Exhibit "C" attached hereto, which are located within the "area of review" which may not be completed or cemented in such a manner which will assure that their wellbores will not serve as a conduit for movement of injected fluid out of the injection interval.

(14) Prior to initiating injection within one-half mile of any of the wells shown on Exhibit "C", the applicant should be required to demonstrate by cement bond log or other acceptable means that these wellbores will not serve as a conduit for migration of injected fluid out of the injection interval.

(15) If any of the wells shown on Exhibit "C" are found inadequate to confine the injected fluid to the injection interval the applicant should be required, prior to initiating injection within one-half mile of any of these wells, to perform remedial cement operations on said wells in a manner which will assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Hobbs district office of the Division.

(16) There are five wells, shown on Exhibit "D" attached hereto, which are located within the "area of review" which may not be plugged in such a manner which will assure that their wellbores will not serve as a conduit for movement of injected fluid out of the injection interval.

(17) Prior to initiating injection operations within one-half mile of any of the wells shown on Exhibit "D", the applicant should be required to re-plug said wells in a manner which will assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Hobbs district office of the Division.

(18) Prior to commencing injection operations into the proposed injection wells, the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(19) The operator should give advance notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment, of the mechanical integrity pressure tests, and of the conductance of any remedial cement or plugging operations in order that the same may be witnessed.

(20) The application should be approved and the project should be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Greenhill Petroleum Corporation, is hereby authorized to expand its Lovington San Andres Unit Waterflood Project, Lovington-San Andres Pool, Lea County, New Mexico, by the injection of water into the San Andres formation through the 18 injection wells shown on Exhibit "A" attached hereto.

(2) Prior to initiating injection within one-half mile of any of the wells shown on Exhibit "B", the applicant shall perform remedial cement operations on said wells in a manner which will assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Hobbs district office of the Division.

(3) Prior to initiating injection within one-half mile of any of the wells shown on Exhibit "C", the applicant shall demonstrate by cement bond log or other acceptable means that these wellbores will not serve as a conduit for migration of injected fluid out of the injection interval.

(4) If any of the wells shown on Exhibit "C" are found inadequate to confine the injected fluid to the injection interval the applicant shall, prior to initiating injection within one-half mile of any of these wells, perform remedial cement operations on said wells in a manner which will assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Hobbs district office of the Division.

(5) Prior to initiating injection operations within one-half mile of any of the wells shown on Exhibit "D", the applicant shall re-plug said wells in a manner which will assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Hobbs district office of the Division.

(6) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(7) Injection into the proposed injection wells shall be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(8) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 0.2 psi per foot of depth to the top injection perforation, or in the case of open hole completions, the casing shoe, all as shown on Exhibit "A".

(9) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(10) Prior to commencing injection operations into the proposed injection wells, the casing in each well shall be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

CASE NO. 10154
Order No. R-9431
Page -7-

(11) The operator shall give advance notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment, of the mechanical integrity pressure tests, and of the conductance of any remedial cement or plugging operations in order that the same may be witnessed.

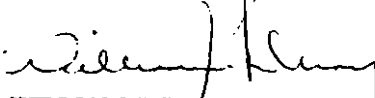
(12) The applicant shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in any of the injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

(13) The applicant shall conduct injection operations in accordance with Division Rule Nos. 701 through 708 and shall submit monthly progress reports in accordance with Division Rule Nos. 706 and 1115.

(14) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


WILLIAM J. LEMAY, Director

S E A L

EXHIBIT "A"
GREENHILL PETROLEUM CORPORATION
LOVINGTON SAN ANDRES UNIT
CASE NO. 10154
ORDER NO. R-9431

Well Number	Location	Unit	S-T-R	Injection Perforations	Packer Depth	Tubing Size	Injection Pressure
3	660' FNL - 1980' FEL	B	36-16S-36E	4618 - 5090	4598	2 3/8"	924
5	660' FNL - 600' FEL	A	36-16S-36E	4625 - 5130	4605	2 3/8"	925
10	1980' FNL - 1980' FEL	G	36-16S-36E	4600 - 5110	4580	2 3/8"	920
12	1980' FSL - 1980' FWL	K	36-16S-36E	4580 - 5055	4560	2 3/8"	916
13	1760' FSL - 440' FEL	I	36-16S-36E	4518 - 5068	4495	2 3/8"	904
25	660' FSL - 1980' FEL	O	36-16S-36E	4515 - 5090	4495	2 3/8"	903
57	660' FSL - 660' FWL	M	36-16S-36E	4640 - 5144	4620	2 3/8"	928
7	1980' FNL - 1980' FEL	G	31-16S-37E	4620 - 4990	4530	2 3/8"	924
15	1650' FSL - 1650' FWL	K	31-16S- 37E	4531 - 5110	4510	2 3/8"	906
17	1980' FSL - 990' FEL	I	31-16S-37E	4623 - 5090	4603	2 3/8"	925
58	2310' FNL - 990' FWL	E	31-16S-37E	4570 - 5070	4550	2 3/8"	914
31	660' FNL - 1980' FWL	C	1-17S-36E	4541 - 5125	4499	2 3/8"	908
43	1980' FNL - 660' FWL	E	1-17S-36E	4546 - 5030	4536	2 3/8"	909
40	1980' FNL - 660' FEL	H	1-17S-36E	4579 - 4950	4519	2 3/8"	916
45	1980' FNL - 1980' FEL	G	2-17S-36E	4577 - 5147	4527	2 3/8"	915
37	330' FNL - 990' FEL	A	6-17S-37E	4560 - 5030	4510	2 3/8"	912
35	339' FNL - 1890' FWL	C	6-17S-37E	4570 - 5040	4520	2 3/8"	914
39	1985' FNL - 616' FWL	E	6-17S-37E	4522 - 4975	4570	2 3/8"	904

EXHIBIT "B"
CASE NO. 10154
ORDER NO. R-9431

<i>Operator</i>	<i>Lease</i>	<i>Well No.</i>	<i>Location</i>	<i>Sec-Twp-Rge</i>
Greenhill Petroleum Corp.	Lovington Paddock Ut.	7	330' FSL - 330' FEL	25-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	13	880' FNL - 330' FWL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	29	2130' FSL - 2130' FWL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	41	810' FSL - 2130' FWL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	57	1980' FNL - 695' FEL	06-17-37
Texaco Producing Inc.	State P	3	800' FSL - 330' FWL	32-16-37
Amerada Hess	State L "A"	8	560' FNL - 660' FEL	01-17-36
Amerada Hess	State L "A"	9	660' FNL - 1880' FEL	01-17-36
Amerada Hess	State L "A"	10	1650' FNL - 660' FEL	01-17-36
Amerada Hess	State L "A"	11	1650' FNL - 1980' FEL	01-17-36
Amerada Hess	State L "A"	12	2310' FSL - 2310' FWL	01-17-36
Penroc	State "E" TR 18	17	1650' FNL - 2310' FWL	01-17-36
Penroc	State "E" TR 18	19	1650' FNL - 990' FWL	01-17-36
Penroc	State AE	1	330' FSL - 990' FWL	36-16-36

EXHIBIT "C"
CASE NO. 10154
ORDER NO. R-9431

<i>Operator</i>	<i>Lease</i>	<i>Well No.</i>	<i>Location</i>	<i>Sec-Twp-Rge</i>
Greenhill Petroleum Corp.	Lovington Paddock Ut.	18	2310' FNL - 330' FEL	35-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	32	1750' FSL - 1650' FEL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	39	810' FSL - 660' FEL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	40	810' FSL - 1980' FEL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	10	660' FNL - 2440' FEL	31-16-37
Greenhill Petroleum Corp.	Lovington Paddock Ut.	33	1650' FSL - 430' FEL	36-16-36
Greenhill Petroleum Corp.	Lovington Paddock Ut.	67	2310' FSL - 660' FWL	06-17-37
Texaco Producing Inc.	State P	4	1650' FNL - 990' FWL	32-16-37
Texaco Producing Inc.	State O	10	3080' FNL - 440' FWL	31-16-37
Texaco Producing Inc.	State P	2	1980' FSL - 380' FWL	32-16-37
Texaco Producing Inc.	C. S. Caylor	4	2179' FNL - 2173' FEL	06-17-37

EXHIBIT "D"
CASE NO. 10154
ORDER NO. R-9431

INADEQUATELY PLUGGED AND ABANDONED WELLS

<i>Operator</i>	<i>Lease</i>	<i>Well No.</i>	<i>Location</i>	<i>Sec-Twp-Rge</i>
Tidewater Associated Oil Co.	H.T. Monteith	1	1650' FSL - 2335' FWL	25-16-36
Cities Service	State AE	2	3630' FNL - 4290' FEL	36-16-36
Getty Oil Co.	State "M"	3	1650' FSL - 1650' FEL	36-16-36
Getty Oil Co.	State "P"	5	330' FSL - 330' FWL	32-16-37
Magnolia Petroleum Co.	State "R"	3	660' FNL - 660' FEL	02-17-36

EXHIBIT "A"
DIVISION ORDER NO. WFX-632
LOVINGTON SAN ANDRES UNIT WATERFLOOD PROJECT
APPROVED INJECTION WELLS

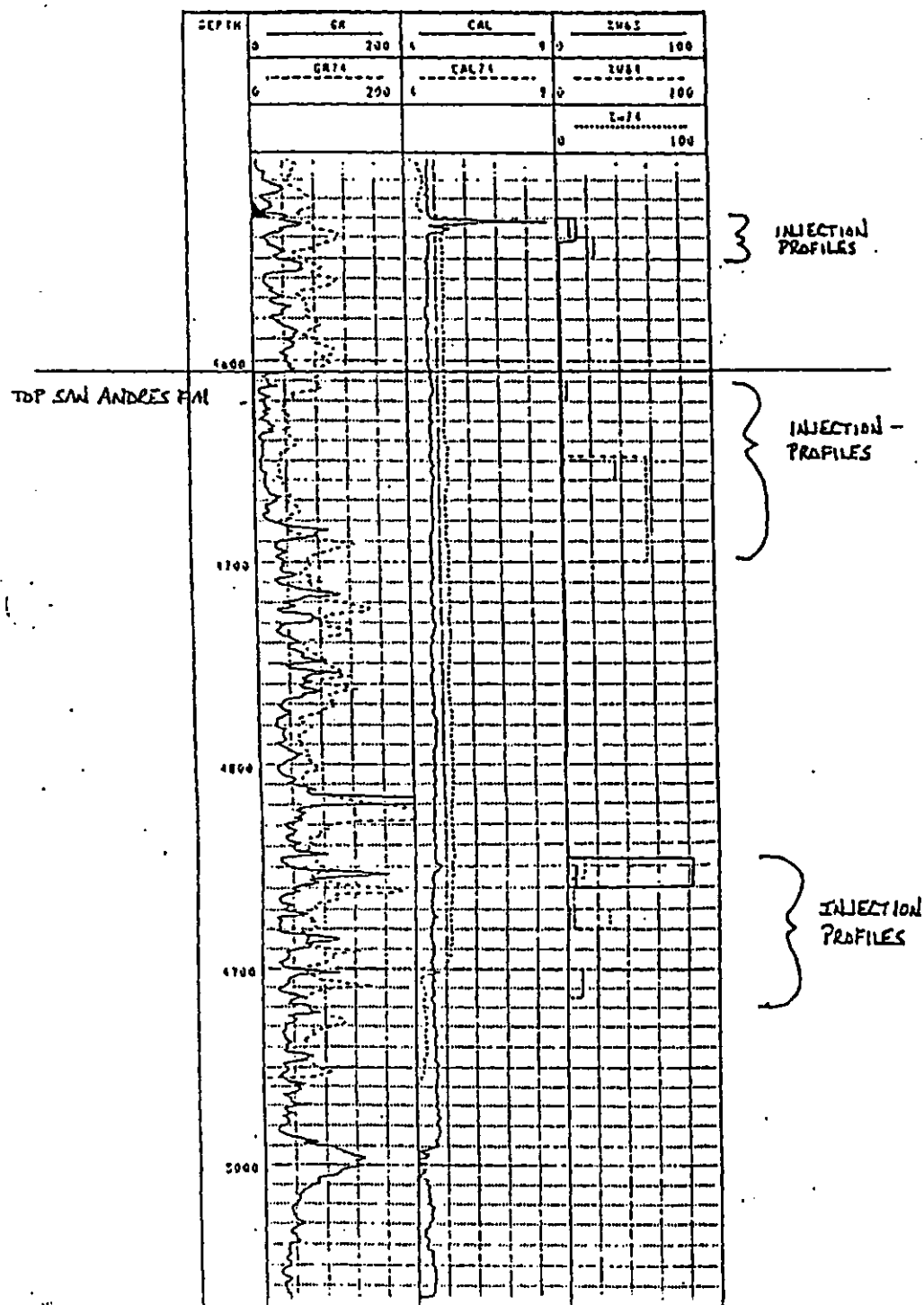
Well Number	Location	Unit	S-T-R	Injection Perforations or Openhole Interval	Packer Depth	Tubing Size	Injection Pressure
LSAU No. 8	2130' FNL & 1980' FWL	F	31-16S-37E	4610' to 4978'	4510'	2 3/8"	922 PSIG
LSAU No. 11	1980' FNL & 1980' FWL	F	36-16S-36E	4575' to 5130' OH	4475'	2 3/8"	915 PSIG
LSAU No. 20	660' FSL & 660' FEL	P	31-16S-37E	4580' to 4945' OH	4480'	2 3/8"	916 PSIG
LSAU No. 23	660' FSL & 900' FWL	M	31-16S-37E	4530' to 5081' OH	4430'	2 3/8"	906 PSIG
LSAU No. 38	1650' FNL & 1980' FWL	F	6-17S-36E	4590' to 4945' OH	4490'	2 3/8"	918 PSIG
LSAU No. 42	1980' FNL & 1980' FWL	F	1-17S-36E	4536' to 4938' OH	4436'	2 3/8"	907 PSIG

All in Lea County, New Mexico

CYPRRESS PETROLEUM CONSULTANTS	
TEL NO	146-211
TELETYPE	146-211
WELL DATA	WELL NO. 1-10-107 2-10-1330
LOGS	WELL NO. 1-10-107 2-10-1330
LOG PARAMETERS	WELL NO. 1-10-107 2-10-1330
DATA FILE NAME: LSA14.LGI	
DATE OF PLOT: 2/24/1984	

DATA FILE NAME, LSA14.L61

DATE OF PLOT: 2/24/1989





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

March 16, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Greenhill Petroleum Corporation
11490 Westheimer Road, Suite 200
Houston, TX 77077-6841

Attention: Michael J. Newport

**RE: *Injection Pressure Increase, Five Wells in the Lovington San
Andres Unit Waterflood Project, Lea County, New Mexico***

Dear Mr. Newport:

Reference is made to your request dated March 3, 1993 to increase the surface injection pressure on five wells in the Lovington San Andres Waterflood Project. This request is based on step rate tests conducted on these wells between February 2 and 5, 1993. The results of the tests have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following wells:

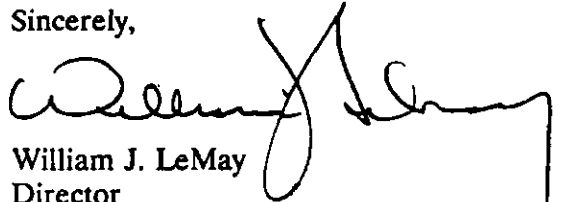
Well and Location	Maximum Injection Surface Pressure
LSAU No. 8 2310' FNL - 1980' FWL Unit F, Section 31, Township 16 South, Range 37 East	1750 PSIG
LSAU No. 12 1980' FSL - 1980' FWL Unit K, Section 36, Township 16 South, Range 36 East	1925 PSIG
LSAU No. 31 660' FNL - 1980' FWL Unit C, Section 1, Township 17 South, Range 36 East	2150 PSIG

*Injection Pressure Increase
Greenhill Petroleum Corporation
March 16, 1993
Page 2*

Well and Location	Maximum Injection Surface Pressure
LSAU No. 33 660' FNL - 660' FEL Unit A, Section 1, Township 17 South, Range 36 East	2193 PSIG
LSAU No. 40 1980' FNL - 660' FEL Unit H, Section 1, Township 17 South, Range 36 East	1750 PSIG
All wells located in Lea County, New Mexico.	

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,



William J. LeMay
Director

WJL/BES/amg

cc: Oil Conservation Division - Hobbs
David Catanach
File: WFX-615
WFX-632
Case No. 10154



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

September 11, 1992

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Greenhill Petroleum Corporation
11490 Westheimer Road, Suite 200
Houston, Texas 77077-6841

Michael J. Newport

RE: *Injection Pressure Increase
Lovington San Andres Unit
8 Wells
Lea County, New Mexico*

Dear Sir:

Reference is made to your request dated August 25, 1992, to increase the surface injection pressure on 8 wells in the Lovington San Andres Unit. This request is based on a step rate tests conducted on these wells from July 28 to August 3, 1992. The results of the tests have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following wells:

WELL AND LOCATION	MAXIMUM INJECTION SURFACE PRESSURE
Lovington San Andres Unit No. 11 1980' FNL & 1980' FWL "F" 31-16S-36E	1480 PSIG
Lovington San Andres Unit No. 13 1760' FSL & 440' FEL "T" 36-16S-36E	2200 PSIG
Lovington San Andres Unit No. 20 660' FSL & 660' FEL "P" 31-16S-37E	1980 PSIG

30-025-03895

IPI - 180 / 2300 PSIG

WFX-622

open hole 4718' - 5160'

West Lovington Unit
No. 28

944-0.2

FRAC 2750 PSI

4718' = 0.58

1152 BPD

WELL AND LOCATION

MAXIMUM INJECTION
SURFACE PRESSURE

Lovington San Andres Unit No. 23
660' FSL & 990' FWL
"M" 31-16S-37E

2150 PSIG

Lovington San Andres Unit No. 26
660' FSL & 1980' FWL
"N" 36-16S-36E

1925 PSIG

Lovington San Andres Unit No. 35
339' FNL & 1980' FWL
"C" 6-17S-37E

2200 PSIG

Lovington San Andres Unit No. 37
330' FNL & 990' FEL
"A" 6-17S-37E

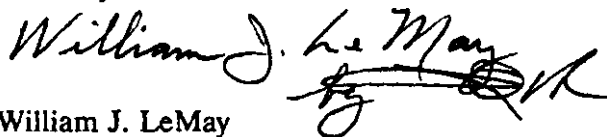
1911 PSIG

Lovington San Andres Unit No. 38
1650' FNL & 1980' FWL
"F" 6-17S-37E

2200 PSIG

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,



William J. LeMay
Director

WJL/DC/jc

cc: Oil Conservation Division - Hobbs
File: WFX-632 ✓
David Catanach

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



February 2, 1995

Greenhill Petroleum Corporation
11490 Westheimer Road, Suite 200
Houston, Texas 77077-6841

Attn: David M. Tilley

**RE: Injection Pressure Increase
Lovington San Andres Unit Waterflood Project
Lea County, New Mexico**

R-2278

Dear Mr. Tilley:

Reference is made to your request dated December 27, 1994, to increase the surface injection pressure on seven wells within the Lovington San Andres Unit Waterflood Project. This request is based on step rate tests conducted on these wells December 12 - 15, 1994. The results of the tests have been reviewed by my staff and we feel an increase in injection pressure on six of these wells is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following wells:

Well and Location	Maximum Injection Surface Pressure
LSAU No. 8 Unit F, Section 31, Township 16 South, Range 37 East	1970 PSIG
LSAU No. 9 Unit H, Section 36, Township 16 South, Range 36 East	1930 PSIG
LSAU No. 10 Unit G, Section 36, Township 16 South, Range 36 East	2000 PSIG
LSAU No. 11 Unit F, Section 36, Township 16 South, Range 36 East	1740 PSIG

1750 psi
1993
1970 + 50 = 2020
2020 psi
4610
= 0.44

1480 psi
1992

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

3040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827 7131

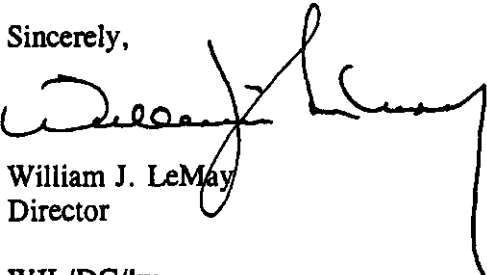
*Injection Pressure Increase
Greenhill Petroleum Corporation
February 1, 1995
Page 2*

Well and Location	Maximum Injection Surface Pressure
LSAU No. 15 Unit K, Section 31, Township 16 South, Range 37 East	1740 PSIG
LSAU No. 58 Unit E, Section 31, Township 16 South, Range 37 East	1940 PSIG
wells located in Lea County, New Mexico.	

It was noted that the step rate test conducted on the LSAU No. 21 was initiated at a surface pressure of 1641 psi. This pressure is considerably higher than the current maximum injection pressure authorized for this well (914 psi). The Division generally requires that the starting pressure for these tests be lower than the currently authorized pressure. Please re-run this test according to this procedure and re-submit for approval.

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,


William J. LeMay
Director

WJL/DC/kv

cc: Oil Conservation Division - Hobbs
R. Brown
D. Catanach
File: WFX-615
WFX-632
Case File 10154



BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Property 26748
TVD-500
R-9431
42 injectors
Lovington San Andres

CORRECTED
ADMINISTRATIVE ORDER NO. WFX-632

**APPLICATION OF GREENHILL PETROLEUM CORPORATION TO EXPAND ITS
WATERFLOOD PROJECT IN THE LOVINGTON GRAYBURG SAN ANDRES POOL IN
LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-2278, Greenhill Petroleum Corporation has made application to the Division on March 20, 1992, for permission to expand its Lovington San Andres Unit Waterflood Project in the Lovington Grayburg San Andres Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

Not Collaborated

Administrative Order WFX-632
Greenhill Petroleum Corporation
April 27, 1992
Page 2

IT IS THEREFORE ORDERED THAT:

The applicant, Greenhill Petroleum Corporation, be and the same is hereby authorized to inject water into the San Andres formation at approximately 4530 feet to approximately 5130 feet through 2 3/8 inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations or openhouse interval in the wells shown on Exhibit "A" attached hereto for purposes of secondary recovery to wit.

IT IS FURTHER ORDERED THAT:

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

Prior to commencing injection operations into the wells the casing in each well shall pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus in each well shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to no more than .2 psi/ft. of depth to the uppermost perforation and shown on Exhibit "A".

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the San Andres formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

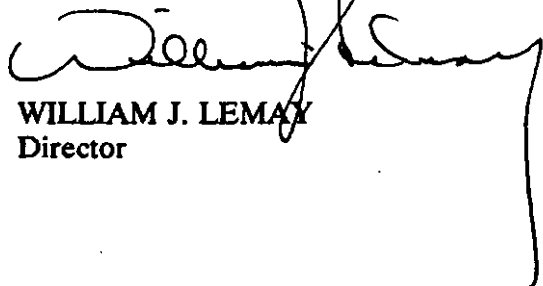
Administrative Order WFX-632
Greenhill Petroleum Corporation
April 27, 1992
Page 3

The subject wells shall be governed by all provisions of Division Order No. R-2278, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

DONE at Santa Fe, New Mexico, on this 27th day of April, 1992.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

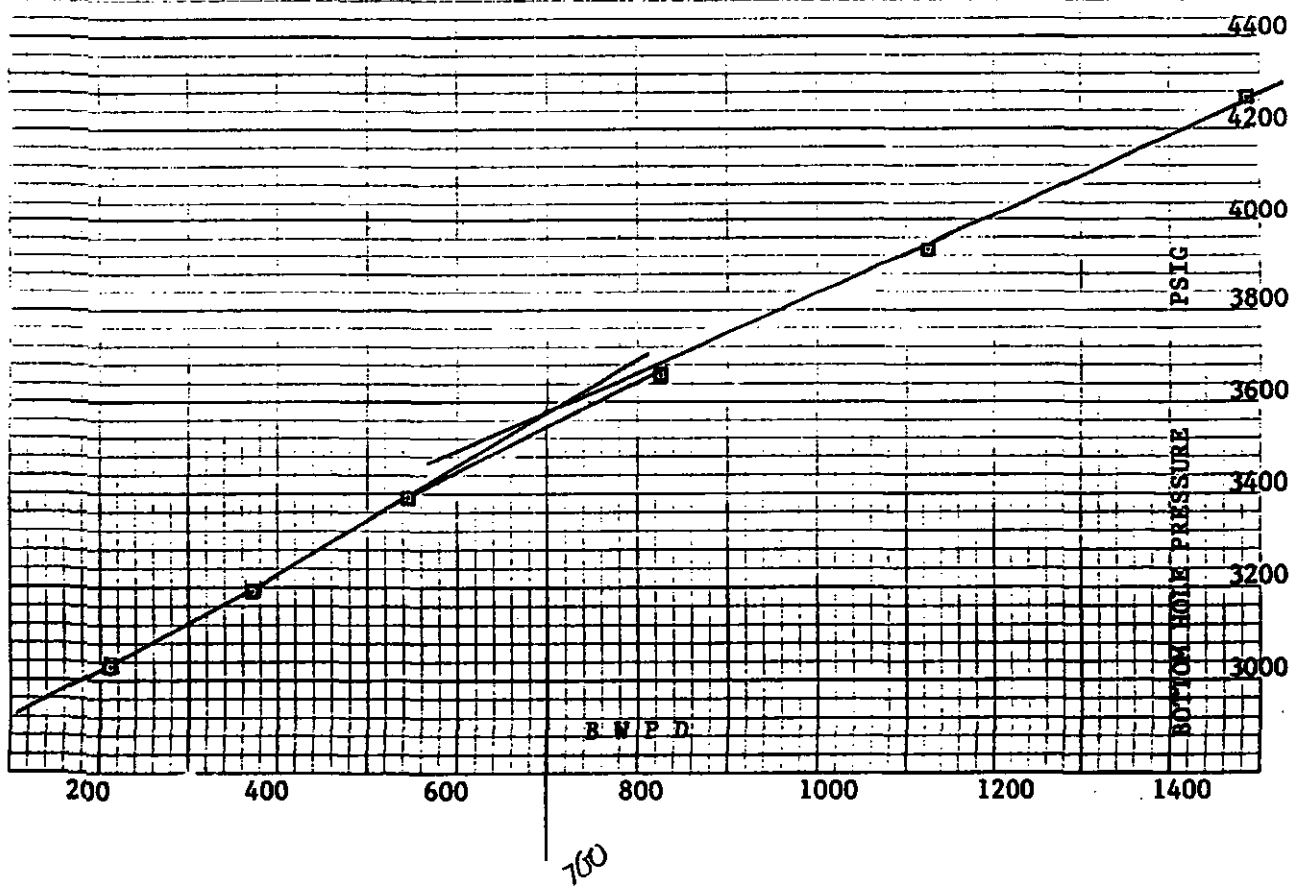
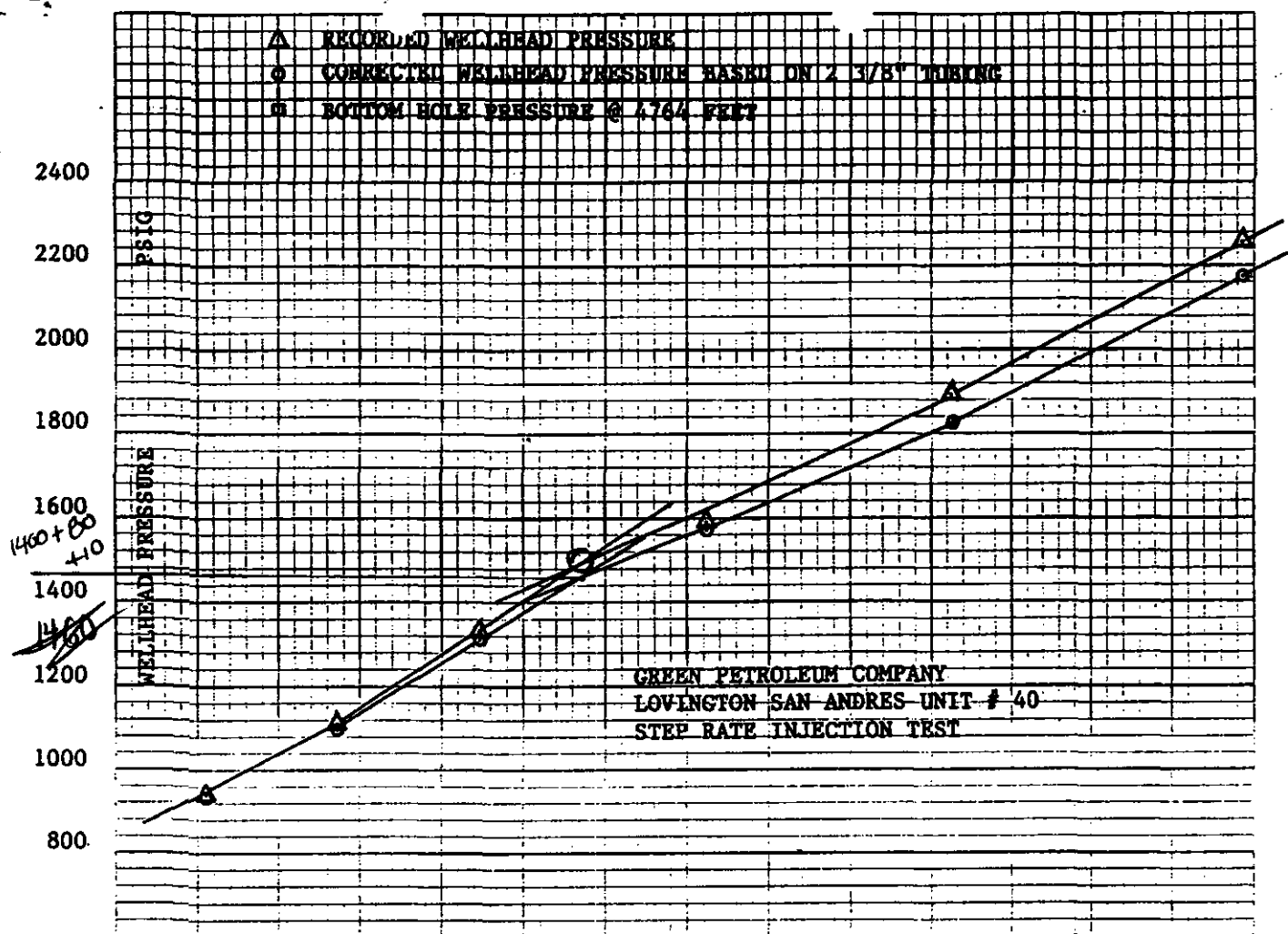
jc/

cc: Oil Conservation Division - Hobbs

EXHIBIT "A"
DIVISION ORDER NO. WFX-632
LOVINGTON SAN ANDRES UNIT WATERFLOOD PROJECT
APPROVED INJECTION WELLS

<i>Well Number</i>	<i>Location</i>	<i>Unit</i>	<i>S-T-R</i>	<i>Injection Perforations or Openhole Interval</i>	<i>Packer Depth</i>	<i>Tubing Size</i>	<i>Injection Pressure</i>
LSAU No. 8	2130' FNL & 1980' FWL	F	31-16S-37E	4610' to 4978'	4510'	2 3/8"	922 PSIG
LSAU No. 11	1980' FNL & 1980' FWL	F	36-16S-36E	4575' to 5130'	4475'	2 3/8"	915 PSIG
LSAU No. 20	660' FSL & 660' FEL	P	31-16S-37E	4580' to 4945'	4480'	2 3/8"	916 PSIG
LSAU No. 23	660' FSL & 900' FWL	M	31-16S-37E	4530' to 5081'	4430'	2 3/8"	906 PSIG
LSAU No. 38	1650' FNL & 1980' FWL	F	6-17S-36E	4590' to 4945'	4490'	2 3/8"	918 PSIG
LSAU No. 42	1980' FNL & 1980' FWL	F	1-17S-36E	4536' to 4938'	4436'	2 3/8"	907 PSIG

All in Lea County, New Mexico



▲ RECORD WELL HEAD PRESSURE
 ● CORRECTED WELL HEAD PRESSURE BASED ON 2 3/8" TUBING
 ■ BOTTOM HOLE PRESSURE @ 4720 FEET

2600

PSIG

2400

2200

2000

1800

1600

1400

1200

1000

WELL HEAD PRESSURE

GREENHILL PETROLEUM COMPANY
 LOVINGTON SAN ANDRES UNIT # 39
 STEP RATE INJECTION TEST

PSIG

4900

4700

4500

4300

4100

3900

3700

3500

3300

3100

BOTTOM HOLE PRESSURE

200

400

600

800

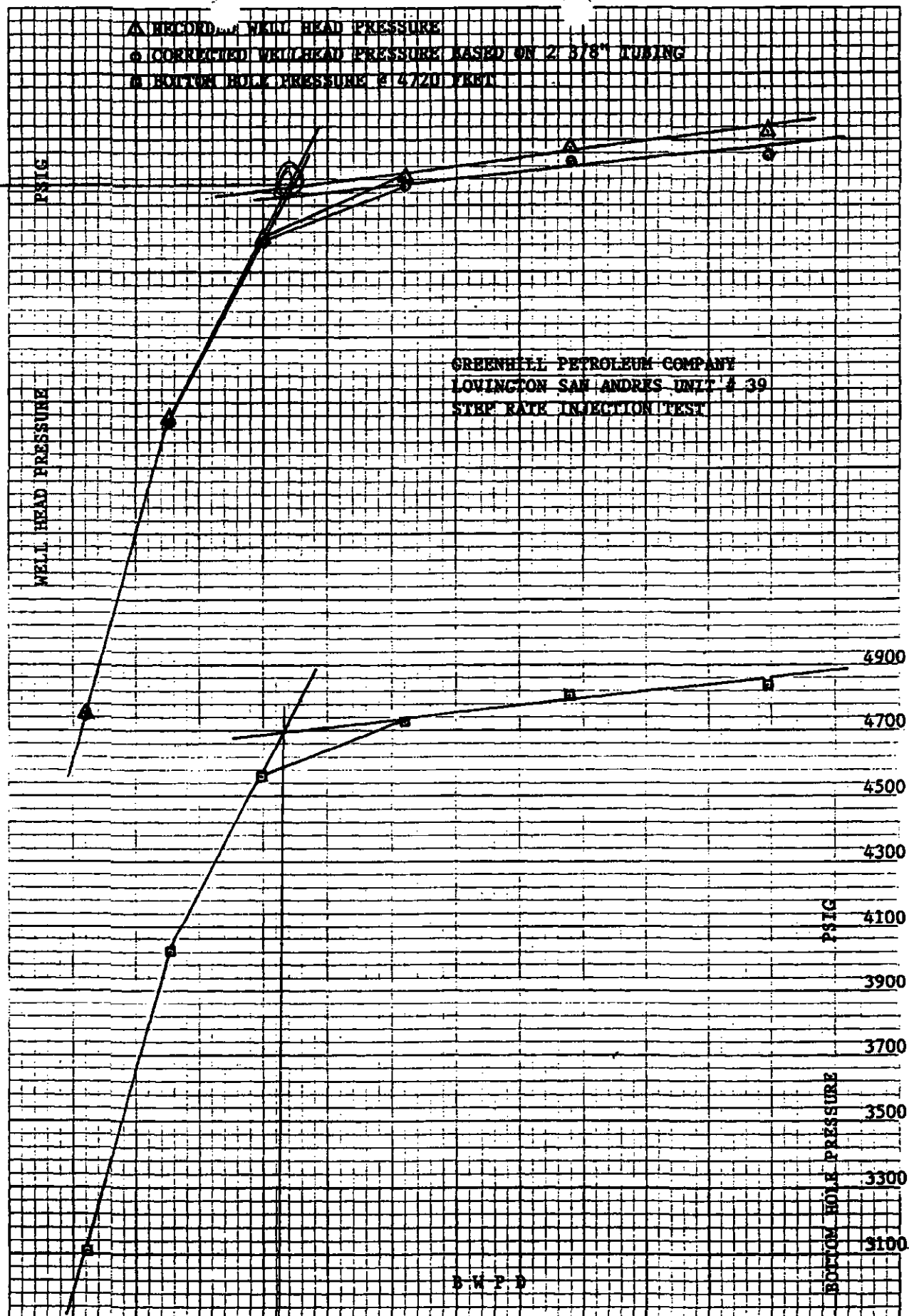
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1200

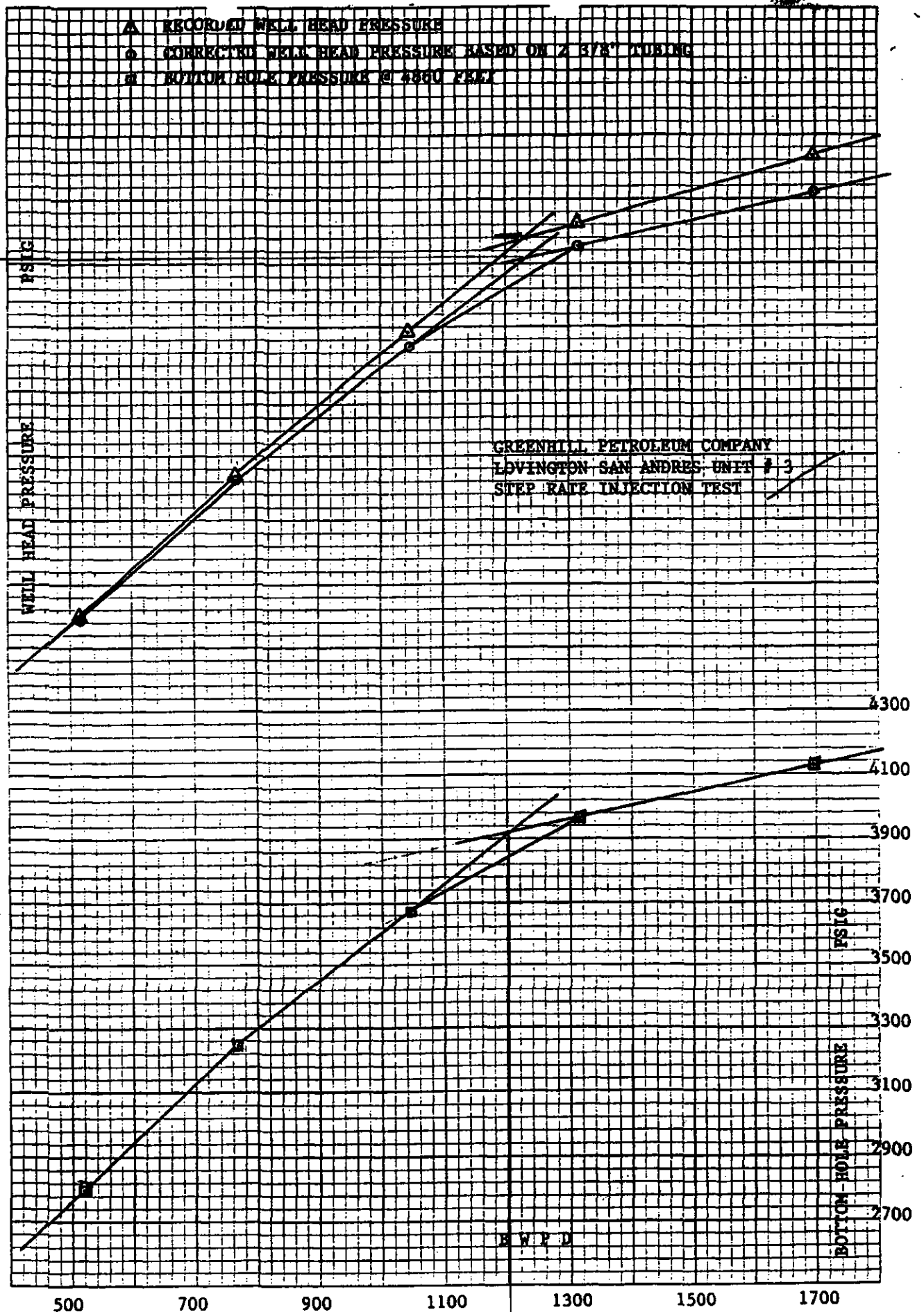
1400

B.W.P.D.

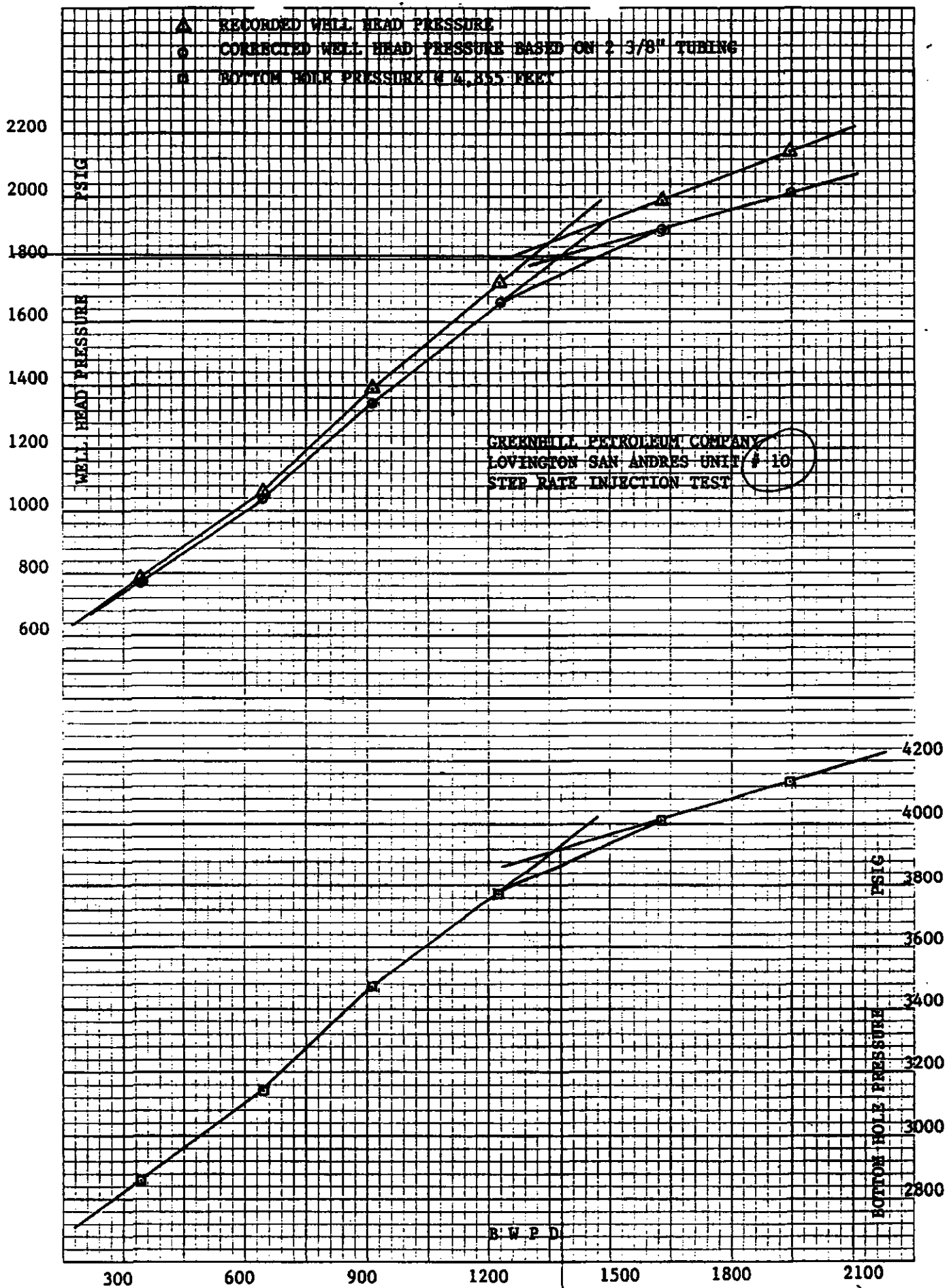
513 BWPD



40
5/200



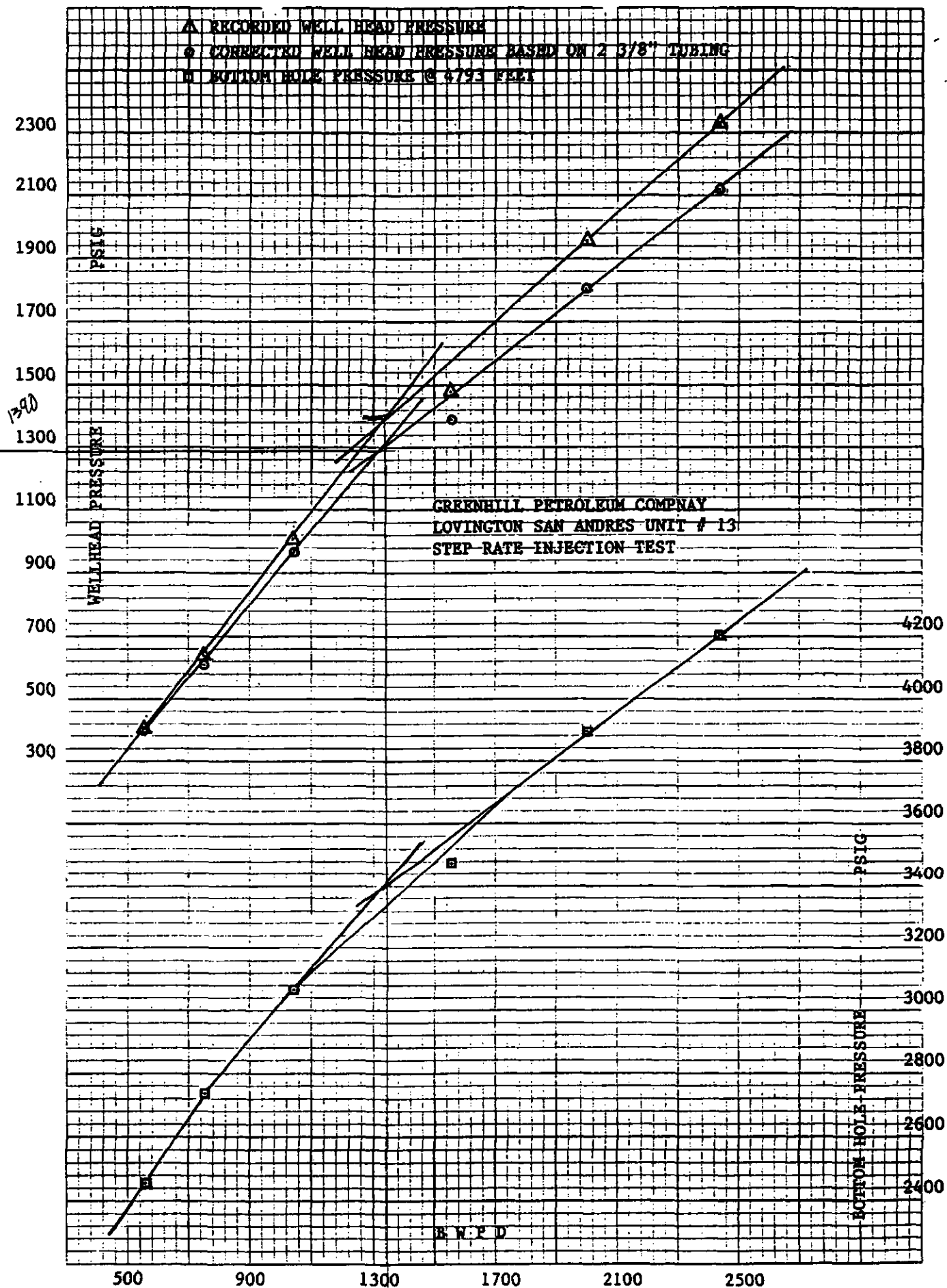
1200 BWPD



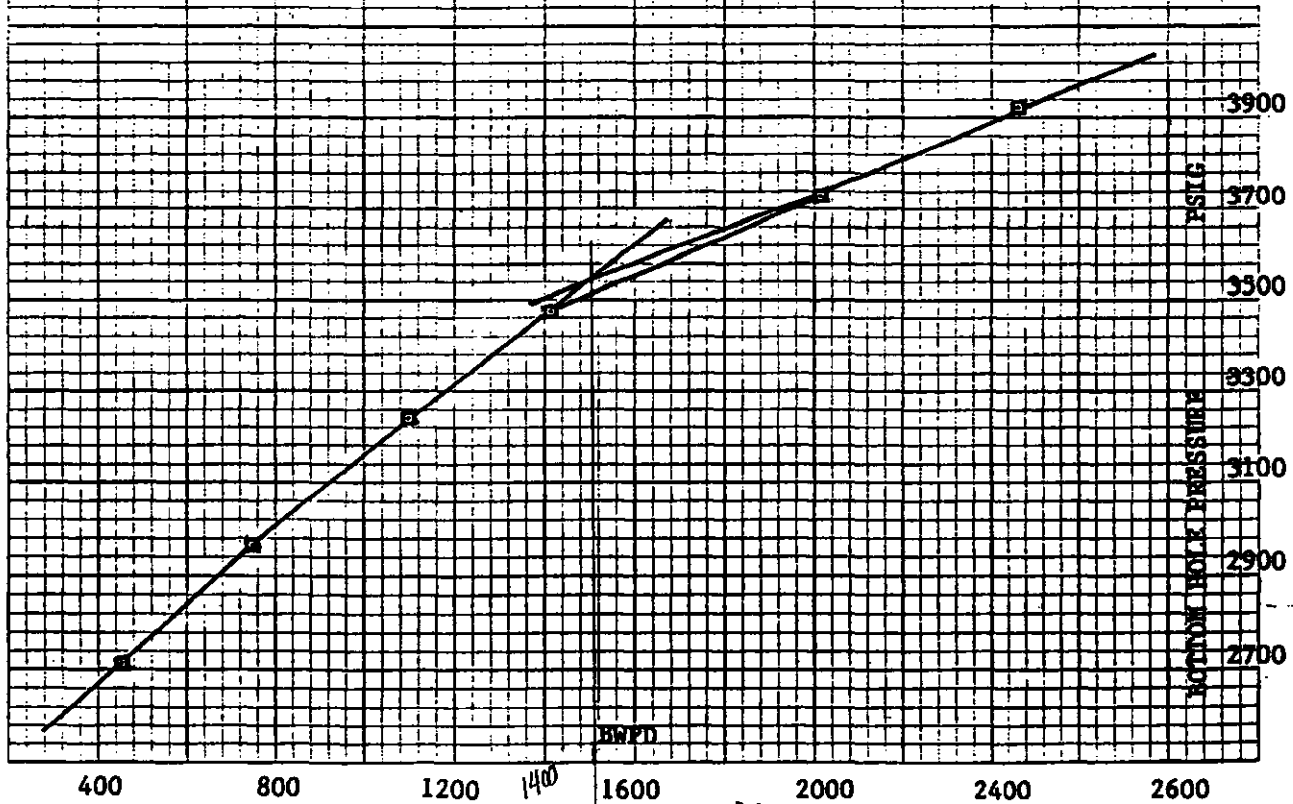
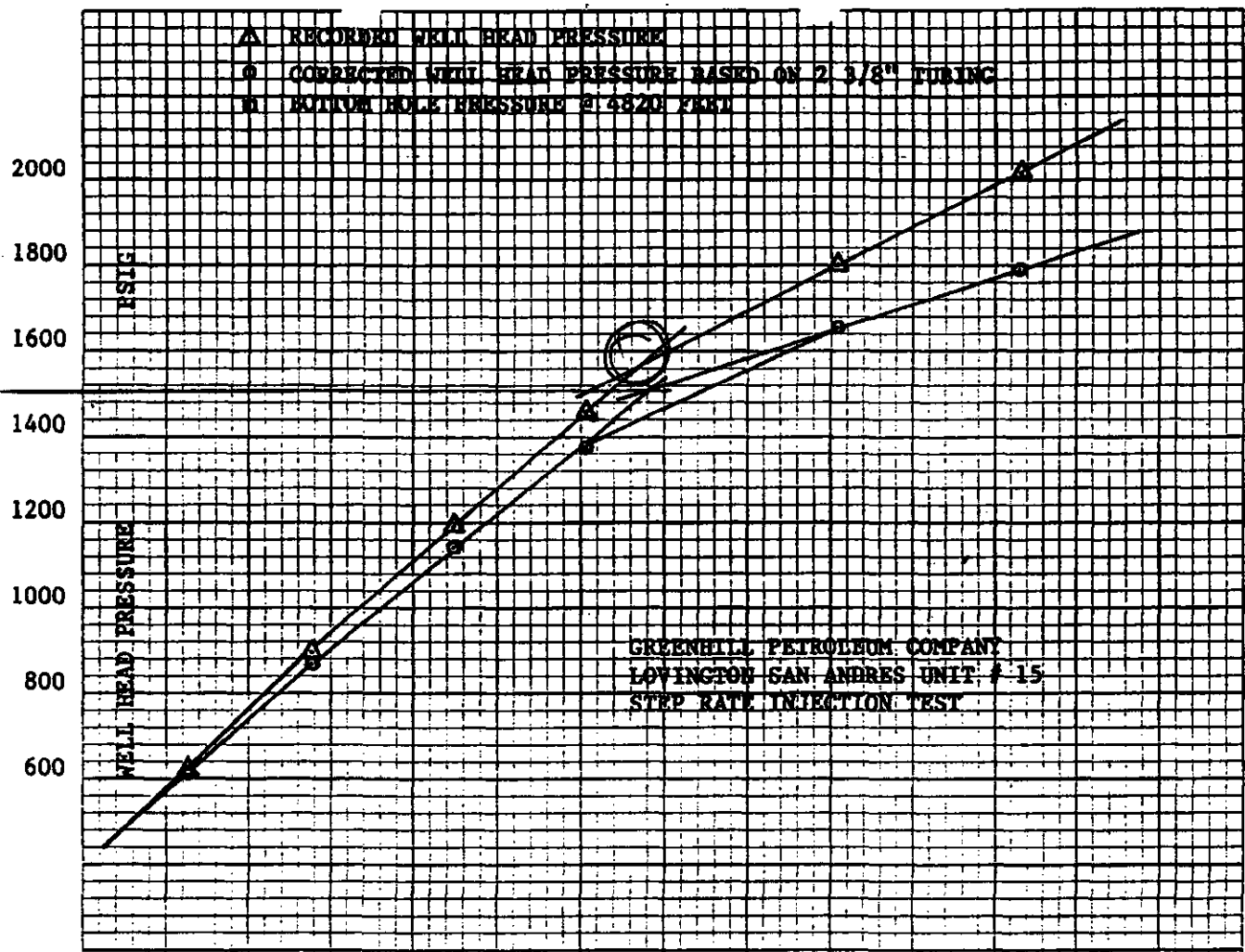
B.W.P.D.

$\frac{300}{10}$
 30×48

$1200 + (6 \times 30)$
 $1200 + 180 = 1380 \text{ B.W.P.D.}$



1510



1400 + 80 + 30 = 1510

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING THE:**

**APPLICATION OF BC OPERATING, INC. FOR AUTHORIZATION TO
INJECT WATER FOR LEASE PRESSURE MAINTENANCE OPERATIONS
AND DESIGNATION OF A PROJECT AREA, LEA COUNTY, NEW MEXICO**

**CASE NO. 14571
ORDER NO. R-13361**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 2, 2010, at Santa Fe, New Mexico before Examiner William V. Jones.

NOW, on this 11th day of March, 2011, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) BC Operating, Inc. ("BC Operating" or "applicant") seeks approval to implement pressure maintenance operations by injection of produced water into the San Andres formation within the Angell Lease containing 80 acres, more or less, of the following lands within Lea County, New Mexico:

Township 17 South, Range 36 East, NMPM

Section 11: E/2 NE/4

(3) The project would initially consist of one injection well and one producing well as follows:

30-025-39690	Angell Well No. 3	<u>Subject Well</u>	Unit H
30-025-37902	Angell Well No. 1	Producer	Unit A

(4) The vertical extent of the proposed Pressure Maintenance Project underlying the Angell Lease Area is the productive interval within the San Andres formation. The San Andres formation top is at approximately 4740 feet and it extends to the Glorieta formation at approximately 6150 feet. Injection is proposed into the Angell Well No. 3 from 4802 to 5432 feet.

(5) BC Operating presented exhibits and testimony from a professional engineer indicating the following:

(a) Vanguard Permian, LLC was not formally notified of this application, but is a business partner in the subject well and an operator of lands directly to the east.

(b) The offsetting lease operated by BC Operating is owned identically to the subject lease, the same owners in the same percentages.

(c) The Project Area should include the 80 acres consisting of the E/2 NE/4 of Section 11. These lands are under a common lease held by BC Operating.

(d) The San Andres formation in this area dips gently to the east. The San Andres is being waterflooded successfully in this area and has favorable reservoir and fluid characteristics for waterflooding. Re-injecting water into this reservoir down dip from the producing well is expected to improve oil recovery. Another benefit will be reduced water hauling costs from this lease, extending the life of the production well.

(e) The operator intends to only use the proposed injection well for re-injection of produced water. The source of this produced water is expected to be from the Angell B Well No. 2 and from the Angell Well No. 1.

(f) The fresh water aquifer in this area is the Ogallala reservoir and extends from 50 feet to 200 feet below surface.

(g) All wells within the 1/2 mile area of review are adequately cemented in order to isolate the injection to the intended injection interval. There are no faults or conduits which could transport injected waters out of the injection interval. Any fresh water sands will be protected from this injection operation, and fresh water will not be endangered.

(6) This area is on the southwestern edge of the productive San Andres reservoir. Chevron Midcontinent, L.P. operates the Lovington San Andres Unit waterflood located directly northeast in offsetting Section 1. BC Operating operates a San Andres/Paddock downhole commingled producer in Unit B of Section 11 called the Angell B Well No. 2. Vanguard Permian, LLC controls offsetting acreage within Section 12 containing an unsuccessful San Andres/Paddock well located in Unit E of Section 12. The Angell Federal Well No. 3 or "subject well" was drilled in 2010 as an unsuccessful

San Andres well.

(7) The subject well appears to be adequately cased and cemented, in order to confine injection to the proposed interval. Within the Area of Review, all five active wells and the one plugged well appear to be adequately cased, cemented, or plugged to prevent movement of injection fluids out of zone and to protect any underground sources of drinking water.

(8) The proposed Angell Lease Pressure Maintenance Project is wholly contained within the Lovington-Grayburg-San Andres Pool (Pool Code 40580). Wells completed within this pool are governed by statewide rules, including those specific to oil well spacing and setbacks.

(9) BC Operating, Inc. (OGRID 160825) is the operator of record of the wells located on this acreage. BC Operating is in compliance with Division Rule 5.9 and therefore eligible for approval of disposal and injection permits.

(10) The applicant has notified affected parties of the intent to inject into the proposed injection well and has received no objections. No other parties appeared in this case or otherwise opposed this application.

(11) The proposed Pressure Maintenance Project within this lease is feasible and should result in the recovery of additional oil and gas that would not otherwise be recovered.

(12) The estimated additional costs of the proposed Pressure Maintenance operations will not exceed the estimated value of the additional oil and gas recovered plus a reasonable profit.

(13) The Project Area should include the 80 acres consisting of the E/2 NE/4 of Section 11. The proposed project will prevent waste, protect correlative rights, and should be approved and called the Angell Lease Pressure Maintenance Project.

(14) BC Operating should be approved to inject into the San Andres formation within the Angell Federal Well No. 3 from depths of 4802 to 5432 feet. Provisions should be made for the operator of the Angell Lease to apply administratively for additional or alternative injection wells as needed within this lease.

IT IS THEREFORE ORDERED THAT:

(1) BC Operating, Inc. ("BC Operating") is hereby authorized to implement pressure maintenance operations within the Angell Lease by injection of produced water into the productive interval of the San Andres formation.

(2) The Angell Lease acreage, all of which is approved as the "Project Area", consists of 80 acres, more or less, defined as follows:

Township 17 South, Range 36 East, NMPM, Lea County, New Mexico

Section 11: E/2 NE/4

(3) BC Operating is approved to utilize the Angell Federal Well No. 3 (API No. 30-025-39690), located 1650 feet from the North line and 660 feet from the East line, Unit H, of Section 11, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico, for injection of produced water (UIC Class II only) into the San Andres formation from 4802 feet to 5432 feet for purposes of pressure maintenance.

(4) The Division Director may administratively authorize an alternative injection well or additional injection wells within this lease as provided in 19.15.26.8F. NMAC.

(5) The Angell Lease Pressure Maintenance Project is hereby approved and shall initially consist of one injection well and one producing well, all contained in the 80-acre lease.

(6) The operator of the Angell Lease shall be BC Operating, Inc. (OGRID 160825).

(7) BC Operating shall take all steps necessary to ensure that the injected water enters only the permitted injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(8) Injection into any approved injection well or wells within this project shall be accomplished through plastic-lined tubing installed in a packer located within 100 feet of the uppermost injection perforation. The casing-tubing annulus shall be filled with an inert fluid, and a gauge or approved leak-detection device shall be attached to the annulus in order to detect any leakage in the casing, tubing, or packer.

(9) The injection well or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the maximum surface injection pressure to 960 psi.

(10) The Division Director may administratively authorize a pressure limitation in excess of the above, upon a showing by the operator, supported by an approved Step Rate Test, that such higher pressure will not result in the fracturing of the injection formation or confining strata or damage to the reservoir.

(11) The operator shall provide notice, 72 hours in advance, to the supervisor of the Division's district office of the date and time of the installation of injection 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 injection to the Division's district 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.

(12) 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 or 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.

(13) The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

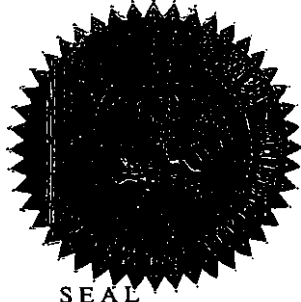
(14) The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

(15) 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 cause. One year after injection into the Project Area has ceased or not been reported, the authority to inject will terminate *ipso facto*.


(16) 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.

(17) 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 (or without prior notice and hearing in case of emergency), terminate the injection authority granted herein.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

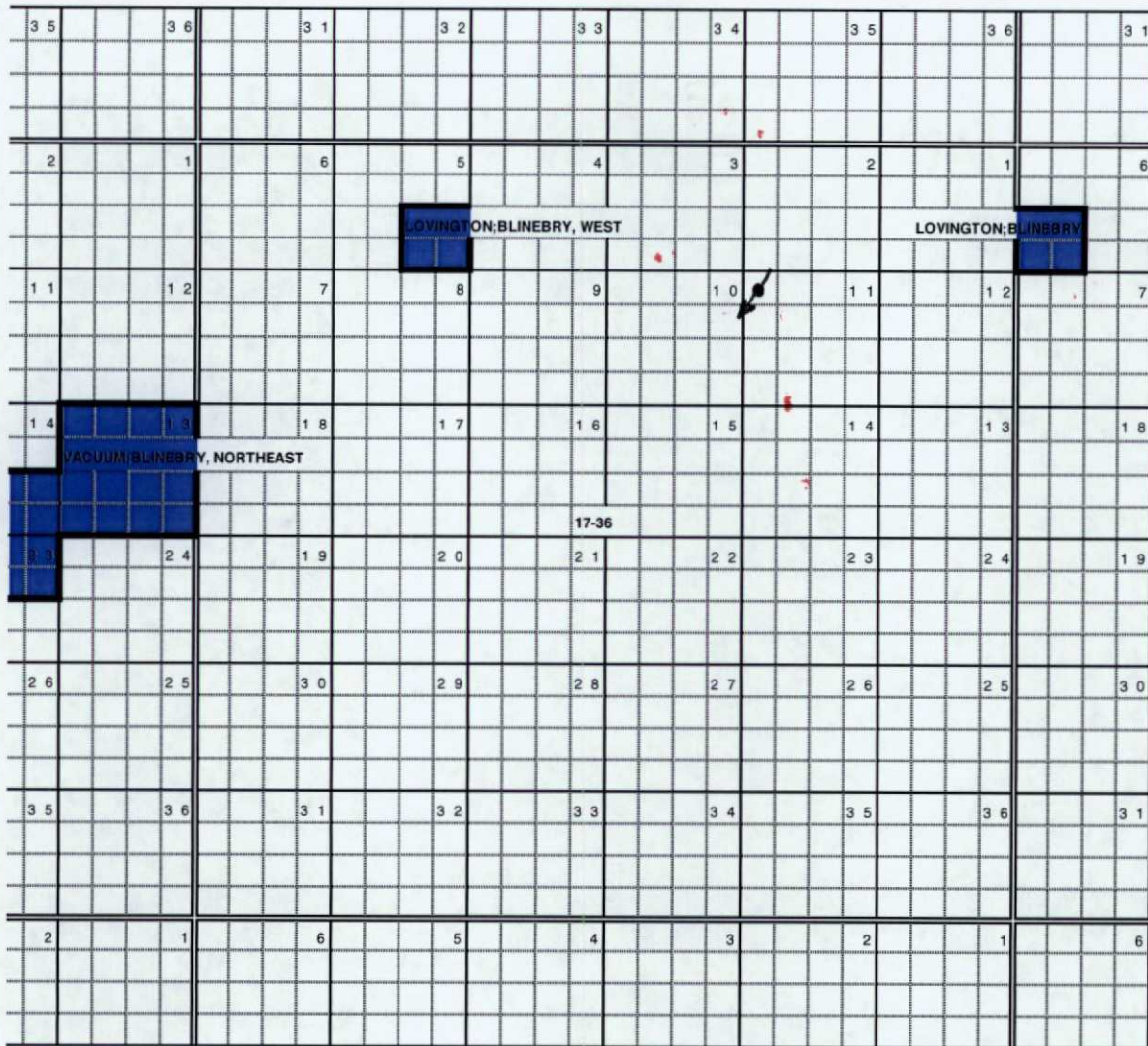


STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


DANIEL SANCHEZ
Acting Director

Blinebry Pools

R 36 E



R 36 E

Abo Pools

