



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**Bill Richardson**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

January 7, 2003

Burk Royalty Company, Ltd.  
P.O. Box 94903  
Wichita Falls, Texas 76308-0903

Attn: Mr. Charles Gibson

**RE: *Injection Pressure Increase -195***  
***Neal Well No. 3***  
***Lea County, New Mexico***

Reference is made to your request dated December 9, 2002 to increase the surface injection pressure on the above-referenced well. This request is based on a step rate test conducted on September 29, 1999. The results of the test have been reviewed by my staff and we feel an increase in injection pressure on this well is justified at this time.

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

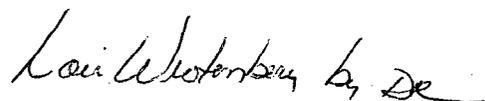
<i>Well and Location</i>	<i>Maximum Surface Injection Pressure</i>
<i>Neal Well No. 3 API No. 30-025-02501 Unit A, Section 35, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico</i>	<i>1500 PSIG</i>

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.

*Injection Pressure Increase  
Burk Royalty Company, Ltd.  
January 7, 2003  
Page 2*

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Sincerely,



Lori Wrotenbery  
Director

LW/DRC

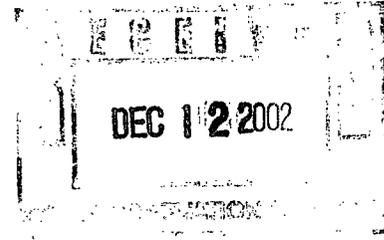
cc: Oil Conservation Division - Hobbs  
Files: Case No. 12262, PSI-2003  
R-4283

CASE-  
12262

BURK ROYALTY INVESTMENT CO., LLC  
GENERAL PARTNER



December 9, 2002



State of New Mexico  
Oil Conservation Division  
Energy Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: David Catanach

RE: Neal #3  
Lea County, New Mexico

Dear David,

Burk Royalty Co. is the operator of the Neal #3 saltwater disposal well. The permit to dispose into this well was granted March 17, 1972 by Division Order #R4283 in Case #4679 and the well has been in operation since then. In 1999, we applied for approval of a waterflood project and qualification for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act to expand operations on this well by adding perforations. We also, prior to adding perforations, ran a step rate test to ask for a higher disposal pressure. We were mistaken at the time and were not aware that we had previously perforated the intervals we said that we would perforate. Attached is a copy of a gamma ray collar log run February 18, 1994 that shows the perforations that were added from 3,593' to 3,613', 3,631' to 3,637' and 3,643' to 3,648'. When the waterflood project was approved, the step rate test results were not considered because the Division was under the impression that perforations were going to be added. Since the perforations were already open in the well, we would like the Division to consider granting the higher permit pressure for the well. We also made the mistake in 1994 of not reporting the additional perforations to the Oil Conservation Division. Attached is a Form C-103 to reflect those perforations.

We are sorry for the mistake that was made on our part by not reporting the perforations when they were made. Please let us know what we need to do in this matter. The perforations were open when we ran the step rate test and we would like the permit pressure to be increased to 1500#.

Sincerely yours,

A handwritten signature in cursive script that reads "Charles Gibson".

Charles Gibson

CG/tl  
Attach.

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Avenue, Artesia, NM 87210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised March 25, 1999

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. 30-025-02501-00-00
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. 00284
7. Lease Name or Unit Agreement Name:  Neal
8. Well No. 3
9. Pool name or Wildcat Lynch Yates SR
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,726' G.L.

SUNDRY NOTICES AND REPORTS ON WELLS  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:  
 Oil Well  Gas Well  Other SW Disposal Well

2. Name of Operator  
 Burk Royalty Co., LTD.

3. Address of Operator  
 P. O. Box 94903

4. Well Location  
 Unit Letter A : 330 feet from the North line and 993 feet from the East line  
 Section 35 Township 20S Range 34E NMPM Lea County

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>		<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
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12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

For information only:

Perforations were added 2-18-94:  
 3,593' to 3,613'; 3,631' to 3,637' and 3,643' to 3,648'.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Charles Gibson TITLE Petroleum Engineer DATE 12-9-02

Type or print name Charles Gibson Telephone No. 940/397-8600  
 (This space for State use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of approval, if any:

NEAL #3  
STEP RATE TEST - 9/29/99

STEP #	TIME	TBG PRESS	CUM VOLUME	INJ RATE (BPD)	FRICTION LOSS	CORRECTED TBG PRESS
1	10:00	1100	0.00	0		
	10:00	1220	0.00	288		
	10:05	1305	0.95	288		
	10:10	1348	1.90	288		
	10:15	1365	3.00	317		
AVG		1310		295	2.8	1307.2
2	10:16	1395	3.05	619		
	10:21	1403	5.08	634		
	10:26	1406	7.20	634		
	10:31	1412	9.35	634		
AVG		1404		630	10.5	1393.5
3	10:31	1495	9.50	1080		
	10:36	1512	13.29	1094		
	10:41	1512	17.10	1094		
	10:46	1512	20.85	1094		
AVG		1508		1090	21.7	1486.3
4	10:46	1600	21.04	1512		
	10:51	1595	26.09	1469		
	10:56	1590	31.18	1454		
	11:01	1590	36.09	1440		
AVG		1594		1469	45.0	1549.0
5	11:01	1725	38.40	2290		
	11:06	1728	43.95	2347		
AVG		1726		2218	109.0	1617.0
6	11:07	1925	44.12	3053		
	11:13	1925	56.18	3053		
AVG		1925		3053	162.0	1763.0
7	11:14	2165	57.43	3715		
	11:19	2086	70.80	3830		
AVG		2125		3772	249.0	1876.0
8	11:19	2294	73.12	4435		
	11:22	2260	83.34	4536		
	11:24	2202	88.45	4536		
AVG		2252		4502	350.0	1902.0
9	11:24	2397	90.04	5256		
	11:26	2394	95.08	5155		
	11:29	2394	107.75	5227		
AVG		2395		5213	482.0	1913.0
10	11:29	2555	112.40	5947		
	11:31	2542	120.70	5760		
	11:32	2542	122.70	5760		
AVG		2546		5822	613.0	1933.0
ISIP	1450#					
5 MIN	1418#					
10 MIN	1388#					
15 MIN	1362#					

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ONE

NEAL #3  
 STEP RATE TEST  
 9/29/99

