SWD 1/05/10 125.000 5 6 6 6 SEP 1 0 1998 OIL CONSERVATION OF

Sept. 2,1998

Mr. David Catanach New Mexico Oil Conservation Div. 2040 Pacheco Street Santa Fe, New Mexico

Dear David:

Attached is a application for authorization to inject water into Penroc Oil Corporation Well no. 3 on the New Mexico State ``8'' lease located in Sec. 8-T9S-R33E, Lea Co., New Mexico.

The proposed disposal well is a Flying M San Andres oil well at this time and the disposal water will be from the other two producing San Andres wells on the same lease which are producing approximately 50 bbls. water per day.

If you need any additional data or have any questions please call.

Yours truly,

Jerry Sexton agent

• :

OIL CONSERVATION DIVISION 2040 SOUTH PACHECO SANTA FE, NEW MEXICO 87505

FORM C-108 Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I.	PURPOSE: Secondary Recovery Pressure Maintenance XX Disposal Storage Application qualifies for administrative approval? Yes No				
II.	OPERATOR: PENROC OIL CORPORATION				
	ADDRESS: P. O. BOX 5970, HOBBS, NM 88241				
	CONTACT PARTY: JERRY SEXTON PHONE: 397-3596				
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? <u>Yes XX</u> 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:				
	 Proposed average and maximum daily rate and volume of fluids to be injected; Whether the system is open or closed; Proposed average and maximum injection pressure; Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, 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: JERRY SEXTON				
	SIGNATURE: DATE: 3-4-98				
*	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:				

III. WELL DATA

- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:
 - (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
 - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
 - (3) A description of the tubing to be used including its size, lining material, and setting depth.
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
 - (1) The name of the injection formation and, if applicable, the field or pool name.
 - (2) The injection interval and whether it is perforated or open-hole.
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well.
 - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
 - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

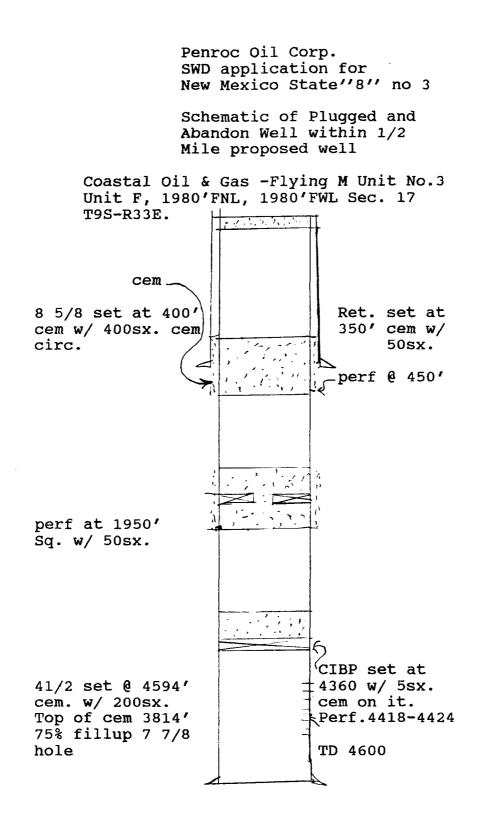
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Penroc Oil Corp.

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Table of Wells Within 1/2 Mile of Proposed SWD Well-New Mexico State ``8'' Well no. 3 •

Well name:	Penroc State''8''1 Unit D,	State''8'' 2	
Date drilled: TD: Status:	4600	1974 4535 Oil Well	
Casing: Perforations:	8.625 @ 362' cem circ. 4.5 @ 4600 Cem Top 3640 350 sx 7.875 hole 75% fillup 4410-50	cem circ. 4.5 @ 4535 Cem Top 2975' 400 sx7.875	
Treatment:	11,000 gal acid	11,000 gal acid	
	ached schematic fo well in Unit F Se		

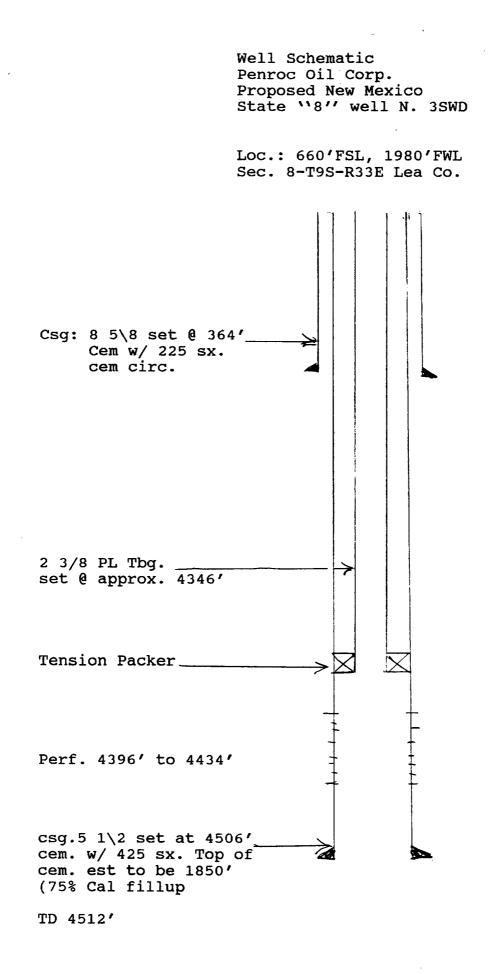


Well Data

Company:	Penroc Oil Corp.
Lease Name:	New Mexico State ``8''
Well No.:	3
Location:	660'FSL, 1980FWL
	Sec.8-T9S-R33E Lea Co.
	(Unit N)
Surface csg:	8 5\8 set at 364' cem.
-	w/ 225 sx. cem. circ.
	hole size 12 1/4"
Production csg.	5 1/2" set @ 4506,
	cem. w/ 425 sx. Top
	cem. 1850'(cal 75%
	fillup)
Tubing:	2 3\8 plastic lined
Packer:	Tension (type wil be
	submitted on C-103)
Date Drilled:	1975
Well usage:	oil well
Injection Formation:	San Andres Dolomite
Injection Interval:	4396' to 4434'
Other Perforations:	None
Other oil zones:	None
Field Name:	Flying M San Andres

Operational Data

Est. average injection rate: 50 BPD Maximum est. injection rate: 300 BPD Type System: Closed Average injection pressure: 100 PSI Maximum injection pressure: 880 PSI Water Source: Produced Water (San Andres) Disposal Formation: San Andres



3429 N.W. County Rd. • P.O. Drawer 907 • Hobbs, New Mexico 88241-0907 Phone (505) 392-0149 • Fax (505) 392-5282

Water Analysis Report

Oil Co:Penroc OilSampleLease:N. Mex. St. #8Date SaWell #2Date AnField:Flying "M" San Andres, Lea County, NM.

Sample Loc:Well HeadDate Sampled:September 3, 1998Date Analysed:September 4, 1998

Analysis:

- 1. PH 6.43
- 2. Specfic Gravity 60/80 F 11.57
- 3. CaCo3 Staturation index at 80 F[#]+ 1.071
 - at 140 F + 2.57

Dissolved Gases

- 4. Hydrogen Sulfide 29
- 5. Carbon Dioxide 315
- 6. Dissolved Oxygen N/A

Cat lons

- 7. Calcium (Ca++) 4100
- 8. Magnesium (Mg++) 650
- 9. Sodium (Na+) 91,000
- 10. Barium (Ba++) Not Determind

An lons

- 11. Hydroxyl (OH-) 0
- 12. Carbonate (C03=) 0
- 13. Bicarbonate (HC03) 870
- 14. Sulfate (S04=) 3300
- 15. Chloride (C1-) 141,600
- 16. Total Dissolved Solids 188,000
- 17. Total Iron (FE) 38
- 18 Total Hardness as CaC03 12,200

Pro-Kem, Inc.					
SAMPLE WATER ANALYSIS REPORT					
Oil Co. : Medellin Lease : Windmill MCR.co Well No.: East Salesman, Lows 51 Date Analyzed: 25-March-1998					
ANALYSIS Fresh Water	x				
1. pH 2. Specific Gravity 60/60 F. 1.003 3. CaCO ₃ Saturation Index @ 80 F0.443 @ 140 F. +0.257					
Dissolved Casses MG/L EQ. WT. *1	MEQ/L				
4. Hydrogen SulfideNot Present5. Carbon DioxideNot Determined6. Dissolved OxygenNot Determined					
Cations 7. Calcium (Ca++) 52 / 20.1 = 8. Magnesium (Mg++) 32 / 12.2 = 9. Sodium (Na+) (Calculated) 253 / 23.0 = 10. Barium (Ba++) Below 10 23.0 =	2.59 2.62 11.00				
Anions 11. Hydroxyl (OH~) 0 / 17.0 = 12. Chrbonkte (CO3=) 0 / 20.0 = 13. Bicarbonate (HCO3=) 195 61.1 = 14. Sulfate (SU4=) 220 / 48.8 = 15. Chloride (Cl=) 300 / 35.5 =	00091151				
16. Total Dissolved Solids 17. Total Iron (Fe) 18. Total Hardness As CaCO ₃ 19. Resistivity @ 75 F. (Calculated) 2.919 /cm.	0.08				
LOGARITHMIC WATER PATTERN PROBABLE MINERAL CO *meg/L. COMPOUND EQ. WT. X *m	DMPOSITION meg/L = mg/L.				
Na Ca (HCO3) 2-81.04	2.59 210				
Ca HIII HIII HIII HIII I HII III HIII HI	0.00 0				
Mg HHI-HIHI HIH HIH HIH 111 504 CaCl2 55.50	0.00 0				
Fe Milt Milt Milt Milt Hill Hill Hill CO3 Mg (HCO3) 2 73.17	0.60 44				
10000 1000 100 10 1 10 100 1000 10000 Laloium Bulface Bolubility Profile MgSO4 60,19	2.02 121				
MgCL ₂ 47.62	0.00 0				
NaHCO3 64.00	0.00 0				
NaSO4 71.03	2.49 177				
1916	8.45 494 per Liter				

This water is mildly corrosive due to the pH observed on analysis. The corrosivity is increased by the content of mineral salts in solution.

- I, Jerry Sexton do hereby state the following:
- 1. The Ogalala Aquifer is the only source of fresh water in the area of the proposed SWD well.
- 2. No known faults or other hydrological connection exist between the San Andres formation and the Ogalala Aquifer.

The above is based on past experience in the area and from reviewing OCD records.

Sutan Jerry Sexton

8-4-93

Date

Sept 3, 1998

Mr. Lynn Medlin General Delivery Tatum, New Mexico88267

Dear Mr. Medlin

Attached is an application to the New Mexico Oil Conservation Division for a disposal well in Unit N Sec 8-T9S-R33E, Lea Co. New Mexico, which is on your land.

Penroc Oil Corp. is proposing to convert a producing well on the New Mexico State ``8''to a Salt Water Disposal well. An estimated 50 bbls. of water per day will be disposed of in the well, all of water will come from the New Mexico State ``8'' lease.

If you have any questions on the application please contact me at 397-3596.

Yours truly,

/Jerry Sexton Agent

Wallace Oil and Gas 3030 NW Expwy. 18 Fl. Okc., Ok 73112

Gentlemen:

This is to advise you that Penroc Oil Corperation is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State ``8'' well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State ``8''lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

/ Jerry Sexton

Arrow Energy Suite 998 Dallas, Tx.75321

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Jerry Sexton

Birdwell Oil Company P.O. Drawer 1830 Wichita Falls, Tx.76307

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Yours Very Truly,

Jerry Sexton

Southwest Royalties Inc. Drawer 11390 Midland, Tx. 79702

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erry Sexton

Yates Petroleum Corp. 105 South 4th. St. Artesia, New Mexico88210

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Jerry Sexton

Reed & Stevens Inc. P.O. Box 1518 Roswell, New Mexico88201

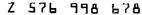
Gentlemen:

This is to advise you that Penroc Oil Corperation is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State ``8'' well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State ``8''lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

// Jerry Sexton





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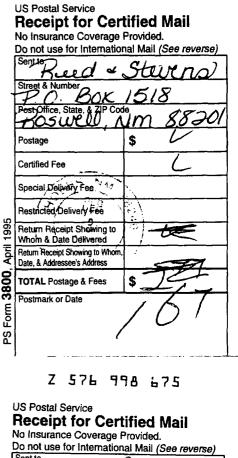
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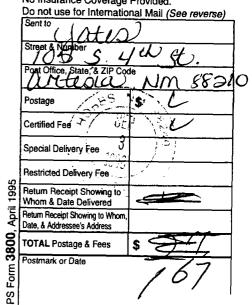
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PS Form 3800, April 1995 Recei Special De Postmark or Date TOTAL Postage & Fees Return **Unta** 6 S Vhom & lestricted Sentified Postal Insurance Coverage Provided not use Addr Heceipt Show Hece Date ipt for N ₫ Address G ing to Whon International 25 Cer 2 UБ ertified _0 S s 96 d٧ Mai r See reverse 32 8

LAND OWNER

AFFIDAVIT OF PUBLICATION

State of New Mexico, County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of _____1

weeks.

Beginning with the issue dated

September 3 1998 and ending with the issue dated

September 3 1998

Publisher Sworn and subscribed to before

me this <u>3rd</u> day of

September 1998

N**ə**tary Public.

My Commission expires October 18, 2000 (Seal)

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 publication has been made. 01100949000 02519385 Penroc Oil Corp. P.O. Box 5970 Hobbs, NM 88241

LEGAL NOTICE September 3, 1998 Penroc Oil Corp., P.O. Box

5970, Hobbs, New Mexico 88241 is submitting an application to the New Mexico Oil Conservation Division for an injection permit on the New Mexico State "8" lease well number 3. This well is located 660 feet from the south line and 1980 feet from the west line of Section 8, Township 9 South, Range 33 East, Flying M Field, Lea County. The purpose of this injection well will be to dispose of water from the Penroc Oil Corp. New Mexico State "8" lease into the San Andres Formation at the average depth of 4416 feet. It is anticipated that 50 barrels of saltwater per day will be injected into the San Andres formation at the maximum pressure of 880 pounds per square inch pressure. Interested parties must file objections or requests for hearing with the Oil Conservation Division, 2040 Pacheco St., Santa Fe, 87505 within 15 days. Questions regarding this application may be directed to Jerry Sexton at Penroc Oil Corp. at (505) 397-3596. #16098



STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 88241-1980 (505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

RE:	Proposed:			
	MC			
	DHC			
	NSL			
	NSP			
	SWD			
	WFX			
	РМХ	-		

Gentlemen:

I have examined the application for the: e #3-N- 8.95-33e Prol nroc Operator

and my recommendations are as follows:

approvalcommind

Yours very truly,

Chris Williams Supervisor, District 1

/ed

CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS
Operator: PENROCK OIL CORP. Well: STATE 8' WELL NO.3
Contact: JERRY SEXTON Title: AGENT Phone: 397.3596
DATE IN <u>9.10.98</u> RELEASE DATE <u>9.25.98</u> DATE OUT <u>10.13.98</u>
Proposed Injection Application is for:WATERFLOODExpansionInitial
Original Order: R Secondary Recovery Pressure Maintenance
SENSITIVE AREAS
WIPP Capitan Reef
Data is complete for proposed well(s)?
AREA of REVIEW WELLS
2 Total # of AOR 2 # of Plugged Wells
لِرِحِ Tabulation Complete Schematics of P & A's
413 Cement Tops Adequate AOR Repair Required
INJECTION FORMATION
Injection Formation(s) San Amples Compatible Analysis 417
Source of Water or Injectate
PROOF of NOTICE
Copy of Legal Notice
Correct Operators
Model: Model
NOTES:

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL?

COMMUNICATION WITH CONTACT PERSON:					
1st Contact:	Telephoned	Letter	Date	Nature of Discussion	
2nd Contact:	Telephoned	Letter	Date	Nature of Discussion	
3rd Contact:	Telephoned	Letter	Date	Nature of Discussion	