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J. SCOTT HALL

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Reply To: Santa Fe Office

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August 6, 2014

Mr. Richard Ezeanyim
Mr. Phillip Goetze
Mr. Michael McMillan
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Via e-mail and Hand Delivery

Re: *NMOCD Case No. 15180; Application of Parker Energy Support Services, Inc.
for Authorization to Inject, Lea County, New Mexico*

Gentlemen:

Parker Energy Support Services, Inc., originally sought administrative approval of its C-108 Application for Authorization to Inject for the Harry Leonard NCT J No. 5 Well located in Section 24, T21S R36E NMPM in Lea County. The administrative application was then scheduled for hearing on August 7, 2014 due to objections received from Cameron Oil and Gas Company and Norstrand Engineering represented by Mr. Jim Bruce and from the New Mexico State Land Office represented by Ms. Kelly Brooks Smith. In an e-mail dated August 1, 2014 (copy attached), counsel indicated that NMSLO would withdraw its objection if Parker Energy Support Services would agree to the following provisions:

1. The top of disposal zone is lowered to a depth of 4200 feet.
2. After the cement is drilled out of the casing shoe and approximately 300 feet of new open-hole is drilled below this casing shoe, Parker Services will log the open-hole for porosity and resistivity and will provide to the State Land Office a copy of each log run in this new open-hole.
3. Parker Services will pressure test the open-hole to determine the fracture gradient.

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4. Parker Services will swab or production test the open-hole to obtain a sample of formation water prior to injection, and report the water quality analysis to the State Land Office.

All counsel were advised that these terms are acceptable to the Applicant. Subsequently, Mr. Bruce informed the Division that Cameron Oil and Norstrand Engineering are correspondingly withdrawing their objections. Parker Energy Support Services, Inc. accordingly requests that its request for hearing be dismissed and that the Application be remanded for administrative review and approval. The Applicant further requests that items 1 through 4, above, be incorporated into the administrative order approving of its Application for Authorization to Inject.

I will be present at the Examiner hearing docket for another matter on August 7th and will be glad to address this matter on the record if requested. At this point, however, I do not plan to present witness testimony or other evidence.

Thank you for your consideration of this request.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall
Attorneys for Parker Energy Support
Services, Inc.

cc: Kelly Brooks Smith, Esq.
James Bruce, Esq.
Brett Parker
Bill Prichard

J. Scott Hall

From: Smith, Kelly <ksmith@slo.state.nm.us>
Sent: Friday, August 01, 2014 11:32 AM
To: J. Scott Hall; 'jamesbruc@aol.com'
Cc: Holm, Anchor; Jones, William; Martin, Ed; Warnell, Terry
Subject: RE: NMOCD Case No. 15180 Parker Energy Support Services, Inc. Application for Authorization to Inject

Scott:

The Land Office will withdraw its protest to the application to convert the Harry Leonard NCT J No. 5 Well if Parker Services agrees to do the following:

1. The top of disposal zone is lowered to a depth of 4200 feet.
2. After the cement is drilled out of the casing shoe and approximately 300 feet of new open-hole is drilled below this casing shoe, Parker Services will log the open-hole for porosity and resistivity and will provide to the State Land Office a copy of each log run in this new open-hole.
3. Parker Services will pressure test the open-hole to determine the fracture gradient.
4. Parker Services will swab or production test the open-hole to obtain a sample of formation water prior to injection, and report the water quality analysis to the State Land Office.

I understand that these terms will be incorporated into the OCD permit itself. Let me know if this is acceptable or if we need to discuss this further.

Of course, if OCD approves the application, Parker Services will have to apply for the proper salt water disposal easement or lease with the State Land Office as well.

Thanks,

Kelly

Kelly Brooks Smith

Associate Counsel • Office of General Counsel
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From: J. Scott Hall [<mailto:SHall@montand.com>]
Sent: Friday, August 01, 2014 11:07 AM
To: Smith, Kelly; 'jamesbruc@aol.com'
Subject: RE: NMOCD Case No. 15180 Parker Energy Support Services, Inc. Application for Authorization to Inject