

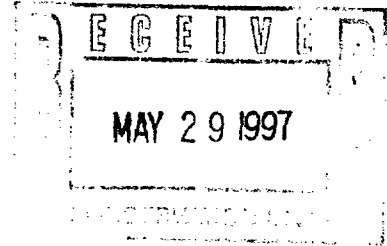
STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997



Oil Conservation Division
2040 Pacheco St.
Santa Fe, New Mexico 87505

Re: Application for Authorization
to Inject
State "BF" #1 Well
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Case 11807

Gentlemen:

Please find enclosed for your and review Stevens & Tull, Inc.'s Application for Authorization to Inject covering the captioned well. As required, we have notified the offset leasehold owners of this application and put same in the Hobbs Star Sun newspaper.

We propose to inject up to 3000 bbls. of produced water per day from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation which is a known productive hydrocarbon formation. The proposed system will be a closed system. Our injection pressures will range from 500 to 1000 psi. We have submitted copies of paperwork on all wells located within 1/2 mile of the subject well. Additionally, we have enclosed a plat reflecting the leasehold ownership of the offset leases.

We have also enclosed for your review two (2) Exceptions to Order No. R-3221, being Case No. 4021, Order No. R-3682 and Case No. 4022, Order No. 3683, which thoroughly discuss the lack of fresh water zones in this area. The pits that were granted by these orders directly offset the proposed injection well. Also enclosed is a copy of Administrative Order SWD-631. The surface is owned by the State of New Mexico. We request that you give this matter your prompt attention. Should you have questions about this matter, please contact our office.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Jerry A. Weant". The signature is fluid and cursive, written over a printed name and title.

Jerry A. Weant, CPL
Landman

f:\lt\request.inj

Case 11807

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: STEVENS & TULL, INC.
ADDRESS: P.O. Box 11005, Midland, Texas 79702
CONTACT PARTY: Michael G. Mooney PHONE: 915/699-1410
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project: Yes No
If yes, give the Division order number authorizing the project SWD - 631
- 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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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 A. Weant TITLE: Landman
SIGNATURE: *Jerry A. Weant* DATE: 5/27/97
- * 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 circumstance of the earlier submittal. This information was previously submitted with our Application to Inject for SWD - 631. Also for Application for Anasazi

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 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, PO Box 2088, Santa Fe, NM 87504-2088 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.

INJECTION WELL DATA SHEET

OPERATOR STEVENS & TULL, INC.

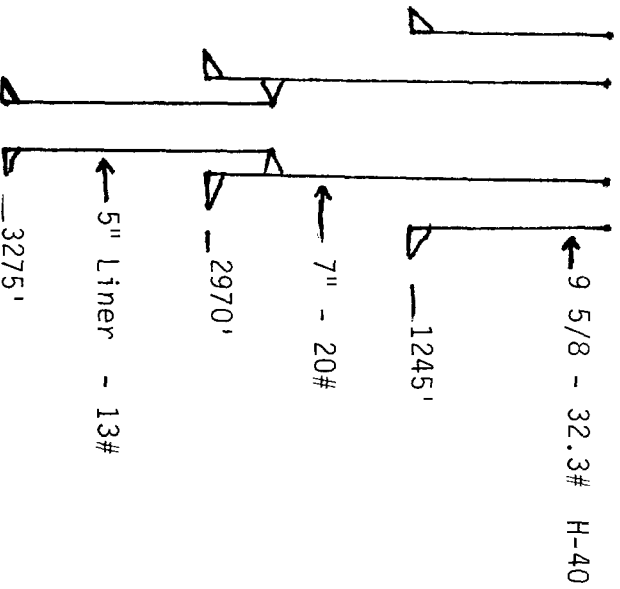
LEASE STATE "BF"

WELL NO. 1 - G-1980' FNL & FEL

FOOTAGE LOCATION

SECTION 16 TOWNSHIP 20-S RANGE 33-E

Schematic



Well Construction Data

Surface Casing

Size 9 5/8 Cemented with 500 sx.

TOC surface feet determined by circulated

Hole Size 12 1/4"

Intermediate Casing

Size 7 Cemented with 500 sx.

TOC surface feet determined by circulated

Hole Size 8 3/4"

Long String

Size 5 Cemented with 100 sx.

TOC 2925 feet determined by top of liner

Hole Size 6 1/4"

Total Depth 3275'

Injection Interval

2989 feet to 3212 feet (perforated)
 (perforated or open-hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size 2 7/8" lined with not lined set in a
 Balur AD-1 packer at 2950 feet
 (type of Internal coating)

Other type of tubing / casing seal if applicable None

Other Data

1. Is this a new well drilled for injection? Yes No

If no, for what purpose was the well originally drilled? Yates - Seven Rivers Producer

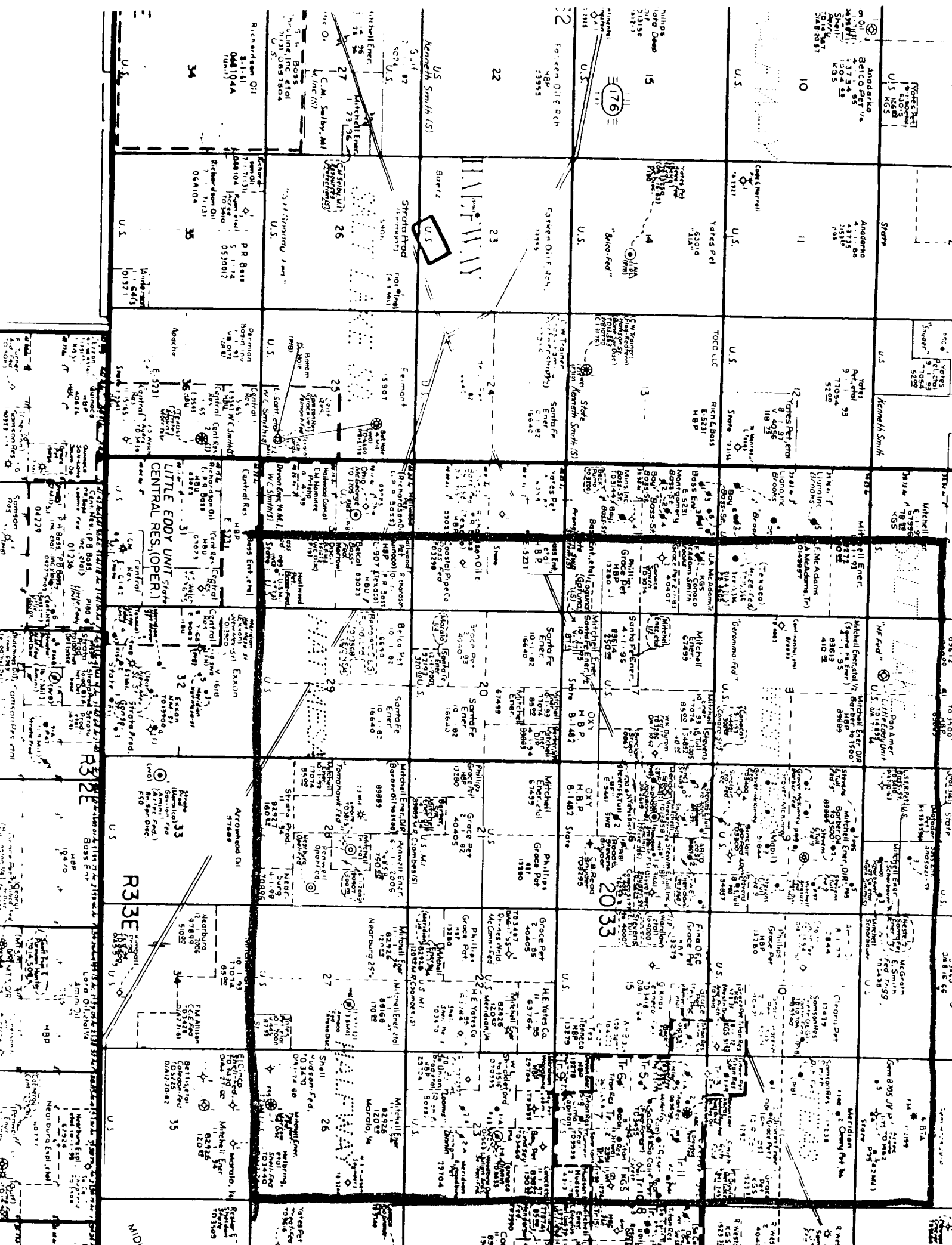
2. Name of the injection formation Yates - Seven Rivers

3. Name of Field or Pool (if applicable) West Teas Yates - Seven Rivers

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e., sacks of cement or plug(s) used. Only intervals from 2989' to 3212'

5. Give the names and depths of any over or underlying oil or gas zones (pools) in this area.

None



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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ENTERED JUL 15 1996

ADMINISTRATIVE ORDER SWD-631

*APPLICATION OF STEVENS & TULL, INC. FOR SALT WATER DISPOSAL,
LEA COUNTY, NEW MEXICO.*

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Stevens & Tull, Inc. made application to the New Mexico Oil Conservation Division on May 9, 1996, for permission to complete for salt water disposal its BF State Well No.2 located 1980 feet from the South line and 1980 feet from the West line (Unit K) of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its BF State Well No.2 located 1980 feet from the South line and 1980 feet from the West line (Unit K) of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Yates formation at approximately 3,094 feet to 3,209 feet through 2 3/8-inch plastic-lined tubing set in a packer located at approximately 2,994 feet.

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 well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus 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 well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 619 psi.

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 Yates 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 disposal equipment and of the mechanical integrity test 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 well and shall take such steps as may be timely and necessary to correct such failure or leakage.

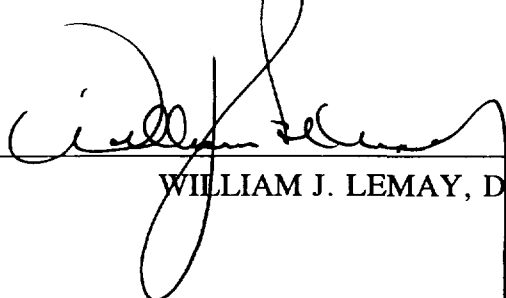
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner 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.

The operator shall submit monthly reports of the disposal operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

Administrative Order SWD-631
Stevens & Tull, Inc.
July 9, 1996
Page 3

The injection 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 by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 9th day of July, 1996.



WILLIAM J. LEMAY, Director

S E A L

WJL/BES

xc: Oil Conservation Division - Hobbs

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

*Premise to use
open pit for sink
BF #3*

CASE No. 4021
Order No. R-3682

APPLICATION OF CHARLES B. READ
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Charles B. Read, is the owner and operator of the Synder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Snyder Well No. 1 in an unlined surface pit located in Unit J of said Section 16.

(7) That there are five producing shallow water wells located approximately 3 3/4 to 4 1/2 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately four miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 3/4 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately 3/4 of a mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 3/8 miles west of the subject pit.

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Snyder Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Charles B. Read, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Snyder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit J until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4022
Order No. R-3683

APPLICATION OF ERNEST A. HANSON
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Ernest A. Hanson, is the owner and operator of the Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued-disposal of salt water produced by the aforesaid Atlantic State Well No. 1 in an unlined surface pit located in Unit C of said Section 16.

(7) That there are 5 producing shallow water wells located approximately 3 3/4 to 4 1/4 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately 3 1/2 miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 1/2 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately one mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 1/8 miles west of the subject pit.

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Atlantic State Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ernest A. Hanson, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit C until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

To: Kathi Bearden
Publisher - Hobbs Daily News

From: Jerry A. Weant, Landman

Please print the following notice in your paper on Wednesday, May 28, 1997. Please remit your invoice for such notice along with an Affidavit of Publication to our office at your earliest convenience. Should you have any questions, please contact me.

" Stevens & Tull, Inc., P.O. Box 11005, Midland, Texas 79702, has submitted an Application to Inject to the New Mexico Oil Conservation Division for the State "BF" No. 1 well, located 1980' FNL & FEL of Section 16, T-20-S, R-33-E, N.M.P.M., Lea County, New Mexico. We propose to inject produced water from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation at a depth between 2989 feet to 3212 feet. Any party desiring to file an objection or request a hearing must contact the New Mexico Oil Conservation Division in writing at 2040 Pacheco Street, Santa Fe, New Mexico within 15 days of this notice. For additional information, you may contact Mr. Jerry A. Weant at 915-699-1410."

TRANSMISSION VERIFICATION REPORT

TIME : 05/27/1997 16:14
NAME : STEVENS & TULL:1A ;
FAX : 9156991113
TEL : 9156991410

DATE, TIME	05/27 16:14
FAX NO./NAME	15053935724414
DURATION	00:00:25
PAGE(S)	01
RESULT	OK
MODE	STANDARD ECM

STEVENS & TULL, INC.

P. O. BOX 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Reliance Operating
P.O. Box 10946
Midland, Texas 79702

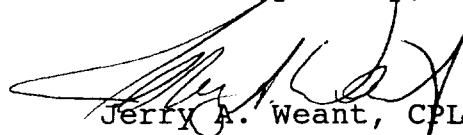
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Reliance Operating

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

May 27, 1997

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attn: Carl Sherrill

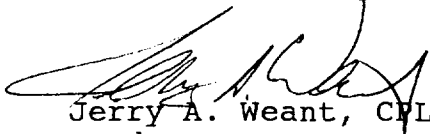
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

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Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Conoco Inc.

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Oxy USA Inc.
P.O. Box 50250
Midland, Texas 79710

Attn: T. Kent Woolley, CPL

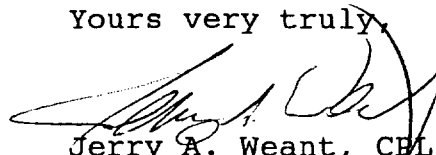
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

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Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,



Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Oxy USA Inc.

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

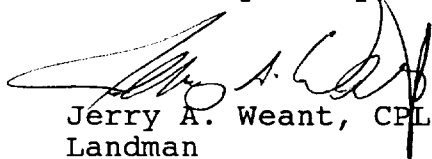
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Phillips Petroleum Company

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

P. O. Box 11005

915/699-1410

May 27, 1997

Wilbur Shackelford
512 New Mexico Drive
Roswell, New Mexico 88201

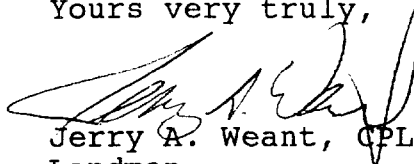
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Shackelford Oil Company

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

P. O. BOX 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Fina Oil & Chemical Company
6 Desta Drive, Suite 4400
Midland, Texas 79705


Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Fina Oil & Chemical Company

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

P. O. BOX 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Oil Conservation Division
2040 Pacheco St.
Santa Fe, New Mexico 87505

Re: Application for Authorization
to Inject
State "BF" #1 Well
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

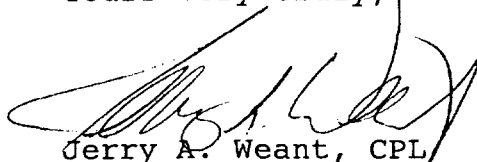
Gentlemen:

Please find enclosed for your and review Stevens & Tull, Inc.'s Application for Authorization to Inject covering the captioned well. As required, we have notified the offset leasehold owners of this application and put same in the Hobbs Star Sun newspaper.

We propose to inject up to 3000 bbls. of produced water per day from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation which is a known productive hydrocarbon formation. The proposed system will be a closed system. Our injection pressures will range from 500 to 1000 psi. We have submitted copies of paperwork on all wells located within 1/2 mile of the subject well. Additionally, we have enclosed a plat reflecting the leasehold ownership of the offset leases.

We have also enclosed for your review two (2) Exceptions to Order No. R-3221, being Case No. 4021, Order No. R-3682 and Case No. 4022, Order No. 3683, which thoroughly discuss the lack of fresh water zones in this area. The pits that were granted by these orders directly offset the proposed injection well. Also enclosed is a copy of Administrative Order SWD-631. The surface is owned by the State of New Mexico. We request that you give this matter your prompt attention. Should you have questions about this matter, please contact our office.

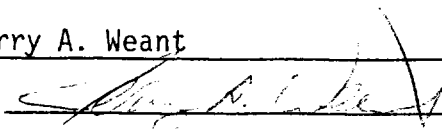
Yours very truly,



Jerry A. Weant, CPL
Landman

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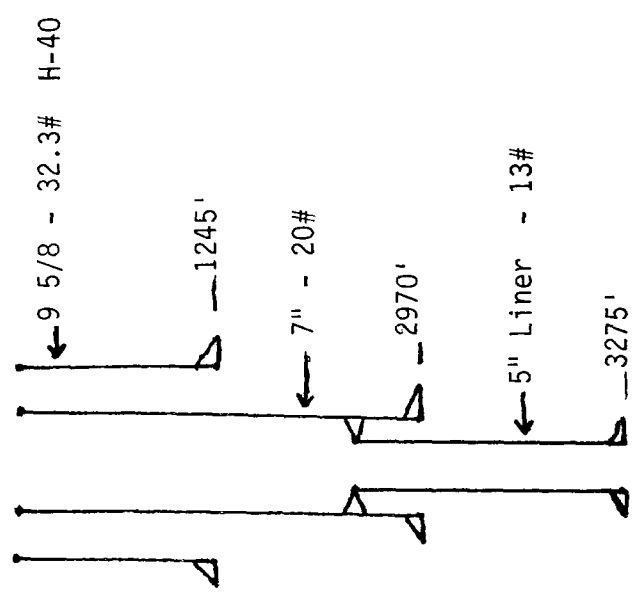
APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: STEVENS & TULL, INC.
ADDRESS: P.O. Box 11005, Midland, Texas 79702
CONTACT PARTY: Michael G. Mooney PHONE: 915/699-1410
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project: Yes No
If yes, give the Division order number authorizing the project SWD - 631
- 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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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 A. Weant TITLE: Landman
SIGNATURE:  DATE: 5/27/97
- * 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 circumstance of the earlier submittal. This information was previously submitted with our Application to Inject for SWD - 631. Also for Application for Anasazi
- DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office 16 State #1 Well.

INJECTION WELL DATA SHEET

OPERATOR STEVENS & TULL, INC. LEASE STATE "BF"
 WELL NO. 1 - G-1980' FNL & FEL SECTION 16 TOWNSHIP 20-S RANGE 33-E
 FOOTAGE LOCATION

Schematic



Well Construction Data

Surface Casing
 Size 9 5/8 Cemented with 500 sx.
 TOC surface feet determined by circulated
 Hole Size 12 1/4"
Intermediate Casing
 Size 7 Cemented with 500 sx.
 TOC surface feet determined by circulated
 Hole Size 8 3/4"
Long String
 Size 5 Cemented with 100 sx.
 TOC 2925 feet determined by top of liner
 Hole Size 6 1/4"
 Total Depth 3275'

Injection Interval

2989 feet to 3212 feet (perforated)
 (perforated or open-hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size 2 7/8" lined with _____ not lined _____ set in a
Baljur AD-1 packer at 2950 feet
(type of internal coating)

Other type of tubing / casing seal if applicable _____ None _____

Other Data

1. Is this a new well drilled for injection? _____ Yes No _____

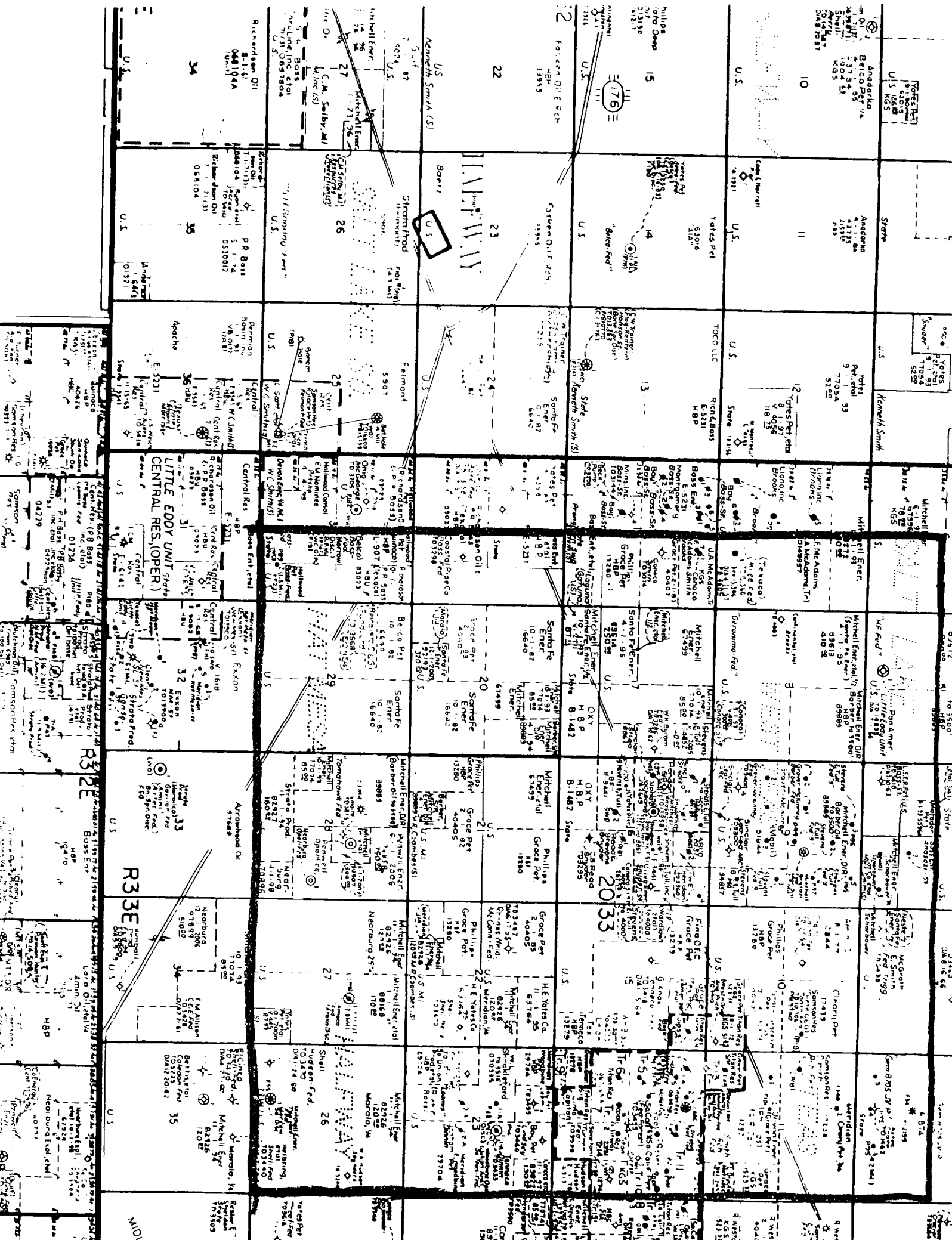
If no, for what purpose was the well originally drilled? Yates - Seven Rivers Producer

2. Name of the injection formation Yates - Seven Rivers

3. Name of Field or Pool (if applicable) West Teas Yates - Seven Rivers

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e., sacks of cement or plug(s) used. Only intervals from 2989' to 3212'

5. Give the names and depths of any over or underlying oil or gas zones (pools) in this area. None



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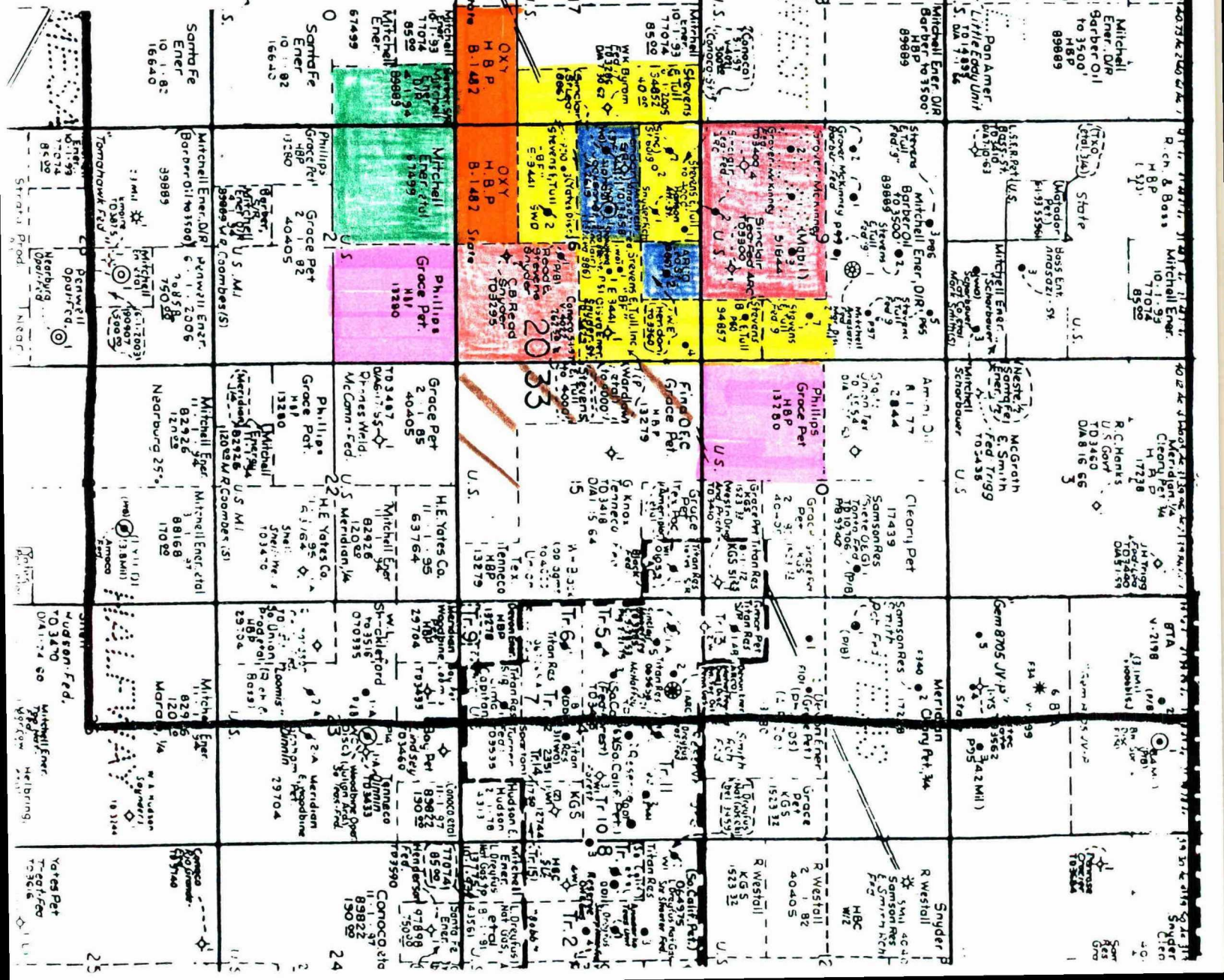
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STATE "BF" NO. 1 OFFSET OWNERSHIP
STEVENS & TULL, INC. STATE LEASE NO'S
E-3441 and V-2021; U.S.A. Lease NO.'S
NM-94852, NM-89889 and NM-94851
Oxy U.S.A. Inc State B-1482
Phillips Petroleum NM-13280
Shackelford Oil Company State E-3441
Mitchell Energy NM-67499 & NM-57280
Reliance Operating NM-51844
Fina Oil Company NM-13279
Conoco State V-2022

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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ENTERED JUL 15 1996

ADMINISTRATIVE ORDER SWD-631

*APPLICATION OF STEVENS & TULL, INC. FOR SALT WATER DISPOSAL,
LEA COUNTY, NEW MEXICO.*

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Stevens & Tull, Inc. made application to the New Mexico Oil Conservation Division on May 9, 1996, for permission to complete for salt water disposal its BF State Well No.2 located 1980 feet from the South line and 1980 feet from the West line (Unit K) of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its BF State Well No.2 located 1980 feet from the South line and 1980 feet from the West line (Unit K) of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Yates formation at approximately 3,094 feet to 3,209 feet through 2 3/8-inch plastic-lined tubing set in a packer located at approximately 2,994 feet.

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 well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus 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 well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 619 psi.

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 Yates 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 disposal equipment and of the mechanical integrity test 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 well and shall take such steps as may be timely and necessary to correct such failure or leakage.

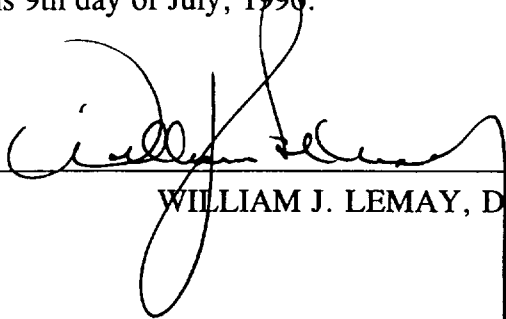
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner 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.

The operator shall submit monthly reports of the disposal operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

Administrative Order SWD-631
Stevens & Tull, Inc.
July 9, 1996
Page 3

The injection 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 by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 9th day of July, 1996.



WILLIAM J. LEMAY, Director

S E A L

WJL/BES

xc: Oil Conservation Division - Hobbs

State BF LEASE

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

*Premise to use
open pit for sink
BF #2*

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4021
Order No. R-3682

APPLICATION OF CHARLES B. READ
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Charles B. Read, is the owner and operator of the Synder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Snyder Well No. 1 in an unlined surface pit located in Unit J of said Section 16.

(7) That there are five producing shallow water wells located approximately 3 3/4 to 4 1/2 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately four miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 3/4 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately 3/4 of a mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 3/8 miles west of the subject pit.

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Snyder Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Charles B. Read, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Snyder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit J until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4022
Order No. R-3683

APPLICATION OF ERNEST A. HANSON
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Ernest A. Hanson, is the owner and operator of the Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Atlantic State Well No. 1 in an unlined surface pit located in Unit C of said Section 16.

(7) That there are 5 producing shallow water wells located approximately 3 3/4 to 4 1/4 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately 3 1/2 miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 1/2 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately one mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 1/8 miles west of the subject pit.

-3-

CASE No. 4022

Order No. R-3683

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Atlantic State Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ernest A. Hanson, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit C until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

P. O. Box 11005

915/699-1410

May 27, 1997

To: Kathi Bearden
Publisher - Hobbs Daily News

From: Jerry A. Weant, Landman

Please print the following notice in your paper on Wednesday, May 28, 1997. Please remit your invoice for such notice along with an Affidavit of Publication to our office at your earliest convenience. Should you have any questions, please contact me.

" Stevens & Tull, Inc., P.O. Box 11005, Midland, Texas 79702, has submitted an Application to Inject to the New Mexico Oil Conservation Division for the State "BF" No. 1 well, located 1980' FNL & FEL of Section 16, T-20-S, R-33-E, N.M.P.M., Lea County, New Mexico. We propose to inject produced water from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation at a depth between 2989 feet to 3212 feet. Any party desiring to file an objection or request a hearing must contact the New Mexico Oil Conservation Division in writing at 2040 Pacheco Street, Santa Fe, New Mexico within 15 days of this notice. For additional information, you may contact Mr. Jerry A. Weant at 915-699-1410."

TRANSMISSION VERIFICATION REPORT

TIME : 05/27/1997 16:14
NAME : STEVENS & TULL:1A ;
FAX : 9156991113
TEL : 9156991410

DATE, TIME	05/27 16:14
FAX NO./NAME	15053935724414
DURATION	00:00:25
PAGE(S)	01
RESULT	OK
MODE	STANDARD ECM

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Reliance Operating
P.O. Box 10946
Midland, Texas 79702


Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Reliance Operating

By: _____
Title: _____
Print Name: _____
Date: _____

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attn: Carl Sherrill

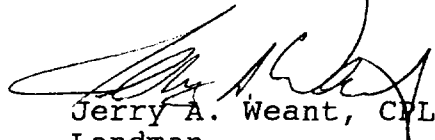
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Conoco Inc.

By: _____
Title: _____
Print Name: _____
Date: _____

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. BOX 11005

May 27, 1997

Oxy USA Inc.
P.O. Box 50250
Midland, Texas 79710

Attn: T. Kent Woolley, CPL

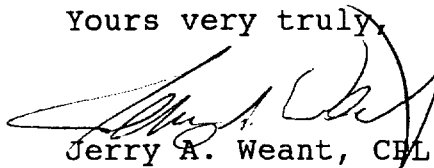
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Oxy USA Inc.

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

P. O. BOX 11005

915/699-1410

May 27, 1997

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

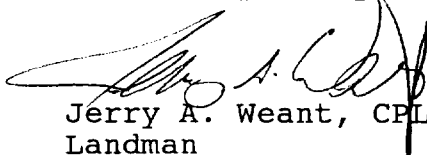
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Phillips Petroleum Company

By: _____
Title: _____
Print Name: _____
Date: _____

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STEVENS & TULL, INC.

P. O. BOX 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Wilbur Shackelford
512 New Mexico Drive
Roswell, New Mexico 88201

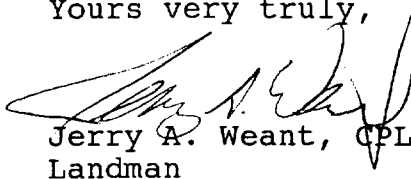
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Shackleford Oil Company

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Fina Oil & Chemical Company
6 Desta Drive, Suite 4400
Midland, Texas 79705

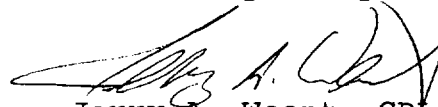
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Fina Oil & Chemical Company

By: _____
Title: _____
Print Name: _____
Date: _____

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Oil Conservation Division
2040 Pacheco St.
Santa Fe, New Mexico 87505

Re: Application for Authorization
to Inject
State "BF" #1 Well
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

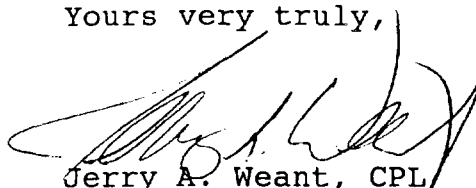
Gentlemen:

Please find enclosed for your and review Stevens & Tull, Inc.'s Application for Authorization to Inject covering the captioned well. As required, we have notified the offset leasehold owners of this application and put same in the Hobbs Star Sun newspaper.

We propose to inject up to 3000 bbls. of produced water per day from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation which is a known productive hydrocarbon formation. The proposed system will be a closed system. Our injection pressures will range from 500 to 1000 psi. We have submitted copies of paperwork on all wells located within 1/2 mile of the subject well. Additionally, we have enclosed a plat reflecting the leasehold ownership of the offset leases.

We have also enclosed for your review two (2) Exceptions to Order No. R-3221, being Case No. 4021, Order No. R-3682 and Case No. 4022, Order No. 3683, which thoroughly discuss the lack of fresh water zones in this area. The pits that were granted by these orders directly offset the proposed injection well. Also enclosed is a copy of Administrative Order SWD-631. The surface is owned by the State of New Mexico. We request that you give this matter your prompt attention. Should you have questions about this matter, please contact our office.

Yours very truly,



Jerry A. Weant, CPL
Landman

f:\lt\request.inj

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: STEVENS & TULL, INC.
ADDRESS: P.O. Box 11005, Midland, Texas 79702
CONTACT PARTY: Michael G. Mooney PHONE: 915/699-1410
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project: Yes No
If yes, give the Division order number authorizing the project SWD - 631
- 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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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 A. Weant

TITLE: Landman

SIGNATURE: 

DATE: 5/27/97

- * 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 circumstance of the earlier submittal. This information was previously submitted with our Application to Inject for SWD - 631. Also for Application for Anasazi
- DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office 16 State #1 Well.

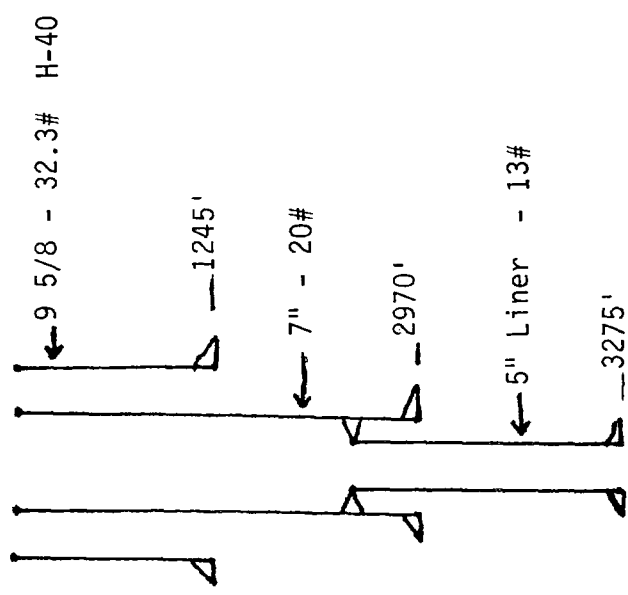
INJECTION WELL DATA SHEET

OPERATOR STEVENS & TULL, INC. LEASE STATE "BF"

WELL NO. 1 - G-1980' FNL & FEL SECTION 16 TOWNSHIP 20-S RANGE 33-E

FOOTAGE LOCATION

Schematic



Well Construction Data

Surface Casing
 Size 9 5/8 • Cemented with 500 sx.
 TOC surface feet determined by circulated

Hole Size 12 1/4"

Intermediate Casing
 Size 7 • Cemented with 500 sx.
 TOC surface feet determined by circulated

Hole Size 8 3/4"

Long String
 Size 5 • Cemented with 100 sx.
 TOC 2925 feet determined by top of liner

Hole Size 6 1/4"

Total Depth 3275'

Injection Interval
2989 feet to 3212 feet (perforated)
 (perforated or open-hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size 2 7/8" lined with not lined set in a
Batur AD-1 packer at 2950 feet
(type of internal coating)

Other type of tubing / casing seal if applicable None

Other Data

1. Is this a new well drilled for injection? Yes No

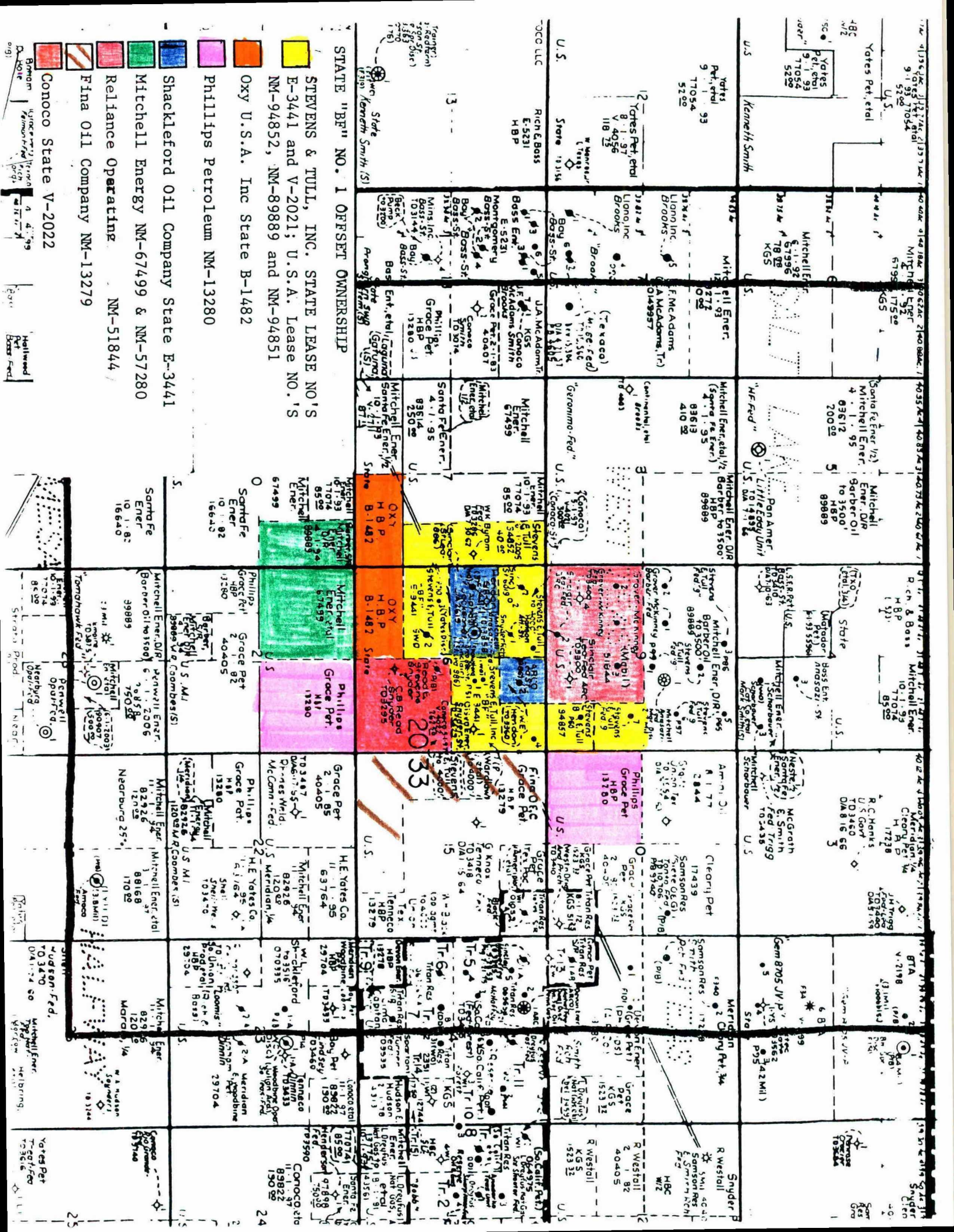
If no, for what purpose was the well originally drilled? Yates - Seven Rivers Producer

2. Name of the injection formation Yates - Seven Rivers

3. Name of Field or Pool (if applicable) West Teas Yates - Seven Rivers

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e., sacks of cement or plug(s) used. Only intervals from 2989' to 3212'

5. Give the names and depths of any over or underlying oil or gas zones (pools) in this area. None



STATE "BF" NO. 1 OFFSET OWNERSHIP

STEVENS & TULL, INC. STATE LEASE NO'S
 E-3441 and V-2021; U.S.A. Lease NO.'S
 NM-94852, NM-89889 and NM-94851

Oxy U.S.A. Inc State B-1482

Phillips Petroleum NM-13280

Shackelford Oil Company State E-3441

Mitchell Energy NM-67499 & NM-57280

Reliance Operating NM-51844

Fina Oil Company NM-13279

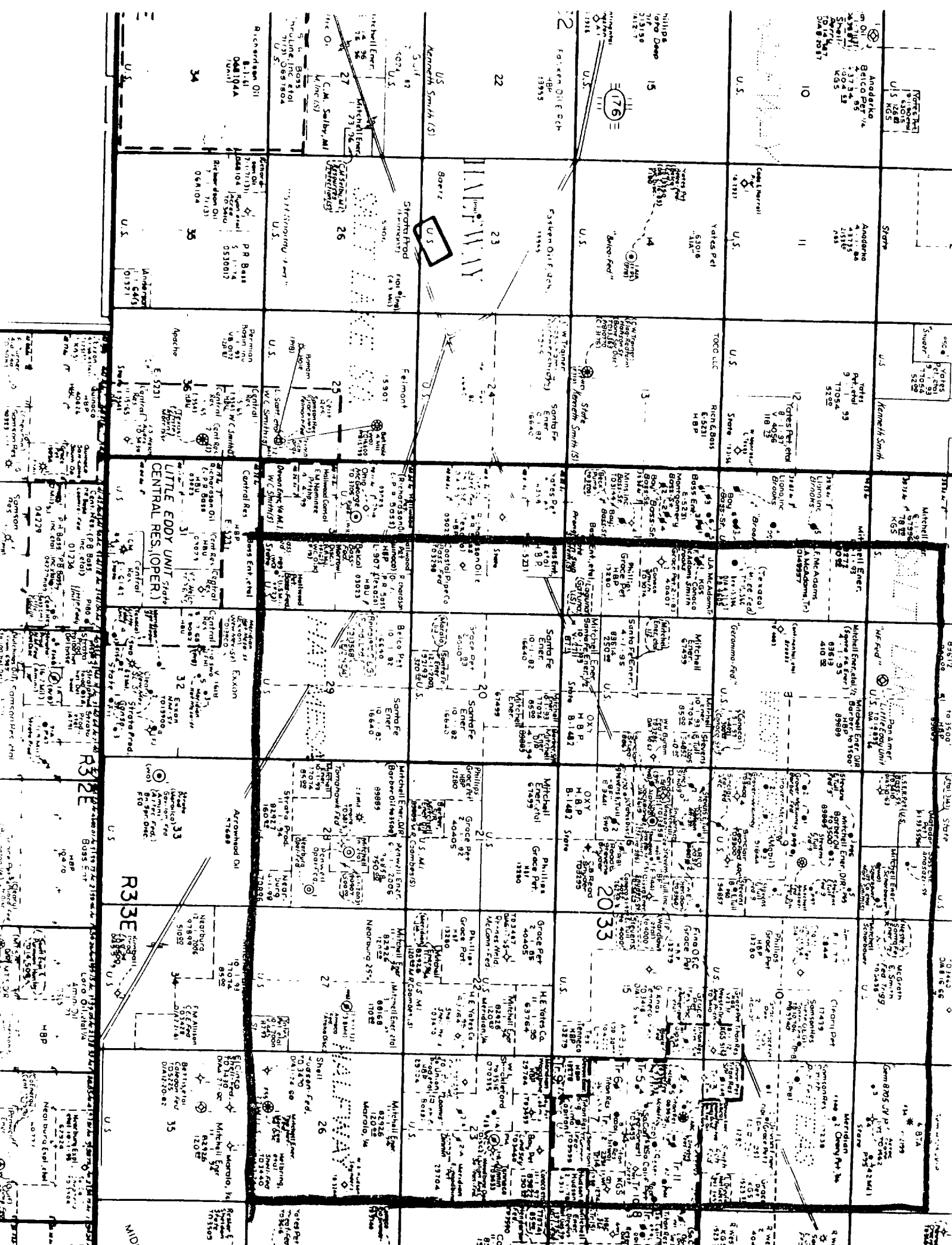
Conoco State V-2022

Legend for STATE "BF" NO. 1 OFFSET OWNERSHIP:
 - Yellow: Stevens & Tull, Inc.
 - Orange: Oxy U.S.A. Inc
 - Green: Phillips Petroleum
 - Blue: Shackelford Oil Company
 - Purple: Mitchell Energy
 - Red: Reliance Operating
 - Brown: Fina Oil Company
 - Grey: Conoco State V-2022

Map area showing various land tracts and owners, including Mitchell Energy, Phillips Petroleum, and Conoco State V-2022.

Map area showing various land tracts and owners, including Phillips Petroleum, Conoco State V-2022, and Mitchell Energy.

Map area showing various land tracts and owners, including Conoco State V-2022 and Mitchell Energy.



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Andersha
Banco Per Va
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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ENTERED JUL 15 1996

ADMINISTRATIVE ORDER SWD-631

*APPLICATION OF STEVENS & TULL, INC. FOR SALT WATER DISPOSAL,
LEA COUNTY, NEW MEXICO.*

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Stevens & Tull, Inc. made application to the New Mexico Oil Conservation Division on May 9, 1996, for permission to complete for salt water disposal its BF State Well No.2 located 1980 feet from the South line and 1980 feet from the West line (Unit K) of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its BF State Well No.2 located 1980 feet from the South line and 1980 feet from the West line (Unit K) of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Yates formation at approximately 3,094 feet to 3,209 feet through 2 3/8-inch plastic-lined tubing set in a packer located at approximately 2,994 feet.

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 well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus 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 well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 619 psi.

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 Yates 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 disposal equipment and of the mechanical integrity test 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 well and shall take such steps as may be timely and necessary to correct such failure or leakage.

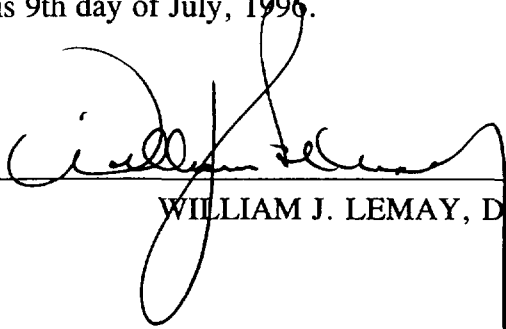
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner 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.

The operator shall submit monthly reports of the disposal operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

Administrative Order SWD-631
Stevens & Tull, Inc.
July 9, 1996
Page 3

The injection 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 by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 9th day of July, 1996.



WILLIAM J. LEMAY, Director

S E A L

WJL/BES

xc: Oil Conservation Division - Hobbs

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

*Premises to use
open pit for sink
BF #3*

CASE No. 4021
Order No. R-3682

APPLICATION OF CHARLES B. READ
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Charles B. Read, is the owner and operator of the Synder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

CASE No. 4021
Order No. R-3682

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Snyder Well No. 1 in an unlined surface pit located in Unit J of said Section 16.

(7) That there are five producing shallow water wells located approximately 3 3/4 to 4 1/2 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately four miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 3/4 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately 3/4 of a mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 3/8 miles west of the subject pit.

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Snyder Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Charles B. Read, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Snyder Well No. 1, located in Unit J of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit J until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4022
Order No. R-3683

APPLICATION OF ERNEST A. HANSON
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 15, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of February, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Ernest A. Hanson, is the owner and operator of the Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any

other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(5) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(6) That the applicant seeks an exception to the provisions of the aforesaid Order (3) to permit the continued disposal of salt water produced by the aforesaid Atlantic State Well No. 1 in an unlined surface pit located in Unit C of said Section 16.

(7) That there are 5 producing shallow water wells located approximately 3 3/4 to 4 1/4 miles to the southwest of the subject pit.

(8) That there is an abandoned shallow water well, the water from which was reported as too salty for cattle to drink, approximately 3 1/2 miles to the northwest of the subject pit.

(9) That there is an abandoned shallow water well, the water from which was reported as too gypseous for cattle to drink, approximately 1 1/2 miles to the north of the subject pit.

(10) That there is an abandoned shallow water well, the water from which was reported as of poor quality, approximately one mile south-southwest of the subject pit.

(11) That the surface and subsurface drainage appears to be in a westerly direction from the subject pit toward a salt lake, known as Laguna Gatuna, located approximately 1 1/8 miles west of the subject pit.

-3-

CASE No. 4022

Order No. R-3683

(12) That there appears to be no water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from said pit.

(13) That the applicant should be permitted to continue to dispose of salt water, produced by applicant's said Atlantic State Well No. 1, in the above-described unlined surface pit.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ernest A. Hanson, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to continue to dispose of water produced in conjunction with the production of oil or gas, or both, by his Atlantic State Well No. 1, located in Unit C of Section 16, Township 20 South, Range 33 East, NMPM, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico, in the unlined surface pit located in said Unit C until further order of the Commission.

(2) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

To: Kathi Bearden
Publisher - Hobbs Daily News

From: Jerry A. Weant, Landman

Please print the following notice in your paper on Wednesday, May 28, 1997. Please remit your invoice for such notice along with an Affidavit of Publication to our office at your earliest convenience. Should you have any questions, please contact me.

" Stevens & Tull, Inc., P.O. Box 11005, Midland, Texas 79702, has submitted an Application to Inject to the New Mexico Oil Conservation Division for the State "BF" No. 1 well, located 1980' FNL & FEL of Section 16, T-20-S, R-33-E, N.M.P.M., Lea County, New Mexico. We propose to inject produced water from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation at a depth between 2989 feet to 3212 feet. Any party desiring to file an objection or request a hearing must contact the New Mexico Oil Conservation Division in writing at 2040 Pacheco Street, Santa Fe, New Mexico within 15 days of this notice. For additional information, you may contact Mr. Jerry A. Weant at 915-699-1410."

TRANSMISSION VERIFICATION REPORT

TIME : 05/27/1997 16:14
NAME : STEVENS & TULL:1A ;
FAX : 9156991113
TEL : 9156991410

DATE, TIME	05/27 16:14
FAX NO./NAME	15053935724414
DURATION	00:00:25
PAGE(S)	01
RESULT	OK
MODE	STANDARD
	ECM

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

May 27, 1997

Reliance Operating
P.O. Box 10946
Midland, Texas 79702

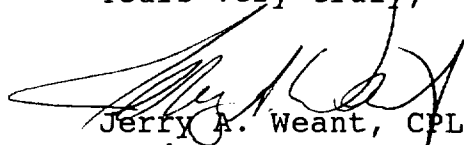
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

Gentlemen:

Please find enclosed for your review a copy of our Application for Authorization to Inject in the captioned well. We request that you execute this letter signifying your waiver to any objection for the conversion of said well.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Reliance Operating

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Attn: Carl Sherrill

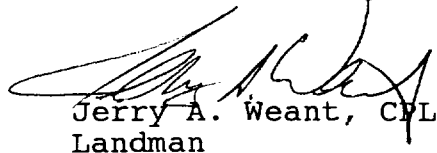
Re: Application for Authorization
to Inject
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1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
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Conoco Inc.

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. BOX 11005

May 27, 1997

Oxy USA Inc.
P.O. Box 50250
Midland, Texas 79710

Attn: T. Kent Woolley, CPL

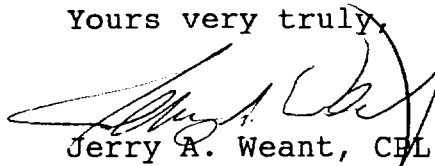
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
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Lea County, New Mexico
Salt Lake Prospect

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Oxy USA Inc.

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

May 27, 1997

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

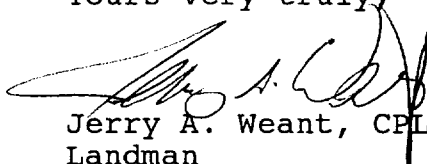
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

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Landman

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Phillips Petroleum Company

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

May 27, 1997

Wilbur Shackelford
512 New Mexico Drive
Roswell, New Mexico 88201

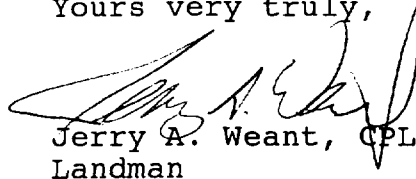
Re: Application for Authorization
to Inject
State "BF" #1
1980' FNL & FEL Sec. 16,
T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

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Yours very truly,


Jerry A. Weant, CPL
Landman

We hereby waive any objection to Stevens & Tull, Inc.'s Application for Authorization to Inject into the State "BF" #1 Well at the captioned location.

Shackleford Oil Company

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

May 27, 1997

Fina Oil & Chemical Company
6 Desta Drive, Suite 4400
Midland, Texas 79705

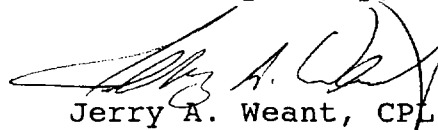
Re: Application for Authorization
to Inject
State "BF" #1
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T-20-S, R-33-E, N.M.P.M.,
Lea County, New Mexico
Salt Lake Prospect

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Yours very truly,


Jerry A. Weant, CPL
Landman

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Fina Oil & Chemical Company

By: _____
Title: _____
Print Name: _____
Date: _____

f:\lt\notice.inj



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 16, 1997

Stevens & Tull, Inc.
P.O. Box 11005
Midland, Texas 79702

Attention: Mr. Jerry A. Weant

Dear Mr. Weant:

Attached please find the proposed advertisement for the pressure maintenance case we discussed last week. The case is currently scheduled to be heard on July, 10, 1997. If you want to make any changes, or if the advertisement does not correctly reflect what you are seeking with the application, please let me know by 5:00 p.m. on Tuesday, June 17th. In addition, please be advised that you are responsible for providing notice to all operators within a ½ mile radius of your proposed project prior to 20 days from the date of the hearing.

If you need any assistance, please contact me at (505) 827-8184.

Sincerely,

David Catanach
Engineer

FAXED

6-16-97

9:26 am

Case No. 11807

Application of Stevens & Tull, Inc.

For a Pressure Maintenance Project,

Lea County, New Mexico

Applicant seeks authority to institute a pressure maintenance project on its State "BF" Lease located in portions of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, by the injection of water into the Yates-Seven Rivers formation through the perforated interval from approximately 2,989 feet to 3,212 feet in its State "BF" Well No. 1 located 1980 feet from the North and East lines (Unit G) of Section 16. Applicant further seeks to reclassify its State "BF" Well No. 2, located 1980 feet from the South and West lines (Unit K) of Section 16, from a disposal well (authorized by Division Order No. SWD-631) to an injection well within the subject pressure maintenance project. Said project area is located approximately 1 mile east of Laguna Gatuna.