

Additional Information

Extension Request 3/18/21

March 18, 2021

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

VIA EMAIL

Attn: Ms. Adrienne Sandoval, Director

RE: REQUEST FOR EXTENSION OF ADMINISTRATIVE ORDER SWD-1674 PERTAINING TO RAY WESTALL OPERATING, INC.'S SAGUARO 28 STATE SWD No.1; API No.30-015-34001 TO INCLUDE SPUD DATE AND INJECTION COMMENCEMENT DATE; LOCATED IN SECTION 28, T18S-R28E, NMPM, EDDY COUNTY, NEW MEXICO.

Dear Ms. Sandoval,

Ray Westall Operating had suspended some of its projects in recent years to accommodate the changes in the climate of the industry and then in 2020 throughout the Covid-19 pandemic. Management has now determined to move forward with various projects including this one. This is one of two SWD permits RWO had sought extensions for more than 2 years ago and was applying to the State Land Office for the required easements. Apparently, in addition to complicating circumstances which severely delayed that processing, the extension requests sent to the NMOCD were misplaced during some personnel changes. In any event, RWO seeks to extend the original permits and has finally received approval for the easements from SLO.

I have recently (3/18/2021) reviewed the subject Area of Review and determined that no significant changes have taken place. Leases and offset interested operators are the same; no new wells drilled. The SWD well will be configured exactly as originally permitted.

We therefore request one additional year for the subject permit and that an expiration date of June 6, 2022 is applied to order SWD-1674.

If you or your staff has any questions, please do not hesitate to call or email me.

Best regards,



Ben Stone, SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Attchmts: SWD-1674, Original Extension Request, Proposed Wellbore Schematic
Cc: Project file

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1674
June 6, 2017

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B, NMAC, Ray Westall Operating, Inc. (the "operator") seeks an administrative order to authorize the Saguaro 28 State SWD Well No. 1 located 1606 feet from the South line and 518 feet from the West line, Unit L of Section 28, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, for the commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rules 19.15.26.8B, NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Ray Westall Operating, Inc. (OGRID 119305), is hereby authorized to utilize its Saguaro 28 State SWD Well No. 1 (API 30-015-34001) located 1606 feet from the South line and 518 feet from the West line, Unit L of Section 28, Township 18 South, Range 28 East, NMPM, Eddy County, for commercial disposal of oil field produced water (UIC Class II only) in the Wolfcamp and Pennsylvanian formations, through perforations from **8066 feet to 8271 feet**. Injection will occur through internally-coated, 3½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Further, the operator had initially requested an injection interval from 8066 feet to 9766 feet. However the surface owner, the New Mexico State Land Office agreed to injection between 8086 feet to 8271 feet, and 8927 feet and 9092 feet. The operator subsequently agreed to an injection interval between 8066 feet to 8271 feet. If this zone is not capable of injection, the zone between 8927 feet and 9092 feet may be applied for administratively with an amended application. In this scenario, the operator shall squeeze the upper zone.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application, and as modified by this Order.

The operator shall conduct a swab test of the new perforations for hydrocarbon potential analysis of hydrocarbon content. The Division's District II office shall be noticed prior to this test and given the opportunity to witness the swab test. The operator shall supply the Division's District II office and Santa Fe Engineering Bureau office a Sundry notice with the results of the swab test prior to commencing injection.

The operator shall run a CBL (or equivalent) across the 5½-inch production casing from approximately 8350 feet to 2500 feet to demonstrate a good cement across the production casing and good bond between the production casing and the 8-5/8-inch casing.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District II office and Santa Fe Engineering Bureau office.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 1613 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal

to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

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

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this Order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
New Mexico State Land Office – Oil, Gas, and Minerals
Well File - 30-015-34001



May 3, 2017

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

VIA EMAIL

Attn: Mr. David Catanach, Director

Re: Request for Extension of Administrative Order SWD-1674 pertaining to Ray Westall Operating, Inc.'s Saguario 28 State SWD No.1; API No.30-015-34001 to include Spud Date and Injection Commencement Date; located in Section 28, T18S-R28E, NMPM, Eddy County, New Mexico.

Dear Mr. Catanach,

Ray Westall Operating had suspended some of its projects to accommodate the changes in the climate of the industry over the last few years. Management has determined that it would now like to move forward with the subject project as permitted. The original permit is set to expire on June 6, 2017.

I have reviewed the subject Area of Review and determined that no significant changes have taken place. Leases and offset interested operators are the same; no new wells drilled. The SWD well will be configured exactly as originally permitted.

We are currently preparing the SWD easement application to submit to the State Land Office. We therefore request one additional year for the subject permit and that an expiration date of June 6, 2018 is applied to order SWD-1674.

If you or your staff has any questions, please do not hesitate to call or email me.

Best regards,

A handwritten signature in black ink, appearing to read 'Ben Stone', is written over a white background.

Ben Stone, SOS Consulting, LLC
Agent for Ray Westall Operating, Inc.

Cc: Project file



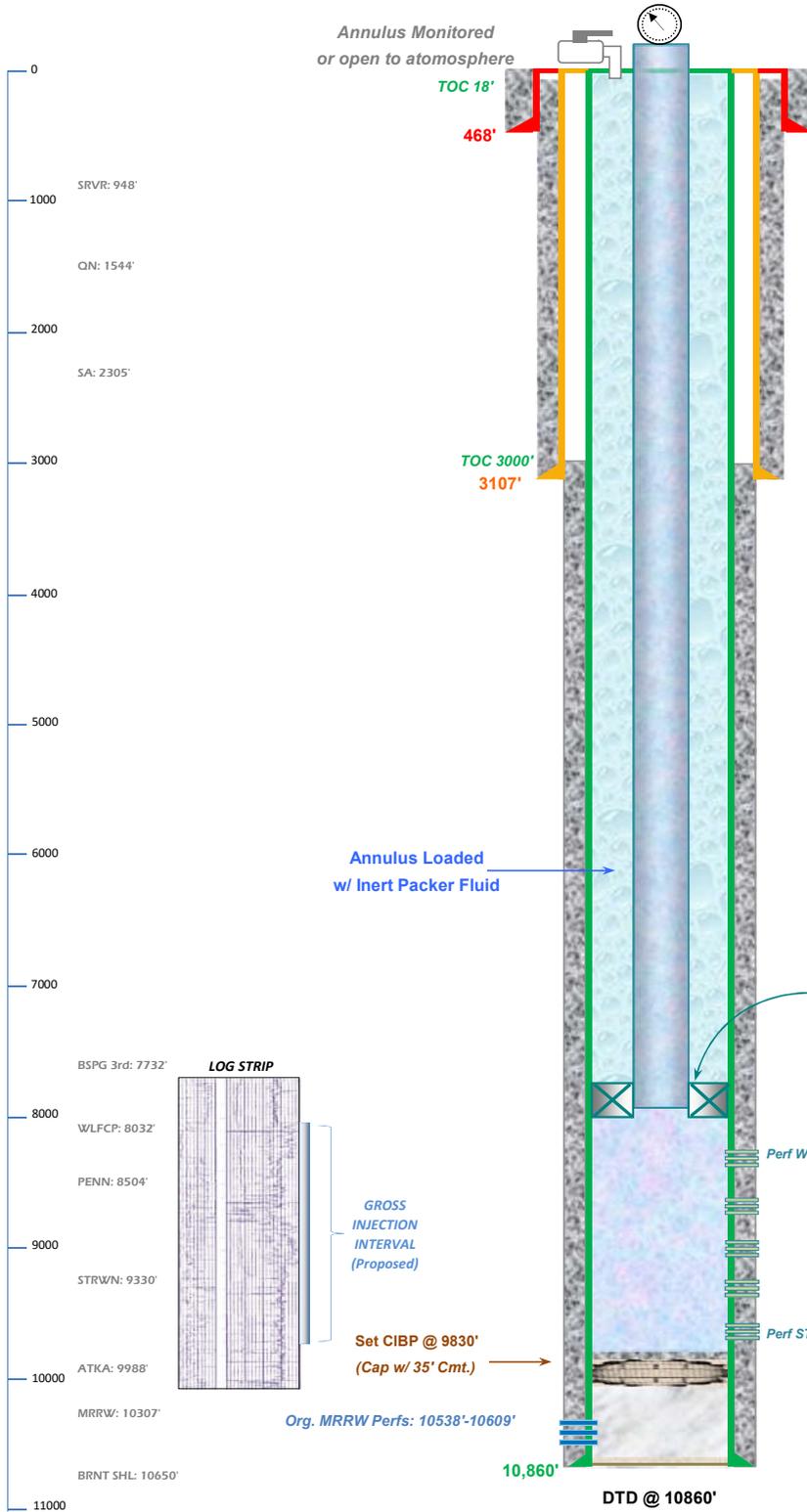
WELL SCHEMATIC - PROPOSED
Saguaro 28 State Well No.1 SWD

SWD; Wolfcamp-Penn-Strawn (PROPOSED)

API 30-015-34001

1606' FSL & 518' FWL, SEC. 28-T18S-R28E
 EDDY COUNTY, NEW MEXICO

Spud Date: 5/06/2005
 Config SWD Dt (Est): ~6/15/2



Injection Pressure Regulated and Volumes Reported
 1613 psi Max. Surface (0.2 psi/ft)

Surface Casing
 13.375", 48.0# H-40 STC Csg. (17.5" Hole) @ 468'
 595 sx - Circulated to Surface

Intermediate Casing
 8.625", 32.0# J-55 Csg. (11.0" Hole) @ 3107'
 910 sx - TOC @ 18' Mth N/R

RAY WESTALL OPERATING, INC.

Convert to SWD: D/O & C/O Existing Plugs.
 Set CIBP @ 9830' w/ 35' Cmt Cap.
 Perforate Specific Intervals TBD.
 Run PC Tubing and PKR - Conduct MIT.
 Commence Disposal Operations.

Specific Perf Intervals To Be Determined
 Between Max Top 8066' and Max Bottom 9766'

Production Casing
 5.5", 17.0# P-110 Csg. (7.875" Hole) @ 10,860'
 DV @ 7461; w. 540 sx; 525 sx - TOC @ 3000' by Mth N/R

Drawn by: Ben Stone, 4/23/2017

