

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM0554775

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.
NM133245

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
CAPELLA 14 FED COM 3H

2. Name of Operator
DEVON ENERGY CORPORATION

Contact: SHEILA A FISHER
E-Mail: Sheila.Fisher@dvn.com

9. API Well No.
30-015-39417

3a. Address
PO BOX 250
ARTESIA, NM 88211

3b. Phone No. (include area code)
Ph: 575-748-1829

10. Field and Pool, or Exploratory
LUSK, BONE SPRING

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 14 T19S R31E NENW 330FNL 1700FEL
32.666834 N Lat, 103.843074 W Lon

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent.	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

- This well is producing from the Lusk, Bone Spring.
- Water produced is approximately 145 BWPD.
- There is one 500bbls tanks located at the Capella 14 Fed Com 1H.
- Water will be piped to the a) Big Eddy SWD 1 and the b) Cedar Lake 35 Federal 1 a) API #'s: 30-015-05819 and b) 30-015-26969.
- a) SE4SE4, Sec 3, T20S, R31E
b) NW4NE4, Sec 35, T17S, R30E

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record
NMOCD 2/13/15

NM OIL CONSERVATION
ARTESIA DISTRICT
FEB 12 2015

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #279370 verified by the BLM Well Information System
For DEVON ENERGY CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by LINDA DENNISTON on 01/13/2015 ()

Name (Printed/Typed) SHEILA A FISHER Title FIELD ADMIN SUPPORT

RECEIVED

Signature (Electronic Submission) Date 11/14/2014

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

FEB 4 2015

JAMES A. AMOS
SUPERVISOR-EPS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional data for EC transaction #279370 that would not fit on the form

32. Additional remarks, continued

- 6. a) SWD-1186 (attached)
- b) SWD-1274 (attached)

WATER PRODUCTION & DISPOSAL INFORMATION

In order to process your disposal request, the following information must be completed in full

Site Name: Capella 14 Fed Com 3H

1. Name(s) of formation(s) producing water on the lease: Lusk, Bone Spring

2. Amount of water produced from all formations in barrels per day: 145bbls

4. How water is stored on lease: 1 500bbl tank at the Capella 14 Fed Com 1H

5. How water is moved to the disposal facility: piped

6. Identify the Disposal Facility by:

A. Facility Operators Name: a) Mesquite SWD, Inc. b) Mesquite SWD, Inc.

B. Facility or well name/number: a) Big Eddy SWD 1 b) Cedar Lake 35 Fed 1

C. Type of Facility or well (WDW) (WIW): a) WDW b) WIW

D.1) Location by $\frac{1}{4}$ $\frac{1}{4}$ SE4SE4 Section 3 Township 20S Range 31E

D.2) Location by $\frac{1}{4}$ $\frac{1}{4}$ NW4NE4 Section 35 Township 17S Range 30E

Submit to this office, 620 EAST GREENE ST, CARLSBAD NM, 88220, the above required information on a Sundry Notice 3160-5. Submit 1 original and 5 copies, within abatement period. (This form may be used as an attachment to the Sundry Notice.)

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

AMENDED
ADMINISTRATIVE ORDER NO. SWD-461

APPLICATION OF DAKOTA RESOURCES, INC.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Dakota Resources, Inc. made application to the New Mexico Oil Conservation Division on January 23, 1992, for permission to complete for salt water Big Eddy Federal #100 located in Unit L of Section 8, Township 21 South, Range 28 East, NMPM, Eddy 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; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant herein, Dakota Resources, Inc. is hereby authorized to complete its Big Eddy Federal #100 located in Unit L of Section 8, Township 21 South, Range 28 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Delaware formation at approximately 2886 feet to approximately 5657 feet through 2 7/8 inch plastic lined tubing set in a packer located at approximately 2850 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 577 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 Delaware 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 Artesia 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 Artesia 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.

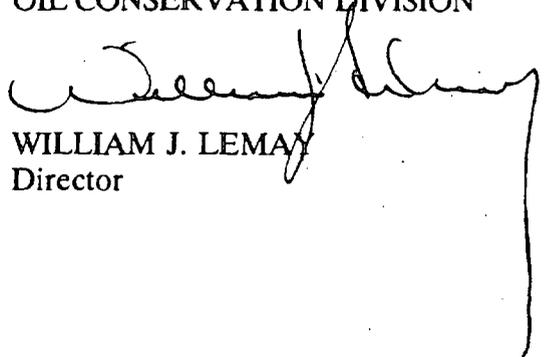
*Administrative Order No. SWD-461
Dakota Resources, Inc.
May 4, 1992
Page 3*

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for 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 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 4th day of May, 1992.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad

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New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1274
May 19, 2011

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Rule 26.8B., Mesquite SWD, Inc. seeks an administrative order to utilize its Cedar Lake 35 Federal Well No. 1 (API 30-015-26969) located 1240 feet from the North line and 1980 feet from the East line, Unit Letter B of Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC. Satisfactory information has been provided that affected parties have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc., is hereby authorized to utilize its Cedar Lake 35 Federal Well No. 1 (API 30-015-26969) located 1240 feet from the North line and 1980 feet from the East line, Unit Letter B of Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Wolfcamp formation through perforations from approximately 8210 feet to 8975 feet through lined tubing and a packer set within 100 feet above the permitted disposal interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface.

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 wellhead injection pressure on the well shall be limited to **no more than 1642 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 office of the date and time of the installation of disposal equipment and of any mechanical integrity test 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 rules 19.15.26.13 NMAC and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in 19.15.29 NMAC and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district 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 permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two 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 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.



JAMI BAILEY

Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14