

N. M. Oil Cons. Division
611 S. 1ST ST.
ARTESIA, NM 87003

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT
DUPLICATE*
(Other instructions on reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

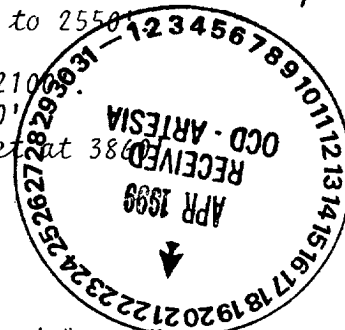
1a. TYPE OF WORK <div style="display: flex; justify-content: space-between;">DRILL <input type="checkbox"/>DEEPEN <input type="checkbox"/> RE-ENTER <input checked="" type="checkbox"/></div> b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>SWD</u> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> 2. NAME OF OPERATOR <u>Penwell Energy, Inc.</u> 3. ADDRESS AND TELEPHONE NO. <u>600 N. Marienfeld, Ste. 1100, Midland, TX 79701 915-683-2534</u> 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface <u>660' FSL & 1980' FEL</u> At proposed prod. zone <u>SAME</u> 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE <u>12 miles North from Carlsbad</u> 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) <u>660'</u> 16. NO. OF ACRES IN LEASE <u>N/A</u> 17. NO. OF ACRES ASSIGNED TO THIS WELL <u>N/A</u> 18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. <u>N/A</u> 19. PROPOSED DEPTH <u>4212' PBTD</u> 20. ROTARY OR CABLE TOOLS <u>Rotary</u> 21. ELEVATIONS (Show whether DF, RT, GR, etc.) <u>3323 GR</u> 22. APPROX. DATE WORK WILL START <u>Feb. 1, 1999</u>		5. LEASE DESIGNATION AND SERIAL NO. <u>NM 96212 96211</u> 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 7. UNIT AGREEMENT NAME <u>24555</u> 8. FARM OR LEASE NAME, WELL NO. <u>Wright Federal #1 SWD</u> 9. API WELL NO. <u>30-015-21580</u> 10. FIELD AND POOL OR WILDCAT <u>SWD - Delaware</u> 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA <u>Sec. 6, T-20S, R-28E</u> 12. COUNTY OR PARISH <u>Eddy</u> 13. STATE <u>NM</u>
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PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17	13 3/8"	48#	415	425 sx, circ to surface
11	8 5/8"	32 & 24#	2500	950 sx., circ to surface
7 7/8	5 1/2"	17#	4212	410 sx. to 2100'

* Existing
** ProposedFormer: Penrock Oil Corp.
Wright Fed #1 P&A 3-23-82Post ID-1
4-30-99
Re-entry**IT IS PROPOSED TO RE-ENTER THE WRIGHT FEDERAL #1 AS FOLLOWS:**

1. Drill out surface cement plug and 8 5/8" shoe plug from 2450' to 2550'.
2. Clean out hole to top of next cement plug @ 4212'.
3. Run 5 1/2" 17# casing to 4212' and circulate cement back to 2100'.
4. Perforate proposed salt water disposal interval of 3960' - 4070'.
5. Run completion assembly of 2 3/8" coated tubing on a packer set at 3840'.
6. Acid stimulate as needed and place SWD well into operation.



IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Charles W. Knight TITLE Engineer DATE 12/16/98
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:

Acting

Assistant Field Office Manager,
Lands and MineralsAPPROVED BY [s] Gary A. Stephens

TITLE

DATE

4-19-99***See Instructions On Reverse Side**

Title 18 U.S.C. Section 1001, makes 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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

Lease Designation and Serial No.

NM-96212-96211

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other SWD

2. Name of Operator

Penwell Energy, Inc.

3. Address and Telephone No.

600 N. Marienfeld, Ste. 1100, Midland, TX 79701 915-683-2534

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL & 1980' FEL

Sec. 6, T20S, R28E

8. Well Name and No.

Wright Federal #1 SWD

9. API Well No.

30-015-21580

10. Field and Pool, or Exploratory Area

11. County or Parish, State

Eddy Co., NM

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Re-entry for SWD
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☒ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

IT IS PROPOSED TO RE ENTER THE WRIGHT FEDERAL #1 AS FOLLOWS:

1. Drill out surface cement plug and 8 5/8" shoe plug from 2450' to 2550'.
2. Clean out hole to top of next cement plug @ 4212'.
3. Run 5 1/2", 17# casing to 4212' and circulate cement back to 2100'.
4. Perforate proposed salt water disposal interval of 3960' - 4070'.
5. Run completion assembly of 2 3/8" coated tubing on a packer set at 3860'.
6. Acid stimulate as needed and place SWD well into operation.

14. I hereby certify that the foregoing is true and correct

Signed

Charles W. Knight

Title

Engineer

Date

12/16/98

(This space for Federal or State office use)

Approved by

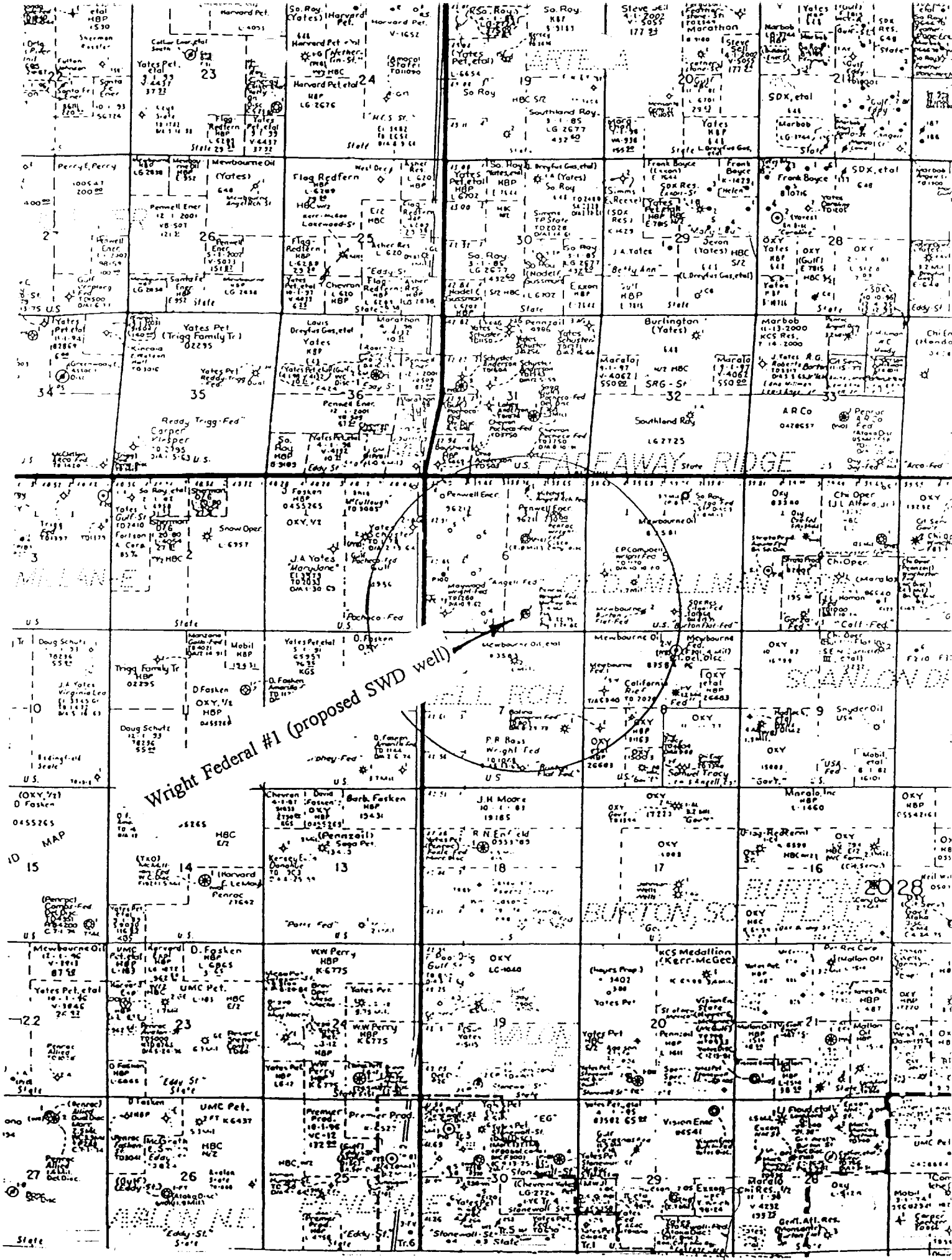
Conditions of approval, if any:

Title

Date

Title 18 U.S.C. Section 1001, makes 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.

*See Instruction on Reverse Side



Wright Federal #1 (proposed SWD well)

Wright Federal #1

Wright Federal #2

Wright Federal #3

Wright Federal #4

Wright Federal #5

Wright Federal #6

Wright Federal #7

Wright Federal #8

Wright Federal #9

Wright Federal #10

Wright Federal #11

Wright Federal #12

Wright Federal #13

Wright Federal #14

Wright Federal #15

Wright Federal #16

Wright Federal #17

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Wright Federal #39

Wright Federal #40

Wright Federal #41

Wright Federal #42

Wright Federal #43

Wright Federal #44

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District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-21580		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name Wright Federal			6 Well Number 1 SWD
7 OGRID No. 147380		8 Operator Name Penwell Energy, Inc.			9 Elevation 3323' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	20S	28E		660	South	1980	East	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No. Salt Water Disposal Order #SWD-734			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

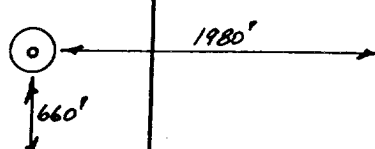
16						17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Charles W. Knight, Jr. Signature Charles W. Knight, Jr. Printed Name Engineer Title 12/16/98 Date	
						18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

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Wright Federal #1

Proposed Re-entry for SWD

DRILLING PLAN

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DRILLING PLAN

1. FORMATION TOPS: The estimated tops of geologic markers as follows:

Yates	680'
Queen	1590'
Delaware	2630'
Bone Spring	4262'
2 nd Bone Spring Sand	6015'
3 rd Bone Spring Sand	8163'
Wolfcamp Lime	8675'
Strawn	9395'
Morrow	10793'
Barnett	11093'

2. ANTICIPATED DEPTHS OF OIL, GAS, AND WATER:

Yates	680'	water
Queen	1590'	water
Delaware	2630'	oil shallow, water deep
*Note: Re-entry will not penetrate Bone Springs formation		

All re-entered zones capable of oil, gas, or water production will be protected by 5-1/2" casing with cement tied back to existing 8-5/8" casing which has cement circulated to surface.

3. BLOWOUT PREVENTOR REQUIREMENTS:

<u>Interval</u>	<u>Pressure Control Equipment</u>
Surface – 4212' PBTD	900 Series 3000 psi Double Ram preventor, annular, rotating head and choke manifold.

BOP will be operated at least once each 24 hr period while drilling out cement plugs and cleaning out hole. Blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve, and upper kelly cock will be utilized. No abnormal pressure or temperature is expected. **SEE ATTACHED BOP DIAGRAM.**

Penwell Energy, Inc.
Wright Federal #1
660' FSL, 1980' FEL
Section 6, T20S, R28E
Eddy County, New Mexico

Page 2

4. **CASING AND CEMENTING PROGRAM:**

The casing program is as follows:

<u>Hole Section</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Casing Specs</u>	<u>Depth Set</u>
<u>Existing:</u>				
Surface	17"	13-3/8"	48#	415'
Intermediate	11"	8-5/8"	32 & 24#	2500'
Production	7-7/8"	4-1/2"	13.5 & 11.6#	11,160'
Note: 4-1/2" casing was cut and pulled from 8702' when well was plugged.				
<u>Proposed for Re-entry:</u>				
Production	7-7/8"	5-1/2"	17# J-55	4212'

The cementing program is as follows:

<u>Hole Section</u>	<u>Slurries</u>
<u>Existing:</u>	
Surface	425 sx Class C with 2% CaCl ₂ circulated to surface
Intermediate	Lead - 750 sx Howco-lite with 1/4# flo-seal & 1/4# gilsonite Tail - 200 sx Class C with 2% CaCl ₂ circulated to surface
Production (old)	575 sx Class H with 0.75% CFR-2 & 8# salt/sx w/ 2% KCL
<u>Proposed for Re-entry:</u>	
Production (new)	410 sx Class C with 2% CaCl ₂ circulated to 2100'

5. **MUD PROGRAM:** The proposed circulating mediums to be employed in drilling are as follows:

<u>Depth</u>	<u>Mud Type</u>	<u>Density</u>	<u>Funnel Vis</u>	<u>Fluid Loss</u>
Surface to 4212'	Water	8.5 to 9.0 ppg	28 to 35	No Control

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Wright Federal #1
660' FSL, 1980' FEL
Section 6, T20S, R28E
Eddy County, New Mexico

Page 3

6. **TESTING, LOGGING, AND CORING:** The anticipated type and amount of testing, logging, and coring are as follows:

- a. Drill stem tests are not anticipated.
- b. The electric wireline logging program will be as follows: CBL and/or Temp Survey
- c. Mud logging: none
- d. Coring program: No cores are anticipated.

7. **ABNORMAL PRESSURES AND H₂S GAS:**

No abnormal conditions are anticipated during the drilling and completion of this well. Standard well control practices and equipment will be used for the duration of this well.

8. **OTHER INFORMATION & NOTIFICATION:**

- a. Construction operations are planned to start pending approval of the APD. Location preparation is estimated to take 3 to 5 days. The re-entry and completion activity should take 8-12 days.
- b. In the event of an emergency, contact the following:

Bill Pierce
Operations Manager
915 683-2534 (office)
915 697-3545 (home)
915 634-5165 (mob)

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Wright Federal #1
660' FSL, 1980' FEL
Section 6, T20S, R28E
Eddy County, New Mexico

Page 4

SURFACE USE PLAN

1. EXISTING ROADS:

- a. The proposed well site is located 11 miles North of Carlsbad, New Mexico. See attached USGS Topographic orientation map and offset well map for reference.
- b. Directions to the location from the town of Carlsbad are as follows:

From Carlsbad, take US Hwy 62-180 East toward Hobbs to North Loop road (CR 604). Turn North on CR 604 and go 5.3 miles to CR 206. Turn right and go north on CR 206 for 8 miles. Turn East off of CR 206 onto lease access road and go 3300' to existing wellsite location for the Wright Federal #1

- c. For location of existing access roads within a 2 mile radius, see attached maps.
- d. Existing access will be repaired as necessary.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. ACCESS ROADS TO BE CONSTRUCTED OR RECONSTRUCTED:

No new access roads will be required. Repairs to existing access will be made.

Penwell Energy, Inc.
Wright Federal #1
660' FSL, 1980' FEL
Section 6, T20S, R28E
Eddy County, New Mexico

Page 5

3. **LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS
OF THE PROPOSED LOCATION:**

Reference attached maps for the location of offsetting wells below:

a. Producing wells -

T20S, R28E

Section 5	Mewbourne	Burton Flat 5 Federal #3
Section 6	Penwell Energy	Angell 6 Federal #1
Section 7	Mewbourne	Burton Flat 7 Federal #1
Section 7	Mewbourne	Burton Flat 7 Federal #2
Section 8	Mewbourne	Federal V #1

b. Drilling Wells – none

c. Plugged Wells -

T20S, R28E

Section 5	Mewbourne	Burton Flat 5 Federal #2
Section 6	Penroc Oil	Wright Federal #1
Section 6	Penroc Oil	Wright Federal #2
Section 6	Mitchell Energy	Angell Ranch 6 Federal #1

d. Dry Holes -

T20S, R27E

Section 1	Yates Petroleum	Schuster-Federal "AG" #2
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T20S, R28E

Section 5	E.P. Campbell	Wright Federal #1
Section 5	SDX Resources	Citgo Federal #2
Section 6	Maywood	Wright Federal #1
Section 7	Bass	Wright Federal #1
Section 8	Mewbourne	Federal V #3
Section 8	California	Rief #1
Section 8	Bolina	Lamgrin Federal #1

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4. **LOCATION OF TANK BATTERIES AND INJECTION FACILITIES:**

Injection facilities will be installed at the Wright Federal #1 wellsite as per the attached facilities diagram. The injection equipment to be utilized will be a water tank and a water injection pump.

5. **LOCATION AND TYPE OF WATER SUPPLY:**

- a. All water needed for re-entry purposes will be produced water from the Angell 6 Federal #1 or cut brine purchased from commercial sources.
- b. No water well is to be drilled on this lease.

6. **SOURCE OF CONSTRUCTION MATERIAL:**

- a. Surface and subsoil materials will be hauled in from the immediate area.
- b. Any caliche or gravel used will be obtained from a commercial source and transported in on the designated access route.

7. **METHODS OF HANDLING WASTE DISPOSAL:**

- a. Drill Cuttings will be handled in the reserve pit and buried during reclamation operations. The pit will be fenced on three sides during drilling and the fourth side fenced upon removal of the drilling rig.
- b. Garbage and nonflammable waste produced during the drilling or testing will be handled in a trash bin.
- c. Toilet facilities will be provided for human waste.
- d. Drilling fluids will be handled in the reserve pit.

- e. Any fluids produced during the re-entry will be collected in a test tank. If a test tank is not available during drilling, fluids will be handled in the reserve pit. Any spills of oil, gas, salt water, or other noxious fluids will be cleaned-up and removed.

8. **ANCILLARY FACILITIES:**

There are no airstrips, camps, or other facilities planned during the re-entry of the proposed well.

9. **WELL SITE LAYOUT:**

- a. The reserve pit will be located on the north side of the location.
- b. Access to the existing wellpad will be along an existing lease road as shown on the attached topographic map.
- c. The location of mud tanks, reserve pit, and pipe racks will be as shown on the wellpad layout plat.

10. **PLANS FOR RESTORATION OF SURFACE:**

Producing Location

- a. Immediately upon completion of drilling operations, the location and surrounding area will be cleared of all unused tubulars, equipment, debris, materials, trash and junk not required for injection operations and "back dragged" in readiness for SWD operations.

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Penwell Energy, Inc.
Wright Federal #1
660' FSL, 1980' FEL
Section 6, T20S, R28E
Eddy County, New Mexico

Page 8

- b. Immediately upon well completion, any stimulation fluids collected in the test tank will be disposed of.
- c. Cuttings will be buried in the reserve pit. The pit and any portion of the location not needed for SWD facilities/operations will be recontoured to the approximate natural contours.

Plugged and Abandoned Well

- a. P&A operations will be coordinated with the BLM at the time of abandonment as to the physical requirements.

11. SURFACE OWNERSHIP:

Access roads	All existing roads to the lease are maintained and owned by the County and State Highway Department.
Wellsite	The existing lease road and the wellpad are located on surface owned by the BLM

LEASE INFORMATION:

BLM Lease Number: NM 96212

12. OTHER INFORMATION:

- a. All vehicle traffic will be restricted to the lease access road and well pad. Firearms & alcoholic beverages will be prohibited on the location and lease.

Penwell Energy, Inc.
Wright Federal #1
660' FSL, 1980' FEL
Section 6, T20S, R28E
Eddy County, New Mexico

Page 9

13. **LESSEE'S OR OPERATOR'S REPRESENTATIVE AND
CERTIFICATION:**

Questions about this permit application or emergency notifications should be directed to:

Penwell Energy, Inc.
600 N. Marienfeld, Suite 1100
Midland, Texas 79701

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed herein will be performed by Penwell Energy, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

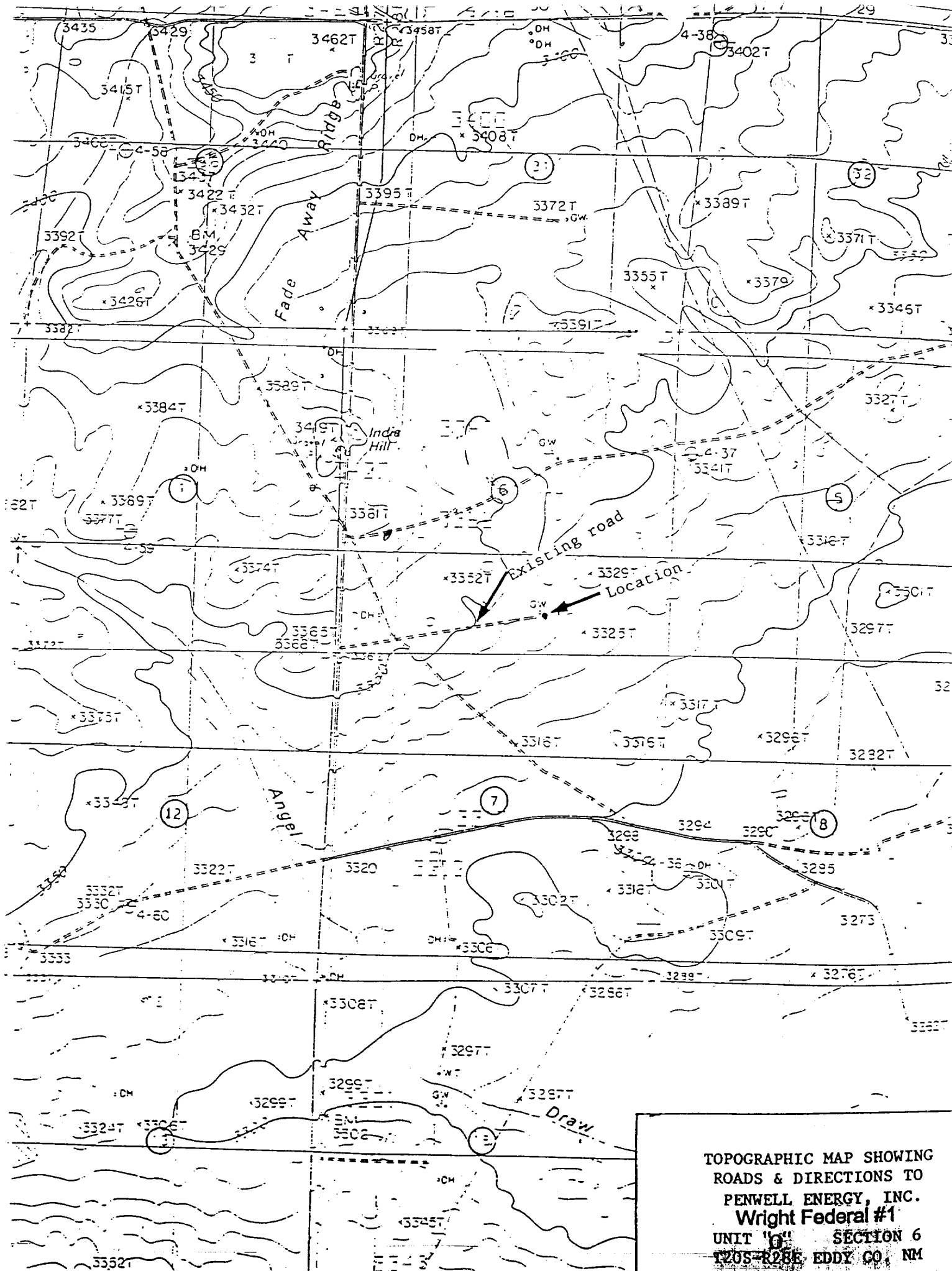
DEC 16, 1998

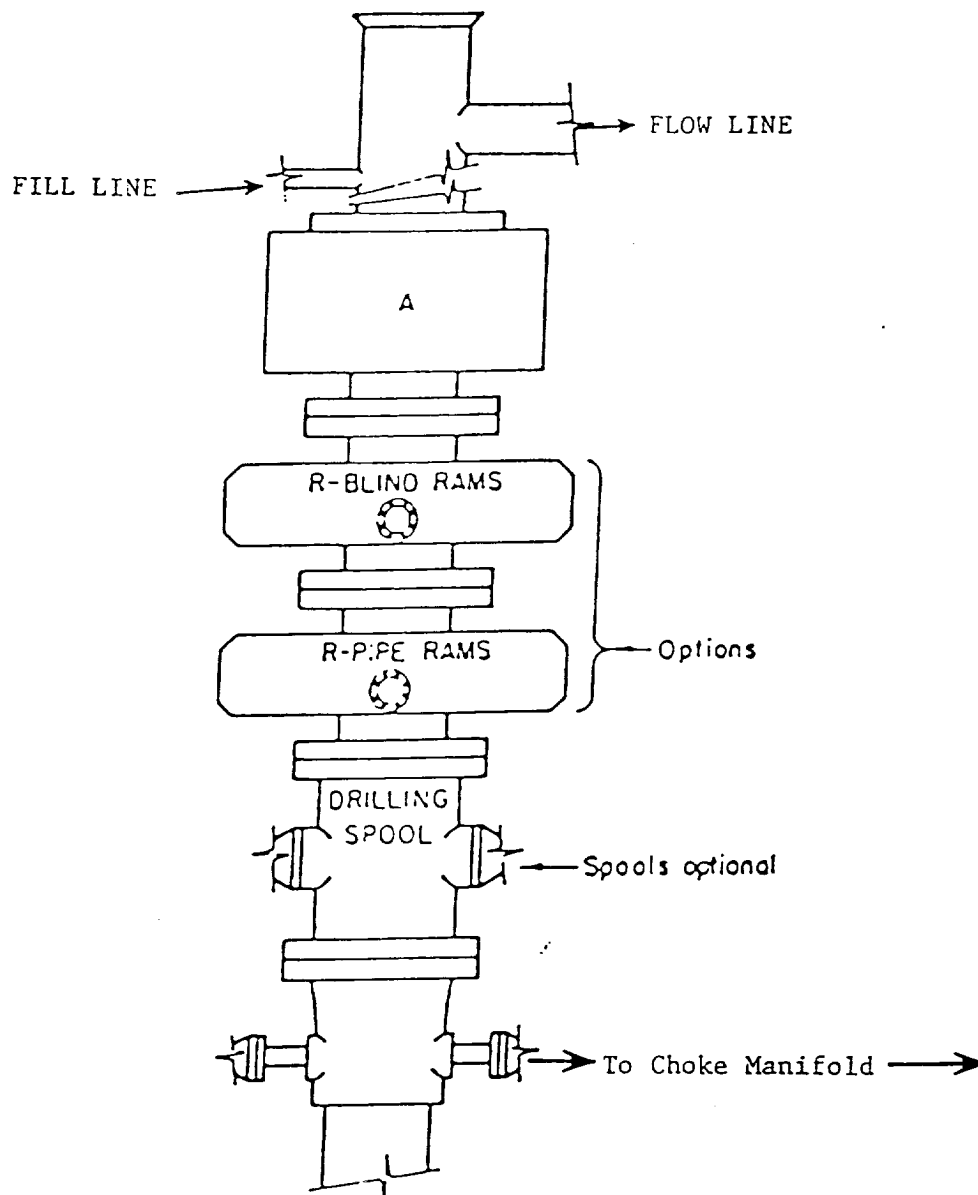
Date

Charles W. Knight, Jr.

Charles W. Knight, Jr.
Penwell Energy, Inc.

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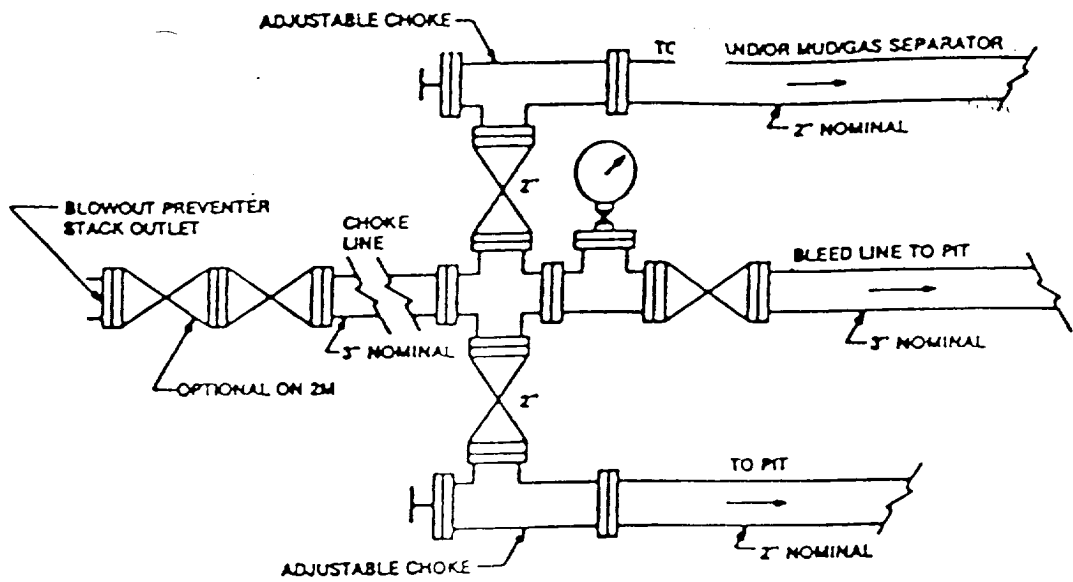
ARRANGEMENT SRRA

900 Series
3000 PSI WP

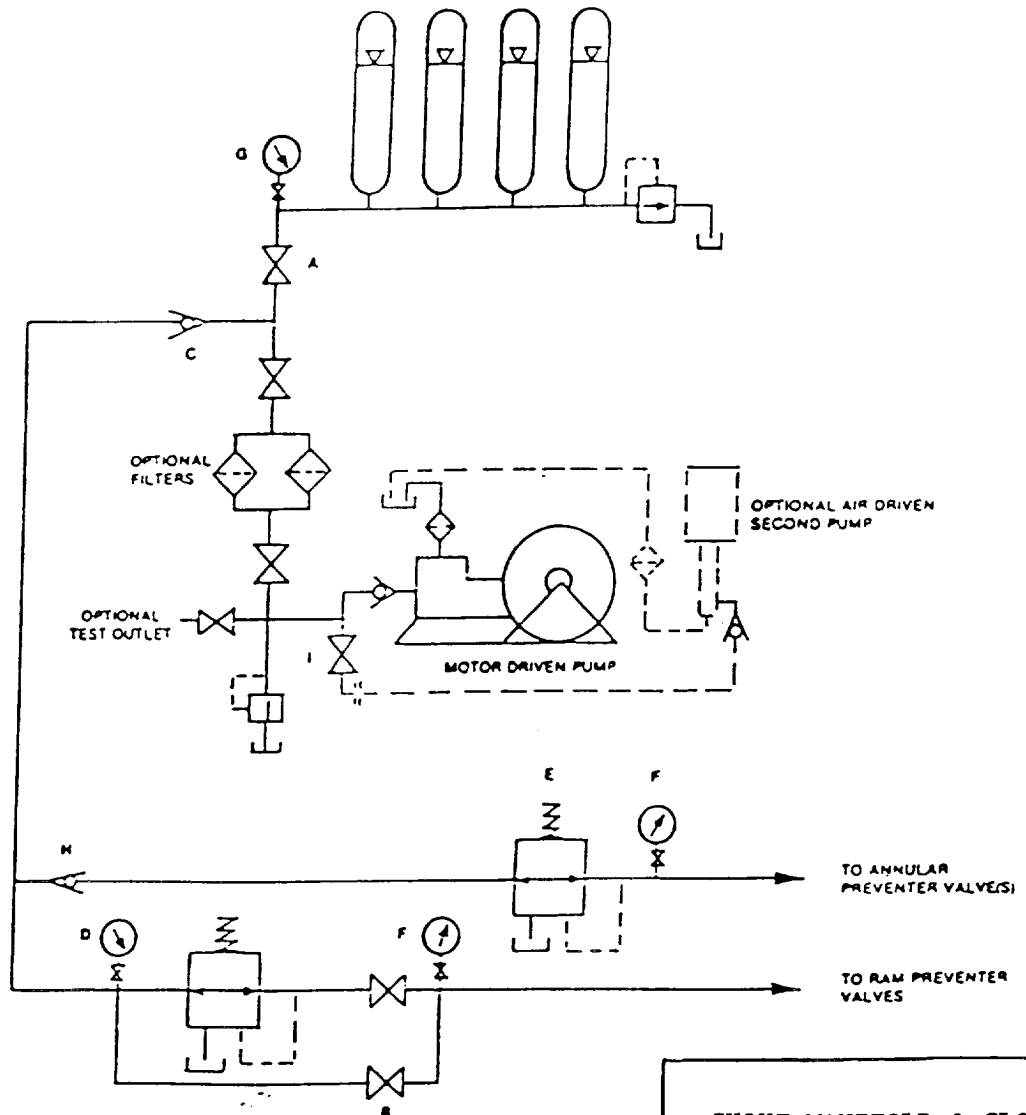
B.O.P. SKETCH TO BE USED ON

PENWELL ENERGY, INC.
Wright Federal #1

UNIT "G" SECTION 6
T20S-R28E EDDY CO. NM



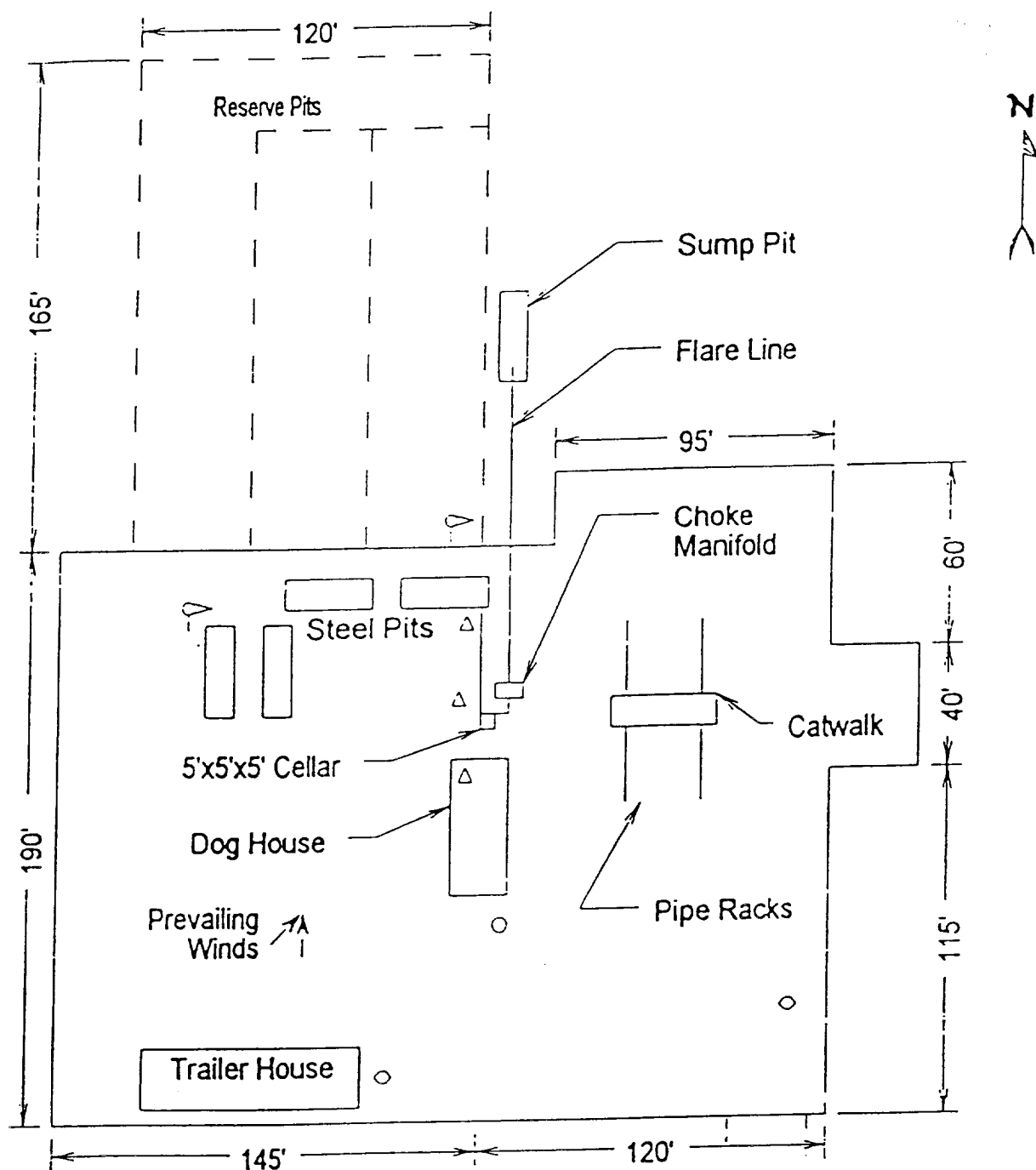
Typical choke manifold assembly for 3M WP system



CHOKE MANIFOLD & CLOSING UNIT

PENWELL ENERGY, INC.
Wright Federal #1
 UNIT "0" SECTION 6
 T20S-R28 EDDY CO. NM

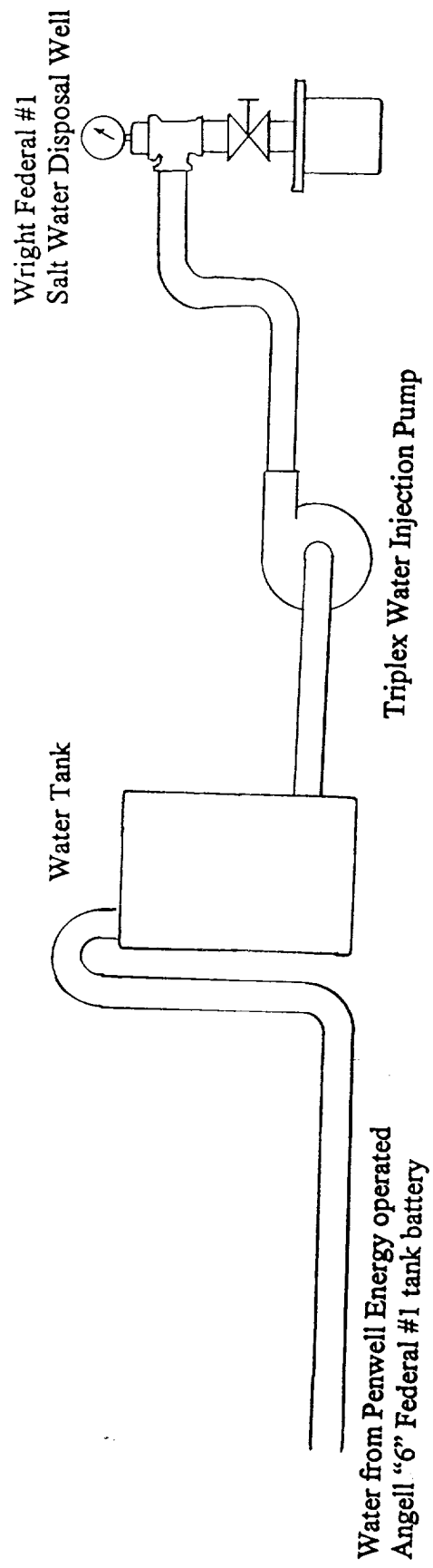
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- △ Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

RIG LAY OUT PLAT
 PENWELL ENERGY, INC.
 Wright Federal #1
 UNIT "O" SECTION 6
 T20S-R28E EDDY CO. NM

Facilities Diagram



INJECTION WELL DATA SHEET

Side 1

OPERATOR Penwell Energy, Inc.

LEASE Wright Federal

WELL NO. 1 660' FSL & 1980' FEL

28E

20S

SECTION

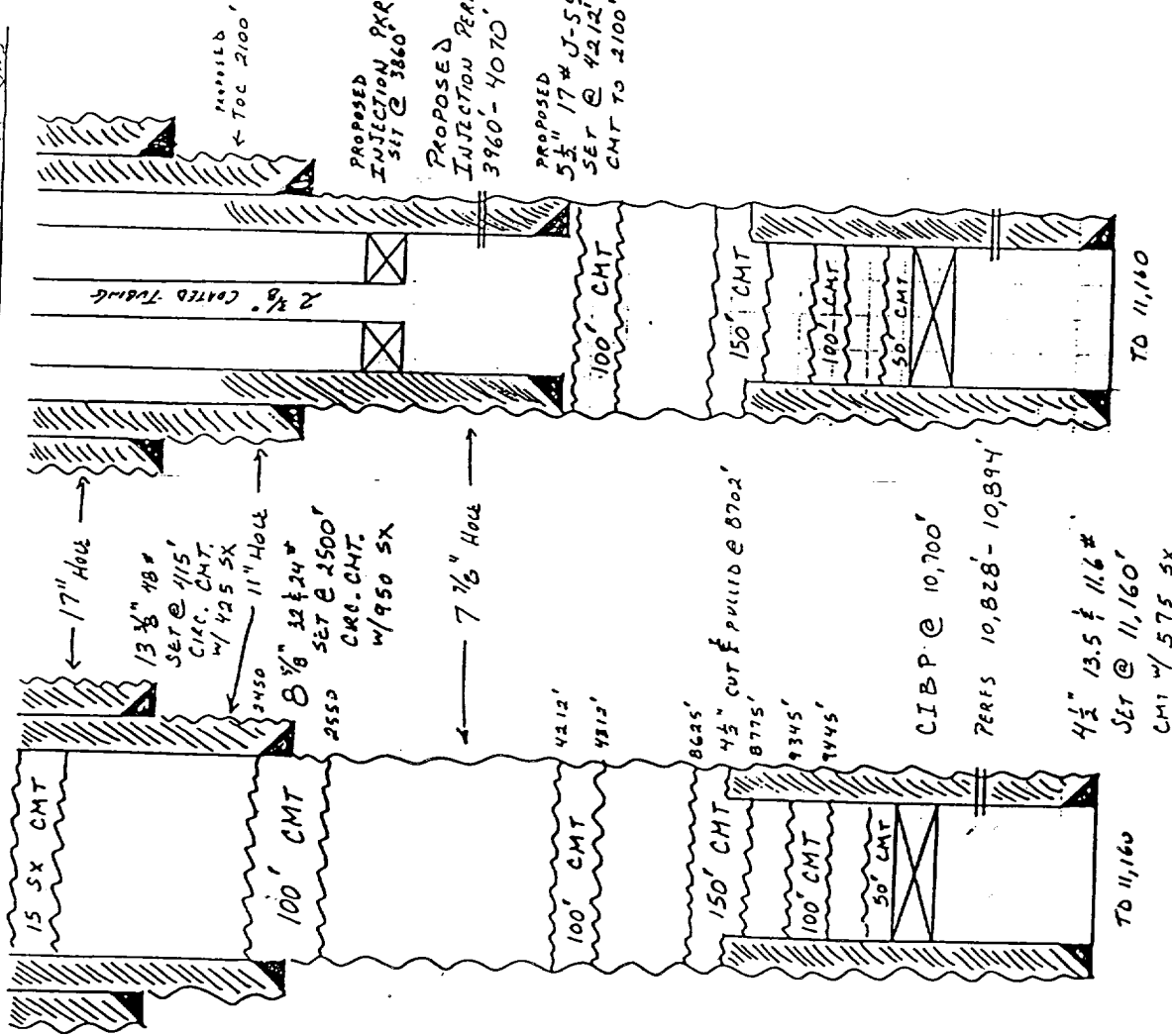
TOWNSHIP

RANGE

FOOTAGE LOCATION

EXISTING PLUGGED

PROPOSED RE-ENTRY SWD



Well Construction Data

Surface Casing

Size 13 3/8" @ 415' • Cemented with 425 sx.

TOC Surface feet determined by Circulated

Hole Size 17"

Intermediate Casing

Size 8 5/8" @ 2500' • Cemented with 950 sx.

TOC Surface feet determined by Circulated

Hole Size 11"

Long String (Proposed)

Size 5 1/2" @ 4212' • Cemented with 350 sx.

TOC 2100' feet determined by Calculated

Hole Size 7 7/8"

Total Depth 11,160' (4 1/2" from 8702' to 11,160')

Injection Interval (Proposed)

3960 feet to 4070 feet
(perforated or ~~plugged~~; indicate which)

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NOV 17 1951

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ADMINISTRATIVE ORDER SWD-734

***APPLICATION OF PENWELL ENERGY, INC. FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Penwell Energy, Inc., Inc. made application to the New Mexico Oil Conservation Division on November 23, 1998, for permission to reinstate authorization to inject and complete for salt water disposal its Wright Federal Well No.1 SWD located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 6, Township 20 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;
- (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 Wright Federal Well No.1 SWD located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 6, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico, in a such manner as to permit the injection of produced salt water for disposal purposes into the Delaware formation from approximately 3960 feet to 4070 feet through 2-3/8 inch plastic-lined (or equivalent lining) set in a packer located at approximately 3860 feet.

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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 a 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 792 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 any 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.

PROVIDED FURTHER THAT, 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 water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

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.

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Approved at Santa Fe, New Mexico, on this 8th day of December, 1998.

Lori Wrotenbery by DRC

LORI WROTENBERY, Director

LW/BES/kv

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

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