

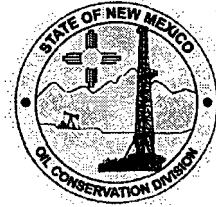
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



March 14, 2017

Mr. Ben Stone
SOS Consulting, LLC
P. O. Box 300
Como, TX 75431

RE: Request for 6-Month SWD Test Configuration on Probity SWD, LLC Pardue 30 Com. SWD Well No. 1, Authorized by Division Order SWD-1585, located in Section 30, T23S, R28E, Eddy County, New Mexico

Pardue 30 Com. SWD No. 1 (API 30-015-24144)

Lot 2, Sec 30, T23S, R28E, NMPM, Eddy County, New Mexico

Injection Authority: Administrative Order SWD-1585

Order Date: October 1, 2015

Injection (commercial disposal) into the Bell Canyon and Cherry Canyon formations

Permitted Interval: 2500 feet to 4590 feet

Dear Mr. Stone:

Reference is made to your request on behalf of Probity SWD, LLC (OGRID: 296278; the "operator") to conduct a six-month test on the referenced well as outlined in the SOS Consulting, LLC correspondence dated March 6, 2017.

The Division finds that granting this request will not be beneficial for the current authorized use of the referenced well and will not satisfy the requirements for plugging and abandonment under Rule 19.15.25.10 NMAC. District II stipulates in their *Guidelines for Plugging and Abandonment* that specific formations are to be isolated with plugs placed at the top of the following formations: Fusselman, Devonian, Morrow, Wolfcamp, Bone Spring, Delaware, any salt section (top and bottom), Abo, Glorieta, and Yates. Additional plugs are to be placed based on the well construction such as the location of casing shoes and diverter valve tools.

Therefore, the original plugging program for the portion of the referenced well between the Morrow perforations and the plug at the top of the Bone Spring formation shall be required whether the well is to be converted to a disposal well or to be permanently abandoned.

Additionally, the Division has not been advised to the purpose of the proposed test since neither an explanation is provided nor a similar example of this type of test by another operator is offered in the request. Regardless of the purpose or the results of such a test, the operator shall be responsible for the installation of the plugs (cast-iron bridge plugs and cement plugs) as approved in Administrative Order SWD-1585.

The Division also has concerns for that portion of the referenced well located within the Permian-age formations if the proposed test is conducted. The referenced well is located in an area with active horizontal drilling in the Black River; Wolfcamp, East (Gas) pool and proposed horizontal drilling in the Culebra Bluff; Bone Spring, South pool. The future development of these resources, along with the protection of the associated correlative rights, require that the Division ensure that the Bone Spring and Wolfcamp formations have proper plugging for any penetrations in the immediate area, including the referenced well.

Therefore, the Division shall not approve the modification of the administrative order for the requested test and shall recommend to the Artesia District Supervisor to deny any Sundry Notice that includes the proposed test.

All requirements of the above referenced administrative order and agreements in the application remain in full force and effect.

Sincerely,



DAVID R. CATANACH
Director

DRC/prg

Attachment: SOS Consulting, LLC correspondence dated March 6, 2017

cc: Oil Conservation Division – Artesia District Office
Well File API 30-015-24144
SWD-1585



March 6, 2017

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

Attn: Mr. David Catanach, Director

Re: Request for 6-Month SWD Test Configuration on Probity SWD, LLC's Pardue 30 Com Well No.1 SWD, Authorized by Division Order SWD-1585, located in Section 30, T23S, R28E, Eddy County, New Mexico.

Dear Mr. Catanach,

Probity SWD, LLC is preparing to workover and configure the subject well as authorized by SWD-1585. The C-101 was approved by the Artesia district office on January 20, 2017.

Due to the nature of the recent slowdown; to preserve capital and maximize the return on investment, Probity would like to propose plugging the existing Morrow interval as currently completed, loading the hole with inert fluid and temporarily plugging back to the SWD zone for a 6-month test period.

Specifically, the permitted interval is 2500 feet to 4590 feet and the current open perms are from 12,070 feet to 12,160 feet. The top of the liner in the well is at 10,195 feet.

Probity would like to propose and submit a C-103 sundry notice to the Artesia district office for setting a cast iron bridge plug at the planned depth of 12,050 feet and cap it with 35 feet of cement thereby isolating and abandoning the open completion. The hole would be loaded with and inert [gel or mud] fluid; then a retrievable bridge plug set at the specified depth for the SWD completion of 4715 feet, and cap that with 35 feet of sand.

Prior to the end of the 6-month period, Probity make the decision to either permanently complete the well for disposal as permitted or, to temporarily or permanently plug and abandon the well.

Probity believes the well will operate as intended however; this plan would allow for a reasonable option to avoid the full commitment of building a permanently operating SWD facility until such time that the well is a proven SWD asset and allow for future utility of the wellbore.

We respectfully request this test period be granted and if you or your staff have any questions, please don't hesitate to call me.

Best regards,

Ben Stone, Partner
SOS Consulting, LLC
Agent for Probity SWD, LLC

Cc: OCD Artesia District Office; Project file