

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



May 6, 2016

Mr. Eddie Seay, agent
MNA Enterprises LTD Co.
601 W. Illinois
Hobbs, NM 88242
575-392-2236

RE: Administrative Order SWD-471; Commercial Disposal
Russell Federal 35 SWD Well No. 2 (API 30-015-05891)
Unit A, Sec 35, T26S, R31E, NMPM, Eddy County, New Mexico
Order Date: April 8, 1992
Disposal into the upper Delaware formation; approved OH interval: 4106 feet to 4118 feet

Dear Mr. Seay:

Reference is made to your letter, received May 6, 2016, on behalf of MNA Enterprises LTD Co. providing notice of your intent to convert this disposal well from lease-only into a commercial disposal well. Your letter asks the Division to consider this action and provide feedback.

This well has been used to re-inject the water produced from surrounding producing wells completed also in the Delaware Mountain Group [Mason; Delaware, North Pool (44859)] and operated by MNA Enterprises LTD Co. It is surrounded on all sides by producers, some of which are still producing oil. Two of these wells seem to have watered out. The conversion to commercial disposal will have either a positive or negative effect on the remaining producing wells. It is our understanding that the BLM has not objected to this.

There are a few items that the Division asks:

- a. Supply the Division with recent verification of the total depth of this well. This should be by wireline or tubing tally witnessed by or approved by the Artesia district office inspectors. Any deepening of this open hole must be approved by the BLM and the Division and also approved by the Santa Fe office after submission of another form C-108.
- b. Provide a contact person for this operator to Denise Gallegos in the Santa Fe office.
- c. Supply the Division with copies of any logs the operator has in its files on this well.
- d. Begin henceforth reporting tubing pressures on the C-115 report for this well.
- e. Verify to the Artesia district inspectors by chart recorder or other approved device that this well always remains below the 821 psi tubing pressure limit.

SWD-471: Conversion to Commercial Disposal
Eddie Seay, agent for MNA Enterprises LTD Co.
May 6, 2016
Page 2 of 2

All requirements of the above referenced administrative order remain in effect. In addition, without a revised or updated C-108 application, the submissions of the 1992 application remain in full force and effect.

Sincerely,



DAVID R. CATANACH
Director

DRC/wvjj

cc: Oil Conservation Division – Artesia District Office
Well File API 30-015-05891 and SWD-471
Bureau of Land Management – Carlsbad Field Office

Mr. Patrick McMahon, Esq.,
Heidel Samberson Cox & McMahon Law Firm
311 North 1st Street,
Lovington, NM, 88260



BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



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

ADMINISTRATIVE ORDER NO. SWD-471

APPLICATION OF PETE MILLS

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Pete Mills made application to the New Mexico Oil Conservation Division on March 23, 1992, for permission to complete for salt water disposal its Russell Federal 35 No. 2 located in Unit A of Section 35, Township 26 South, Range 31 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, Pete Mills is hereby authorized to complete its Russell Federal 35 No. 2 located in Unit A of Section 35, Township 26 South, Range 31 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 4106 feet to approximately 4118 feet through 2 3/8 inch plastic lined tubing set in a packer located at approximately 4006 feet.

Administrative Order No. SWD-471

Pete Mills

April 8, 1992

Page 2

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 821 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-471

Pete Mills

April 8, 1992

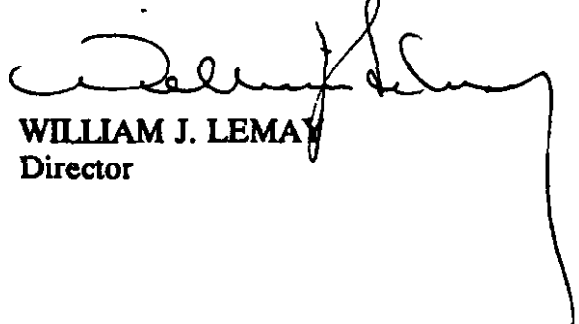
Page 3

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 8th day of April, 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

jc\

RUSSELL FEDERAL 35 NO. 2

North Mason Delaware

ELEV 3127'
Datum 10' AGL

433' FNL & 660' FEL
Sec. 35, T26S, R31E
Eddy County, NM

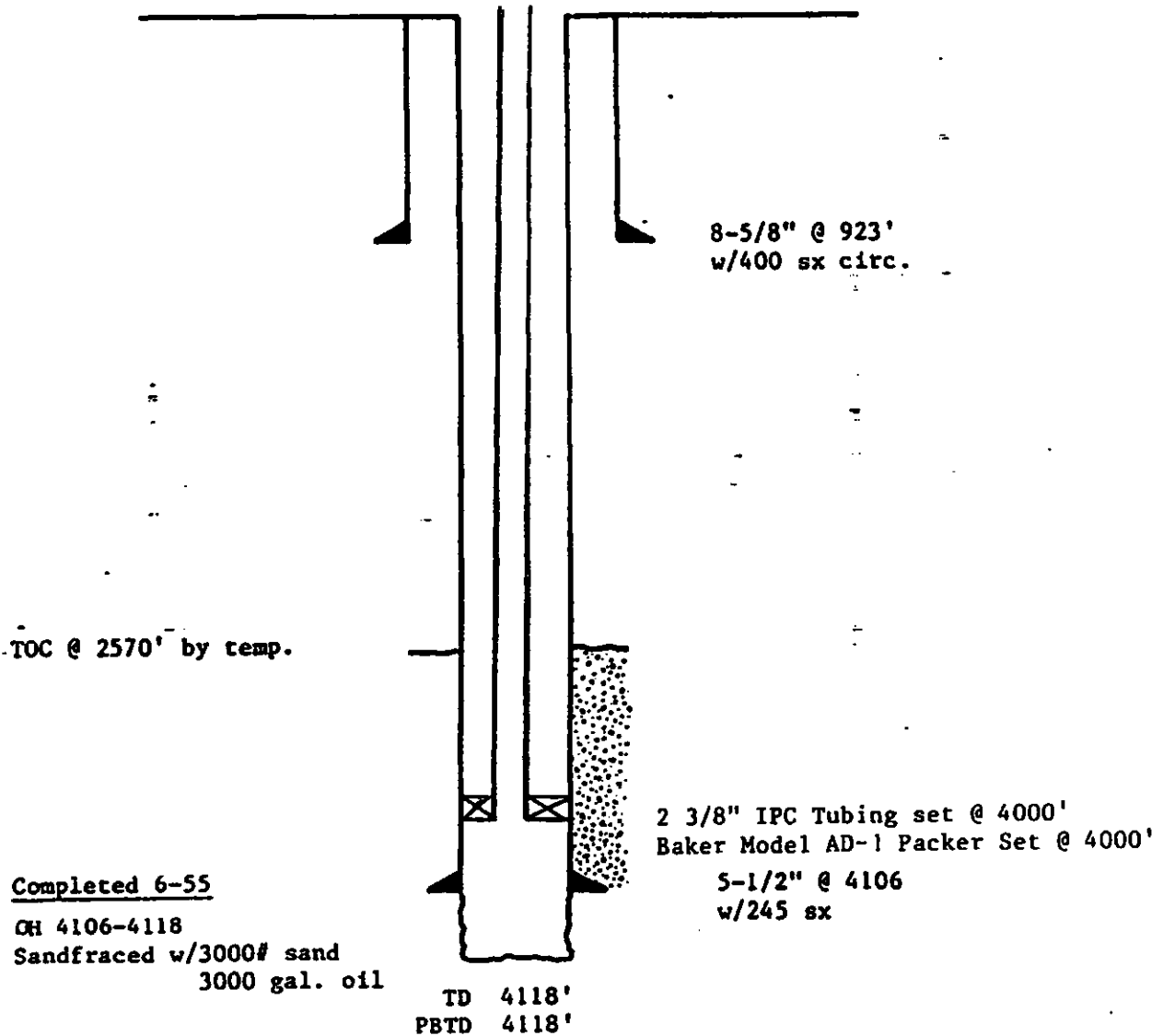


Exhibit A

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

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. NMLC 068282 A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

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

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other *SWD 471*

8. Well Name and No. Russell 35 Federal #002

2. Name of Operator MNA Enterprises LTD CO

9. API Well No. 30-015-05891

3a. Address 106 W. Alabama Street Hobbs, NM 88242

3b. Phone No. (Include area code)
(575) 392-2702

10. Field and Pool or Exploratory Area
SWD; Delaware

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
433' FNL & 660' FEL Section 35 Tws. 26S, Rng 31E

11. Country or Parish, State
Eddy Co., New Mexico

12. CHECK THE 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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Convert SWD 471 to commercial disposal.

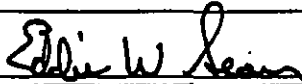
1. Injection will be through 2 in. tubing.
2. Inject into Delaware formation 4106'- 4118'.
3. Packer set within 100 ft. of top perms. approximately 4006'.
4. MIT will be run when requested.
5. File monthly reports as required.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Eddie W. Seay

Title Agent

Signature



Date

04/10/2016

THE 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

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.

(Instructions on page 2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018**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. NMLC 068282 A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other SWD 471

2. Name of Operator

MNA Enterprises LTD CO

3a. Address 106 W. Alabama Street Hobbs, NM 88242

3b. Phone No. (include area code)
(575) 392-2702

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

8. Well Name and No. Russell 35 Federal #002

9. API Well No. 30-015-05891

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

433' FNL & 660' FEL Section 35 Tws. 26S, Rng 31E

10. Field and Pool or Exploratory Area
SWD; Delaware11. Country or Parish, State
Eddy Co., New Mexico

12. CHECK THE 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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<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	

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Convert SWD 471 to commercial disposal.

1. Injection will be through 2 in. tubing.
2. Inject into Delaware formation 4108'-4118'.
3. Packer set within 100 ft. of top perms. approximately 4006'.
4. MIT will be run when requested.
5. File monthly reports as required.

DENIED BY NMOC.NM OIL CONSERVATION
ARTESIA DISTRICT
MAY 05 2016

RECEIVED

Conditions of Approval - Contact BLM Carlsbad Field Office (Rozlity) and establish a federal Water Disposal Well RDW prior to accepting off lease production water for disposal.

DENIED PENDING COMPLIANCE WITH LETTER SENT TO OPERATOR FROM THE SANTA FE-OCD. RE - NMOC-ARTESIA 5/9/16

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Eddie W. Seay

Agent
Title

Signature

Eddie W. Seay

Date

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

DENIED

Title

Office

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

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

ACCEPTED FOR RECORD

APR 25 2016

BUREAU OF LAND MANAGEMENT

CARLSBAD FIELD OFFICE

Injection Summary Report

API: 30-015-05891

RUSSELL 35 FEDERAL #002

Printed On: Monday, October 17 2016

Year	Pool	Injection				
		Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
4/1/1994	[96100] SWD;DELAWARE	1862	0	0	0	0
1/1/1995	[96100] SWD;DELAWARE	3188	0	0	0	0
1/1/1996	[96100] SWD;DELAWARE	2377	0	0	0	0
1/1/1997	[96100] SWD;DELAWARE	2505	0	0	0	0
1/1/1998	[96100] SWD;DELAWARE	2723	0	0	0	0
1/1/2000	[96100] SWD;DELAWARE	2419	0	0	0	0
1/1/2001	[96100] SWD;DELAWARE	2849	0	0	0	0
1/1/2002	[96100] SWD;DELAWARE	1898	0	0	0	0
1/1/2003	[96100] SWD;DELAWARE	2327	0	0	0	0
1/1/2004	[96100] SWD;DELAWARE	2515	0	0	0	0
1/1/2005	[96100] SWD;DELAWARE	2420	0	0	0	0
1/1/2006	[96100] SWD;DELAWARE	2195	0	0	0	0
1/1/2007	[96100] SWD;DELAWARE	2990	0	0	0	0
1/1/2008	[96100] SWD;DELAWARE	3820	0	0	0	0
1/1/2008	[96100] SWD;DELAWARE	3750	0	0	0	0
1/1/2009	[96100] SWD;DELAWARE	4120	0	0	0	0
1/1/2010	[96100] SWD;DELAWARE	4635	0	0	0	0
1/1/2011	[96100] SWD;DELAWARE	4990	0	0	0	0
1/1/2012	[96100] SWD;DELAWARE	4760	0	0	0	0
1/1/2013	[96100] SWD;DELAWARE	1500	0	0	0	0
1/1/2014	[96100] SWD;DELAWARE	1500	0	0	0	0
1/1/2015	[96100] SWD;DELAWARE	900	0	0	0	0
2/1/2015	[96100] SWD;DELAWARE	3500	0	0	0	0
3/1/2015	[96100] SWD;DELAWARE	2500	0	0	0	0
4/1/2015	[96100] SWD;DELAWARE	1250	0	0	0	0
5/1/2015	[96100] SWD;DELAWARE	1500	0	0	0	0
6/1/2015	[96100] SWD;DELAWARE	30	0	0	0	0
7/1/2015	[96100] SWD;DELAWARE	404	0	0	0	0
8/1/2015	[96100] SWD;DELAWARE	4500	0	0	0	0
9/1/2015	[96100] SWD;DELAWARE	189	0	0	0	0
10/1/2015	[96100] SWD;DELAWARE	400	0	0	0	0
11/1/2015	[96100] SWD;DELAWARE	1123	0	0	0	0
12/1/2015	[96100] SWD;DELAWARE	879	0	0	0	0
1/1/2016	[96100] SWD;DELAWARE	1100	0	0	0	0
2/1/2016	[96100] SWD;DELAWARE	1160	0	0	0	0
3/1/2016	[96100] SWD;DELAWARE	740	0	0	0	0
4/1/2016	[96100] SWD;DELAWARE	860	0	0	0	0
5/1/2016	[96100] SWD;DELAWARE	915	0	0	0	0
6/1/2016	[96100] SWD;DELAWARE	510	0	0	0	0
7/1/2016	[96100] SWD;DELAWARE	1380	0	0	0	0
8/1/2016	[96100] SWD;DELAWARE	1495	0	0	0	0
CUM	[96100] SWD;DELAWARE	739032				

McMillan, Michael, EMNRD

From: Inge, Richard, EMNRD
Sent: Tuesday, October 18, 2016 7:08 AM
To: Jones, William V, EMNRD; McMillan, Michael, EMNRD
Cc: Brooks, David K, EMNRD; Goetze, Phillip, EMNRD
Subject: RE: NMA Resources, Inc. Russell Federal Well No. 2

Michael,

I have received nothing from MNA regarding this well.

--Richard

From: Jones, William V, EMNRD
Sent: Monday, October 17, 2016 9:26 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Inge, Richard, EMNRD <richard.inge@state.nm.us>
Cc: Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>; Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Subject: RE: NMA Resources, Inc. Russell Federal Well No. 2

Mike,
The 2" tubing is an I.D. with an O.D. of 2-3/8.
2.5" tubing is an I.D. with an O.D. of 2-7/8.

One of my first foreman that I worked with in the Vacuum Pools always used the I.D. nomenclature.
Most everyone only refers to the O.D. - but you could say either...

Thanks for following through on this!!

Will

From: McMillan, Michael, EMNRD
Sent: Monday, October 17, 2016 9:18 AM
To: Inge, Richard, EMNRD <richard.inge@state.nm.us>
Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>;
Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Subject: NMA Resources, Inc. Russell Federal Well No. 2

Richard:
Have you witnessed or approved a recent verification of the total depth for the Russell Federal Well No. 2? API 30-015-05891. SWD-471.
Does Artesia have any copies of the logs?
The operator wants to change from 2-3/8" tubing to 2-7/8" tubing.
There is a letter signed by the Director signed on May 6, 2016 with a series of stipulations including the first two questions I asked.
Further the BLM only allowed a 2-inch tubing, not the 2-3/8-inch tubing that SWD 471 allowed.

Thanks for the help

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O; 505.476.3448
Michael.McMillan@state.nm.us