MESQUITE SWD, INC.
PO Box 1479
CARLSBAD, NM 88221-1479
575-887-0980

February 21, 2017

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

Attention: Mr. Michael McMillan

Re: Order No. SWD-1571-B
API #30-025-23895
Vaca Draw Federal SWD #1

Dear Mr. McMillan:

Mesquite SWD, Inc. seeks to amend SWD-1571-B which authorizes produced water disposal in the Devonian and Silurian formations through open hole interval 17498 to 19842 feet.

We request that this Order be amended to include the Montoya formation and that the injection interval be amended to 17465 to 19035'.

Attached is a letter from Kay Havenor stating that in his opinion the Montoya formation will not accept any fluid. Also attached is a copy of the completion report and the mud log.

Thank you for your consideration of this application. Please let me know if there is anything further that you need. I may be reached at 575-914-1461 or by email at mjp1692@gmail.com. Or if you wish to speak with Riley Neatherlin about technical points, he can be reached at 575-706-7288 or by email at rgneatherlin@gmail.com.

Sincerely,

Melanie J. Wilson

Melanie J. Wilson

Cc: Mr. Paul Kautz – Hobbs OCD

Kay C. Havenor

Ph.D., Registered Geologist Arizona #30438
Certified Professional Geologist

Environmental - Hydrogeology
Remote Sensing - Resources

Office: 505-624-4518

e-mail kay.havenor@gmail.comu
904 Moore Avenue
Roswell, New Mexico 88201

Mr. Michael A. McMillan
Engineering Bureau NM OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. McMillan:

In reviewing the data on Mesquite SWD, Inc Vaca Draw SWD #1, SWD-1571-B re-entry and side-track it is apparent the hole penetrated the upper-most Montoya. The mud-logging (Pason) samples and e-logs clearly confirm the 28' of penetrated Montoya is dense dolomite, limestone and chert that would not accept any fluid.

Respectfully submitted,

Kay Havenor

Form 3160-4
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No. NMNM26394

1a. Type of Well ☐ Oil Well ☐ Gas Well ☐ Dry ☒ Other: OTH
b. Type of Completion ☐ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.
Other _____

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

2. Name of Operator MESQUITE SWD, INC.
Contact: MELANIE J WILSON
E-Mail: mjp1692@gmail.com

8. Lease Name and Well No. VACA DRAW FEDERAL SWD 1

3. Address PO BOX 1479
CARLSBAD, NM 88220

3a. Phone No. (include area code) Ph: 575-914-1461

9. API Well No. 30-025-23895

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At surface SESE 658FSL 662FEL

At top prod interval reported below SESE 658FSL 662FEL

At total depth SESE 658FSL 662FEL

10. Field and Pool, or Exploratory SWD;DEVONIAN

11. Sec., T., R., M., or Block and Survey or Area Sec 21 T25S R33E Mer NMP

12. County or Parish LEA

13. State NM

14. Date Spudded 11/29/2016

15. Date T.D. Reached 01/28/2017

16. Date Completed ☐ D & A ☒ Ready to Prod. 02/01/2017

17. Elevations (DF, KB, RT, GL)* 3350 GL

18. Total Depth: MD 19035 TVD 19035

19. Plug Back T.D.: MD 19035 TVD 19035

20. Depth Bridge Plug Set: MD TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
GR N; ARRAY INDUCTION; GR COMP; GR BH PROF; MUD

22. Was well cored? ☒ No ☐ Yes (Submit analysis)
Was DST run? ☒ No ☐ Yes (Submit analysis)
Directional Survey? ☒ No ☐ Yes (Submit analysis)

23. Casing and Liner Record *(Report all strings set in well)*

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
26.000	20.000	94.0	0	920		1550		0	
17.500	13.375	61.0	0	4986		3200		0	
12.500	10.750	51.0	0	13004		3375		0	
8.750	7.625 P110	39.0	0	17465	11989	1830		0	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
5.500	17457	17457						

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Devonian						
B) Silurian						
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status

(See Instructions and spaces for additional data on reverse side)

ELECTRONIC SUBMISSION #367638 VERIFIED BY THE BLM WELL INFORMATION SYSTEM

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status
			→					

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status
			→					

29. Disposition of Gas *(Sold, used for fuel, vented, etc.)*
UNKNOWN

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top Meas. Depth
				STRAWN	14198
				ATOKA	14474
				BARNETT	15596
				MISSISSIPPI LIME	16940
				WOODFORD	17284
				DEVONIAN	17452
				FUSSLEMAN	18260
				MONTOYA	19009

32. Additional remarks (include plugging procedure):
CBL too large to attach electronically. Please contact me and I will email it to engineer.

33. Circle enclosed attachments:

1. Electrical/Mechanical Logs (1 full set req'd.)
2. Geologic Report
3. DST Report
4. Directional Survey
5. Sundry Notice for plugging and cement verification
6. Core Analysis
7 Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions):

Electronic Submission #367638 Verified by the BLM Well Information System.
For MESQUITE SWD, INC., sent to the Hobbs

Name *(please print)* RILEY G NEATHERLIN Title OPERATIONS MANAGER

Signature (Electronic Submission) Date 02/21/2017

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 fradulent statements or representations as to any matter within its jurisdiction.

**** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ****

MORCO GEOLOGICAL SERVICES, INC

P. O. BOX 2136
CARLSBAD, NM 88221
800-748-2340

COMPANY: MESQUITE SWD INC.
WELL: VACA DRAW SWD #1
FIELD: _____ **COUNTY:** LEA **STATE:** NEW MEXICO
LOCATION: SEC 21,T 25S,R 33E, 658 FSL&662'FEL

Interval Logged: 12467 **To:** 19035 **G.L.:** 3359' **K.B:** 3385'
Date Logged: 12/3/16 **To:** 1/27/2017 **Spud Date:** _
Rig: PRECISION 590 **Unit No.:** 3
Loggers: E. NWAFOR,BROWN,A.VALLE
Api No.: 30-025-23895
Filename: vaca_draw_swd_1.mlw
Geologist: _

Created By MainLog

Abbreviations:

NB...New Bit	DST...Drill Stem Test
CO...Circ Out	DS...Directional Survey
NR...No Returns	CG...Connection gas
TG...Trip Gas	LAT...Logged After Trip
WOB...Wt on Bit	PP...Pump Pressure
RPM...Rev/Min	SPM...Strokes/Min
SG...Survey Gas	DTG...Down Time Gas

Mud Data

WT..Weight	V..Viscosity
PH..Acidity	F..Filtrate
CHL..Chlorides	SC..Solids Content

Lithology Symbols:

Anhydrite	Salt	Granite
Siltstone	Chert	Sandstone
Dolomite	Conglomerate	Limestone
Coal	Shale	Bentonite
Carb Shale	Granite Wash	Quartz Wash
Red Sh	Org Sh	Green Sh
Cust Sh1	Cust Sh2	Cust Sh3
Cust Sh4	Cust Sh5	Cust Sh6

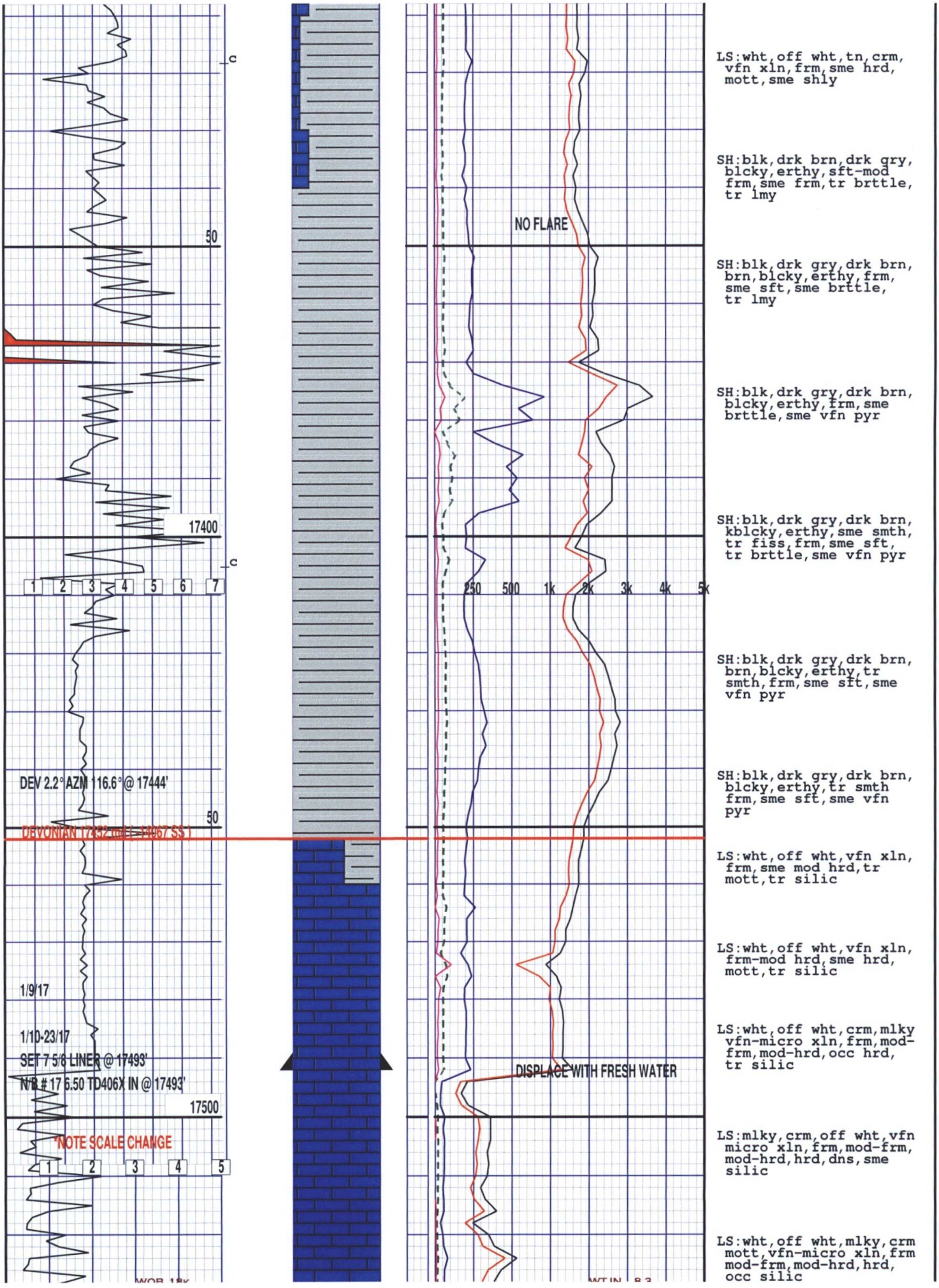
Accessories

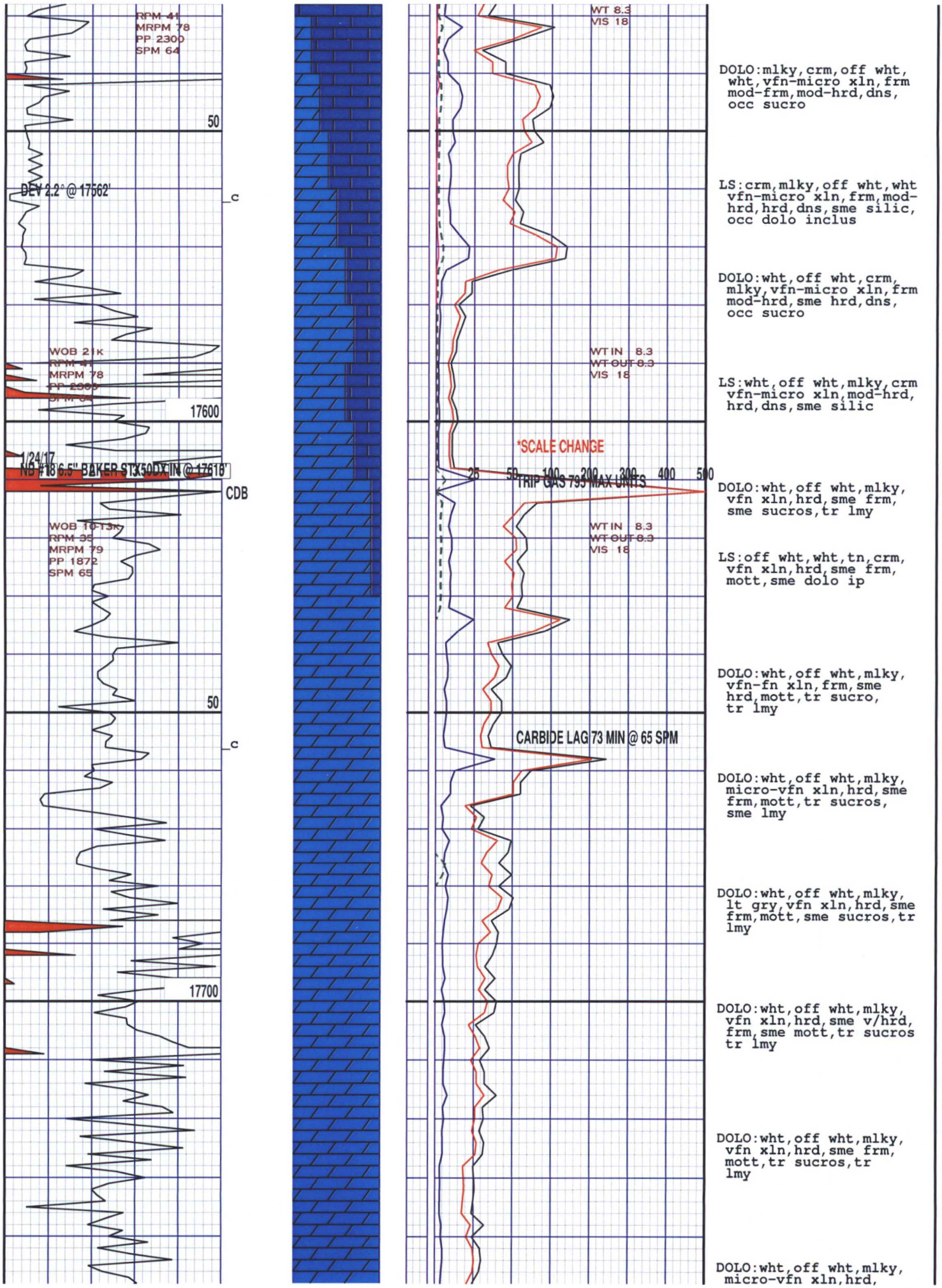
Glauconite, Pyrite, Fossils, Oolites, Fractures, Cement

Gas Chromatograph Analysis:

HW, C1, C2, C3, IC4, NC4, IC5, NC5

Drilling Rate MIN/FT	Vis Por Tr / p f g	Lithology	% Oil Flu Tr / p f g	Cut Tr / pfg	Total Gas/Chromatograph	Descriptions/Remarks
1 2 3 4 5					25 50 100 200 300 400 500	
DRILLING CONTRACTOR: PRECISION 590 SET WHIPSTOCK IN 10 3/4" CASING @ 12506 NB #1 8 3/4" HF37BH SET @ 12506					COMMENCE 2 MAN LOGGING DRILLING W/CLOS LOOP SYSYTEM SAMPLE AND GAS READING FROM POSSUM BELLY	
50						


c
50
17400
c
1 2 3 4 5 6 7
DEV 2.2° AZM 116.6° @ 17444'
50
DEVONIAN 17452' (MD) (-14967 SS)
1/9/17
1/10-23/17
SET 7 5/8 LINER @ 17493'
NB # 17 6.50 TD406X IN @ 17493'
17500
*NOTE SCALE CHANGE
1 2 3 4 5
NO FLARE
250 500 1k 2k 3k 4k 5k
DISPLACE WITH FRESH WATER
LS:wht,off wht,tn,crm, vfn xln,frm,sme hrd, mott,sme shly
SH:blk,drk brn,drk gry, blcky,erthy,sft-mod frm,sme frm,tr brttle, tr lmy
SH:blk,drk gry,drk brn, brn,blcky,erthy,frm, sme sft,sme brttle, tr lmy
SH:blk,drk gry,drk brn, blcky,erthy,frm,sme brttle,sme vfn pyr
SH:blk,drk gry,drk brn, kblcky,erthy,sme smth, tr fiss,frm,sme sft, tr brttle,sme vfn pyr
SH:blk,drk gry,drk brn, brn,blcky,erthy,tr smth,frm,sme sft,sme vfn pyr
SH:blk,drk gry,drk brn, blcky,erthy,tr smth frm,sme sft,sme vfn pyr
LS:wht,off wht,vfn xln, frm,sme mod hrd,tr mott,tr silic
LS:wht,off wht,vfn xln, frm-mod hrd,sme hrd, mott,tr silic
LS:wht,off wht,crm,mlky vfn-micro xln,frm,mod-frm,mod-hrd,occ hrd, tr silic
LS:mlky,crm,off wht,vfn micro xln,frm,mod-frm, mod-hrd,hrd,dns,sme silic
LS:wht,off wht,mlky,crm mott,vfn-micro xln,frm mod-frm,mod-hrd,hrd, occ silic



DOLO:mlky,crm,off wht, wht,vfn-micro xln,frm mod-frm,mod-hrd,dns, occ sucro

LS:crm,mlky,off wht,wht vfn-micro xln,frm,mod-hrd,hrd,dns,sme silic, occ dolo inclus

DOLO:wht,off wht,crm, mlky,vfn-micro xln,frm mod-hrd,sme hrd,dns, occ sucro

LS:wht,off wht,mlky,crm vfn-micro xln,mod-hrd, hrd,dns,sme silic

DOLO:wht,off wht,mlky, vfn xln,hrd,sme frm, sme sucros,tr lmy

LS:off wht,wht,tn,crm, vfn xln,hrd,sme frm, mott,sme dolo ip

DOLO:wht,off wht,mlky, vfn-fn xln,frm,sme hrd,mott,tr sucro, tr lmy

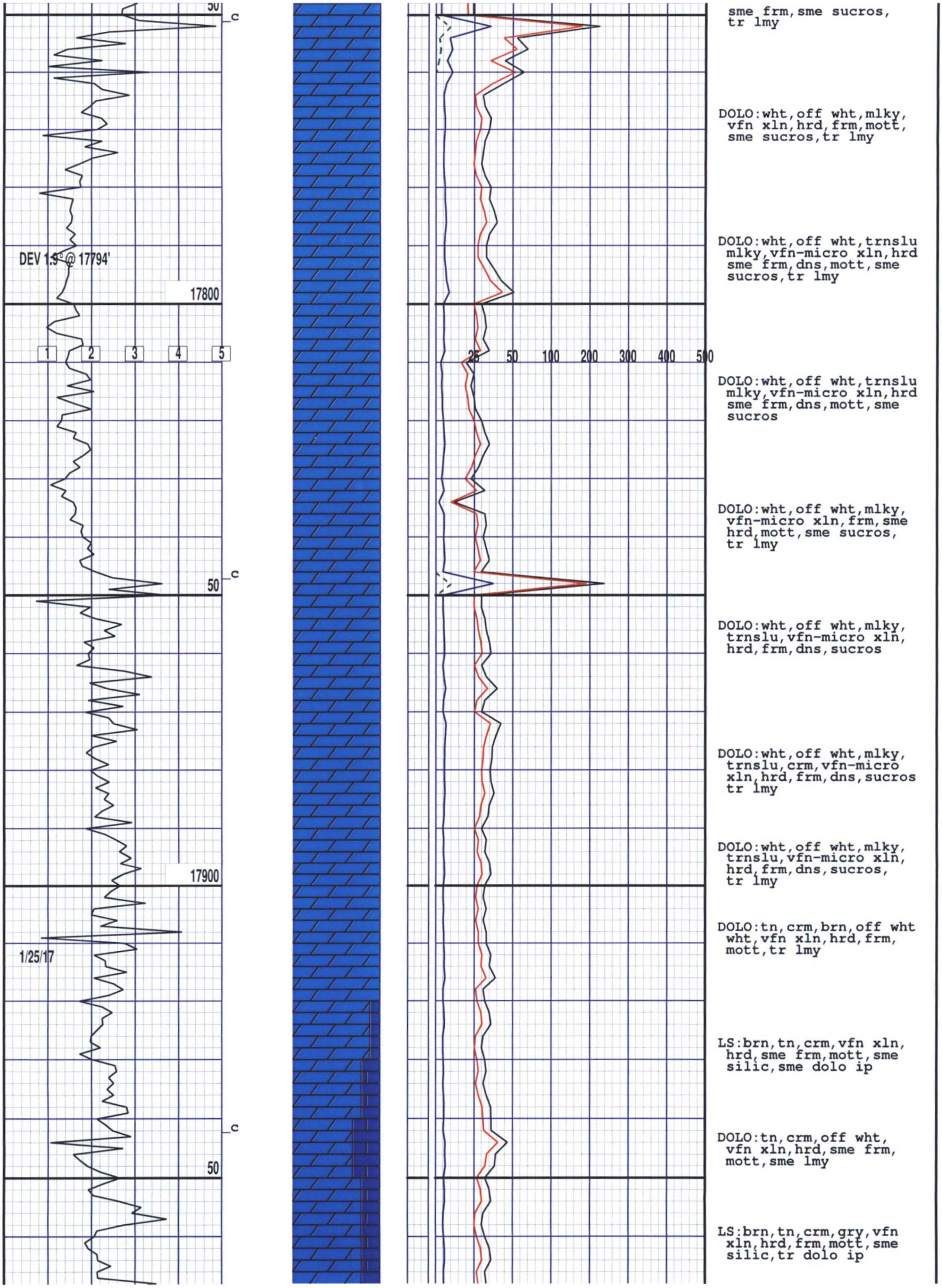
DOLO:wht,off wht,mlky, micro-vfn xln,hrd,sme frm,mott,tr sucros, sme lmy

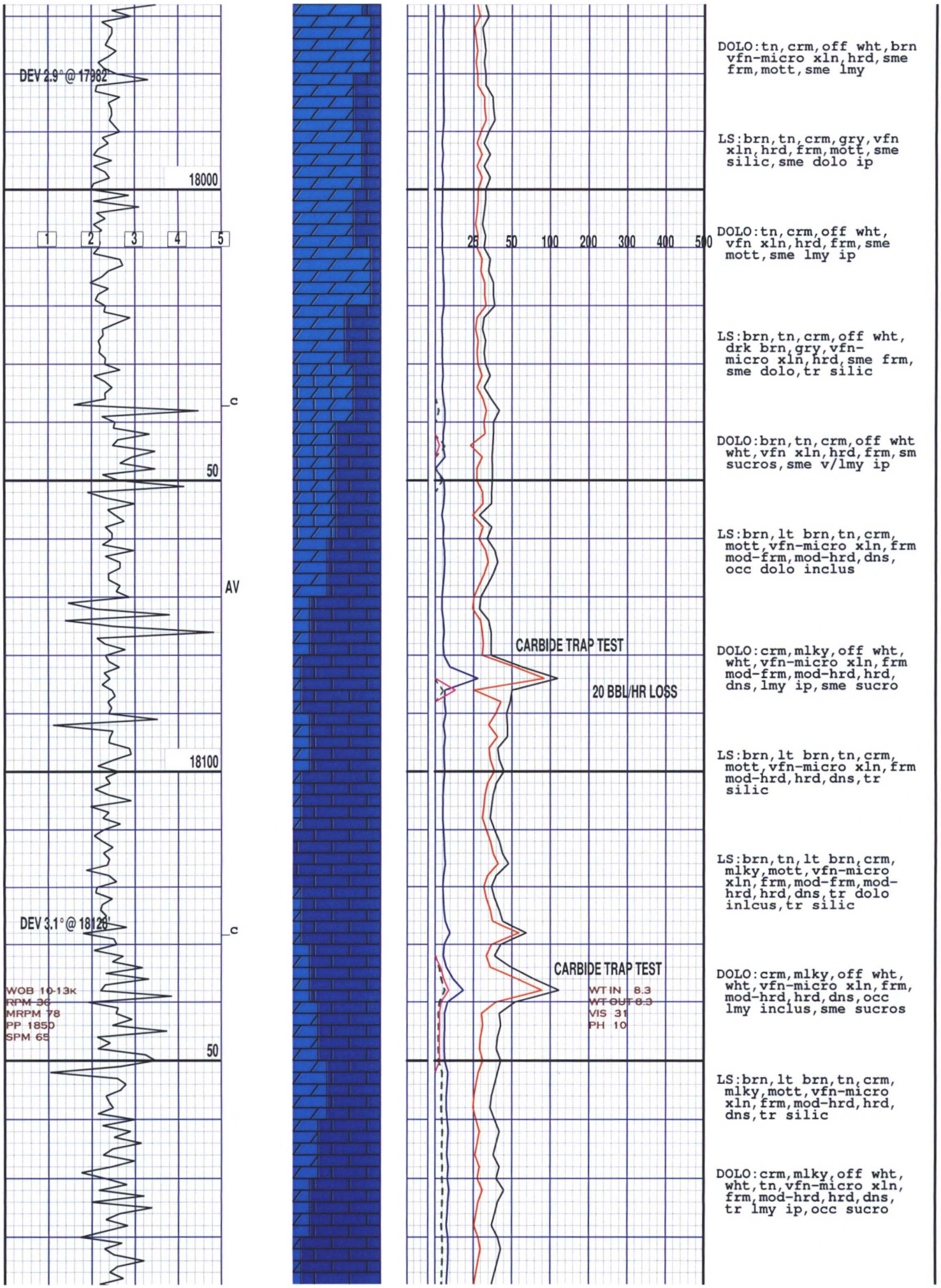
DOLO:wht,off wht,mlky, lt gry,vfn xln,hrd,sme frm,mott,sme sucros,tr lmy

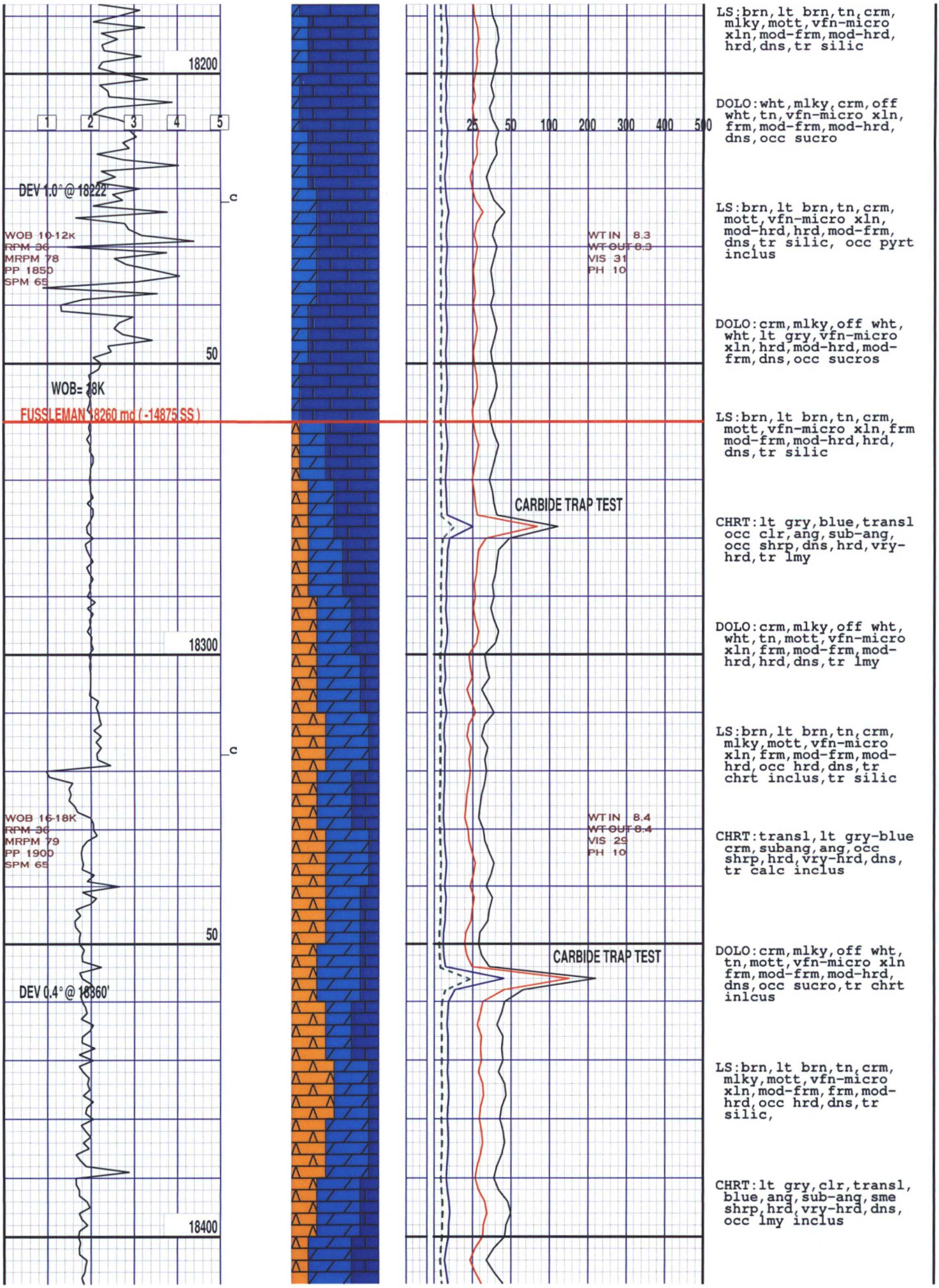
DOLO:wht,off wht,mlky, vfn xln,hrd,sme v/hrd, frm,sme mott,tr sucros tr lmy

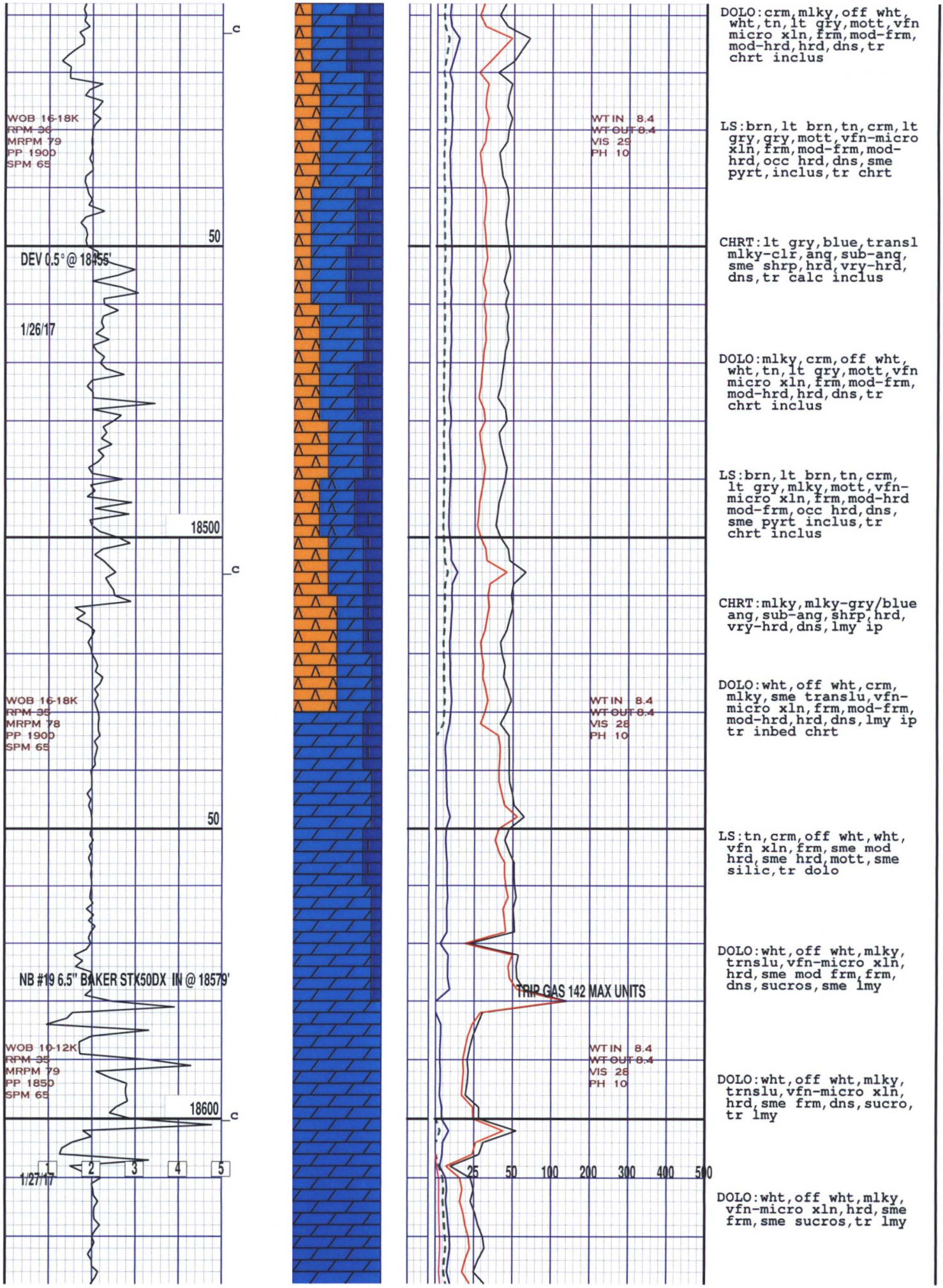
DOLO:wht,off wht,mlky, vfn xln,hrd,sme frm, mott,tr sucros,tr lmy

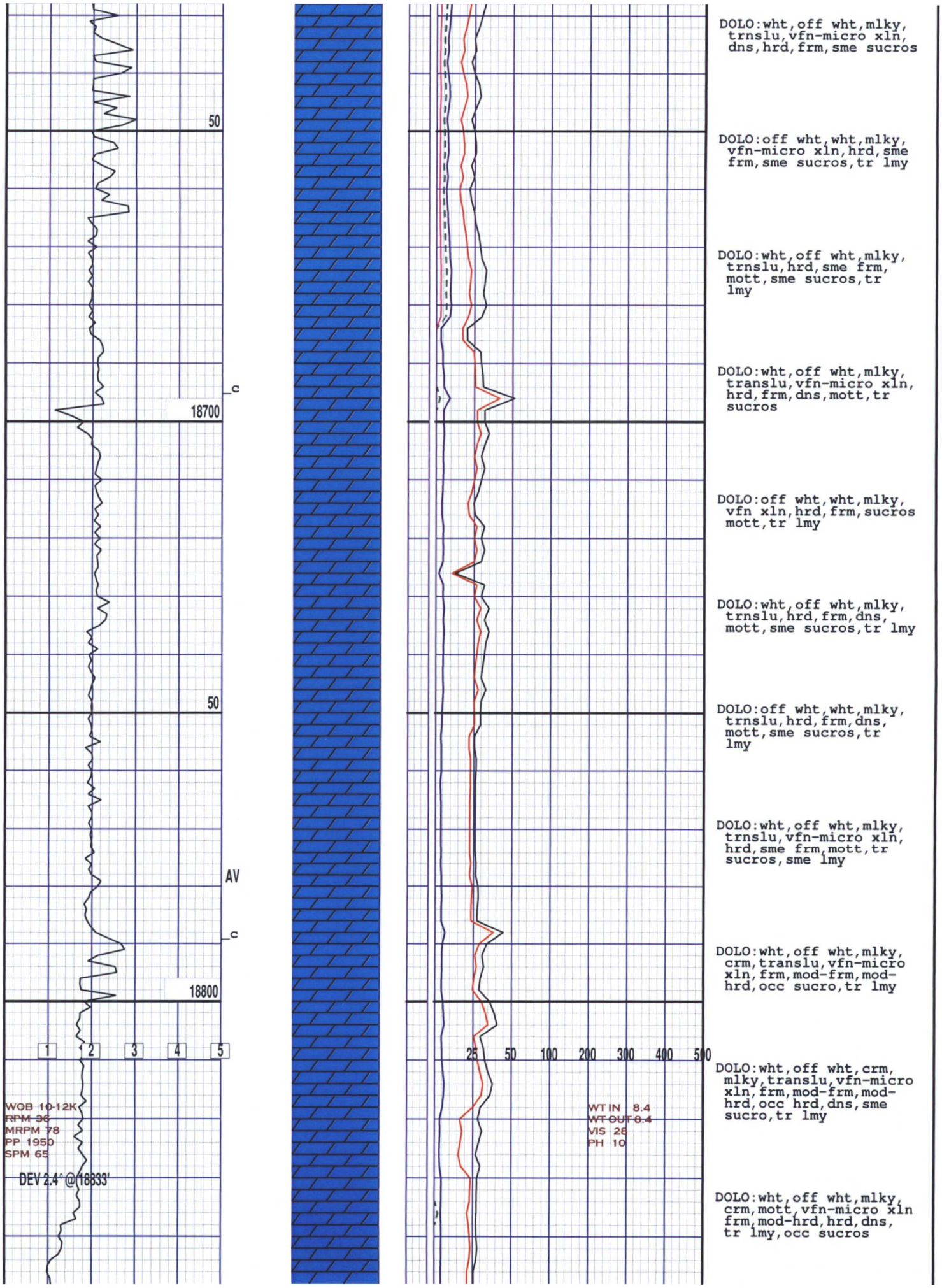
DOLO:wht,off wht,mlky, micro-vfn xln,hrd,

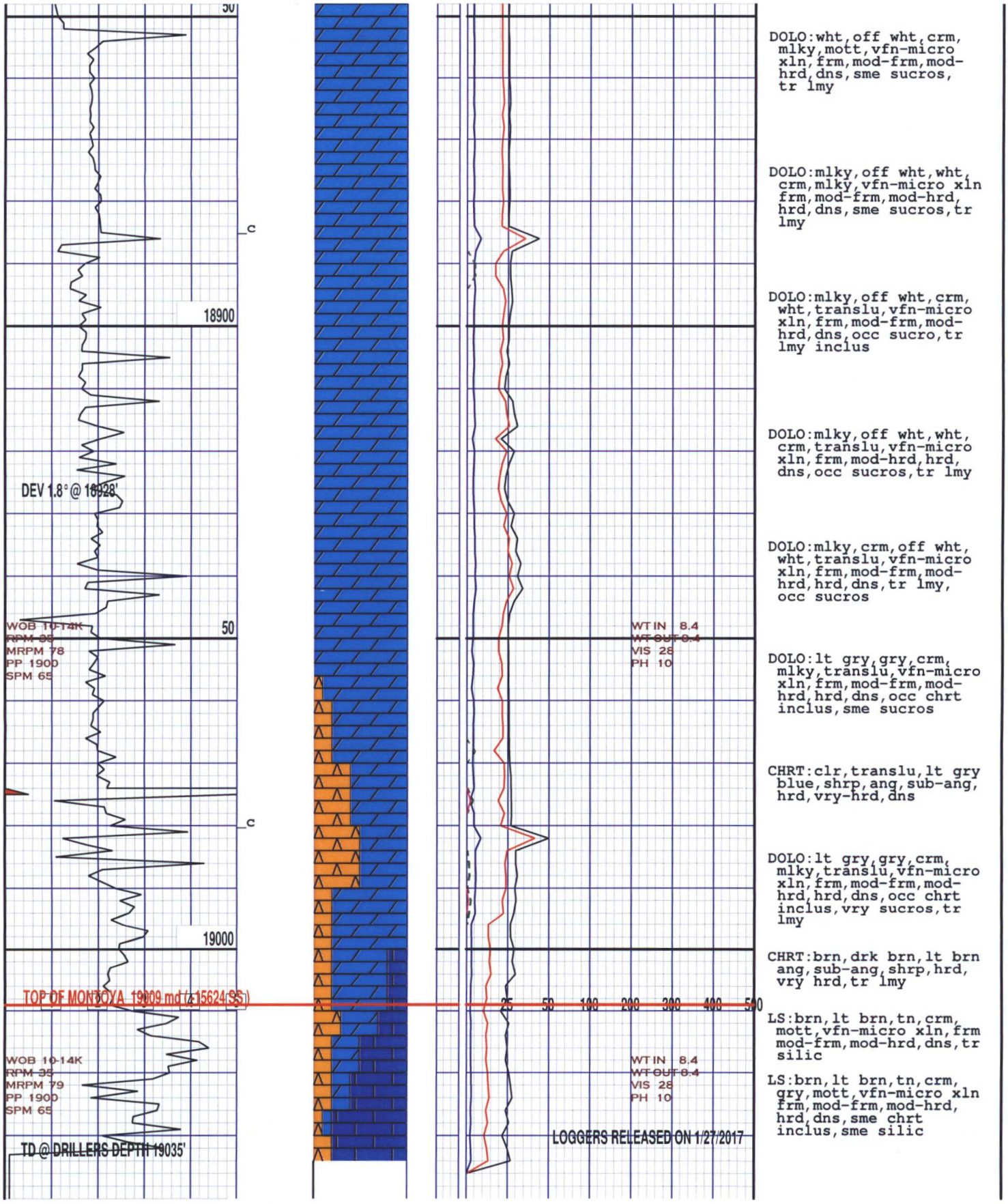

50
C
DEV 1.9° @ 17794'
17800
1
2
3
4
5
25
50
100
200
300
400
500
50
C
17900
1/25/17
C
50
sme frm,sme sucros, tr lmy
DOLO:wht,off wht,mlky, vfn xln,hrd,frm,mott, sme sucros,tr lmy
DOLO:wht,off wht,trnslu mlky,vfn-micro xln,hrd sme frm,dns,mott,sme sucros,tr lmy
DOLO:wht,off wht,trnslu mlky,vfn-micro xln,hrd sme frm,dns,mott,sme sucros
DOLO:wht,off wht,mlky, vfn-micro xln,frm,sme hrd,mott,sme sucros, tr lmy
DOLO:wht,off wht,mlky, trnslu,vfn-micro xln, hrd,frm,dns,sucros
DOLO:wht,off wht,mlky, trnslu,crm,vfn-micro xln,hrd,frm,dns,sucros tr lmy
DOLO:wht,off wht,mlky, trnslu,vfn-micro xln, hrd,frm,dns,sucros, tr lmy
DOLO:tn,crm,brn,off wht wht,vfn xln,hrd,frm, mott,tr lmy
LS:brn,tn,crm,vfn xln, hrd,sme frm,mott,sme silic,sme dolo ip
DOLO:tn,crm,off wht, vfn xln,hrd,sme frm, mott,sme lmy
LS:brn,tn,crm,gry,vfn xln,hrd,frm,mott,sme silic,tr dolo ip


DEV 2.9° @ 17982'
18000
1
2
3
4
5
25
50
100
200
300
400
500
c
50
AV
18100
CARBIDE TRAP TEST
20 BBL/HR LOSS
DEV 3.1° @ 18126'
c
WOB 10-13K
RPM 36
MRPM 78
PP 1850
SPM 65
50
CARBIDE TRAP TEST
WT IN 8.3
WT OUT 8.3
VIS 31
PH 10
DOLO:tn,crm,off wht,brn vfn-micro xln,hrd,sme frm,mott,sme lmy
LS:brn,tn,crm,gry,vfn xln,hrd,frm,mott,sme silic,sme dolo ip
DOLO:tn,crm,off wht, vfn xln,hrd,frm,sme mott,sme lmy ip
LS:brn,tn,crm,off wht, drk brn,gry,vfn-micro xln,hrd,sme frm, sme dolo,tr silic
DOLO:brn,tn,crm,off wht wht,vfn xln,hrd,frm,sm sucros,sme v/lmy ip
LS:brn,lt brn,tn,crm, mott,vfn-micro xln,frm mod-frm,mod-hrd,dns, occ dolo inclus
DOLO:crm,mlky,off wht, wht,vfn-micro xln,frm mod-frm,mod-hrd,hrd, dns,lmy ip,sme sucro
LS:brn,lt brn,tn,crm, mott,vfn-micro xln,frm mod-hrd,hrd,dns,tr silic
LS:brn,tn,lt brn,crm, mlky,mott,vfn-micro xln,frm,mod-frm,mod-hrd,hrd,dns,tr dolo inlcus,tr silic
DOLO:crm,mlky,off wht, wht,vfn-micro xln,frm, mod-hrd,hrd,dns,occ lmy inclus,sme sucros
LS:brn,lt brn,tn,crm, mlky,mott,vfn-micro xln,frm,mod-hrd,hrd, dns,tr silic
DOLO:crm,mlky,off wht, wht,tn,vfn-micro xln, frm,mod-hrd,hrd,dns, tr lmy ip,occ sucro


18200
1
2
3
4
5
DEV 1.0° @ 18222'
WOB 10-12K
RPM 36
MRPM 78
PP 1850
SPM 65
50
WOB= 18K
FUSSLEMAN 8260 md (-14875 SS)
18300
WOB 16-18K
RPM 36
MRPM 79
PP 1900
SPM 65
50
DEV 0.4° @ 18360'
18400
25
50
100
200
300
400
500
WT IN 8.3
WT OUT 8.3
VIS 31
PH 10
CARBIDE TRAP TEST
WT IN 8.4
WT OUT 8.4
VIS 29
PH 10
CARBIDE TRAP TEST
LS:brn,lt brn,tn,crm, mlky,mott,vfn-micro xln,mod-frm,mod-hrd, hrd,dns,tr silic
DOLO:wht,mlky,crm,off wht,tn,vfn-micro xln, frm,mod-frm,mod-hrd, dns,occ sucro
LS:brn,lt brn,tn,crm, mott,vfn-micro xln, mod-hrd,hrd,mod-frm, dns,tr silic, occ pyrt inclus
DOLO:crm,mlky,off wht, wht,lt gry,vfn-micro xln,hrd,mod-hrd,mod-frm,dns,occ sucros
LS:brn,lt brn,tn,crm, mott,vfn-micro xln,frm mod-frm,mod-hrd,hrd, dns,tr silic
CHRT:lt gry,blue,transl occ clr,ang,sub-ang, occ shrp,dns,hrd,vry-hrd,tr lmy
DOLO:crm,mlky,off wht, wht,tn,mott,vfn-micro xln,frm,mod-frm,mod-hrd,hrd,dns,tr lmy
LS:brn,lt brn,tn,crm, mlky,mott,vfn-micro xln,frm,mod-frm,mod-hrd,occ hrd,dns,tr chrt inclus,tr silic
CHRT:transl,lt gry-blue crm,subang,ang,occ shrp,hrd,vry-hrd,dns, tr calc inclus
DOLO:crm,mlky,off wht, tn,mott,vfn-micro xln frm,mod-frm,mod-hrd, dns,occ sucro,tr chrt inlcus
LS:brn,lt brn,tn,crm, mlky,mott,vfn-micro xln,mod-frm,frm,mod-hrd,occ hrd,dns,tr silic,
CHRT:lt gry,clr,transl, blue,ang,sub-ang,sme shrp,hrd,vry-hrd,dns, occ lmy inclus


WOB 16-18K
RPM 36
MRPM 79
PP 1900
SPM 65
50
DEV 0.5° @ 18455'
1/26/17
18500
WOB 16-18K
RPM 35
MRPM 78
PP 1900
SPM 65
50
NB #19 6.5" BAKER STX50DX IN @ 18579'
WOB 10-12K
RPM 35
MRPM 79
PP 1850
SPM 65
18600
1/27/17
WT IN 8.4
WT OUT 8.4
VIS 29
PH 10
WT IN 8.4
WT OUT 8.4
VIS 28
PH 10
TRIP GAS 142 MAX UNITS
WT IN 8.4
WT OUT 8.4
VIS 28
PH 10
25 50 100 200 300 400 500
DOLO:crm,mlky,off wht, wht,tn,lt gry,mott,vfn micro xln,frm,mod-frm, mod-hrd,hrd,dns,tr chrt inclus
LS:brn,lt brn,tn,crm,lt gry,gry,mott,vfn-micro xln,frm,mod-frm,mod-hrd,occ hrd,dns,sme pyrt,inclus,tr chrt
CHRT:lt gry,blue,transl mlky-clr,ang,sub-ang, sme shrp,hrd,vry-hrd, dns,tr calc inclus
DOLO:mlky,crm,off wht, wht,tn,lt gry,mott,vfn micro xln,frm,mod-frm, mod-hrd,hrd,dns,tr chrt inclus
LS:brn,lt brn,tn,crm, lt gry,mlky,mott,vfn-micro xln,frm,mod-hrd mod-frm,occ hrd,dns, sme pyrt inclus,tr chrt inclus
CHRT:mlky,mlky-gry/blue ang,sub-ang,shrp,hrd, vry-hrd,dns,lmy ip
DOLO:wht,off wht,crm, mlky,sme translu,vfn-micro xln,frm,mod-frm, mod-hrd,hrd,dns,lmy ip tr inbed chrt
LS:tn,crm,off wht,wht, vfn xln,frm,sme mod hrd,sme hrd,mott,sme silic,tr dolo
DOLO:wht,off wht,mlky, trnslu,vfn-micro xln, hrd,sme mod frm,frm, dns,sucros,sme lmy
DOLO:wht,off wht,mlky, trnslu,vfn-micro xln, hrd,sme frm,dns,sucro, tr lmy
DOLO:wht,off wht,mlky, vfn-micro xln,hrd,sme frm,sme sucros,tr lmy


50
18700
C
50
AV
C
18800
1
2
3
4
5
25
50
100
200
300
400
500
WOB 10-12K
RPM 36
MRPM 78
PP 1950
SPM 65
DEV 2.4° @18833'
WT IN 8.4
WT OUT 8.4
VIS 28
PH 10
DOLO:wht,off wht,mlky, trnslu,vfn-micro xln, dns,hrd,frm,sme sucros
DOLO:off wht,wht,mlky, vfn-micro xln,hrd,sme frm,sme sucros,tr lmy
DOLO:wht,off wht,mlky, trnslu,hrd,sme frm, mott,sme sucros,tr lmy
DOLO:wht,off wht,mlky, translu,vfn-micro xln, hrd,frm,dns,mott,tr sucros
DOLO:off wht,wht,mlky, vfn xln,hrd,frm,sucros mott,tr lmy
DOLO:wht,off wht,mlky, trnslu,hrd,frm,dns, mott,sme sucros,tr lmy
DOLO:off wht,wht,mlky, trnslu,hrd,frm,dns, mott,sme sucros,tr lmy
DOLO:wht,off wht,mlky, trnslu,vfn-micro xln, hrd,sme frm,mott,tr sucros,sme lmy
DOLO:wht,off wht,mlky, crm,translu,vfn-micro xln,frm,mod-frm,mod-hrd,occ sucro,tr lmy
DOLO:wht,off wht,crm, mlky,translu,vfn-micro xln,frm,mod-frm,mod-hrd,occ hrd,dns,sme sucro,tr lmy
DOLO:wht,off wht,mlky, crm,mott,vfn-micro xln frm,mod-hrd,hrd,dns, tr lmy,occ sucros



DOLO:wht,off wht,crm, mlky,mott,vfn-micro xln,frm,mod-frm,mod-hrd,dns,sme sucros, tr lmy

DOLO:mlky,off wht,wht, crm,mlky,vfn-micro xln frm,mod-frm,mod-hrd, hrd,dns,sme sucros,tr lmy

DOLO:mlky,off wht,crm, wht,translu,vfn-micro xln,frm,mod-frm,mod-hrd,dns,occ sucro,tr lmy inclus

DOLO:mlky,off wht,wht, crm,translu,vfn-micro xln,frm,mod-hrd,hrd, dns,occ sucros,tr lmy

DOLO:mlky,crm,off wht, wht,translu,vfn-micro xln,frm,mod-frm,mod-hrd,hrd,dns,tr lmy, occ sucros

DOLO:lt gry,gry,crm, mlky,translu,vfn-micro xln,frm,mod-frm,mod-hrd,hrd,dns,occ chrt inclus,sme sucros

CHRT:clr,translu,lt gry blue,shrp,ang,sub-ang, hrd,vry-hrd,dns

DOLO:lt gry,gry,crm, mlky,translu,vfn-micro xln,frm,mod-frm,mod-hrd,hrd,dns,occ chrt inclus,vry sucros,tr lmy

CHRT:brn,drk brn,lt brn ang,sub-ang,shrp,hrd, vry hrd,tr lmy

LS:brn,lt brn,tn,crm, mott,vfn-micro xln,frm mod-frm,mod-hrd,dns,tr silic

LS:brn,lt brn,tn,crm, gry,mott,vfn-micro xln frm,mod-frm,mod-hrd, hrd,dns,sme chrt inclus,sme silic

Inactive Well Additional Financial Assurance Report

161968 MESQUITE SWD, INC
Total Well Count: 23
Printed On: Tuesday, February 21 2017

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
38571	BIG EDDY SWD #001	F	P-03-20S-31E	P	30-015-05819	S	12/2016		14205				0	
315072	BLUE QUAIL SWD FEDERAL #001	F	F-11-25S-32E	F	30-025-42717	S	12/2016		Unknown				0	
39091	BRAN SWD #001	F	P-11-24S-31E	P	30-015-25697	S	07/2014		6794				0	
39602	CAGNEY 28 FEDERAL #001	F	P-28-17S-30E	P	30-015-35249	S	12/2016		11756				0	
317379	CEDAR CANYON SWD #001	P	P-08-24S-29E	P	30-015-44054	S			Unknown				0	
40322	COTTON DRAW SWD #066	F	E-10-25S-32E	E	30-025-22024	S	12/2016		15769				0	
316783	CYPRESS SWD #001	F	L-34-23S-29E	L	30-015-43867	S			Unknown				0	
316780	GNOME EAST SWD #001	F	L-26-23S-30E	L	30-015-43801	S			Unknown				0	
38766	HEAVY METAL 12 FEDERAL #001	F	K-12-24S-31E	K	30-015-29602	S	07/2014		8554				0	
307132	HOBBS STATE #003	S	B-29-18S-38E	B	30-025-23621	S	01/2010	02/01/2012	6083	11083	Y		11083	
301620	KAISER STATE #044	S	F-13-21S-34E	F	30-025-32741	O	03/2006	04/01/2008	4190	9190	Y		9190	
317428	MOUTRAY SWD #001	P	A-28-24S-29E	A	30-015-43895	S			Unknown				0	
316377	PADUCA 6 SWD #001	P	3-06-26S-32E	L	30-025-43277	S			960				0	
	PADUCA 6 SWD #001Y	P	2-06-26S-32E	E	30-025-43379	S			Unknown				0	
39498	PADUCA FEDERAL SWD #002	F	O-22-25S-32E	O	30-025-40813	S	12/2016		Unknown				0	
	PADUCA FEDERAL SWD #003Y	F	C-23-25S-32E	C	30-025-42258	S	12/2016		Unknown				0	
38668	PADUCA SWD #001	F	H-22-25S-32E	H	30-025-27616	S	12/2016		15850				0	
309592	SAND HILLS SWD #001	F	O-31-17S-30E	O	30-015-29104	S	12/2016		13600				0	
317427	SCOTT B SWD #001	P	N-23-24S-28E	N	30-015-44061	S			Unknown				0	
317126	STATION SWD #001	F	F-07-24S-32E	F	30-025-43473	S			Unknown				0	
316781	UBER EAST SWD #001	F	I-24-23S-31E	I	30-015-43806	S			Unknown				0	
316782	UBER NORTH SWD #001	F	B-15-23S-31E	B	30-015-43805	S			Unknown				0	
309620	WEST JAL DISPOSAL #001	P	G-10-25S-36E	G	30-025-26676	S	12/2016	01/01/2019	9550	14550			0	

WHERE Ogrid:161968

Inactive Well List

Total Well Count: 23 Inactive Well Count: 2
Printed On: Tuesday, February 21 2017

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-25697	BRAN SWD #001	P-11-24S-31E	P	161968	MESQUITE SWD, INC	F	S	07/2014	SEE COMMENTS BELL CYN-CHERRY CYN		
2	30-015-29602	HEAVY METAL 12 FEDERAL #001	K-12-24S-31E	K	161968	MESQUITE SWD, INC	F	S	07/2014	CONVERTED TO SWD-1269		

WHERE Ogrid:161968, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division

Administrative Order SWD-1571-B
November 30, 2016

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order to authorize the Vaca Draw Federal SWD Well No. 1 located 657.5 feet from the South line and 661.5 feet from the East line, Unit P of Section 21, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico, for the commercial disposal of produced water.

This Order supersedes Administrative Order SWD 1571-A, issued on May 25, 2016 that designates a new operator.

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, Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Vaca Draw Federal SWD Well No. 1 (API 30-025-23895) located 657.5 feet from the South line and 661.5 feet from the East line, Unit P of Section 21, Township 25 South, Range 33 East, NMPM, Lea County, for commercial disposal of oil field produced water (UIC Class II only) in the Devonian and Silurian formations, through open-hole interval from 17498 to 19842 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

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 supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District I and the operator shall be required to receive written permission prior to commencing disposal.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

The operator shall run a CBL (or equivalent) across the 7-5/8 inch liner from to 12000 feet to the bottom of the liner to demonstrate a good cement bond between the liner and the 10-3/4 inch casing.

If the upper contact of the Ordovician Ellenburger formation is encountered prior to the lower limit of the approved injection interval at 19842 feet, then the total depth of the well (and injection interval) shall be reduced to the upper contact of Ellenburger formation.

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 I 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 3500 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 I 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 I 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

DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad
Well File - 30-025-23895