

DATE IN 9/18/03	SUSPENSE 9/29/03	ENGINEER <i>[Signature]</i>	LOGGED IN LIR	TYPE SWD	APP NO. PLR0325127074
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



893
30-015-21010

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr
 Print or Type Name

William F. Carr
 Signature

ADDRES
 Title

9-3-03
 Date

wcarr@hollandhart.com
 e-mail Address

RECEIVED

SEP - 3 - 2003

Oil Conservation Division

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
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William F. Carr

wcarr@hollandhart.com

September 3, 2003

VIA HAND DELIVERY

Ms. Lori Wrotenbery, Director
New Mexico Department of Energy,
Minerals and Natural Resources
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of Salt Water Disposal for its McKittrick
14 Federal Well No. 1 located 2,390' FNL & 830' FEL, Section
14, T-22-S, R-24-E, Eddy County, New Mexico.

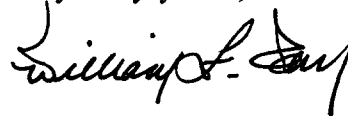
Gentlemen:

Enclosed herewith is the Application of Nearburg Exploration Company, L.L.C. on Division Form C-108 for conversion of the above-captioned dry hole to a saltwater disposal well. Enclosed with this application is our letter of September 3, 2003, to all leasehold operators within a 1/2 mile radius of this proposed injection well and the owner of the surface of the land advising them that if they have an objection to this proposal that they must file it in writing with the Division's Santa Fe office within 15 days of the date of this letter.

A copy of the legal notice for this application is also enclosed. This advertisement was run on Saturday, August 30, 2003 in the Carlsbad Current Argus. The affidavit of publication from the newspaper will be provided as soon as it is received.

Nearburg requests that in the absence of a formal protest, that this application be administratively approved.

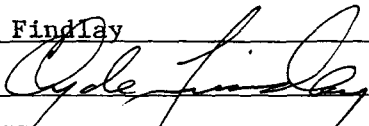
Very truly yours,



William F. Carr

Enclosure

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Nearburg Producing Company
ADDRESS: 3300 N A St., Bldg 2, Suite 120, Midland, TX 79705
CONTACT PARTY: Clyde Findlay PHONE: 432/686-8235
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Clyde Findlay TITLE: Engineering Supervisor
SIGNATURE:  DATE: 9.2.03
E-MAIL ADDRESS: cfindlay@nearburg.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

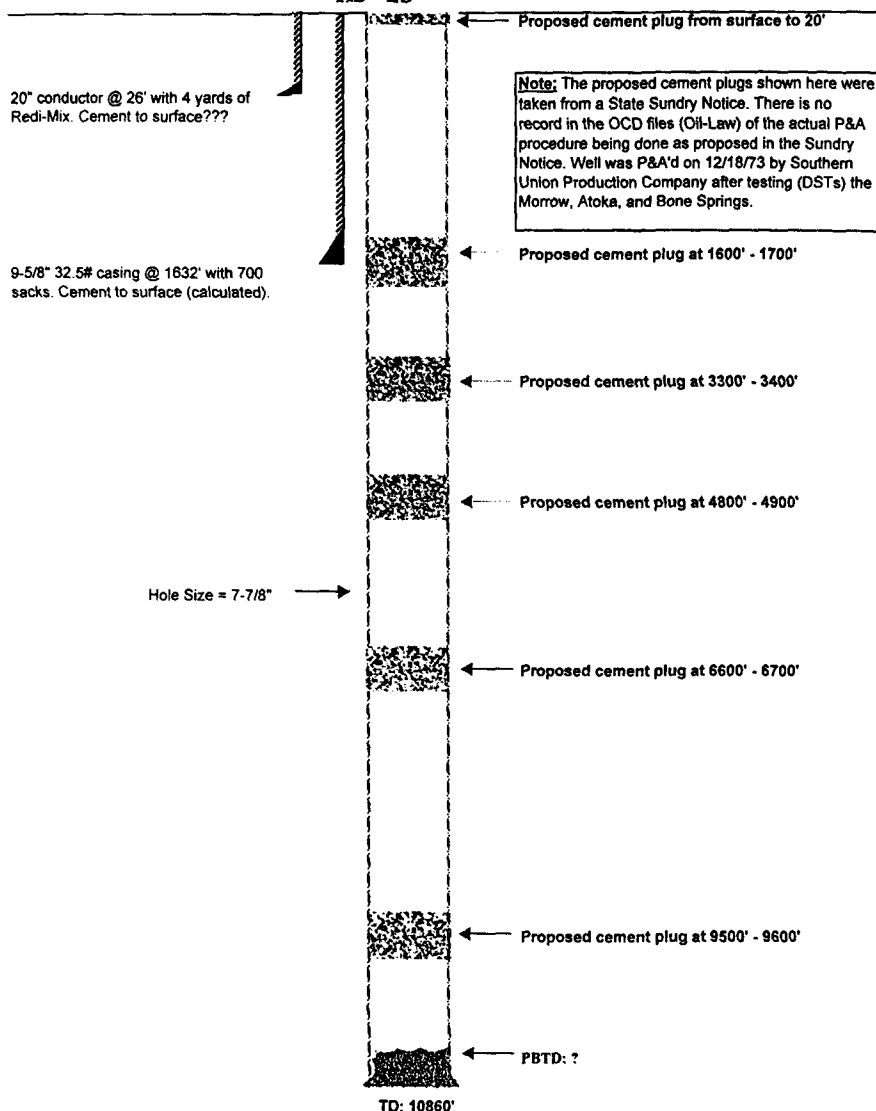
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

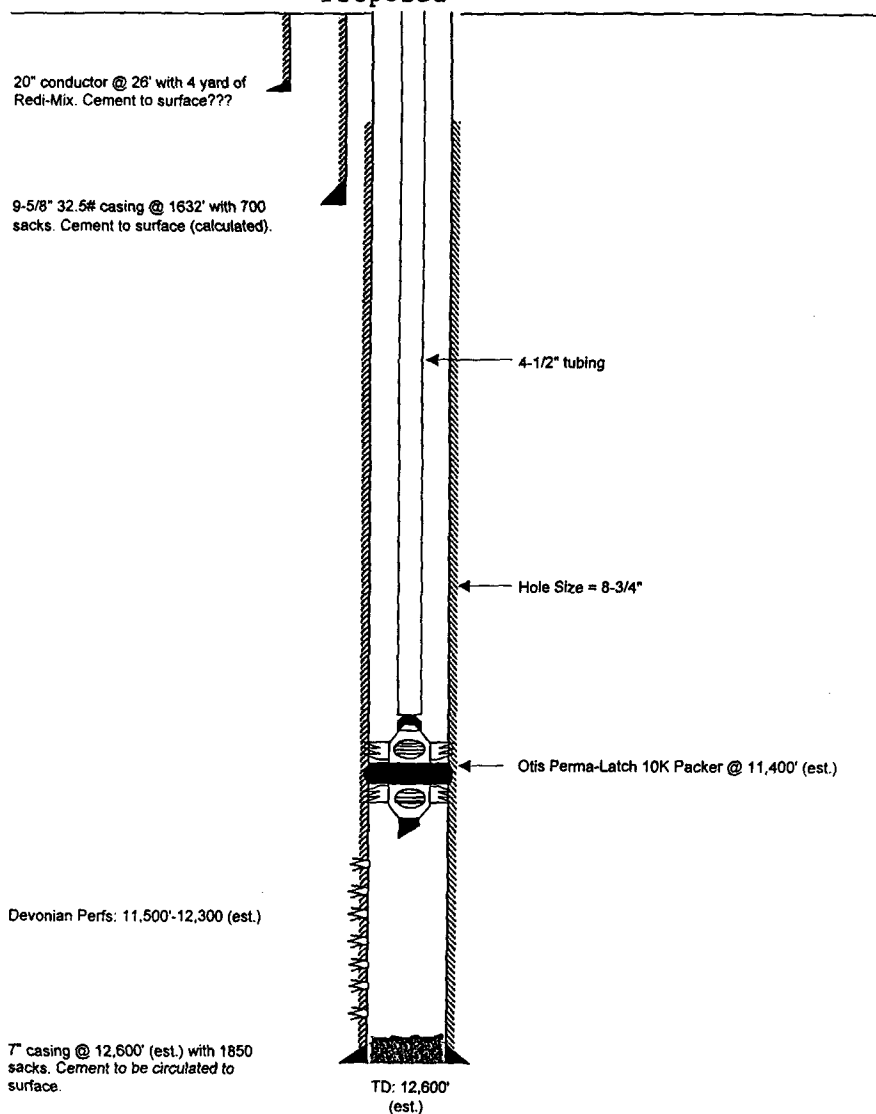
OPERATOR: Nearburg Producing CompanyWELL NAME & NUMBER: McKittrick Federal #1 "AS IS"WELL LOCATION: 2390' FNL & 830' FEL
FOOTAGE LOCATIONH
UNIT LETTER14
SECTION22S
TOWNSHIP24E
RANGEWELLBORE SCHEMATIC"AS IS"WELL CONSTRUCTION DATASurface CasingHole Size: 24" Casing Size: 20"Cemented with: 4 yards XXXX or 27 ft³Top of Cement: Unknown Method Determined: Intermediate CasingHole Size: Unknown Casing Size: 9-5/8" - 32.5#Cemented with: 700 SX. or ft³Top of Cement: Surface Method Determined: CalculatedProduction CasingHole Size: 7-7/8" Casing Size: Open HoleCemented with: SX. or ft³Top of Cement: Method Determined: Total Depth: 10,860' (Driller)Injection Interval feet to

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

OPERATOR: Nearburg Producing CompanyWELL NAME & NUMBER: McKittrick 14 Federal SWD #1 (Proposed)

WELL LOCATION:	2390' FNL & 830' FEL	H	14	22S	24E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC"Proposed"WELL CONSTRUCTION DATASurface CasingHole Size: 24" Casing Size: 20"Cemented with: 4 yards ~~XXXX~~ or 27 ft³Top of Cement: Unknown Method Determined: Intermediate CasingHole Size: Unknown Casing Size: 9-5/8" - 32.5#Cemented with: 700 sx. or ft³Top of Cement: Surface Method Determined: CalculatedProduction CasingHole Size: 8-3/4" Casing Size: 7"Cemented with: 1850 (est) sx. or ft³Top of Cement: Surface Method Determined: Circ to surfaceTotal Depth: 12,600' (est)Injection Interval11,500' (est) feet to 12,300' (est)(Perforated or ~~Open Hole~~, indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 4-1/2" Lining Material: Ceramic Internal Coating

Type of Packer: Oris Perma-Latch 10k Packer

Packer Setting Depth: 11,400'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? _____ Yes xx No
If no, for what purpose was the well originally drilled? Originally drilled to 10,860' to
test the Morrow (Atoka and Bone Spring were also tested).
2. Name of the Injection Formation: Devonian (Well to be deepened to 12,600')
3. Name of Field or Pool (if applicable): _____
4. Has the well ever been perforated in any other zone(s)? List all such perforated
intervals and give plugging detail, i.e. sacks of cement or plug(s) used. None

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed
injection zone in this area: _____
Underlying: Unknown
Overlying: Morrow, Cisco-Canyon

APPLICATION FOR AUTHORIZATION TO INJECT
(continuation)

III. WELL DATA

See attached "as is" and "proposed" well data sheets.

IV. IS THIS AN EXPANSION OF AN EXISTING PROJECT?

No

V. MAP

See attached

VI. WELLS WITHIN THE AREA OF REVIEW

There are no wells that penetrate the proposed Devonian injection zone within the Area of Review.

VII. PROPOSED OPERATIONS

Overall Objective:

Nearburg Producing Company is proposing to re-enter the plugged and abandoned McKittrick Federal No. 1 (Southern Union Production Company) in Section 14, T22S-R24E, Eddy County, New Mexico for the purpose of:

- *Cleaning and reaming out the wellbore to the original TD of 10,860'.
- *Drilling new hole from 10,860' to about 12,600' through the Devonian.
- *Running and cementing 7" casing to about 12,600'.
- *Perforating and stimulating approximately 800' of Devonian section.
- *Running tubing and packer and injecting Cisco-Canyon produced water into the Devonian.

1. Proposed average and maximum daily rate and volume of fluids to be injected.

10,000 BWPD and 30,000 BWPD, respectively.

2. The system is closed or open.

Open

3. Proposed average and maximum injection pressure.

1200 PSI and 2300 PSI, respectively

4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than re-injected produced water.

Sources: **Cisco-Canyon produced water**

Analysis of Injection Fluid: **See attached Cisco-Canyon water analysis from Big Walt 2 State No. 3 located in Section 2, T22S, R24E.**

Compatibility: ***No fluid samples available from the Devonian.**
***A Devonian sample will be obtained and submitted upon completion of the well.**
***Cisco-Canyon water has been and is being successfully injected into the Devonian in other wells in Indian Basin. For example:**
Jones Canyon 4 Federal WD-6 – Section 4, T22S-R24E
Old Ranch Knoll 8 WD-4 – Section 8, T22S-R24E
Winston WD-4 – Section 31, T21S-R24E

5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water.

A Devonian water sample will be obtained, analyzed, and submitted upon completion of the well.

VIII. GEOLOGICAL DATA

Injection Zone:

Lithologic Detail: **Largely Dolomite with some Limestone stringers**

Geologic Name: **Devonian**

Thickness: **Approximately 900'**

Depth: **Approximately 11,500' to top of Devonian**

Sources of Drinking Water Overlying the Proposed Injection Zone:

Geologic Names: **Alluvium, Grayburg, and possibly Capitan Reef**

Depth to Bottom of Sources: **Water wells vary in depth from 42' to 770' in T22S-R24E**

Sources of Drinking Water Underlying the Proposed Injection Zone:

None

IX. PROPOSED STIMULATION PROGRAM

Plans are to stimulate the Devonian with 10,000 gallons of 20% HCL-NE-FE acid.

X. LOGS AND TEST DATA

Well data has been filed with the OCD

XI. ANALYSIS OF FRESH WATER WELLS WITHIN ONE MILE OF DISPOSAL WELL

Only one fresh water well has been located within one mile of the proposed disposal well. The well is located approximately 4700' southeast of the proposed disposal well and is in an advanced state of disuse and disrepair. The metal windmill has no paddle blades and the general condition of the area indicates that the well has not been used for a number of years. A "stone drop test" down the casing revealed no water in the wellbore. It appears that the well is dry and has been abandoned by the surface owner.

XII. AFFIRMATIVE STATEMENT OF NON-COMMUNICATION BETWEEN DISPOSAL ZONE AND ANY UNDERGROUND SOURCES OF DRINKING WATER.

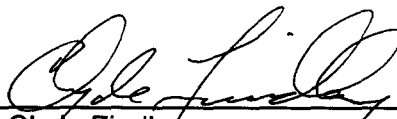
Re: Proposed McKittrick Federal No. 1 Devonian Disposal Well

We have examined the available geologic and engineering data and find no evidence of open faults or any other hydraulic connection between the disposal zone and any underground source of drinking water.

Nearburg Producing Company

Date: _____

9.2.03



Clyde Findlay
Engineering Supervisor

BJ SERVICES COMPANY
WATER ANALYSIS #FW01W145
ARTESIA, NM LAB

Well File
C2, D4

GENERAL INFORMATION

OPERATOR: NEARBURG PRODUCING	DEPTH: 8100+/-
WELL: BIG WALT 2 ST. #3	DATE SAMPLED: 01/21/97
FIELD:	DATE RECEIVED: 01/21/97
SUBMITTED BY: MATT LEE	COUNTY: EDDY STATE: NM
WORKED BY: JAIME LOPEZ	FORMATION: CC.
PHONE NUMBER: FAX #748-1125	(CISCO-CANYON)

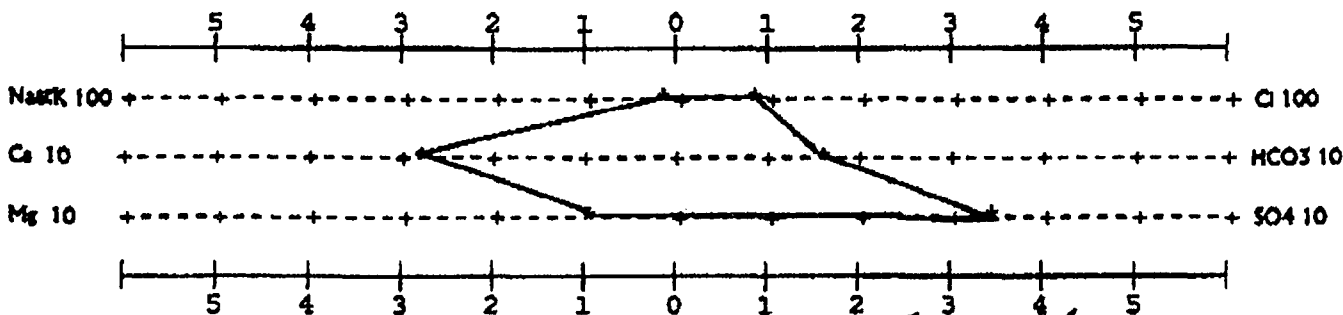
SAMPLE DESCRIPTION

PHYSICAL AND CHEMICAL DETERMINATIONS

SPECIFIC GRAVITY:	1.005	@ 74°F	PH:	7.07
RESISTIVITY (CALCULATED):	0.735	ohms @ 75°F		
IRON (FE++) :	1 ppm		SULFATE:	1,592 ppm
CALCIUM:	566 ppm		TOTAL HARDNESS	1,892 ppm
MAGNESIUM:	116 ppm		BICARBONATE:	935 ppm
CHLORIDE:	2,488 ppm		SODIUM CHLORIDE (Calc)	4,093 ppm
SODIUM+POTASS:	245 ppm		TOT. DISSOLVED SOLIDS:	7,152 ppm
IODINE:			POTASSIUM CHLORIDE:	

REMARKS

STIFF TYPE PLOT (IN MEQ/L)



ANALYST

Jaime Lopez
 JAIME LOPEZ