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ABOVE THIS LINE FOR DIVISION USE ONLY



30-045-24392-00-00
 Cardon Com SWD #1
 Chevron Midcon.
 247589 241333

2009 MAY 18 PM 3:23
 NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1200 South St. Francis Drive, Santa Fe, NM 87505

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 To include approved formations SWD-632.

A-27-32N-13W
 3

1482 PSE

[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.

Alan W. Bohling
 Print or Type Name

Alan W. Bohling
 Signature

Regulatory Agent
 Title

4/27/2009
 Date

ABohling@chevron.com
 e-mail Address



RECEIVED

2009 MAY 13 AM 11 17

Chevron Midcontinent, L.P.
15 Smith Road
Midland, Texas 79705
Tel: 432-687-7158
Fax: 432-687-7289
ABohlin@chevron.com

April 27, 2009

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
ATTN: Mr. William Jones

RE: Amendment to Administrative Order SWD-632
Cardon Com # 1 SWD Well
API No. 30-045-24392
Unit A, Section 27, Township 32 North, Range 13 West, NMPPM,
San Juan County, New Mexico

Dear Mr. Jones,

OGRD = 241333

(841 wells)

Rule 5.9 = OK

W-11
8/17/09

Chevron Midcontinent, LP, as successor operator to Hallwood Petroleum, Inc., respectfully requests your approval to amend the salt water injection permit (Administrative Order SWD-632, 7/9/1996), for the Cardon Com #1 SWD well, to now include the previously requested Bluff formation. Hallwood Petroleum, Inc., in its original application, submitted supporting data requesting to inject into the Morrison, Bluff, Summerville and Entrada formations. In previous conversation with our engineer, Mr. Jim Micikas, you indicated that Mr. Ben Stone, originally approved all four formations, but the final Order was limited to the Summerville and Entrada formations.

The Cardon Com #1 was a plugged Mesaverde producer that reached a total depth of 6934', in the Morrison formation. The original SWD re-entry proposal included deepening through the Entrada, setting a 4.5" production string, test the injectivity of the Summerville and Entrada, then open the other intervals (Morrison & Bluff) as needed.

As a result of recent successful well work and recompletions, we're experiencing a significant increase in produced fluids and the need to dispose of produced water over the current capabilities of the Cardon Com SWD #1. We're currently disposing of this excess produced water via trucking at considerable expense and increased risk to environmental exposure. We now need the additional water disposal capacity that opening the previously approved Bluff formation can potentially provide.

Our proposed plan is to perforate and stimulate the Bluff interval shown on the attached log between 7310' and 7610'. The intent would be to add the Bluff injection zone to the current Entrada injection zone (7710-7910').

Your approval and amendment of Order SWD-632 to include the Bluff formation, will allow us to do this work, increase this wells disposal capacity and reduce risk of environmental exposure.

If you have any additional information or questions please contact Jim Micikas (engineering) @ (505) 333-1913 or Art Boehm (land) @ (281) 561-4880.

Sincerely,


Alan W. Bohling
Regulatory Agent

Cc: NMOCD-Aztec District
Jim Micikas
Art Boehm



Cardon Com SWD #1

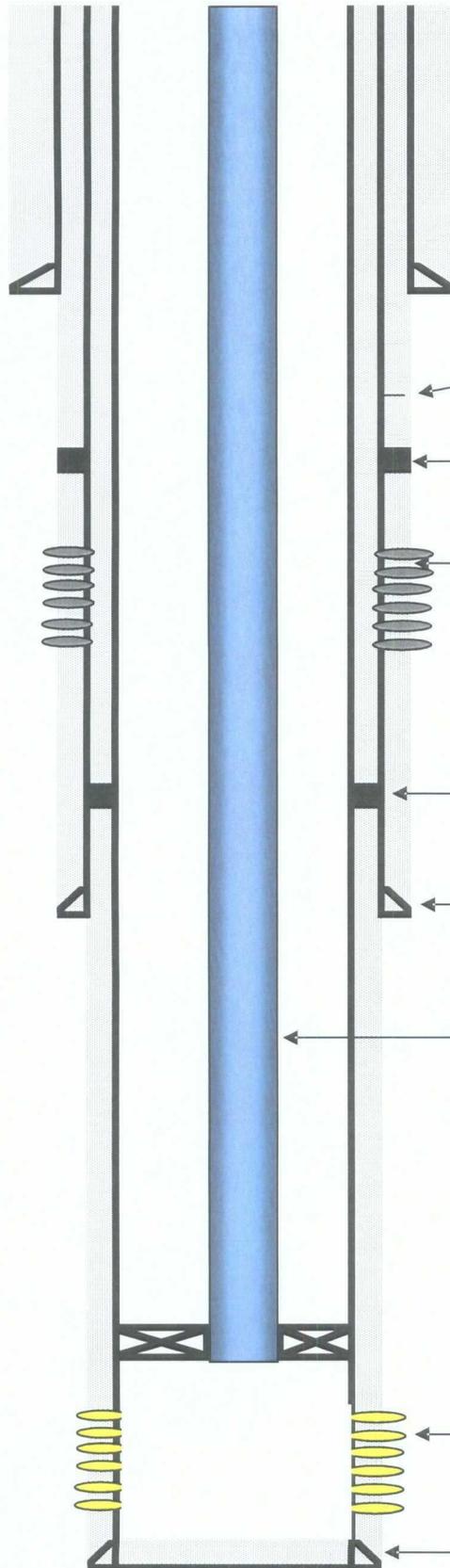
San Juan, New Mexico

Current Well Schematic as of 5-2-2007

Geologic Tops:	
Fruitland	1440'
PC	1740'
Lewis	1790'
CH	3435'
Menefee	3611'
PLO	4138'
Dakota	6532'

API: 30-045-24392
 Legals: Sec 27 - T 32N - R 12W
 Field: Basin Dakota

KB 12'
 KB Elev 5909'
 GR Elev 5897'



Surface Casing:
 9-5/8", 36#, K-55, set @ 294' in 12-1/4" hole
 Cmt'd with 250 sks, circulated to surface

May 2007 Shot 4 holes @ 2350' squeezed with 4 bbls cement - he

DV Tool @ 3621'
 Cmt'd with 550 sks lead & 150 sks tail
 Cmt circulated to surface

**Note holes are behind liner casing
 Old Mesaverde Perforation Details: All 1 jsf
 4216' - 4234' 4287' - 4289' 4410' - 4412'
 4246' - 4248' 4301' - 4310' 4420' - 4422'
 4264' - 4278' 4347' - 4349' 4492' - 4496'
 4383' - 4396'

DV Tool @ 4798'
 Pumped 325 sks lead & 50 sks tail
 Circulated 27 bbls to surface

Production Casing:
 7", 20 #, K-55, Set @ 5099' in 8-3/4" Hole
 Cmt'd with 100 sks lead & 150 sks tail
 TOC = 3621'

Tubing Details:
 2-7/8" EUE x 2-7/8" ULT-FJ X-over
 EOT = 7729.78'

Entrada Perforations: 90 deg phasing
 7780' - 7910': .40" Holes: 4 spf: 520 holes

Liner Casing:
 4-1/2", 11.6#, N-80 set @ 7998' in 6-1/4" Hole
 1st Stage: cmt'd with 425 sks. Circulated 25 bbls to DV tool

TD = 8000'

La Plata Deep WDW

API: 3004524392

- Generalized Proposed Perforations
- Bluff Formation
- Entrada Formation

Appendix A
Richard Ball

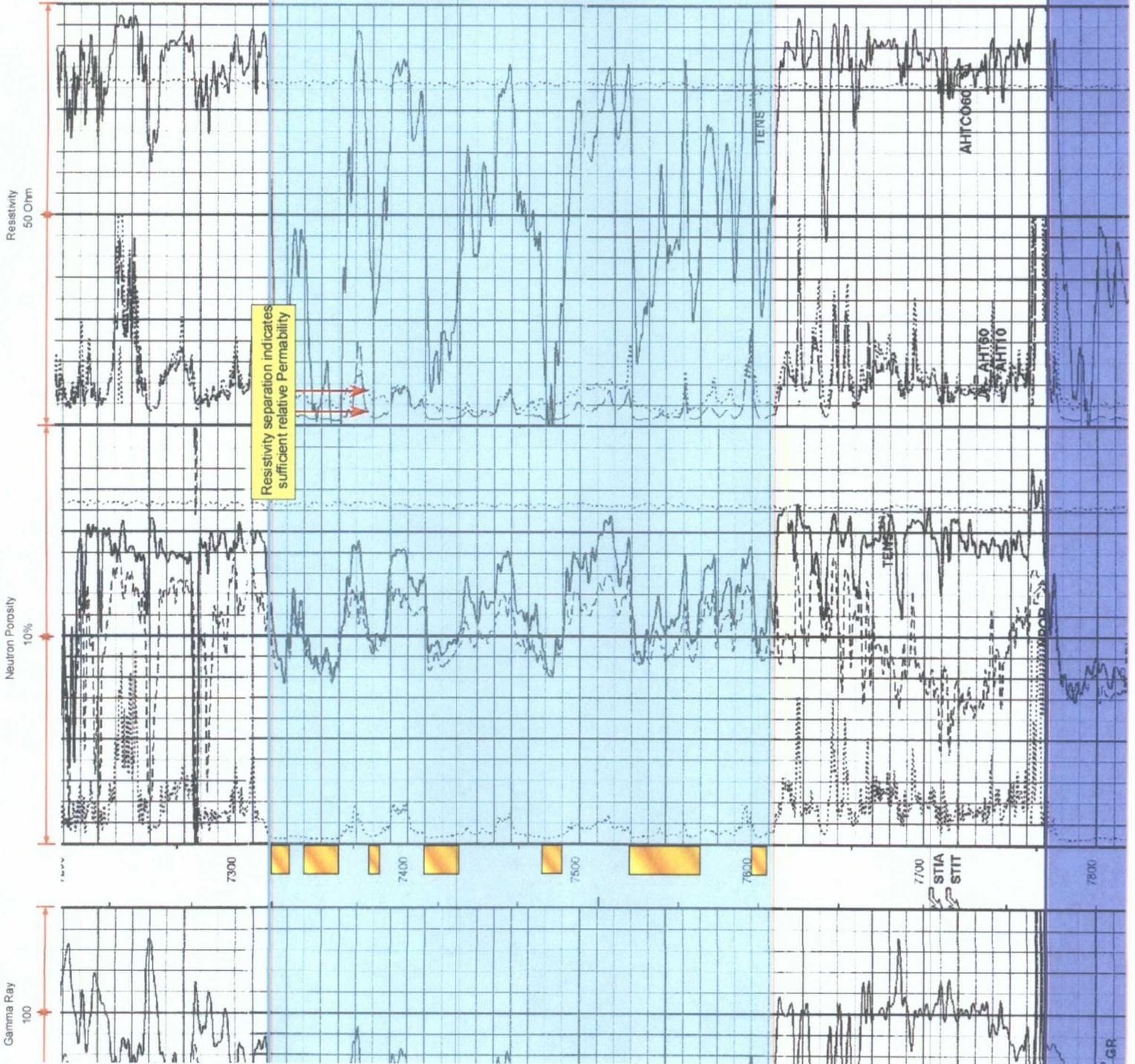
Top of Bluff* (7,318' MD)

* Proposed Additional
Water Disposal Zone

Top of Entrada** (7,768' MD)

** Current Water Disposal Zone

82' Net Porosity > 10%
296' Gross Interval



CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS

Operator: HALLWOOD ENERGY CO. Well: CARDON Com No. 1

Contact: KEVIN O'CONNELL Title: DRUG + PROD. MGR. Phone: 303-850-7373

DATE IN 6-27-96 ^{27-32M-13W} RELEASE DATE 6-4-96 DATE OUT 7-8-96

Proposed Injection Application is for: WATERFLOOD Expansion Initial

Original Order: R- Secondary Recovery Pressure Maintenance

SENSITIVE AREAS

SALT WATER DISPOSAL Commercial Well

WIPP Capitan Reef

Data is complete for proposed well(s)? YES Additional Data Req'd _____

AREA of REVIEW WELLS

0 Total # of AOR

0 # of Plugged Wells

Tabulation Complete

Schematics of P & A's

Cement Tops Adequate

AOR Repair Required

*FOLLOWING ARE
FROM ORIGINAL
APPLICATION
in 1996*

INJECTION FORMATION

Injection Formation(s) DAVINA MORRISON ROCK ^{ENTRAGA} Compatible Analysis YES

Source of Water or Injectate SAME ⁷⁶⁹⁰ 6750-7720'

PROOF of NOTICE

YES Copy of Legal Notice

Information Printed Correctly

YES Correct Operators

Copies of Certified Mail Receipts

NO Objection Received

Set to Hearing _____ Date

NOTES: MS. NADINE MEAD - SEE ATTACHED CORRESPONDANCE

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL? YES

COMMUNICATION WITH CONTACT PERSON:

1st Contact:	<input type="checkbox"/> Telephoned	<input type="checkbox"/> Letter	_____ Date	Nature of Discussion _____
2nd Contact:	<input type="checkbox"/> Telephoned	<input type="checkbox"/> Letter	_____ Date	Nature of Discussion _____
3rd Contact:	<input type="checkbox"/> Telephoned	<input type="checkbox"/> Letter	_____ Date	Nature of Discussion _____

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

May 14, 1996

CERTIFIED MAIL NO. P 324 481 495
RETURN RECEIPT REQUESTED

Mr. William LeMay, Director
State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Form C-108, Application for Authorization to Inject
Hallwood Petroleum, Inc.
Proposed Cardon Com #1 SWD Well
Unit A, NE NE, 1120' FNL x 1050' FEL
Section 27-T32N-R13W
San Juan County, New Mexico

Dear Mr. LeMay:

Hallwood Petroleum, Inc. respectfully requests administrative approval for re-entry, deepening and conversion of the currently plugged and abandoned Cardon Com #1 well, to a water disposal well. We are proposing (requesting) that the well be approved for water disposal into four formations -- Morrison, Bluff, Summerville and Entrada. However, as discussed in detail in the enclosed application and exhibits, Hallwood plans to initially (after obtaining all approvals) dispose of water into the Summerville and Entrada formations.

If the Summerville and Entrada formations are not adequate for handling of the planned 550-1200 BWPD, we would proceed with recompleting this well to the additional Morrison and Bluff disposal formations.

Enclosed is the Form C-108 and required data, including "proof of notice" to the offset leasehold operators. Hallwood Petroleum, Inc. is the surface owner of a four-acre parcel of land centered on this Cardon Com #1 well location. Upon receiving proof of mailing notices (return receipt cards) we will furnish these to your office.

Please contact me at (303) 850-6303 with any questions or comments you have on this application for injection, or if you need additional information.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

EXHIBIT III - WELL DATA

Cardon Com #1 SWD

Section B

- (1) The name of the injection formation(s) and, if applicable, the field or pool name.

Hallwood proposes to initially inject (dispose of) produced Fruitland Basin Coal water into the Summerville/Entrada formations. The Summerville/Entrada formation at this location is not believed to be in any established field.

Hallwood is seeking approval with this application to ultimately dispose into four (4) formations - the Morrison, Bluff, Summerville and Entrada. In the event that the two lower formations in the Cardon Com #1 well are not able to satisfactorily handle our intended disposal volumes, Hallwood would like to recomplate the Cardon Com #1 well into the Morrison and Bluff formations and add them to the Summerville/Entrada as disposal zones.

- (2) The injection interval and whether it is perforated or open hole.

The initially proposed disposal zone (and subsequent recompletion intervals) (the Summerville/Entrada) will be in perforated 4 1/2" casing.

- (3) State if the well was drilled for injection or, if not, the original purpose of the well.

This well was originally drilled in 1980 by Tenneco Oil Company (operator) as a Mesa Verde/Dakota gas well. The Cardon Com #1 well tested (thru 7" casing) the Mesa Verde interval but was not completed as a producing well. The well was plugged and abandoned in early 1981. Hallwood Petroleum, Inc. purchased 4 acres of surface land surrounding this well (Cardon Com #1) in 1995 with the principal reason to convert it to a water disposal well due to its proximity to our coal wells and pipeline gathering system. See plat map - Exhibit III B. 3.

INJECTION WELL DATA SHEET

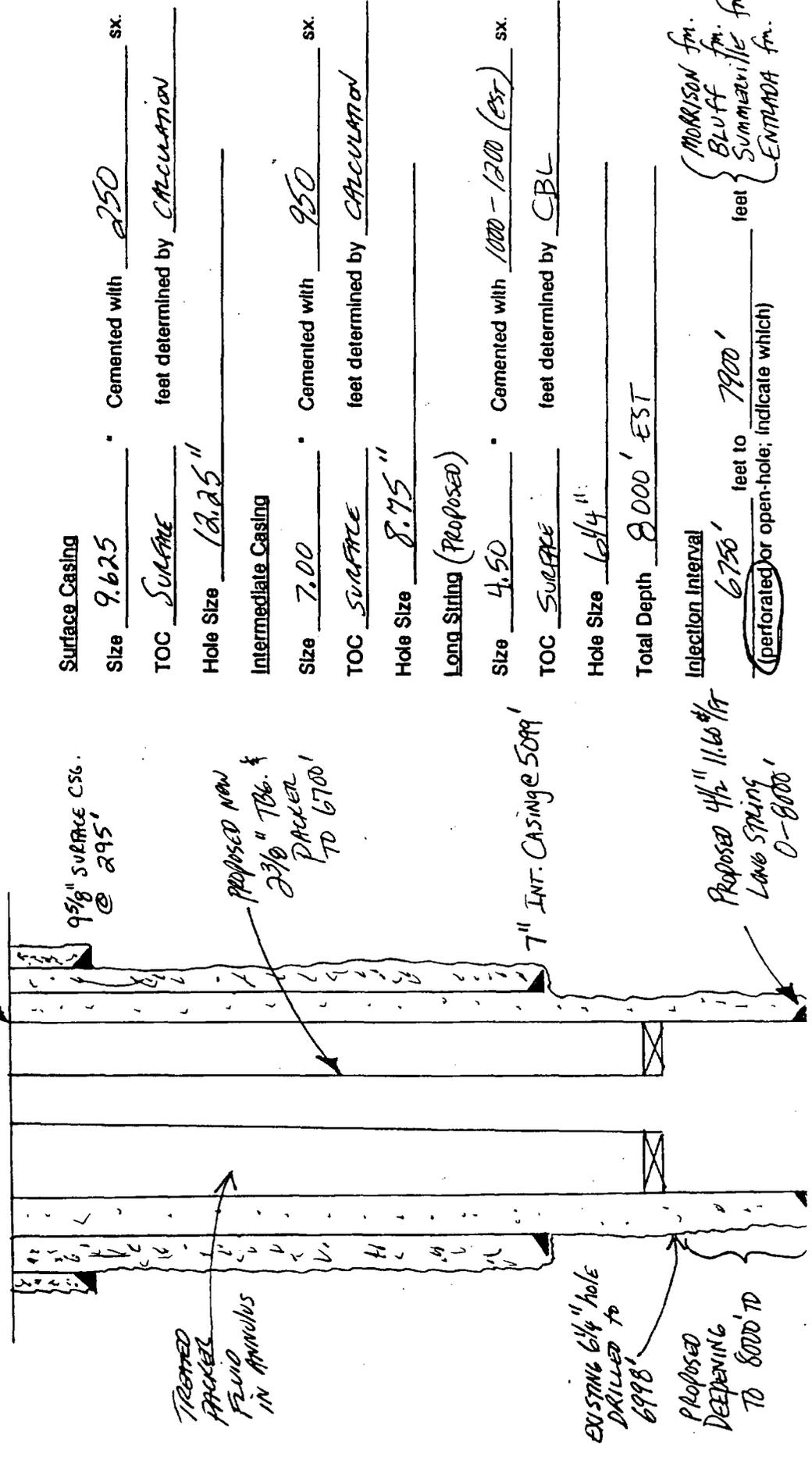
OPERATOR HALLWOOD PETROLEUM INC. LEASE CARDON COM

WELL NO. # 1 FOOTAGE LOCATION 1120' FWL X 1050' FEL, UNIT A, NENE SECTION 27 - T32N - R13W

TOWNSHIP _____ RANGE _____

Well Construction Data

Proposed 3-STAGE CEMENT JOB ON 4 1/2" LONG STRING TO INSURE CEMENT 0 - 8000'



Surface Casing	Size	9.625	Cemented with	250	sx.
TOC SURFACE					feet determined by CALCULATION
Hole Size		12.25"			
Intermediate Casing	Size	7.00	Cemented with	950	sx.
TOC SURFACE					feet determined by CALCULATION
Hole Size		8.75"			
Long String (Proposed)	Size	4.50	Cemented with	1000 - 1200 (EST)	sx.
TOC SURFACE					feet determined by CBL
Hole Size		6 1/4"			
Total Depth		8000' EST			
Injection Interval		6750'	feet to	7900'	
		(perforated or open-hole; indicate which)			

MORRISON fm.
BLUFF fm.
SUMMERVILLE fm.
ENTRADA fm.

TREATED PACKER FLUID ANNULUS IN ANNULUS

EXISTING 6 1/4" hole DRILLED TO 6998'

PROPOSED DEEPENING TO 8000' TD

Proposed 4 1/2" 11.60 #17 LONG STRING 0-8000'

7" INT. CASING @ 5099'

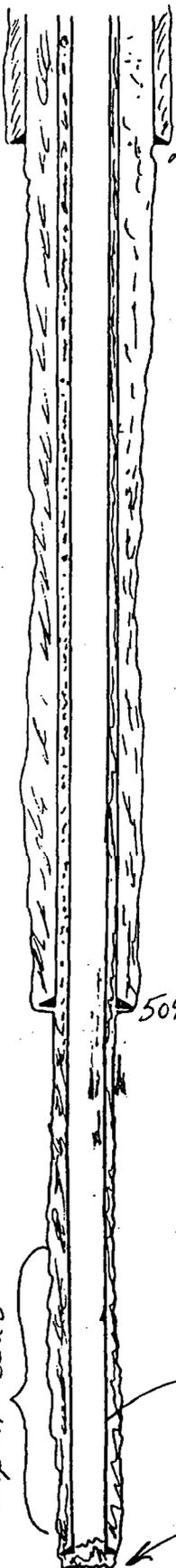
PROPOSED NEW 2 3/8" TP6. # PACKER TO 6700'

9 5/8" SURFACE CSG. @ 295'

Hallwood Energy Companies KB=5909'

Well History Record GL=5897'

Proposed Schematic



Surface
9 5/8" : _____ #
Gr _____ @ 295'
Cmt. wt 250 Sxs.
TOC @ _____'
Hole Size 12 1/4" : _____ #
Max Mud Wt. _____ #

WELL: CARDON Com #1
LOCATION: NE NE (1120' FUL X 1050' FEL)
SEC 27- T32N-R13W SAN JUAN
SPUD DATE: 10/20/80
COMPL. DATE: 1/30/81
T.D.: 6998 PBTD: ?? (SURFACE)
FIELD: BLANCO MESA-Verde
ZONES: MESA-Verde
PERFS: 4137-4496' gross interval
(SQUEEZED w/ 150 SXS IN
JANUARY 1981)
STIMULATION: _____

* PLANNED DISPOSAL ZONES
IN THE MORRISON TANK
ENTRADA ZONES AT EST.
DEPTHS OF 6750'-7900'

Production
7 : 20 #
Gr _____ @ 5099'
Cmt. wt 950 Sxs.
TOC @ PROBABLY SURFACE :
Hole Size 8 3/4" : _____ #
Max Mud Wt. _____ #

NOTE: IN ADDITION TO 3 STAIRS
OF CASING & CEMENT,
WILL HAVE NEW 2 3/8" TBG
& PACKER INSIDE OF
4 1/2" CASING WITH PACKER
FLUID IN THE ANNULUS

FORMATION TOPS

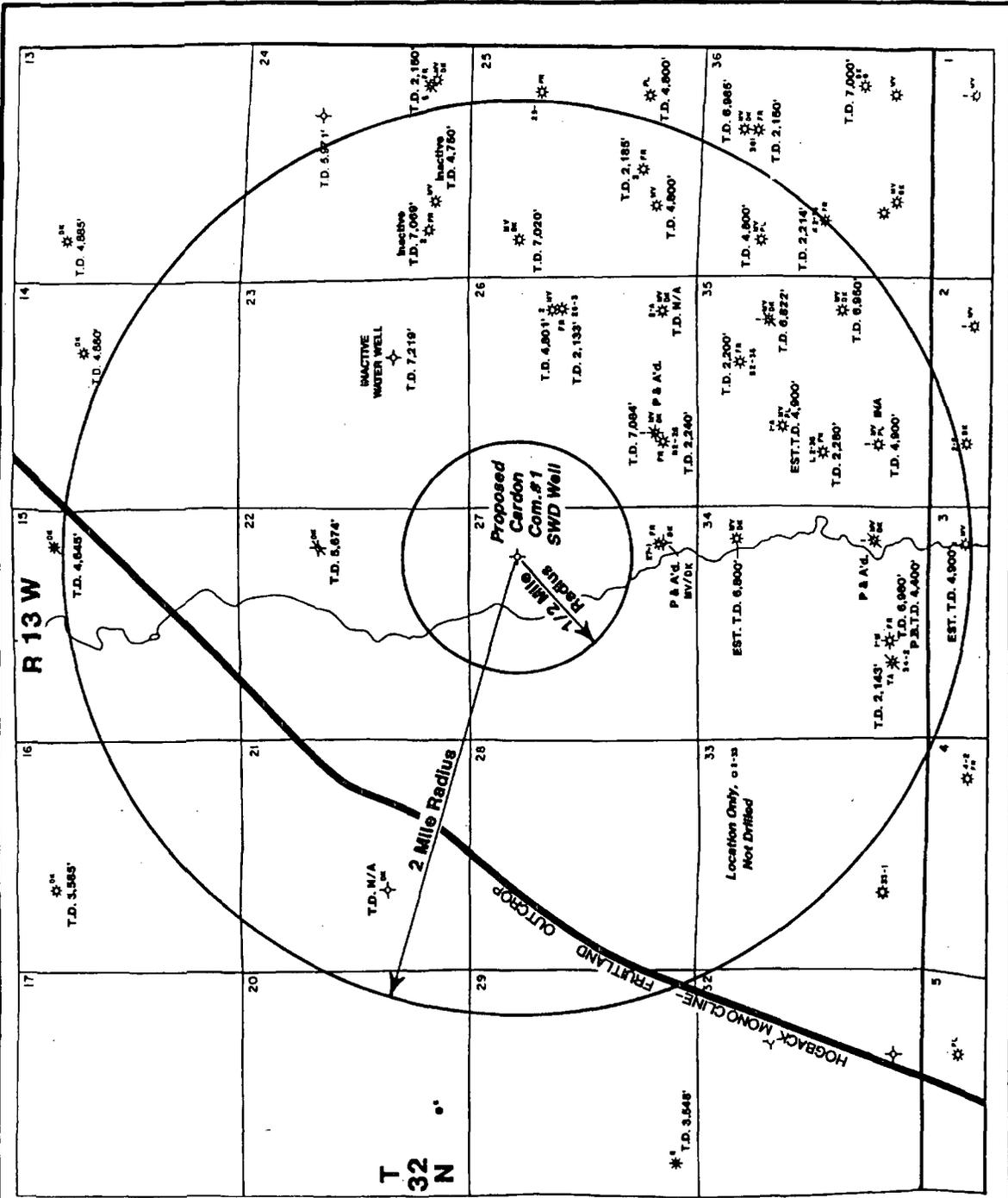
K.E. O'Connell
5/14/96

DACOTA 6535'
MORRISON 6750'
EST. BLUFF 7300'
EST. SUMMERVILLE 7460'
EST. ENTRADA 7600'
EST. CHINLE 7920'

PROPOSED 4 1/2" CSG
SURFACE TO TD
3 STAGE CEMENTED TO SURFACE

DRILL 6 1/4"
Hole TO 8000' EST.

DISPOSAL ZONES*



PRODUCTION CODE:

- DK-DAKOTA
- FR-FRUITLAND
- MV-MESA VERDE
- PL-POINT LOOKOUT
- PC-PICTURED CLIFFS

Hallwood Petroleum, Inc.

LA PLATA AREA
CARDON COM. #1 SWD WELL
 OFFSET WELLS PERTAINING
 TO APPLICATION FOR
 WATER DISPOSAL

NE NE SEC. 27 - T32N-R13W
 San Juan Co., New Mexico