

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Agua Sucia*  
*Section*

**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 REINSTATEMENT OF EXISTING WATERFLOOD

2009 AUG 17 A 11:25  
 RECEIVED OOD

*WFX-662*

*557*  
*PSI*

*Aug 16*  
*+ 15*  
*Aug 31*  
*SI*

- [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.

Ben Stone  
 Print or Type Name

*Ben Stone*  
 Signature

Agent for Agua Sucia, LLC 8/14/10  
 Title Date

ben@sosconsulting.us (agent)  
 e-mail Address



## SOS Consulting, LLC

August 14, 2010

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

Attn: Mr. Mark Fesmire, Director

*Re: Application of Agua Sucia, LLC for reinstatement of its Saladar Federal Waterflood Project into four wells located in Section 33, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Fesmire,

Please find enclosed form C-108 Application for Authority to Inject, supporting the above-referenced request for reinstating the Saladar Federal Waterflood Project.

The subject waterflood project was originally permitted in 1979 by Division Order R-5939. It was expanded twice in recent years. The project is only outlived in the area by the Russell Federal Waterflood project which in proximity, is just over two miles away and also injects into the Yates formation. That project was re-permitted last year. The Saladar project is well proved and little has changed in the area since the previous operator lost authority to inject in 2008.

Agua Sucia, LLC seeks to optimize efficiency, both economically and operationally, of its operations. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the Friday, July 30, 2010 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included in this application package. The application also includes wellbore schematics, area of review maps and other required information for a complete Form C-108. The well is located on federal lands and a copy of this application has been submitted to the Bureau of Land Management, Carlsbad Field Office.

I respectfully request that the reinstatement of this waterflood project proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

Ben Stone, Partner  
SOS Consulting, LLC  
Agent for Agua Sucia, LLC

Cc: Application attachment and file

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE: **REINSTATEMENT of existing waterflood** and the application **qualifies** for administrative approval.
- II. OPERATOR: **Agua Sucia, LLC**  
ADDRESS: **14605 Memorial Drive, Bixby, OK 74008**
- CONTACT PARTY: **Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850**
- III. WELL DATA: **All pertinent well data and applicable wellbore diagrams are attached hereto. Per OCD rules, much of the required data has been previously submitted and resubmission is not required..**
- IV. **This is not an expansion of an existing project.**
- V. **A map is attached** 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. **A tabulation is attached** of data on all wells of public record within the area of review which penetrate the proposed injection zone. **The data includes** 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. **Only the Saladar No.10 plugging in new and data is attached.**
- VII. **The following data is attached** 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. **Appropriate geologic data on the injection zone is attached** 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. **Acidizing may be performed on subject wells as needed after 3-9 month observation.**
- \*X. **There is no applicable logging and test data on the well however, any previous well logs have been filed with the Division and they need not be resubmitted.**
- \*XI. **There are no fresh water wells within one mile the proposed salt water disposal well.**
- XII. **An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. **"Proof of Notice" section on the next page of this form has been completed.**
- 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: **Ben Stone** TITLE: **Consultant, Agent for Agua Sucia, LLC**

SIGNATURE: \_\_\_\_\_

DATE: **8/14/2010**

E-MAIL ADDRESS: **Agent: SOS Consulting, LLC: info@sosconsulting.us**

- \* 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:

**Page 2**

**III. WELL DATA – *The following information and data is included:***

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 *pursuant to the following criteria is attached.***

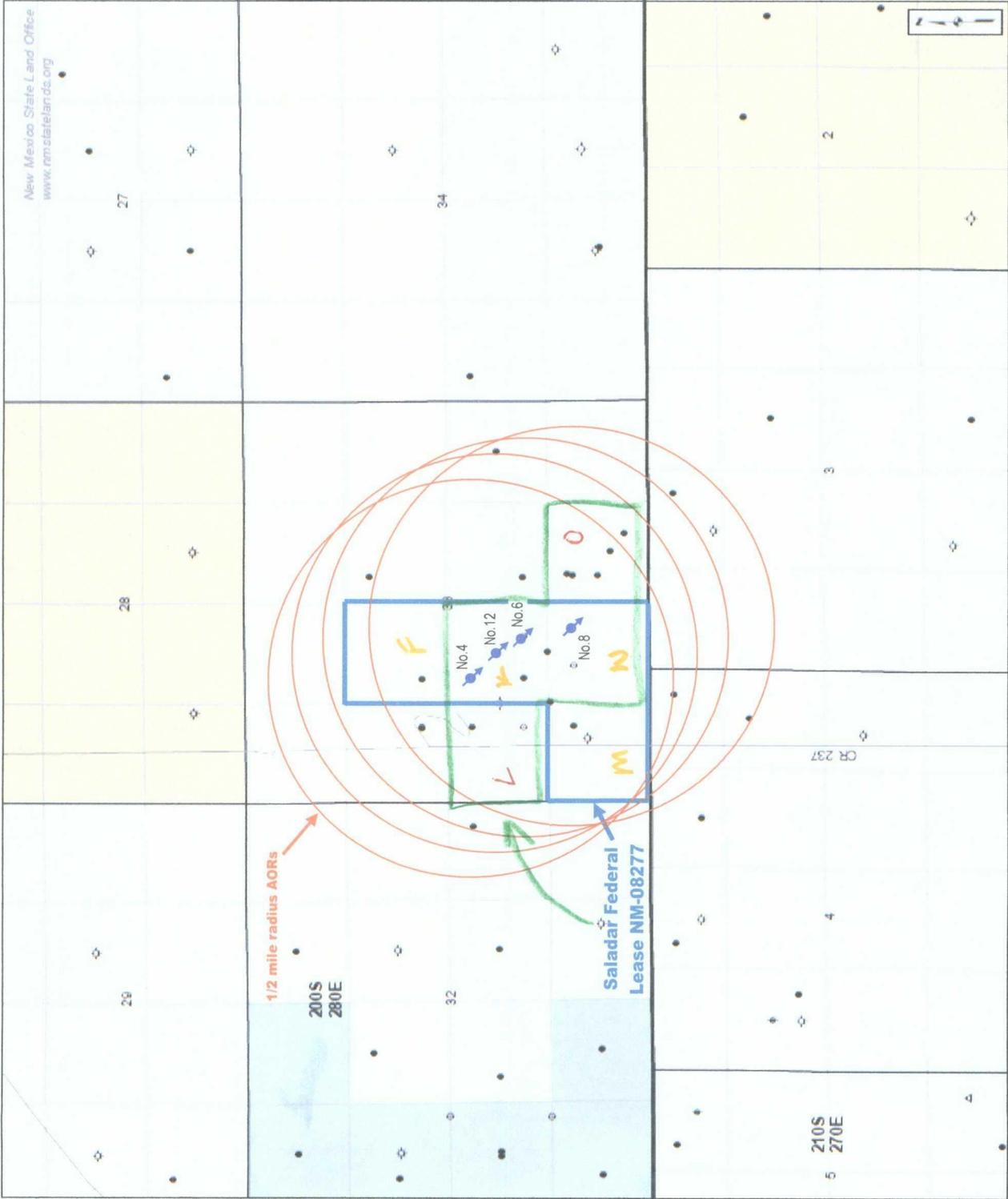
All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

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.**

# Form C-108 Attachment - Area of Review Map



- LEGEND**
- County Seats
  - ▲ SLO District Offices
  - 🏘 City, Town or Village
  - 🌋 Volcanic Vents
  - 🛣 Highway Mileposts
- NMOCD Oil, Gas Wells**
- ⊕ Carbon Dioxide
  - ⊕ Gas
  - ⊕ Injection
  - ⊕ Miscellaneous
  - Oil
  - ▲ Salt Water Disposal
  - ⊕ Water
  - ⊕ D-A or PA

- Federal Subsurface Ownership**
- 🟡 All Minerals
  - 🟠 Coal Only
  - 🟢 Oil and Gas Only
  - 🟣 Oil, Gas and Coal Only
  - 🟤 Other Minerals
- State Trust Lands Ownership**
- 🟢 Surface Estate
  - 🟡 Subsurface Estate
  - 🟠 Both Estates

- State Lease Types**
- 🟠 Commercial Leases
  - 🟡 Minerals Leases
  - 🟢 Oil and Gas Leases
  - 🟣 Agricultural Leases
  - 🟤 Oil, Gas Leasing Influenced By Restriction
  - 🟥 Not Available for Oil, Gas Leasing

GIS Map generated 6/14/2010 for Agua Sucia, LLC by SOS Consulting, LLC. Well spots and associated data provided by OCD to State Land Office. Currency and validity is per those agencies' policy and protocol for data generation, migration and sharing. Data limits set by OCD.



The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability, or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center  
 lbgic@sls.state.nm.us  
 Created On: 7/29/2010 3:25:30 PM

**New Mexico State Land Office**  
 Oil, Gas, and Minerals Land Lease Information Map

0.0 0.1 0.2 0.3 0.4 Miles

Universal Transverse Mercator Projection, Zone 13  
 1983 North American Datum

Form C-108 Attachment - Wells in Area of Review

Well Name	Well No.	Operator	API No.	Type	Section	Twp	Rng	UL	Footage	Footage	Direction	Direction	Minerals	Status	Depth	Plug Date
Saladar	2*	Agua Sucia, LLC	3001502450	Injection	33	20S	28E	L	1650	990	S	W	P	A	690	
Saladar	12	Agua Sucia, LLC	3001524179	Injection	33	20S	28E	K	1980	980	S	W	F	A	711	
Saladar	6	Agua Sucia, LLC	3001502448	Injection	33	20S	28E	K	1650	2185	S	W	F	A	682	
Saladar	4	Agua Sucia, LLC	3001502446	Injection	33	20S	28E	K	2310	1650	S	W	F	A	700	
Saladar	8	Agua Sucia, LLC	3001502449	Injection	33	20S	28E	N	990	2310	S	W	F	A	664	
Saladar	7*	Agua Sucia, LLC	3001510468	Injection	33	20S	28E	N	990	1808	S	W	F	A	633	
Saladar	1	Agua Sucia, LLC	3001502451	Oil	33	20S	28E	L	2310	990	S	W	P	A	732	
Avalon Ridge 33 Fed Com	1	MEWBOURNE OIL CO	3001533687	Gas	33	20S	28E	M	810	840	S	W	F	A	11765	
Malco	1	PRE-ONGARD WELL OPERATOR	3001502453	Oil	33	20S	28E	E	2310	985	N	W	P	P	716	6/24/1957 0:00
Malco A	1	PRE-ONGARD WELL OPERATOR	3001502454	Oil	33	20S	28E	E	2310	990	N	W	S	P	360	5/3/1957 0:00
Saladar	2	PRE-ONGARD WELL OPERATOR	3001502445	Oil	33	20S	28E	M	990	990	S	W	F	A	0	
Saladar	3	Agua Sucia, LLC	3001502447	Oil	33	20S	28E	F	2310	1650	N	W	F	A	707	
Saladar	5	Agua Sucia, LLC	3001502444	Oil	33	20S	28E	K	1650	1650	S	W	F	A	673	
Burton Flat Unit	7	PRE-ONGARD WELL OPERATOR	3001520954	Oil	33	20S	28E	I	1980	660	S	E	F	A	9400	10/26/1991 0:00
Saladar	13	Agua Sucia, LLC	3001524180	Oil	33	20S	28E	N	1315	1980	S	W	F	A	682	
Saladar	14	Agua Sucia, LLC	3001524181	Oil	33	20S	28E	N	1315	1325	S	W	F	A	660	
Canley Federal	1	PRE-ONGARD WELL OPERATOR	3001502440	Oil	33	20S	28E	J	1650	2310	S	E	F	P	0	1/1/1900 0:00
Mayfield Federal	1	PRE-ONGARD WELL OPERATOR	3001502442	Oil	33	20S	28E	O	1076	2286	S	E	F	P	716	1/4/1958 0:00
Mayfield Federal	1	PRE-ONGARD WELL OPERATOR	3001502441	Oil	33	20S	28E	O	990	2310	S	E	F	P	699	11/15/1957 0:00
Mayfield Federal	3	PRE-ONGARD WELL OPERATOR	3001502439	Oil	33	20S	28E	O	495	1980	S	E	F	P	637	6/26/1961 0:00
Mayfield Federal	1	PRE-ONGARD WELL OPERATOR	3001502452	Oil	33	20S	28E	G	1650	2310	N	E	F	P	0	1/1/1901 0:00
Saladar	9	PRE-ONGARD WELL OPERATOR	3001502443	Oil	33	20S	28E	O	660	2310	S	E	F	A	674	
Saladar	10	Devon Energy Production Co.	3001510365	Oil	33	20S	28E	O	330	1753	S	E	F	P	730	7/13/2010 0:00
Saladar	11	PRE-ONGARD WELL OPERATOR	3001524178	Oil	33	20S	28E	L	1980	1315	S	W	P	A	707	

24 Total wells  
 4 Inactive  
 11 Active  
 9 plugged

\*Well Nos. 2 & 7 removed from this application - wells to be returned to production.

**Saladar Federal No. 12**

API No. 30-015-24179

Location: 1980' FSL & 1980' FWL

Section 33, Twp 20S, Rng 28E, NMPM

Latitude: 32.528114 Longitude: -104.185100

Eddy County, New Mexico

Saladar; Yates (Pool No.53390)

Formation: Rustler

Surface: 7.625" @ 82' (Borehole 9.625")

Cement: 15 Sacks Class C from 82' to 0' (Circulated)

Formation: Salado (Anhydrite/Mix)

Formation: Fletcher (Top 440' Dolomite/Mix)

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Tansil (Top 460' Dolomite/Anhydrite)

Production: 4.5" 11.3# @ 3720' (Borehole 7.875")

Cement: 250 Sacks Class C from 711' to 0' (Circulated)

Formation: Ocotillo (Top 505')

Tubing: 2.375" Plastic Coated @ 600'

Packer: 4.5" PKR @ 605'

Formation: Yates (Top 605')

Perforations: 658' - 682'

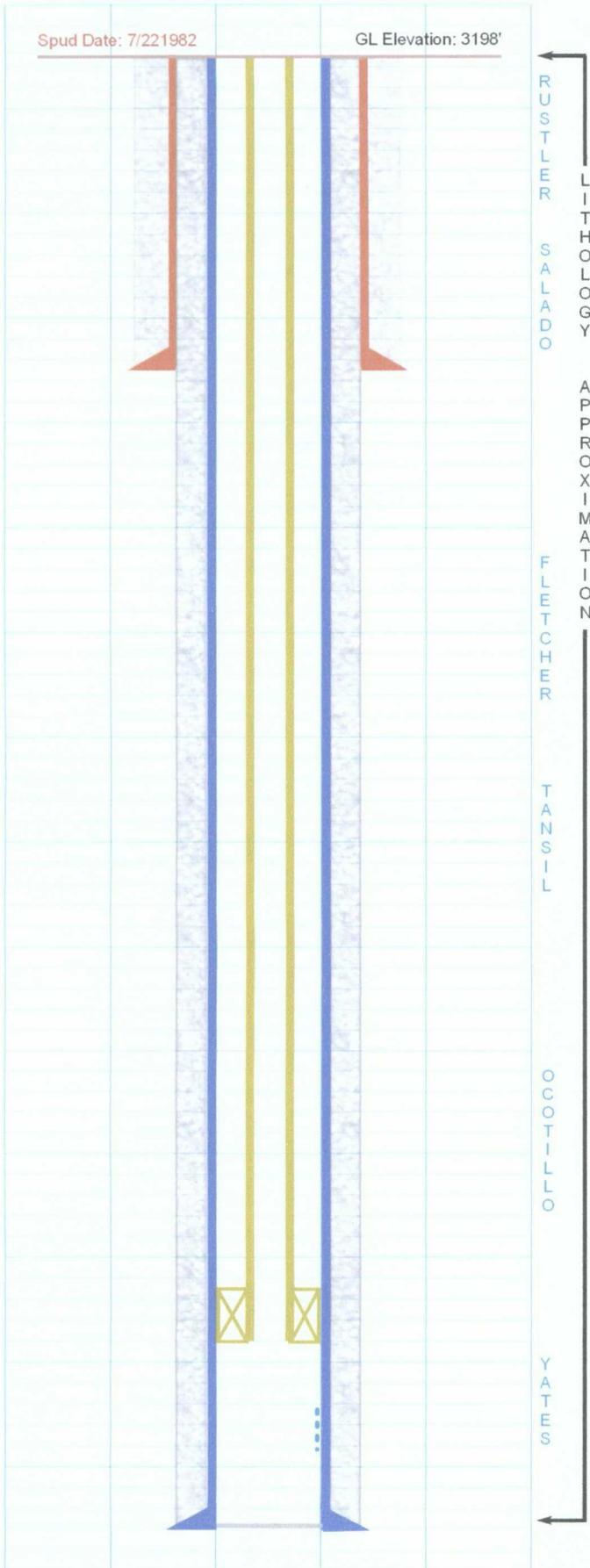
DTD: 711'

*658 X 2  
132*

**CURRENT WELL CONFIGURATION**

Spud Date: 7/22/1982

GL Elevation: 3198'



**TYPICAL INJECTION WELL**

Section 33, Twp 20S, Rng 28E, NMPM

Eddy County, New Mexico  
 Saladar; Yates (Pool No.53390)

Formation: Rustler

Surface: 7.0" @ 100' to 460' (Borehole 8.75")

Cement: 50 to 100 Sacks Class 'C' Circulated

Formation: Salado (Anhydrite/Mix)

Formation: Fletcher (Top ~440' Dolomite/Mix)

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Tansil (Top ~460' Dolomite/Anhydrite)

Production: 5.5" 14.0# @ 628' (Borehole 6.625")

Cement: 50 to 100 Sacks Class C from 628' to 300' (Calc.)

Formation: Ocotillo (Top ~505')

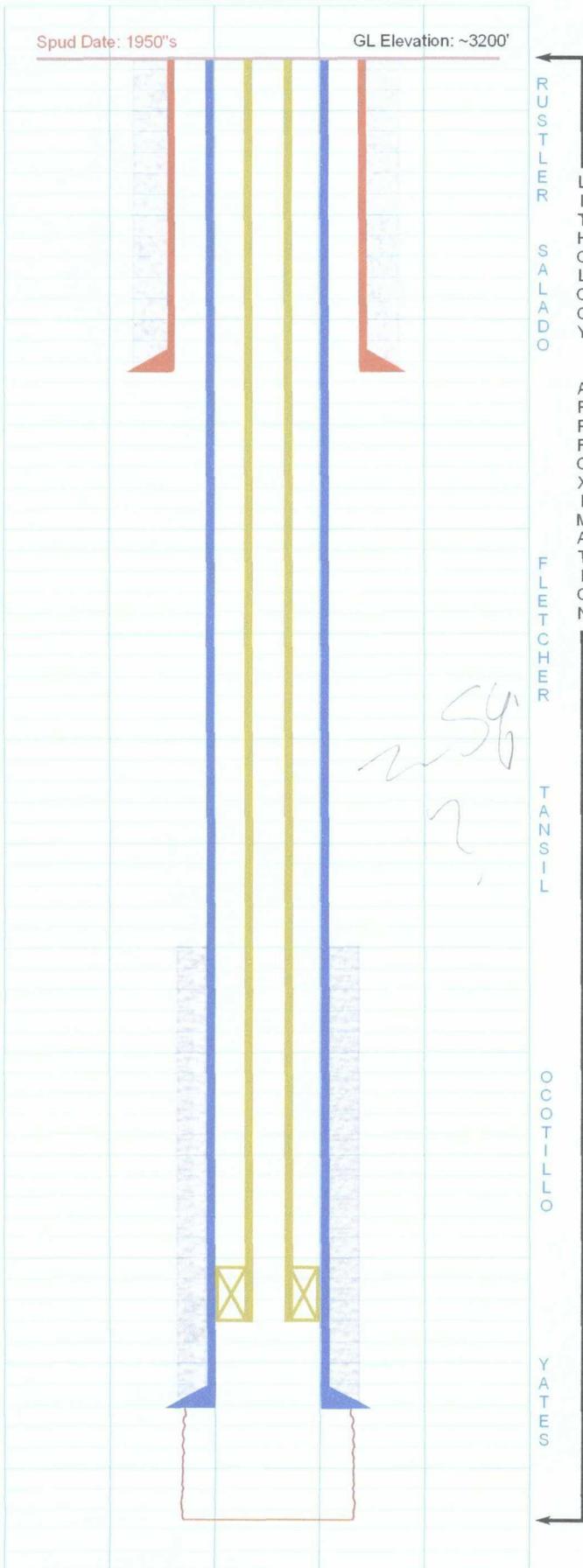
Tubing: 2.375" Plastic Coated @ 575'

Packer: 5.5" PKR @ 580'

Formation: Yates (Top ~605')

Openhole: 628' - 677' (Average OH completion ~25 feet.)

DTD: ~675'



628 X 12  
 - 126

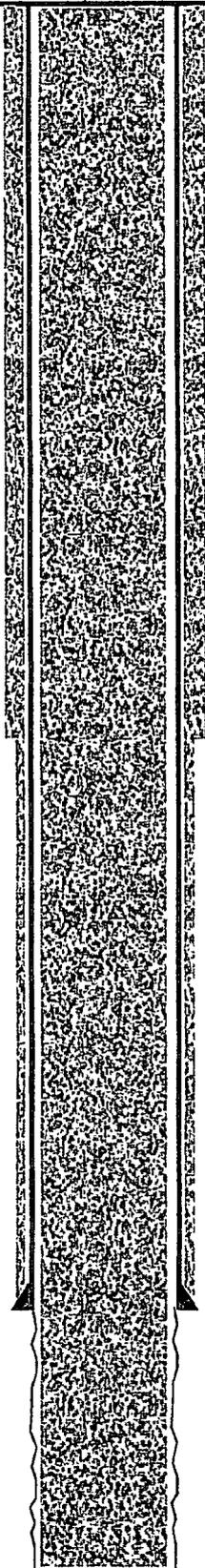
**DENNIS LANGLITZ OPERATOR**

Well Name: SALADAR #10		Field: SALADAR YATES	
Location: 330' FSL & 1753' FEL; SEC 33-T20S-R28E		County: EDDY	State: NM
Elevation: 3195' DF		Spud Date: 6/9/64	Compl Date: 9/21/64 (producing)
API#: 30-015-10365	Prepared by: Ronnie Slack	Date: 2/15/10	Rev:

**PROPOSED PLUG & ABANDONMENT**

**Proposed Plug & Abandonment**

1. Attempt to fish out tubing and rod string noted at 26' from surface.
2. Attempt to clean out wellbore to bottom. (730' TD). Circulate wellbore w/cement to surface. (Calc cement volume from 730' to surface is 81 sx)
3. Cut wellhead off and set dry hole marker



8-1/4" Hole  
7", 17#, ran to 440'. Casing pulled.  
 (per subsequent sundry notice dated 9/6/64)

6-1/4" Hole  
5-1/2", 14#, @ 640'  
 Cmt'd w/100 sx to surface (9/6/64)  
 (capacity= 1370 cu ft / ft)

6-1/4" open hole (capacity = .2131 cu ft / ft)  
YATES FORMATION (9/21/64)  
 Open hole completion

730' TD

RM

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

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well  
 Oil Well    Gas Well    Other

2. Name of Operator  
**DEVON ENERGY PRODUCTION COMPANY, LP**

3a. Address  
**20 North Broadway, Ste 1500, Oklahoma City, OK 73102**

3b. Phone No (include area code)  
**405-552-4615**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**330 FSL 1753 FEL      O 33 T20S R28E**

5. Lease Serial No  
**NMLC062254A**

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.  
**JUL 19 2010**

8. Well Name and No.  
**SALADAR TC**

9. API Well No  
**30-015-10365**

10. Field and Pool, or Exploratory Area  
**SALADAR -YATES**

11. County or Parish, State  
**EDDY                      NM**

**RECEIVED**  
**JUL 19 2010**  
**NM OCD ARTESIA**

12. CHECK 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<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 checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work and approximate duration thereof. If the proposal deepens directionally or recompletes horizontally, give subsurface location 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirement, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

Wellbore Plug & Abandonment Work 6/7/10 - 7/8/10

- MIRU. Clean out cellar. Dug out around 5-1/2" casing. 1.5' of 5-1/2" above cellar floor
- Install 30" conductor pipe to 26' Cement w/10 yds redi-mix Backfill around conductor
- Ran 7", 23# casing Washed over 5-1/2" casing and set 7" at 43'. Cement 30" X 7" annulus w/10 yds redi-mix.
- Washed, milled, and retrieved 2-3/8" tubing & rod string down to 532'. TOF at 532'.
- Milled over fish Made 1' in 2 hrs Obtained verbal approval from Duncal Whitlock to P&A from 532'.
- TIH w/2-3/8" tubing to 532'. Pump 13 bbl, 14 8 ppg Cl C cement from 532' to surface. RDMO.
- Cut casings off 3' BGL. Set P&A marker.
- Wellbore plugged & abandoned on 7/8/2010

7/19/2010  
 AS

**Accepted as to plugging of the well bore.  
 Liability under bond is retained until  
 Surface restoration is completed.**

\* Reclamation Due 12-27-10

14. I hereby certify that the foregoing is true and correct  
 Name **Ronnie Slack** Title **Operations Technician**

Signature *Ronnie Slack* Date **7/8/2010**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

**ACCEPTED FOR RECORD**

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date **JUL 13 2010**

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 or operations thereon

Office

**BUREAU OF LAND MANAGEMENT  
 CARLSBAD FIELD OFFICE**

TABULAR SUMMARY - WELL DATA  
ALL WELLS NEAR PROPOSED INJECTION (Cont'd)

Operator Lease & Well No.	Location*	Well Type	Well Status	Compl. Date	Initial Prod.	Size (In.)	Casing Record Setting Depth (Ft.)	Cement (Sv)	T.D. (Ft.)	Completion Interval (Ft.)	Treatment	Remarks
G. E. Conley Cruzeiro No. 1	J-33-20-28	-	P&A	8-8-56	-	7 5 1/2	141 555	10 Unk	737	655-737 open hole	-	
Mayfield No. 1	0-33-20-28	-	P&A	7-8-57	-	7	100	10	699	-	-	Lost hole @ 699'; P&A
Mayfield No. 1-X	0-33-20-28	Dry Hole	P&A	11-25-57	-	7	100	10	716	-	-	
Mayfield No. 2	See Saladar Unit No. 9											
Basic Materials, Inc. Mayfield No. 3	0-33-20-28	Dry Hole	P&A	6-19-61	-	7 5/8 4 1/2	177 637	Unk 10	662	637-662 open hole	-	
PIP Petroleum USA, Inc. Burton Flat Deep Unit No. 7	1-33-20-28	-	P&A	11-19-73	5.4 MWC	13 3/8 9 5/8 5 1/2	603 2,950 11,540	750 1,250 800	11,540	11,221-11,475	4,000 gals. / 1 1/2% MS acid	Originally drilled by Konsanto Company
K. L. Bunnell Cruzeiro No. 1	A-4-21-27	Dry Hole	P&A	5-5-56	-	8 5/8	252	Unk	668	-	-	
Cruzeiro No. 2	C-3-21-27	Dry Hole	P&A	5-8-58	-	10 3/4 8 5/8	62 183	Unk Unk	715	-	-	
W. L. S. Saltsich Malco No. 1-X	E-33-20-28	Dry Hole	P&A	5-15-57	-	7 4 1/2	223 719	Unk 75	726	-	-	Fraced w/20,000# sand, No production
G. D. Riggs Mayfield No. 1	C-33-20-28	Dry Hole	P&A	5-22-56	-	8 5/8 5 1/2	366 792	Unk Unk	748	-	-	
Hughes Federal No. 2	H-33-20-28	Dry Hole	P&A	7-4-56	-	7 5 1/2	80 608	Unk 20	666	-	-	
K. S. Light Wells Federal No. 1	B-3-21-27	Dry Hole	P&A	12-17-62	-	7	407	Unk	642	-	-	

\*Unit Letter - Section - TMP/South - RCF/East

### Form C-108 - Item VII

1. Approximately 30 - 60 BWPD per well.
2. System is closed.
3. Injection pressure 557 psi maximum (previously authorized).
4. Source water is reinjected produced water from the Saladar offset wells.
5. Not applicable

### Item VIII

Injection is into the Yates formation from approximately ~~628' to 682'~~ 628'. The target sand is generally 10 to 20 feet thick. The Yates ~~overlies the Capitan Reef~~ but is hydrologically separate. It is overlain by Tansil, Castile, Salado and Rustler formations. The Ocotillo has been referenced in this area immediately below the Tansil and above the Yates. The Yates is generally a fine grained, well sorted, highly porous and permeable sand. Usually light grayish-tan, it is a quartz sand with some clay content lending to reddish color in many areas. Porosity is in low twenties (with neutron spikes in the mid to upper twenties) but may have some pore occlusion from probable long term exposure to various organics and mineral infiltration during injection and/or production.

RECEIVED OCD

2010 AUG 19 1:35  
Form C-108 - Item IX

All of the Saladar Federal wells have been acidized a few times each over the years. Most of them had a small frac job, generally with 20/40 sand and varying in size from 1000 lbs. to 12,000 lbs. The frac proppant was carried in gelled brine and a few fracs included lease oil and perhaps diesel.

It is expected that the porosity has diminished somewhat. During the long term of injection, the porosity of the Yates sand may be occluded by a potentially considerable amount due to organic and mineral intrusion.

Agua Sucia will determine if acidizing is necessary after some period to evaluate the operation (3-9 months). Considering the history of the wells, we anticipate that acid job would be highly likely and all of the wells would be candidates. Given the small intervals, jobs would be in the 250 to 500 gallon range with 10 - 15% HCL. After consulting with a service company, it may be decided to go with as much as a 1000 gallon job for certain wells.

Will,

I THINK THIS PAGE MAY  
HAVE BEEN OMITTED FROM  
THE 2 APPS YOU RECEIVED  
SALADAR WATERFLOOD

THANKS,

Jim

## Form C-108 - Item IX

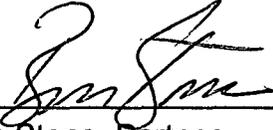
All of the Saladar Federal wells have been acidized a few times each over the years. Most of them had a small frac job, generally with 20/40 sand and varying in size from 1000 lbs. to 12,000 lbs. The frac proppant was carried in gelled brine and a few fracs included lease oil and perhaps diesel.

It is expected that the porosity has diminished somewhat. During the long term of injection, the porosity of the Yates sand may be occluded by a potentially considerable amount due to organic and mineral intrusion.

Agua Sucia will determine if acidizing is necessary after some period to evaluate the operation (3-9 months). Considering the history of the wells, we anticipate that acid job would be highly likely and all of the wells would be candidates. Given the small intervals, jobs would be in the 250 to 500 gallon range with 10 - 15% HCL. After consulting with a service company, it may be decided to go with as much as a 1000 gallon job for certain wells.

**C-108 ITEM XII – GEOLOGIC AFFIRMATION**

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.

A handwritten signature in black ink, appearing to read "Ben Stone", written over a horizontal line.

Ben Stone, Partner  
SOS Consulting, LLC

**C-108 ITEM XIII – PROOF OF NOTIFICATION  
INTERESTED PARTIES LIST**

**SURFACE OWNER**

U.S. DEPARTMENT OF INTERIOR  
Bureau of Land Management  
Oil & Gas Division  
2909 W. Second Street  
Roswell, NM 88201-2019

**OFFSET MINERALS LESSEES (May or may not operate) (All Notified by Certified Mail)**

EXXONMOBIL  
P.O. Box 4358  
Houston, TX 77210-4358

DEVON ENERGY PRODUCTION CO. LP  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102

SDX RESOURCES, INC.  
507 North Marienfeld  
Midland, TX 79705

ARD ENERGY GROUP, LP  
222 W. 4th Street, PH 5  
Fort Worth, TX 76102

DAVOIL, INC.  
P.O. Box 12507  
Fort Worth, TX 76116

ENERGEN RESOURCES COMPANY  
605 Richard Arrington Jr. Blvd.  
Birmingham, AL 35203-2707

GREAT WESTERN DRILLING COMPANY  
P.O. Box 1659  
Midland, TX 79702

EDWARD R. HUDSON, JR.  
616 Texas Street  
Fort Worth, TX 76102

WILLIAM A. HUDSON II  
616 Texas Street  
Fort Worth, TX 76102

OCEAN PERMIAN, LLC  
1001 Fannin Street, Suite 1500  
Houston, TX 77002-6794

RICHMOND RESOURCE, INC.  
P.O. Box 4407  
Richmond, TX 77406

**OFFSET OPERATORS** (All Notified by Certified Mail)

MEWBOURNE OIL COMPANY  
P.O. Box 7698  
Tyler, TX 75711-7698

BHP PETRO AMERICA, INC.  
1360 Post Oak, Suite 500  
Houston, TX 77056-3020

FIDELITY EXPLORATION & PRODUCTION CO.  
1625 North Broadway, Suite 1800  
Denver, CO 80202

JMI ENERGY, INC.  
7600 W. Tidewell Rd., Suite 103  
Houston, TX 77040

OXY USA WTP, LP  
6 Desta Drive, Suite 6000  
Midland, TX 79705-5505

STEPHENS & JOHNSON OPERATING CO.  
P.O. Box 2249  
Wichita Falls, TX 76307-2249

**REGULATORY**

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed original and copy)  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)  
1301 W. Grand Ave.  
Artesia, NM 88210

BUREAU OF LAND MANAGEMENT (FedEx'ed copy)  
Carlsbad Office  
620 E. Greene Street  
Carlsbad, NM 88220



August 12, 2010

**NOTIFICATION TO INTERESTED PARTIES**

To Whom It May Concern:

Agua Sucia, LLC, Bixby, Oklahoma, has made application to the New Mexico Oil Conservation Division to **reinstate** its Saladar Federal Waterflood Project comprised of four wells as shown below. As indicated in the notice, the wells are located in section 33, township 20 south, range 28 east in Eddy County, New Mexico. **Please note that two wells, Nos.2 and 7, will be dropped from the application and returned to production in the near future.**

Following is the notice as published in the Artesia Daily Press , Artesia, New Mexico on Friday, July 30, 2010.

**LEGAL NOTICE**

Agua Sucia, LLC, 14605 Memorial Drive, Bixby, OK 76543 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to reinstate an existing waterflood project in its Saladar lease. Six wells are proposed for reinstatement for injection into the Yates formation as follows:

- Saladar No.2 (API No.30-015-02450) located in unit letter L;
- Saladar No.4 (API No.30-015-02446) located in unit letter K;
- Saladar No.6 (API No.30-015-02448) located in unit letter K;
- Saladar No.7 (API No.30-015-10468) located in unit letter N;
- Saladar No.8 (API No.30-015-02449) located in unit letter N;
- Saladar No.12 (API No.30-015-24179) located in unit letter K;

all in Section 33, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

Produced water from the lease production will be will be reinjected at the previously authorized maximum injection pressures of 557 psi. Maximum injection rates will be determined and limited only by this pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from Agua Sucia, LLC (575)390-4611 or its agent, SOS Consulting, LLC, (903)488-9850.

Thank you for your attention in this matter.

Best regards

Ben Stone, SOS Consulting, LLC  
Agent for Agua Sucia, LLC

Cc: Application File

**C-108 ITEM XIII - Proof of Notification**

**Certified Mail Receipts for Interested Parties**

7008 1830 0002 7008 1830 0002 7008 1830 0002 3822 9861

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 2909 West Second Street  
 Roswell, NM 88201

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 Birmingham, AL 35203-2707

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 507 North Marientfield  
 Midland, TX 79705

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 Midland, TX 79702

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 Houston, TX 77210-4358

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 616 Texas Street  
 Fort Worth, TX 76102

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 616 Texas Street  
 Fort Worth, TX 76102

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Restricted Delivery Fee (Endorsement Required) 554

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Postmark Here: **COMO TX 15431 AUG 16 2010**

Sent To: **OCEAN PERMIAN, LLC**  
 1001 Fannin Street, Suite 1500  
 Houston, TX 77002-6794

C-108 ITEM XIII – Proof of Notification (cont.)

Certified Mail Receipts for Interested Parties

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 City, State, ZIP+4 **P. O. Box 5270 Hobbs, NM 88241**

PS Form 3800, Aug 06

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 City, State, ZIP+4 **P. O. Box 4407 Richmond, TX 77406**

PS Form 3800, Aug 06

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 City, State, ZIP+4 **20 North Broadway Oklahoma City, OK 73102**

PS Form 3800, Aug 06

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 City, State, ZIP+4 **7600 W. Tidwell Rd., Suite 103 Houston, TX 77040**

PS Form 3800, Aug 06

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 City, State, ZIP+4 **625 North Broadway, Suite 1800 Denver, CO 80202**

PS Form 3800, Aug 06

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 City, State, ZIP+4 **1360 Post Oak, Suite 500 Houston, TX 77056-3020**

PS Form 3800, Aug 06

**OFFICIAL USE**

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 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 554

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 Street, Apt. No., or PO Box No. **OXY USA**  
 City, State, ZIP+4 **6 DESTA DR, STE 6000 MIDLAND, TX 79705-5505**

PS Form 3800, August 2006 See Reverse for Instructions

**OFFICIAL USE**

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 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 554

Postmark Here **COMO TX 16 AUG 2010**

Sent To  
 Street, Apt. No., or PO Box No. **STANLEY & JOHNSON OPER. CO.**  
 City, State, ZIP+4 **PO BOX 2249 WICHITA FALLS, TX 76307-2249**

PS Form 3800, August 2006 See Reverse for Instructions

# Affidavit of Publication

NO. 21314

STATE OF NEW MEXICO

County of Eddy:

Walter L. Green



being duly sworn, says that he is the Publisher

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

### Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive weeks/days on the same

day as follows:

First Publication	<u>July 30, 2010</u>
Second Publication	<u></u>
Third Publication	<u></u>
Fourth Publication	<u></u>
Fifth Publication	<u></u>

Subscribed and sworn to before me this

2nd day of August 2010



**OFFICIAL SEAL**  
**Danny Scott**  
**NOTARY PUBLIC STATE OF NEW MEXICO**

My commission expires: 3/18/2014



Danny Scott  
Notary Public, Eddy County, New Mexico

# Copy of Publication:

### LEGAL NOTICE

Agua Sucia, LLC, 14605 Memorial Drive, Bixby, OK 76543 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to reinstate an existing waterflood project in its Saladar lease. Six wells are proposed for reinstatement for injection into the Yates formation as follows:

- Saladar No. 2 (API No. 30-015-02450) located in unit letter L;
- Saladar No. 4 (API No. 30-015-02446) located in unit letter K;
- Saladar No. 6 (API No. 30-015-02448) located in unit letter K;
- Saladar No. 7 (API No. 30-015-10468) located in unit letter N;
- Saladar No. 8 (API No. 30-015-02449) located in unit letter N;
- Saladar No. 12 (API No. 30-015-24179) located in unit letter K;

all in Section 33, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

Produced water from the lease production will be will be reinjected at the previously authorized maximum injection pressures of 557 psi. Maximum injection rates will be determined and limited only by this pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from Agua Sucia, LLC (575)390-4611 or its agent, SOS Consulting, LLC, (903)488-9850.

Published in the Artesia Daily Press, Artesia, N.M., July 30, 2010. Legal No. 21314.

## **Waterflood Expansion WFX-0-0**

---

Applicant:[157447] DENNIS LANGLITZ  
Reviewer:WVJ  
BLM Office:  
Contact:L. DENNIS LANGLITZ, OWNER OPERATOR  
Approved By:  
Issuing Office:Santa Fe

### **Processing Dates**

Received:6/10/2008  
Suspended:  
Ordered:  
Cancelled:7/22/2008

Expiration:

### **Comments**

Problems with Ownership - denied

### **Notes**

### **Order Pools**

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2000  
SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-79

All distances must be from the outer boundaries of the Section.

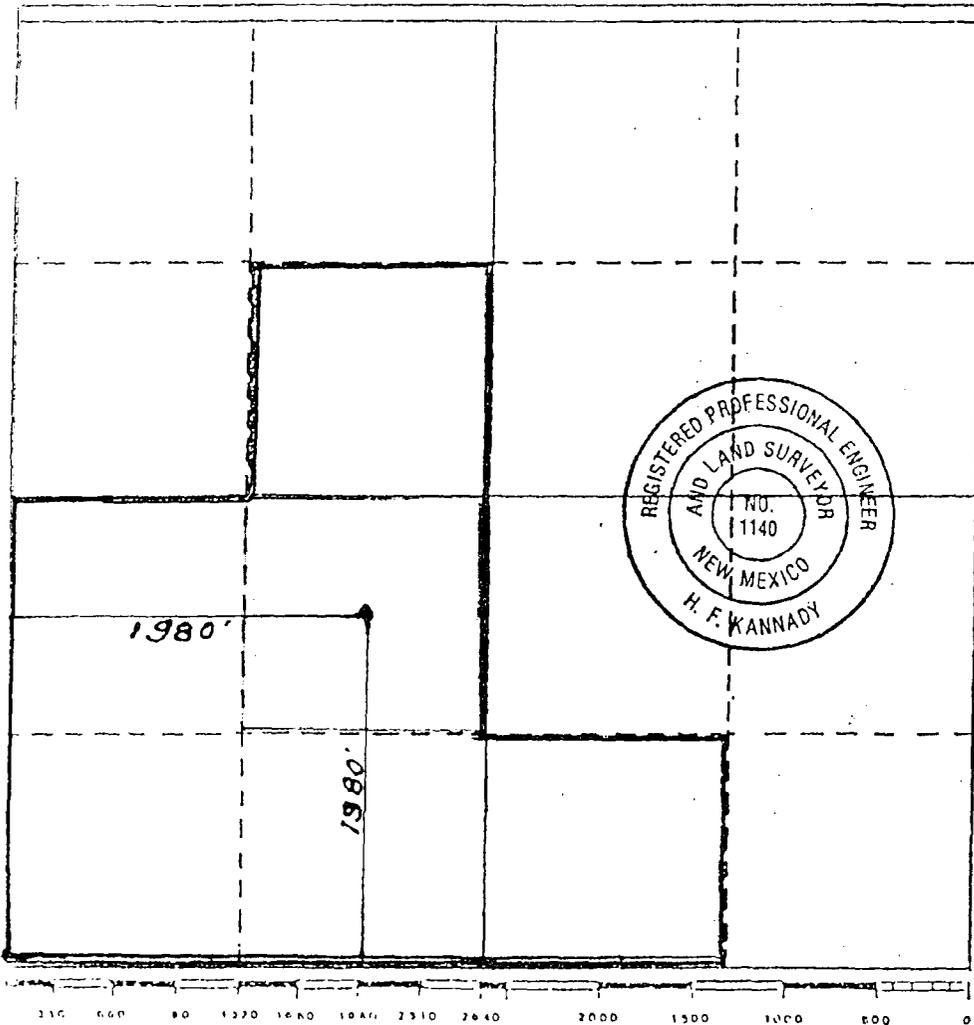
Owner Barber Oil, Inc.		Lease Saladar Unit <del>91-016916</del>			Well No. 12
Well Letter N	Section 33	Township 20 South	Range 28 East	County Eddy	
Nearest Postage Location of Well:					
1980 feet from the South line and		1980' feet from the West line			
Ground Level Elev. 3198	Producing Formation Yates Sand	Pool Saladar	Dedicated Acreage: 280 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation Unit # 14-08-0001-16916

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<i>[Signature]</i>
Position	President
Company	Barber Oil, Inc.
Date	3-18-82
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	3-16-82
Registered Professional Engineer and/or Land Surveyor	
<i>H. F. Kannady</i>	
Certificate No.	1140



30-015, 24179

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division

January 5, 2007

Dennis Langlitz  
1425 South Country Club Circle  
Carlsbad, NM 88220

Dear Sir:

The provisions of NMOCD Rule 19.15.9.703 states in part:

...."Injection wells shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore."

..."Injection project, including injection wells and producing wells and all related surface facilities shall be operated and maintained at all times in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks, or spills."

..."Injection wells or projects which have exhibited failure to confine injected fluids to the authorized injection zone or zones may be subject to restriction of injection volume and pressure, or shut-in, until the failure has been identified and corrected."

The provisions of NMOCD Rule 19.15.9.704 state in part:

..."At least once every five years thereafter, injection wells shall be tested to assure their continued mechanical integrity. " ..."The injection well operator shall advise the division of the date and time any initial, five-year, or special tests are to be commenced in order that such tests may be witnessed. "

The wells listed below were last pressure tested for mechanical integrity in May 2000.

**Under the provisions of NMOCD Rule 19.15.9.703 and R-5939 the authority to inject into this Waterflood system is suspended.**

Upon application by your company to reinstate this authority all wells must be pressure tested and brought into compliance with existing NMOCD Rules.

API WELL #	Well Name	Well #
30-015-02446-00-00	SALADAR UNIT	004
30-015-02448-00-00	SALADAR UNIT	006
30-015-02449-00-00	SALADAR UNIT	008
30-015-02450-00-00	SALADAR UNIT	002 *
30-015-10468-00-00	SALADAR UNIT	007 *
30-015-24179-00-00	SALADAR UNIT	012

\* To be returned to  
production -

Failure to reinstate the injection authority on these wells may result in further enforcement action under the provisions of NMOCD Rule 19.15.1.40.

Thank You,



Gerry Guye  
Deputy Field Inspector  
District II - Artesia

Cc: Bureau of Land Management

Entered February 28, 1979

JAR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6226  
Order No. R-5939

APPLICATION OF BARBER OIL, INC.  
FOR A WATERFLOOD PROJECT, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 2, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of February, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Barber Oil, Inc., seeks authority to institute a waterflood project on its Saladar Lease, Saladar-Yates Pool, by the injection of water into the Yates formation through five injection wells located in Units K, L, N and O of Section 33, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.
- (3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.
- (4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.
- (5) That the operator should 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 from injection, production, or plugged and abandoned wells.

-2-  
Case No. 6226  
Order No. R-5939

(6) That the Unit Operator should immediately notify the supervisor of the Artesia District Office of the Division of the failure of the tubing, casing, or packer of any well in the Unit Area or of the leakage of water from or around any well within one-half mile of the Saladar Unit Area, including wells which have been plugged and abandoned.

(7) That upon such failure of any well within one-half mile of an injection well in the Saladar Unit Area, the Division Director should be authorized to limit injection pressure in the Yates formation in such injection well to no more than hydrostatic pressure, and to maintain such pressure limitation until such time as workover operations (including re-plugging, if necessary) have been completed correcting such failure.

(8) That the injection wells or system should be equipped with a pressure control device or other acceptable substitute which will limit the surface injection pressure to no more than 557 psi. Provision should be made for the Division Director to administratively authorize a pressure limitation in excess of said 557 psi upon a showing by the Unit Operator that such higher pressure is necessary to effectively and efficiently waterflood the Saladar Unit Area and that such higher pressure limitation will not result in fracturing of the confining strata.

(9) That the subject application should be approved subject to the above conditions, and the project should be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Barber Oil, Inc., is hereby authorized to institute a waterflood project on its Saladar Lease, Saladar-Yates Pool, by the injection of water into the Yates formation through the following-described wells in Section 33, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico:

<u>Original Well Name and No.</u>	<u>Unit Well No.</u>	<u>Unit Letter</u>
Riggs Hughes Fed No. 3	1-3	K
Riggs Hughes Fed No. 5	1-5	K
Riggs Hughes Fed No. 7	1-7	N
Conley Mayfield Fed No. 2	2-2	O
Riggs Malco-Keystone No. 1	3-1	L

K, N, O & L

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Case No. 6226  
Order No. R-5939

(2) That injection into each of said wells shall be through internally coated tubing, set in a packer which shall be located as near as practicable to the casing shoe; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the Division's Artesia district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area or within one-half mile of the Saladar Unit Area.

(4) That upon such failure of any well within one-half mile of an injection well in the Saladar Unit Area, the Division Director is hereby authorized to limit injection pressure in the Yates formation in such injection well to no more than hydrostatic pressure, and to maintain such pressure limitation until such time as workover operations (including re-plugging, if necessary) have been completed, successfully correcting such failure.

(5) That the injection wells or system shall be equipped with a pressure control device or other acceptable substitute which will limit the surface injection pressure to no more than 557 psi. The Division Director may administratively authorize a pressure limitation in excess of said 557 psi upon a showing by the Unit Operator that such higher pressure is necessary to effectively and efficiently waterflood the Saladar Unit Area and that such higher pressure limitation will not result in fracturing of the confining strata.

(6) That the subject waterflood project is hereby designated the Saladar Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

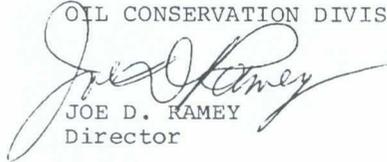
(7) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 704 and 1120 of the Division Rules and Regulations.

(8) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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Case No. 6226  
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DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

S E A L

fd/

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY



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

ADMINISTRATIVE ORDER NO. **WFX-662**

**APPLICATION OF STEPHENS & JOHNSON OPERATING COMPANY TO EXPAND ITS WATERFLOOD PROJECT IN THE SALADAR-YATES POOL IN EDDY COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-5939, Stephens & Johnson Operating Company has made application to the Division on September 29, 1994 for **permission to expand its Saladar Unit Waterflood Project** in the Saladar-Yates Pool in Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Saladar Unit Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Stephens & Johnson Operating Company, be and the same is hereby authorized to inject water into the Yates formation at approximately 658 feet to approximately 682 feet through **2 3/8-inch plastic lined tubing set in a packer at approximately 610 feet in the following described well for purposes of secondary recovery to wit:**

~~Saladar Unit Well No. 12~~ 30-015-24179  
1980' FSL & 1980' FWL  
K Section 33, Township 20 South, Range 28 East

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 576 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 Yates 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 injection equipment and of the mechanical integrity tests 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.

The subject well shall be governed by all provisions of Division Order No. R-5939, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of 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

*Administrative Order WFX-662*  
*Stephens & Johnson Operating Company*  
*October 17, 1994*  
*Page 3*

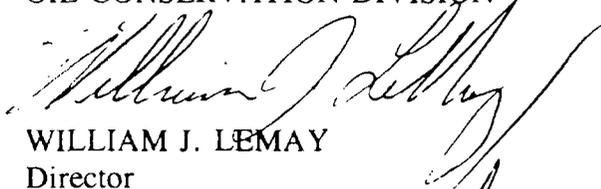
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inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 18th day of October, 1994.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

*by MES*

S E A L

cc: Oil Conservation Division - Artesia