

NADEL AND GUSSMAN PERMIAN, L.L.C.  
3200 FIRST NATIONAL TOWER  
TULSA, OK 74103  
(918) 583-3333 (P)  
(918) 583-0888 (F)

Via Mail and Fax

January 10, 1997

Mr. Jerry Sexton, District I Supervisor  
New Mexico Oil Conservation Division  
1000 W. Broadway, P.O. Box 1980  
Hobbs, NM 88240

Re: Peery Federal #4 SWD Well, Little Lucky Lake (Morrow) Field  
29-15S-30E, Chaves, NM  
Request For Temporary Approval to Inject Produced Water Down Casing

The subject well, permitted in the Devonian as a produced water disposal well, recently developed a tubing leak. Nadel and Gussman ("NG") has pulled the injection tubing, and the well is shut-in. The Peery Federal #1, which is a Devonian producer, is also shut-in. NG has been unable to economically rod pump the well due to rod wear/tubing leaks, and we plan to test the well's productivity utilizing either a jet pump or submersible pump. At the same time, NG plan's to test the Devonian in the Peery Federal #3, which is also shut-in, with a jet pump. We do not know what total withdrawal and disposal rates will be from both wells, which is information we must have before we can correctly size our disposal tubing.

Due to the significant investment that will be required to purchase pumping equipment, additional surface tankage, and production and coated injection tubing, NG hereby respectfully requests that we be allowed to inject down the Peery Federal #4 casing for a period not to exceed 60 days while we rent equipment and perform the above described production tests. Once we have determined if we have economically viable Devonian production, we will purchase correctly sized plastic coated injection tubing.

The Peery Federal #4 passed its most recent mechanical integrity test, and, as you can see from the attached wellbore sketch, has 11-3/4", 8-5/8", and 5-1/2" casing cemented to surface. The Devonian will take water on a vacuum, so potential to inject out of zone is minimal. Prior to beginning injection down the casing, we will test the casing integrity down to +/- 11000' with a workstring and packer, and will notify your office prior to the test so that you can be on location should you so desire. We will not proceed unless the well passes this test. Also, NG will notify you when we begin and when we cease injection down the Peery Fed. #4 casing.

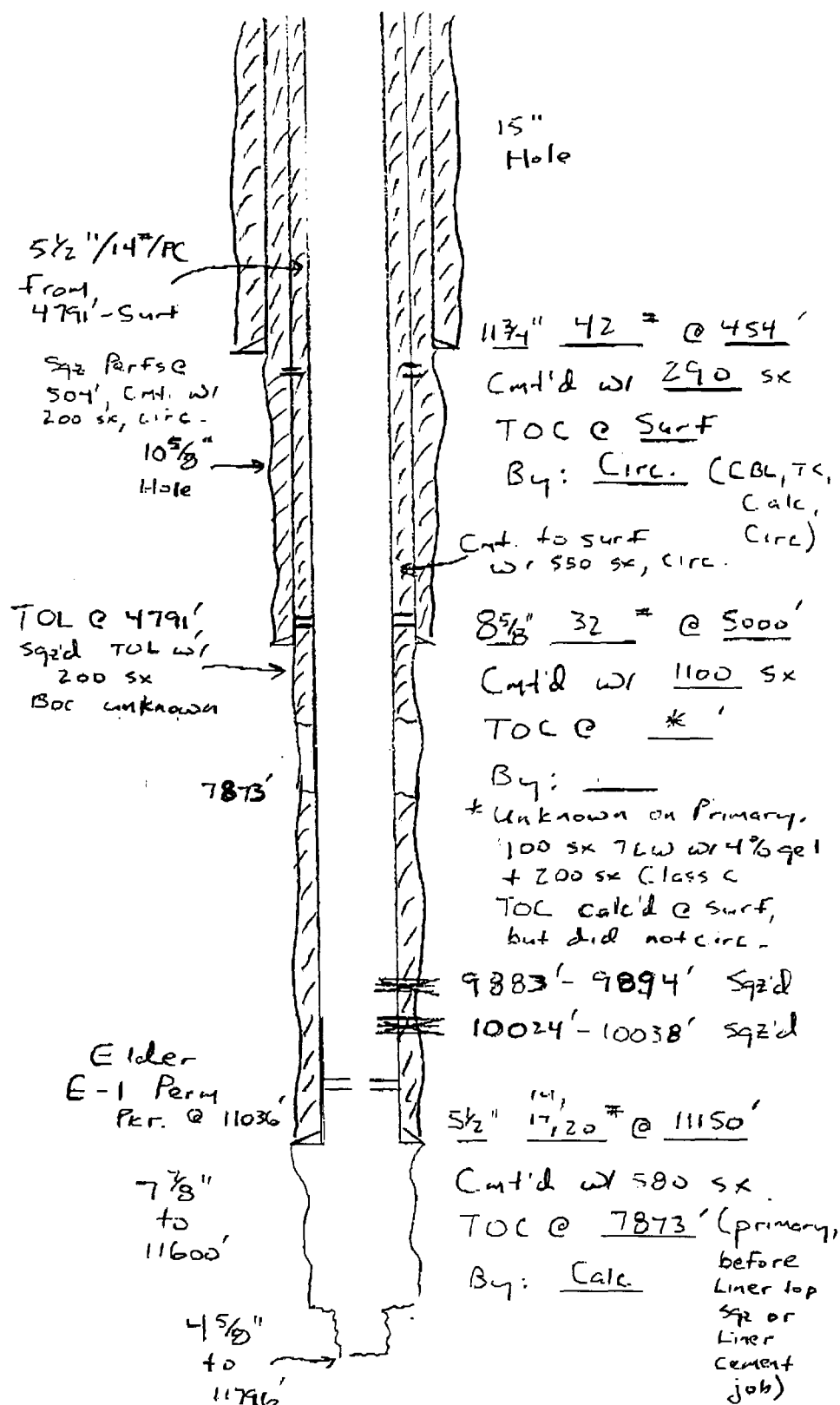
Your prompt consideration of this request will be greatly appreciated. If your office approves, we will also apply to the BLM for approval. Please contact the undersigned should you have any questions.

Sincerely,

*Joel F. Martin*  
Joel F. Martin, P.E.  
attachment

*Jerry:*  
45 Day approval given.  
MIT test to be run before &  
after. We'll let you guys  
watch the time period.

*DLC*

Well: Peery, Fed No. 4State/County: Chaves, NMLegals: 660' FNL, 990' FEL, 29-155-30EGL/KB: DFC 3999' ASLWell History

spud 7/70. Set liner @ 4791'. Sqz TOL w/ 200 sx. Tie into liner hanger w/ 5 1/2" / 14" PC, Cmt. - 5 1/2" to surf. w/ 550 sx, circ. PWD in Dev.

7/85 Recomplete to

Morrow @ 10024' - 10038'. Acid @ 5/87.

3/88 Sqz Morrow @ 10024' - 10033', 35 sx. Perf Morrow @ 9883' - 9894', acid @, unsuccessful.

1/89 PAA well. Set plugs & perf 5 1/2" & 8 5/8" @ 504', Cmt. 8 5/8" to surf.

2/95 Re-enter well. Sqz Morrow @ 9883' - 9894' w/ 100 sx.

Set Elder E-1 @ 11036', run injection tubing, return well to disposal.

11/96 Acidz well. Found +bg. test.

12/96 FOW w/ injection tubing. Shut well in.