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2013 AUG 16 P 3:19

August 16, 2013

Ms. Jami Bailey, Director  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87501

**Hand-Delivered**

**Re: NMOC Case No. 15048: Application of Sundown Energy LP for  
Authorization to Inject for Waterflood Project Operations, Lea County, New  
Mexico**

Dear Ms. Bailey:

On behalf of Sundown Energy LP, enclosed is an original and one copy of an Application in the above-referenced case. Please set this matter for hearing on the October 3, 2012 examiner docket. Also enclosed is a proposed advertisement for the case.

Very truly yours,

J. Scott Hall

JSH:kw  
Enclosures

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**REPLY TO:**

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**Case 15048: Application of Sundown Energy LP for Authorization to Inject for Waterflood Project Operations, Lea County, New Mexico.** Applicant seeks an order authorizing the injection of water in the Queen formation, Reeves-Queen Oil Pool (52070) through the following wells:

Arco 28 State Well No. 1

API No. 30-025-29340  
660' FNL and 660' FEL (Unit A)  
Section 28  
T-18-S, R-35-E, NMPM

Arco State Well No. 2

API No. 30-025-29526  
330' FNL and 1650' FEL (Unit B)  
Section 28  
T-18-S, R-35-E, NMPM

Applicant proposes to conduct waterflood operations to support production from its Reeves Queen Unit Waterflood Project Area by converting the two wells and utilizing them for injection of water through a closed system into the Queen formation through perforations in each of the wells at depths of 4,472' – 4,488' and 4,480' – 4,483', respectively. Injection operations through the wells will be conducted at an anticipated average daily injection pressure of 894 psi with a maximum surface injection pressure of 2,200 psi or as permitted by the Division. Applicant proposes injection of water at average daily rates of approximately 500 bbls and at maximum daily rates of approximately 1,000 bbls. The lands and wells are located approximately ten miles west of Hobbs, New Mexico.

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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE APPLICATION  
OF SUNDOWN ENERGY LP FOR  
AUTHORIZATION TO INJECT FOR  
WATERFLOOD PROJECT OPERATIONS,  
LEA COUNTY, NEW MEXICO.

CASE NO. 15048

APPLICATION

Sundown Energy LP, ("Sundown" or "Applicant"), through its undersigned counsel, Montgomery and Andrews, P.A. (J. Scott Hall, Esq.), applies pursuant to 19.15.26.8 NMAC for an order authorizing the injection of water in the Queen formation, Reeves-Queen Oil Pool (52070), within the Reeves Queen Unit Waterflood Project area comprised of the SE/4 SE/4 of Section 21, SW/4 of Section 22, NW/4 of Section 27 and NE/4 of Section 28 in Township 18 South, Range 35 East NMPM Lea County, New Mexico. In support of its Application, Sundown states:

1. Sundown operates the following wells:

Arco 28 State Well No. 1

API No. 30-025-29340  
660' FNL and 660' FEL (Unit A)  
Section 28  
T-18-S, R-35-E, NMPM

Arco State Well No. 2

API No. 30-025-29526  
330' FNL and 1650' FEL (Unit B)  
Section 28  
T-18-S, R-35-E, NMPM

2. The Arco 28 State Well No. 1 was drilled to a total depth of approximately 10,300' and the Arco 28 State Well No. 2 was drilled to a total depth of 4,560'. Both wells produced oil from the Queen interval. Applicant proposes to conduct waterflood operations to support production from its unit by converting the Arco 28 State Well No. 1 and the Arco 28 State Well No. 2 wells and utilizing them for injection of water through a closed system into the Queen formation through perforations in each of the wells at depths of 4,472' – 4,488' and 4,480' – 4,483', respectively.

3. Injection operations through the wells will be conducted at an anticipated average daily injection pressure of 894 psi with a maximum surface injection pressure of 2,200 psi or as permitted by the Division. Applicant proposes injection of water at average daily rates of approximately 500 bbls and at maximum daily rates of approximately 1,000 bbls. The source of the injected fluids will be produced water from other Devonian and Queen formation wells that have been drilled in the area.

4. Applicant's proposed injection operation can be conducted in a safe and responsible manner without causing waste, impairing correlative rights or endangering fresh water, public health or the environment. Applicant's Form C-108 Application for Authorization to Inject is being provided separately to the Division.

WHEREFORE, Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 3, 2013 and that after notice and hearing as required by law, the Division enter its Order approving the conversion of the Arco 28 State Well No. 1 and the Arco 28 State Well No. 2 for the injection of water into the Queen formation at the intervals and at the pressures,

volumes and rates indicated, and making such other and further provisions as the Division determines appropriate.

Montgomery and Andrews, P.A.

By: J. Scott Hall

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Attorneys for Sundown Energy LP

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