



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Office: (505) 986-2646
Email: shall@montand.com
Reply To: Santa Fe Office
www.montand.com
RECEIVED OCD
2013 SEP 10 P 1:15

September 9, 2013

N.M. Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504

Hand Delivered

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

Dear Sir or Madam:

This is to advise that Sundown Energy LP has filed an application with the New Mexico Oil Conservation Division for approval to conduct waterflood operations to support production from its Reeves Queen Unit Waterflood Project by converting the following wells to injection:

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
Lea County, New Mexico

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
Lea County, New Mexico

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

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

N.M. Oil Conservation Division
September 9, 2013
Page 2

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.

Copies of the Application for hearing and the form C-108 submitted to the Division are enclosed.

This Application will be set for hearing before a Division Examiner on October 3, 2013, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

Attorneys for Sundown Energy LP

Enclosures

cc: w/o Kyle Paxton, Sundown Energy LP

499383

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

RECEIVED OGD
2013 AUG 16 P 3:20

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

J. Scott Hall, Esq.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873
(505) 982-4289

Attorneys for Sundown Energy LP

490426