Goetze, Phillip, EMNRD

From: Sent: Holm, Anchor <aholm@slo.state.nm.us> Tuesday, August 04, 2015 11:37 AM

To:

Goetze, Phillip, EMNRD

Subject:

regarding TLT SWD, LLC - State 2 #1: OCD Case No. 15344

Attachments:

TLT SWD LLC-St.2#1-SWD App.Comp.Royalty 3-16-2015.pdf

Phil,

To date, the State Land Office has not been noticed of the Re-Advertised Case No. 15344 regarding regarding TLT SWD, LLC - State 2 #1 application to inject. To date, the applicant, TLT SWD, LLC has not delivered to the State Land Office the Compensatory Royalty payment cited in the attached letter from the New Mexico State Land Commissioner. Please have this lack of payment noted in the record, since the State Land Commissioner will not be issuing a SWD Easement without the compensatory royalty payment from TLT SWD, LLC.

Thank you,

Anchor Holm

GeoScientist/Petroleum Engineering Specialist NM State Land Office Oil, Gas and Minerals Division P.O. Box 1148 310 Old Santa Fe Trail Santa Fe, NM 87504-1148 Ph. 505-827-5759 aholm@slo.state.nm.us

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Aubrey Dunn COMMISSIONER

State of New Mexico Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148 SANTA FE, NEW MEXICO 87504-1148 March 16, 2015 COMMISSIONER'S OFFICE

Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

Certified Mail
Return Receipt Requested

Pueblo West Resources 125 Greathouse Village Decatur, Texas 76234

For: TLT SWD, L.L.C.

Re: State 2 #1 Well (API No. 30-015-35678) Conversion from Oil and Gas Producer to Salt Water Disposal (SWD) Delaware (4600' to 5240') on SLO Lease V0-0302-6

Unit G, Section 2, Township 23 South, Range 31 East, Eddy County, NM.

Mr. Billy E. Pritchard:

In response to your request for the New Mexico State Land Office to approve the conversion of the State 2 #1 Well, which is currently producing Oil and gas from the Livingston Ridge; Delaware, South Pool (8192' to 8238'). Our records, obtained through the Oil Conservation Division, indicate that the well located on the subject lease is producing in large enough amounts to hold the lease. We are concerned that the State Land Office Oil & Gas Lease V0-0302-6 will lose Delaware oil and gas royalties due to our beneficiary, the Common Schools (CS), if this well were converted to the salt water disposal (SWD) as proposed.

This Office has reviewed the item which Pueblo West Resources for TLT SWD, L.L.C. has submitted to us via the Letter of Transmittal regarding your upcoming submittal of the full application. Our review demonstrates that this oil well is capable of producing oil and gas in paying quantities for at least 1.5 more years at an estimated oil price of \$50.00 per barrel of oil (BO) and a gas price of \$4.00 per MCF. No change in the oil and gas production and its gas market is apparent. Since the Livingston Ridge; Delaware, South Pool is still capable of oil and gas production and conversion of the existing perforations in the well to salt water disposal into same zones will cause waste to occur and loss of royalty revenues to the State Land Office Beneficiary. The loss of royalty revenue is calculated to be \$2,565.29 based on the past 3 years of production history and an oil price of \$50.00/BO plus a gas price of \$4.00/MCF including BTU adjustment.

As operator of the proposed SWD well, you are requested to remit to this office \$2,565.29 Compensatory Royalty payment within 30 days from the date of this letter. Upon receipt of payment, this office will recommend approval for a SWD Easement and your conversion of this State well to salt water disposal service as proposed if approved by the NM Oil Conservation Division. Failure to remit the requested this royalty payment will result in disapproval of your request to convert this well to salt water disposal service on this State Trust Land. If you have any questions, please feel free to contact Anchor Holm at (505) 827-5759.

Sincere

Terry G. Warnell, Director Oil, Gas & Minerals Division

(505) 827-5745

TGW/EM/WJ/ah

Attachment (SLO Reserve Calculation Sheet)

Cc: Phillip Goetz, NM OCD; Katherine Moss, NM SLO

Harvard Petroleu 30	m Company, LL 15	C 35678											
Well No.	Mo/Yr	MCF	80	BW	GOR	WOR	Days Prod						
Harvard	Jan-10	0	0	0	WDIV/OI	#DIV/DI	Cum.	25000	_				
Petroleum	Feb-10	0	0	0	MDIV/OI	WDIV/DI	0	23000					
State 2	Mar-10	0	0	0	MDIV/DI	#DIV/01	0						
#1	Apr-10	0	0	0	#DIV/DI	#DIV/01	0						
Livingston Ridge	May-10	0	0	0	#DIV/DI	WDIV/01	0						
Delaware	Jun-10	0	0	0	WDIV/DI	#DIV/OI	0						
8192'-8238"	Jul-10	0	0	0	MDIV/OI	#DIV/DI	0						
	Aug-10	20	11	3859	1.818	350.8							
	Sep-10	72	44	8547	1.636	194.3	30						
Proposed SWD		73	35	19510	2.086	557.4	31						
Interval	Nov-10	55	48	13207	1.146	275.1	30						
4600'-5240'	Dec-10	43	32	13345	1.344	417.0							
	Jan-11	69	41	14857	1.683	362.4	29	20000					
	Feb-11	64	38	14043	1.684	369.6	28			4 4			
	Mar-11	87	51	12420	1.706	243.5	31			1 11			
	Apr-11	182	36	15188	5.056	421.9	30			1 11			
1-1-2010 CUM:	May-11	174	26	17211	6.692	662.0				1 11			
2532 MCF +	Jun-11	147	28	19514	5.250	696.9	30			1 11			
753 80 +	Jul-11	187	29	19749	6.448	681.0	30			1 1 7			
42449 BW	Aug-11	114	13	17607	8.769	1354.4	31			1 T 1			
	Sep-11	51	15	16914	3.400	1127.6	30			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	†		
	Oct-11	43	18	12708	2.389	705.0	31			11 / 11			
	Nov-11	46	19	16613	2.421	874.4	30	1		11 1 111	1		
	Dec-11	67	12	16256	5.583	1354.7	31	15000					
	Jan-12	36	4	6268	9.000	1567.0	31				4		
	Feb-12	40	17	12736	2.353	749.2	29				4 0		
	Mar-12	65	9	14720	7.222	1635.6				11/41 111	/ 1		
	Apr-12	51	5	13053	10.200	2610.6	29 30			117 /1 1/1	/11		
	May-12	0	8	7877	0.000	984.6	26			[]	/ 4 4		
	Jun-12	0	18	16586	0.000	984.6				1 4	† 1 A		MCFPM
	Jul-12	0	14	8589	0.000		27			^ 1	11114		—в —ворм
	Aug-12	0	12	13162	0.000	613.5 1096.8	31				1 100		
		0		11			29			1 1	1 11111		BWPM
	Sep-12		16	11027	0.000	689.2	30			1 1			
	Oct-12	41	8	9955	5.125	1244.4	31			1 1	1 11 11 1 1		
	Nov-12	0	13	10867	0.000	835.9	30	10000					
	Dec-12	58	19	7694	3.053	404.9	31	The state of the s					
	Jan-13	3	1	218	3.000	218.0	3			1 1	1 11 1		
	Feb-13	0	0	0	#DIV/DI	#D(V/0!	0			1 1			
	Mar-13	0	0	0	#DIV/01	#DIV/01	0			1	^		
	Apr-13	0	0	0	#DIV/OI	#DIV/01	0			1			
	May-13	0	0	0	#DIV/OI	MDIV/QI	0			1 1			
	Jun-13	0	0	0	#DIV/DI	#DIV/01	0			1 1	1		
	Jul-13	0	0	0	#DIV/01	WDIV/01	0			1 1			
	Aug-13	0	0	0	#DIV/DI	#DIV/01	0			1 1			
	Sep-13	0	0	0	#DIV/01	#DIV/01	0						
Case 2	Oct-13	0	0	0	#DIV/01	#DIV/01	0			1			
Last 3 Months:	Nov-13	0	0	0	#DIV/01	#DIV/0I	0	5000 -	_	1			
49	Dec-13	9	8	968	1.125	121.0	12	1					
MCF	Jan-14	30	19	2025	1.579	106.5	31						
16 33333333	Feb-14	10	3	651	3.333	217.0	8			Ť			
MCFPM	Mar-14	0	0	0	#DIV/OI	#DIV/01	0						
30	Apr-14	0	0	0	#DIV/DI	MDIV/01	0			1			
BO	May-14	0	0	0	#DIV/DI	#DIV/01	0			1	- 1		
10	Jun-14	0	0	0	#DIV/DI	WDIV/OI	0			1	l	*	
ВОРМ	Jul-14	0	0	0	#DIV/01	WDIV/DI	0			1	I	Λ	
	Aug-14	0	0	0	#DIV/DI	WDIV/01	0				1	11	
	Sep-14	0	0	0	#DIV/DI	#DIV/DI	0			1		71	
	Oct-14	0	0	0	#DIV/DI	#DIV/OI				And and			
	Nov-14	0	0	0	#DIV/BI	#DIV/OI		0 [9 0	991111			
	Dec-14	0	0	0	#DIV/OI	#DIV/OI		1	Apr-10	Jul-10 Oct-10 Jan-11 Apr-11 Jul-11 Oct-11	Apr.12 Apr.12 Jan-13 Apr-13	Jan-14 Apr-14 Jul-14 Oct-14	
									- 4	-044-04	2 - 0 2 2 4 6	4 2 4 8	
33 Mo.Totals:		1837	670	387944									
55.67	20.30												
Avg.MCFPM	Avg.BOPM	52.5	12.0	6927.6	4386.866	579.0							
Case 1													
	OIL				GAS					Produced	d Water		
	Case 1	Case 2				Case 2				Case 1	Case 2		
ворм	20.30	10.00		MCFPM	55.667	16.333					1 1214.66667		
\$/80	50	50		S/MCF	54.00	\$4.00				\$2/BW Cost \$13,85			
\$/MO Gross	\$1,015.15	\$500.00		\$/MO	\$222.67	\$65.33				\$1/BW Cost \$6,92			
Net Lease	0.8	0.8		Net Lease	0.800	0.800							
\$/MO Net	\$812.12	\$400.00		S/MO Net	\$178.13		LREVENUE	Net		\$990.25 per mont	h Economic V	Vell	
												Case 1	Case 2
						VO-0302-6						Less \$2/BW	
stimated SLO Loss:		\$1,237.82	x	20	x	0.1667	RI			\$4,126.89	Count		Medianie Sile
Estimated Str				SLO OG Le						27,220.03	Case 1	-\$2,800.69	\$2,912.22
Estimated SLC					71111111	V0-0302-00				As an			
Estimated SLC		****	140		x	0.1567	RI	=		\$1,884.82	Case 2	-\$5,042.75	
Estimated SLC		\$565.33	×	20								P. Sale Mark .	\$670.15
Estimated SLC		\$565.33	×	20	^								
Estimated SLC												Uneconomic	
		MCE	BO	S4/MCF	\$50/BO	SLO RI	-	64	so or				
		MCF 50	<u>BQ</u> 30	\$4/MCF \$200	\$50/BQ \$1,500	<u>SLO RI</u> 0.1667	-			Minimum Value Lost			
Estimated SLC		MCE 50 150	<u>BO</u> 30 90	\$4/MCF \$200 \$600	\$50/8Q \$1,500 \$4,500	<u>\$1.0 RI</u> 0.1667 0.1667	:	\$1,3	50.15	Minimum Value Lost 9 Month Value Lost			
		MCF 50 150 200	80 30 90 120	\$4/MCF \$200 \$600 \$800	\$1,500 \$4,500 \$6,000	<u>SLO RI</u> 0.1667		\$1,3	50.15	Minimum Value Lost		Uneconomik	Economic
		MCE 50 150	<u>BO</u> 30 90	\$4/MCF \$200 \$600	\$50/8Q \$1,500 \$4,500	<u>\$1.0 RI</u> 0.1667 0.1667		\$1,3 \$1,8	50.15 00.20	Minimum Value Lost 9 Month Value Lost	\$2,565.29 Best Estima	Uneconomik	Economic

	LogiO	Log10	Log10
Ma/Yr	MCF	BO	BW
Jan-10	INUMI	#NUMI	INUM
Feb-10	INUM	HNUMI	ENUMI
Mar-10	#NUMI	INUMI	INUMI
Apr-10	ENUM	BNUMI	ENUM
May 10	ENUMI	INUM	ENUM
Jun-10	INUMI	INUM	INUMI
Jul 10	ENUMI	RNUMI	INUM
Aug-10	1.30103	1.04139269	
Sep-10	1.857332		
Oct-10		1,68124124	
Nav-10		1.50514998	
Dec-10		1.61278386	
Jan-11		1.61278386	
Feb-11	1.80618	1.5797836	
Mar-11			
	1.939519		
Apr-11	2.260071	1,5563025	4.181501
May-11		1.41497335	
Jun-11	2.167317	1.44715803	
Jul-11	2.271842	1.462398	4.295545
Aug-11		1.11394335	
Sep-11	1.70757	1.17609126	4.228246
Oct-11	1.662758	1.2787536	4.104077
Nov-11	1.825075		4.220448
Dec-11	1.556303	0.60205999	4.211014
Jan-12	1.60206	1.23044892	3.797129
Feb-12	1.812913	0.95424251	4.105033
Mar-12	1.70757	0.69897	4.167908
Apr-12	HNUM	0.90308999	4.11571
May-12	BNUMI	1.25527251	3.896361
Jun-12	#NUM!	1.25527251	4.219742
Jul-12	INUM	1.14612804	3.933943
Aug-12	ENUM	1.07918125	4.119322
Sep-12	#NUM!	1.20411998	4.042457
Oct-12	1.612784	0.90308999	3.998041
Nov-12	#NUMI	1.11394335	4.03611
Dec-12	1.763428	1.2787536	3.886152
Jan-13	0.477121	0	2.338456
Feb-13	WNUMI	INUMI	INUMI
Mar-13	#NUMI	INUMI	INUMI
Apr-13	KNUMI	INUMI	INUMI
May-13	ENUMI	BNUMI	INUMI
Jun-13	#NUMI	RNUMI	BNUMI
Jul-13	#NUMI	INUM	WNUMI
Aug-13	INUMI	#NUMI	INUMI
Sep-13	INUMI	WNUMI	MNUMI
Oct-13	INUM	WNUMI	RNUMI
Nov-13	INUM	RNUMI	MNUMI
Dec-13	0.954243	0.90308999	
Jan-14	1.477121		2.985875
Feb-14		1.2787536	3.306425
	1	0.47712125	2.813581
Mar-14	#NUMI	MUMI	INUMI
Apr-14	INUMI	INUMI	INUMI
May-14	ENUMI	MUMI	INUM
Jun-14	INUMI	INUMI	INUMI
Jul-14	#NUM!	MNUMI	WNUMI
Aug-14	MUMI	INUMI	MUMI
Sep-14	MUM!	INUMI	SNUMI
Oct-14	MUMI	IMUMI	MUMI
Nov-14	MNUMI	RNUMI	INUMI

