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JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

August 7, 2018


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

Case 16393

Dear Florene:

Enclosed for filing, on behalf of Southbound Gas Company, are an application for approval of a salt water disposal well, together with a proposed advertisement. Please set this matter for the September 6, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Southbound Gas Company

Persons Notified of Hearing

Woody Investments, LLC

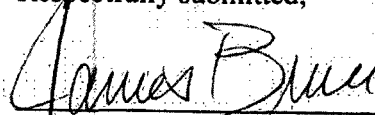
BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF SOUTHBOUND GAS COMPANY
FOR APPROVAL OF A SALT WATER DISPOSAL
WELL, ROOSEVELT COUNTY, NEW MEXICO.**Case No. 16393**APPLICATION**

Southbound Gas Company applies for an order approving a salt water disposal well, and in support thereof, states:

1. Applicant proposes to re-activate its Powell SWD Well No. 1, located 1980 feet from the north line and 1980 feet from the east line of Section 23, Township 2 South, Range 29 East, N.M.P.M., Roosevelt County, New Mexico.
2. Applicant proposes to dispose of produced water into the Pennsylvanian formation at depths of 6860-6883 feet subsurface.
3. A Form C-108 for the subject well is attached hereto as Exhibit A.
4. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order approving this application.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Southbound Gas Company

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Southbound Gas Company OGRID #373483
ADDRESS: 2720 N. Stemmons Freeway, Suite 700, Dallas, TX 75207
CONTACT PARTY: Lucien J. Tujague JR PHONE: (214) 630-0088
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map 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. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include 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.
- VII. Attach data 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. Attach appropriate geologic data on the injection zone 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. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- 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: Stephen D. Smith

TITLE: Consultant

SIGNATURE: Stephen D. Smith

DATE: July 24, 2019

E-MAIL ADDRESS: ssmith@nexttierenergy.com

- * If the information required under Sections VI, VIII, X, and XI above has been previous
Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District

EXHIBIT

A

III. WELL DATA

- 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

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.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Southbound Gas Company OGRID #373483

WELL NAME & NUMBER: Powell #1 SWD

WELL LOCATION: 1980' FNL & 1980' FEL,
FOOTAGE LOCATION

G
UNIT LETTER

23
SECTION

2 South
TOWNSHIP

29 East
RANGE

WELLBORE SCHEMATIC See Attached

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17-1/2" @ 305'

Casing Size: 13-3/8" 48ppf

Cemented with: 300 sx.Prem + 2% CaCl2 or NA ft³

Top of Cement: Surface

Method Determined: Circulated

Intermediate Casing

Hole Size: 11" @ 2,175'

Casing Size: 8-5/8" 24ppf

Cemented with 750 sx.Prem + 2% CaCl2. or NA ft³

Top of Cement: Surface

Method Determined: Circulated

Production Casing

Hole Size: 7-7/8" @ 7,300'

Casing Size: 5-1/2"

Cemented with: 250 sx Class H

or NA ft³

Top of Cement: 6,300'

Method Determined: CBL 4/14/89

Total Depth: 7,300' & PBTD 6.985'

Injection Interval

6.860 To 6.883' Perforated

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2-7/8" 6.5ppf Lining Material: Plastic Coated

Type of Packer: 2-7/8" x 5.5" Backer Lock-Set

Packer Setting Depth: 6,697' with Authority letter from OCD dated Oct 9, 2014

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? _____ Yes X No

If no, for what purpose was the well originally drilled? Was drilled in 1989 as producer in Penn formation but came in 88' low to offset Speight #1 well and was TA'd due to producing water.

2. Name of the Injection Formation: Pennsylvanian

3. Name of Field or Pool (if applicable): Tule Pennsylvanian

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. NONE

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Perry #1 Sec 23, T2S, R29E, Tule-Penn @ 6,911' - 7,044' and Tule-Montoya @ 7,174' to 7,184'

PROPOSED ADVERTISEMENT

Case No. 16393:

Application of Southbound Gas Company for approval of a salt water disposal well, Roosevelt County, New Mexico. Applicant seeks an order approving disposal of produced water into the Pennsylvanian formation at depths of 6860-6883 feet subsurface in the Powell SWD Well No. 1, located 1980 feet from the north line and 1980 feet from the east line of Section 23, Township 2 South, Range 29 East, NMPM. The well is located approximately 18 miles northwest of Elida, New Mexico.

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