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RECEIVED OCD

2009 JUN 24 A 8:47

June 23, 2009

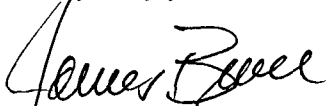
Case 14345

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

Dear Florene:

Enclosed for filing, on behalf of Louray Oil Company, are an original and one copy of an application for approval of a water disposal well, together with a proposed advertisement. The advertisement was previously e-mailed to the Division. Please set this matter for the July 23, 2009 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Louray Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF LOURAY OIL COMPANY TO
REINSTATE ADMINISTRATIVE ORDER SWD-559
FOR A SALT WATER DISPOSAL WELL, ~~EDDY~~ Lea
COUNTY, NEW MEXICO.

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Case No. 14345

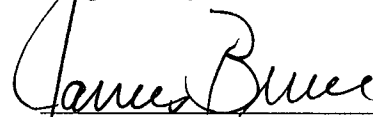
APPLICATION

Louray Oil Company applies for an order reinstating Division Administrative Order SWD-559 for a salt water disposal well, and in support thereof, states:

1. Division Administrative Order SWD-559 approved salt water disposal into the Government E Unit Well No. 1, located 610 feet from the south line and 1880 feet from the west line of Section 25, Township 19 South, Range 34 East, N.M.P.M., Eddy County, New Mexico. The injection interval was 9716-10240 feet subsurface.
2. Applicant is the successor operator of the well. Injection authority terminated due to lack of injection for over one year.
3. A Form C-108 for reinstatement of Division Administrative Order SWD-559 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 the application.

Respectfully submitted,



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

Attorney for Louray Oil Company

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Case 14345

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify REINSTATEMENT OF SWD-559

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners**
- [B] ☒ Offset Operators, Leaseholders or Surface Owner**
- [C] ☒ Application is One Which Requires Published Legal Notice**
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO**
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,**
- [F] ☐ Waivers are Attached**

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ben Stone
 Print or Type Name

Ben Stone
 Signature

Agent for Louray Oil
 Title

4/15/09
 Date

neostone_consultant@excite.com (agent)
 e-mail Address

A
 EXHIBIT

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: **Salt Water Disposal** and the application **qualifies** for administrative approval **RENEWAL**.
- II. OPERATOR: **Louray Oil Company**
ADDRESS: **P.O. Box 2081, Lovington, NM 88260**
- CONTACT PARTY: **Louis Edgett (575) 631-3387**
Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850
- III. WELL DATA: **All well data and applicable wellbore diagrams are attached hereto.**
- IV. **This is not an expansion of an existing project.**
- V. **A map is attached** 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. **A tabulation is attached** of data on all wells of public record within the area of review which penetrate the proposed injection zone. **The data includes** 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. **The following data is attached** 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. **Appropriate geologic data on the injection zone is attached** 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. **No stimulation program is proposed at this time.**
- *X. **There is no applicable logging and test data on the well however, any previous well logs have been filed with the Division and they need not be resubmitted.**
- *XI. **There are no fresh water wells within one mile the proposed salt water disposal well.**
- XII. **An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. **"Proof of Notice" section on the next page of this form has been completed.**
- 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: **Ben Stone** TITLE: **Consultant, Agent for Louray Oil Company**

SIGNATURE:  DATE: **4/14/2009**

E-MAIL ADDRESS: **Agent: SOS Consulting, LLC: neostone_consultant@excite.com; neostone@consultant.com**

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. 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 Office

III. WELL DATA – *The following information and data is included:*

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 *pursuant to the following criteria is attached.*

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.

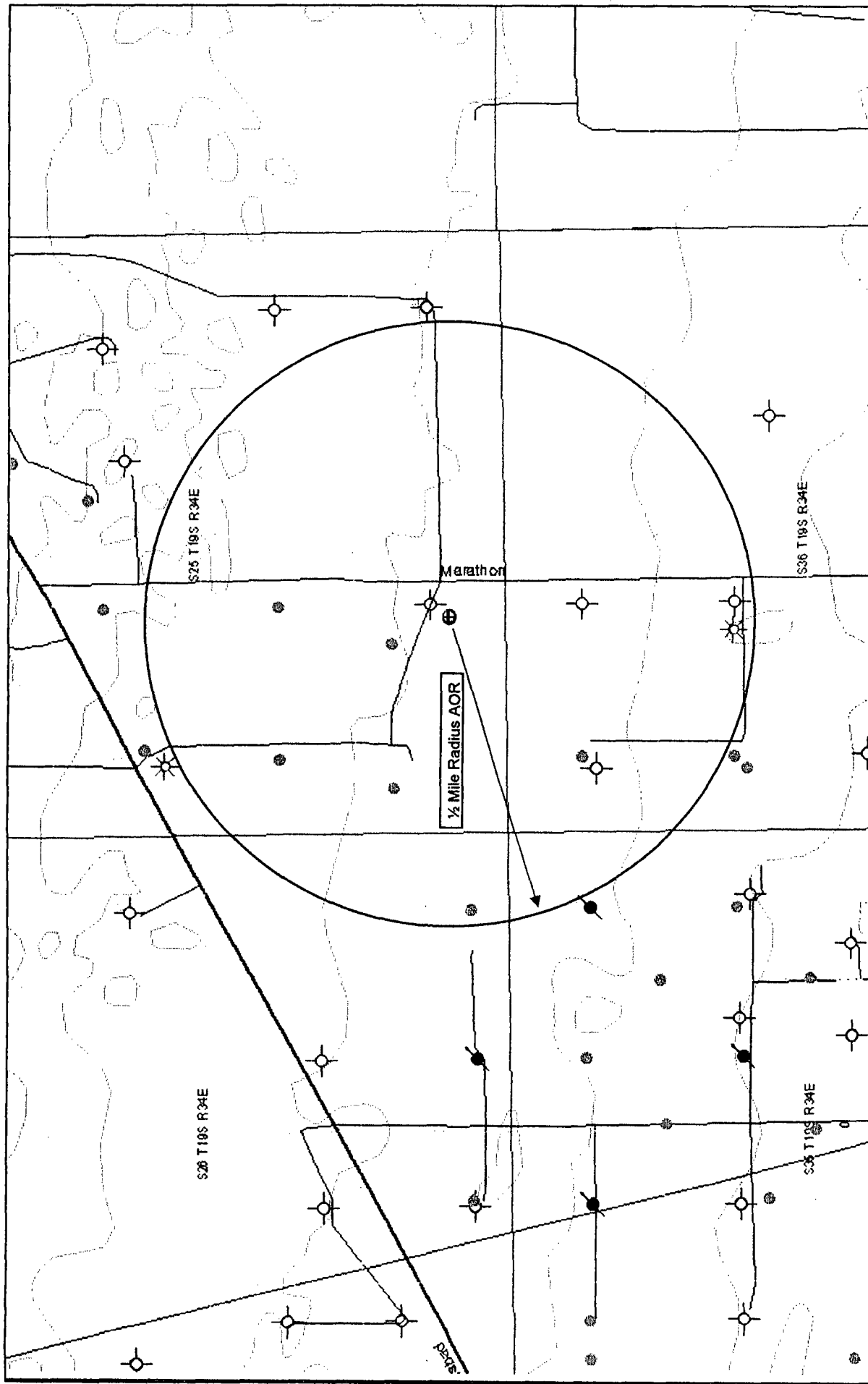
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (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.

Government 'E' No. 1 - Area of Review



GIS Map by Sylvan Ascent
 Drawn 4/06/2009
 by Ben Stone, SOS Consulting, LLC
 For Louray Oil Company

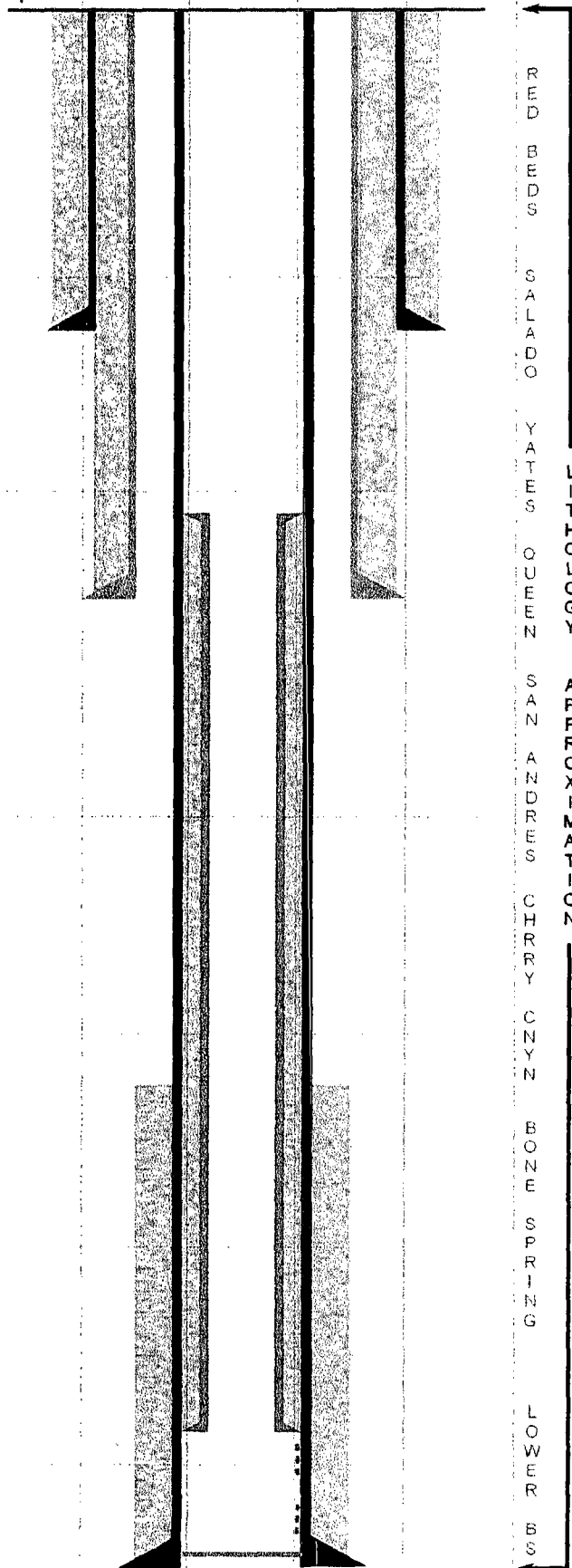


Well spots generated from
 RBDMS database with most
 current recordset provided by
 NMT Octane AllWells.mdb

CURRENT WELL CONFIGURATION

Spud Date: 2/13/1971

GL Elevation: 3730'



Government 'E' No. 1

API No. 30-025-23708

Location: 610' FSL & 1880' FWL

UL 'N', Sec. 25, Twp 19S, Rng 34E, NMPM

Latitude: 32.625818 Longitude: -103.516315

Lea County, New Mexico

SWD; Bone Spring (Pool No.96095)

Formation: Red Beds

Surface: 11.75" 42# @ 400' (Borehole 15")

Cement: 450 Sacks Class H w/2% CaCl
from 400' to 0' (Circulated)

Formation: Salado / Anhydrite Mix (Top ~1800')

Formation: Yates (Top ~3500')

Intermediate: 8.625" 32# @ 4089' (Borehole 11.0")

Cement: 775 Sacks TLW & Pozmix from 4089' to 2200' (Calc.)

Formation: Queen (Top ~4400')

Formation: San Andres (Top ~6050')

Formation: Cherry Canyon (Top 6490')

Formation: Bone Spring (Top 9716')

Liner: 4.0" Flush Joint 15.6# @ 9597' to 3843'

Cement: 240 Sacks Class H from 9547' to 3843'

Perforations Top: 9716' - 20'

Bottom: 10,225' - 36'

Formation: Lower Bone Spring (Top 10,222')

PBTD: 10,277'

Production: 5.5" 17# @ 10,300' (Borehole 7.875")

Cement: 500 Sacks Class H from 10,300' to 7700' (Temp Srvy)

PROPOSED WELL CONFIGURATION

Spud Date: 2/13/1971



GL Elevation: 3730'

RED BEDS
SALADO
YATES
QUEEN
SAN ANDRES
CHERRY CANYN
BONE SPRING
LOWER BS

Government 'E' No. 1

API No. 30-025-23708

Location: 610' FSL & 1880' FWL

UL 'N', Sec. 25, Twp 19S, Rng 34E, NMPM

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Formation: Yates (Top ~3500')

Intermediate: 8 625" 32# @ 4089' (Borehole 11.0")

Cement: 775 Sacks TLW & Pozmix from 4089' to 2200' (Calc.)

Formation: Queen (Top ~4400')

Formation: San Andres (Top ~6050')

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Cherry Canyon (Top 6490')

Tubing: 2.375" (184 jnts) and 2.875" (113 jnts)
Plastic Coated @ 9579'

Packer: 4.0" (Nominal) PKR (w/ On/Off Tool) @ 9596'

Formation: Bone Spring (Top 9716')

Liner: 4.0" Flush Joint 15.6# @ 9597' to 3843'

Cement: 240 Sacks Class H from 9547' to 3843'

Perforations Top: 9716' - 20'

Bottom: 10.225' - 36'

Formation: Lower Bone Spring (Top 10.222')

PBTD: 10.277'

Production: 5.5" 17# @ 10,300' (Borehole 7.875")

Cement: 500 Sacks Class H from 10,300' to 7700' (Temp Srvy)

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**

SURFACE OWNER

U.S. Department of Interior
Bureau of Land Management
Oil & Gas Division
2909 W. Second Street
Roswell, NM 88201-2019

MINERALS LESSEE

Louray Oil Company
P.O. Box 2081
Lovington, NM 88260

OFFSET MINERALS LESSEES

ARMSTRONG ENERGY CORP.
P.O. Box 1973
Roswell, NM 88202

COG OPERATING, LLC
500 W. Texas, Ste.1300
Midland, TX 79701

MERIT ENERGY COMPANY
13727 Noel Road, Suite 500
Dallas, TX 75240

TRILOGY OPERATING INC.
P.O. Box 7606
Midland, TX 79708

REGULATORY

New Mexico Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240

PROPOSED ADVERTISEMENT

Case No. 14345: Application of Louray Oil Company to reinstate Division Administrative Order SWD-559 for a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order reinstating Division Administrative Order SWD-559 for a salt water disposal well, approving disposal into the Bone Spring formation in the Government E Well No. 1, located 610 feet from the south line and 1880 feet from the west line of Section 25, Township 19 South, Range 34 East, NMPM, at depths of 9716-10240 feet subsurface. The well is located approximately 15 miles west-northwest of Oil Center, New Mexico.

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