District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

[1] Operator name and Address	[2] OGRID Number
Subsurface Water Disposal P.O. Box 1002 Hobbs, NM 88241	123503
	[3] Reason for Filing Code To report March run of 105 bbls. skim oil

[4] API Number	[5] Pool Name	[6] Pool Code
30-025-23708	SWD: Bone Spring	96095

[7] Property Code	[8] Property Name	[9] Well Number
15068	Government "E"	#1

II. [10] Surface Location

Ul or lot no.	Section	Township	Range	Lot.Idn	Feet from the	North/South Line	Feet from the	East/West line	County
N	25	19S	34E		610	South	1880	West	Lea

[11] Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	19S	34E		610	South	1880	West	Lea

[12] Lse Code	[13] Producing Method Code	[14] Gas Connection Date	[15] C-129 Permit Number	[16] C-129 Effective Date	[17] C-129 Expiration Date
F					

III. Oil and Gas Transporters

[18] Transporter OGRID	[19] Transporter Name and Address	[20] POD	[21] O/G	[22] POD ULSTR Location and Description
3438	Controlled Recovery Inc P.O. Box 388 Hobbs, NM 88241	2813497	O	N 25-19-34

IV. Produced Water

[23] POD	[24] POD ULSTR Location and Description

V. Well Completion Data

[25] Spud Date	[26] Ready Date	[27] TD	[28] PBTD	[29] Perforations

[30] Hole Size	[31] Casing & Tubing Size	[32] Depth Set	[33] Sacks Cement

VI. Well Test Data

[34] Date New Oil	[35] Gas Delivery Date	[36] Test Date	[37] Test Length	[38] Tbg. Pressure	[39] Csg. Pressure

[40] Choke Size	[41] Oil	[42] Water	[43] Gas	[44] AOF	[45] Test Method

[46] I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Lowell Deckert for

Printed name: Lowell Deckert

Title: Manager

Date: 3-30-01 Phone: 397-5923

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: APR 2001

[47] If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature	Printed Name	Title

LAST C-104

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 14411 De Novo Exhibit No. 11
Submitted by:
ARMSTRONG ENERGY CORPORATION
Hearing Date: November 4, 2010

Agua Sucia, LLC

The Government 'E' No.1 SWD recently underwent extensive work-over and repair operations which are summarized below. OCD site visits and actual expenditures are in tables that follow. During the process and time intervals described below, the subject well was operated by Louray Oil Company.

This information was mostly included as a supporting data attachment to the recent C-108 application submitted by Agua Sucia, LLC for reinstatement of the SWD injection permit.

First Repair Attempt

January 22, 2008 through February 26, 2008

Upon identifying the well failure, the subject well was shut in on 1/22/08. The well was bled down for several days to get in the hole. Approximately 4500 bbls of water were trucked for disposal. On 1/28/08, the operator was able to get in the hole – pulled 309 joints 2-3/8" tubing and ran in hole with 8 joints of 2-7/8" work string and scraper and shut in well. On 1/29/08 the job was shut down due to high wind. On 1/30/08, the well pressured back up to about 50 psi and approximately 400 bbls was flowed to the tanks for disposal. The unit crew was able to run in the hole with a scraper on work string. The next two days consisted of several runs with bit & scraper and gauge ring, and then a routine plug & packer job was conducted to locate the depth of the casing failure. A length of bad casing was located between 5332' and 4168'. Set bridge plug and cement retainer. On 2/5/08 a squeeze job was performed between the 5-1/2" and 8-5/8" Initially pumped 20 bbls down at 100 psi to get a rate - established maximum rate of 4 bpm @ 600 psi. Pumped 260 sacks of class 'C' Neat followed by 500 sacks of class 'C' with 6% gel. Pulled out of the cement retainer and finished pumping and shut the well in with 600 psi. Drilled out and tested again for the next several days. Additional testing with plug and packer identified remaining hole between 5049' and 5018'. On 2/11/08, a cement retainer was set at 4986' but when tested the following morning, it did not hold. The retainer was drilled out and pulled the pipe out of the hole. Ran the packer in and set it to isolate the hole. On 2/13/08 a new retainer was run in the hole but would not set. The retainer was pulled and found severely damaged. Ran a new retainer in the hole and it was able to set. Hooked up to establish a rate but could only get 1 bpm @ 2500 psi. On 2/14/08 the crew ran back in the hole with bit and collars. The first retainer was drilled out and the hole was circulated. Drilled out for the next few days and ran a mill to get through a hardened steel piece of a stinger. On 2/18/08, drilled with the bit again to try and get through the remaining pieces of junk. Finally drilled through and ran more pipe and tagged the plug at 5332'. Started drilling and made several more feet with additional pieces of the retainer coming up. Circulated the hole and shut down. Over the next several days, the

hole was cleaned out to a depth of 9743'. The hole was circulated with fresh water and shut in on 2/26/08 and the workover unit was rigged down.

OCD Site Visits During First Repair Attempt

Date	OCD Inspector and Number of Visits
1/26/08	Gary Wink – 1
1/29/08	Buddy Hill – 1
1/30/08	Buddy Hill – 2
1/31/08	Buddy Hill – 2
2/05/08*	Buddy Hill – 2
2/06/08	Mark Whitaker – 2
2/07/08	Mark Whitaker – 2
2/08/08*	Mark Whitaker – 1
2/18/08	Mark Whitaker – 2
2/19/08	Mark Whitaker – 2
2/20/08	Mark Whitaker – 2
2/21/08	Mark Whitaker – 2
2/22/08	Mark Whitaker – 2

* Louray personnel went into the OCD office to drop off C-103's and to discuss workover operations.

Flowback and Bleed-down Process

During the period from February 26, 2008 through March 22, 2009 the well was periodically and routinely opened to flow into tank facilities at the site. The produced water was skimmed for oil and then trucked off site for disposal. For this one-year interval, the well would be opened sometimes everyday to intervals up to three days. This was done in an attempt to fully relieve the well from reservoir pressure and fluid allowing for easier workover and repair efforts. The process was approved by Buddy Hill of the Hobbs OCD District Office.

By February 2009, Louray and its workover consultant determined that the well could safely and effectively be repaired. A workover unit was scheduled and the procedure and results are summarized below.

Final Repair – March – April, 2009

Consultant for workover – Al Perry, Hobbs, NM

Date	Activity
3/23/09	RU Black Warrior Wireline. Log well from 9536' to 9733'. Perforated 9716'-9732' w/ 32 holes. POOH guns. RIH and set composite bridge plug at 9650'.
3/26/09	RU Bull Rodgers casing crew. RIH w/ 4.0" float shoe & collar, follow w/ 137 jnts. 4.0" casing, x-over sub 4.0 x 5.5" and landed @ 9597' with top of liner @ 3843'. Ran 20 jts. 3.5" drill collar & 2.875" tubing. RD casing crew and shut in over night.

Pwo 7-20
CK 1012

SHELBY,

I TALKED TO DENIS ABOUT A PANEL BOX I BOOGHT FOR THE S.W.D. 7000^{00} PANEL FOR 1600^{00}. I ALSO PAID FOR SLOP OIL AT THE S.W.D. 1950^{00}. RUNNING LOW ON MY WORKING CAPITAL.

I HAVE TWO LOADS OF OIL READY TO SELL, BUT I WANT TO GET THE CHANGE OF OPERATOR FINISHED BEFORE I SELL. THAT WAY THE CHECK WILL BE AGUA SUCIA. MY PRINTER BROKE, I HOPE YOU CAN REA CHICKEN SCRATCH!

THANKS

1600
1950
3550^{00}