

UNITED STATES **OCD-ARTESIA**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM0503 |
| 2. Name of Operator DEVON ENERGY PRODUCTION COMPANY Contact: MEGAN MORAVEC Email: megan.moravec@dmn.com | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 333 WEST SHERIDAN AVENUE OKLAHOMA CITY, OK 73102 | 3b. Phone No. (include area code) Ph: 405-552-3622 | 7. If Unit or CA/Agreement, Name and/or No. NM70928X |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T25S R31E SESW 200FSL 2480FWL | | 8. Well Name and No. COTTON DRAW UNIT 171H |
| | | 9. API Well No. 30-015-42503 |
| | | 10. Field and Pool, or Exploratory PADUCA; BONE SPRING |
| | | 11. County or Parish, and State EDDY COUNTY COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input checked="" type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

WATER PRODUCTION & DISPOSAL INFORMATION

In order to process your disposal request, the following information must be completed in full

Site Name:
Cotton Draw Unit 171H1. Name(s) of formation(s) producing water on the lease:
Paduca Bone Spring2. Amount of water produced from all formations in barrels per day:
1600BBLsSEE ATTACHED FOR
NM OIL CONSERVATION CONDITIONS OF APPROVAL
ARTESIA DISTRICT

FEB 12 2015

| | | | |
|--|-------------------------|---|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. | | RECEIVED Electronic Submission #285100 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION COMPANY, sent to the Hobbs Committed to AFMSS for processing by DEBORAH HAM on 01/29/2015 () | |
| Name (Printed/Typed) | MEGAN MORAVEC | Title | REGULATORY ANALYST |
| Signature | (Electronic Submission) | Date | 12/15/2014 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | APPROVED FEB 6 2015 | |
| Approved By _____ | | Title | _____ |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | Office | JAMES A. AMOS SUPERVISOR-EPS |
| Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. | | | |

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Additional data for EC transaction #285100 that would not fit on the form

32. Additional remarks, continued

4. How water is stored on lease:
4 500BBLS water tanks

5. How water is moved to the disposal facility:
Trucked

6. Identify the Disposal Facility by:


A. Facility Operators Name: a) Mesquite SWD, Inc. b) Mesquite SWD, Inc.

B. Facility or well name/number: a) Cotton Draw SWD 66 b) Paduca SWD 1

C. Type of Facility or well (WDW) (WIW): a) WDW b) WDW

Da.1) Location by ?? Section Township Range
SW/4 NW/4, S10, T25S, R32E

Db.2) Location by ?? Section Township Range
SE/4 NE/4, S22, T25S, R32E



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1306
October 28, 2011

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of 19.15.26.8B NMAC, Mesquite SWD, Inc. seeks an administrative order to re-enter and utilize its Cotton Draw Unit Well No. 66 (API 30-025-22024) located 2080 feet from the North line and 760 feet from the West line, Unit letter E of Section 10, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc., is hereby authorized to re-enter and utilize its Cotton Draw Unit Well No. 66 (API 30-025-22024) located 2080 feet from the North line and 760 feet from the West line, Unit letter E of Section 10, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through perforations from approximately 4980 to 6904 feet through lined tubing and a packer set less than 100 feet above the permitted disposal interval.

As preparation and prior to disposal, the operator shall verify whether the cement top is at or above 6904 feet by running a cement bond log or as specified by the Bureau of Land Management. If the cement top is below this depth, the well shall be squeeze cemented, ensuring the disposal interval is bounded by cement – conditions of squeeze determined by the BLM.



Within one year of commencing disposal, the operator shall run an injection survey to determine at which depths the disposal fluids enter the formation and those results supplied to the Division and placed into this permit file.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

The wellhead injection pressure on the well shall be limited to **no more than 996 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district office of the date and time of the installation of disposal equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



JAMI BAILEY

Director

JB/wvj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Harrison H. Schmitt

Cabinet Secretary-Designate

J. Daniel Sanchez
Acting Division Director
Oil Conservation Division



Administrative Order SWD-1264
January 24, 2011

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., Mesquite SWD, Inc. seeks an administrative order to re-enter and utilize its Paduca Fed Unit Com Well No. 1 (API 30-025-27616), located 1980 feet from the North line and 660 feet from the East line, Unit Letter H of Section 22, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 26.8B. Satisfactory information has been provided that affected parties as defined in Rule 26.8B.(2) have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 26.8 will be met and the operator is in compliance with Division Rule 5.9.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc., is hereby authorized, pursuant to conditions stated below, to re-enter and utilize its Paduca Fed Unit Com Well No. 1 (API 30-025-27616), located 1980 feet from the North line and 660 feet from the East line, Unit Letter H of Section 22, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) through perforations in the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group from 4722 feet to 6964 feet, and through lined tubing and a packer set within 100 feet of the permitted disposal interval.

As preparation, and prior to any disposal, the operator shall, under direction of inspectors from the US BLM and the Division's Hobbs office:

- a. Re-enter this plugged well to the depths as directed by the US BLM for purposes of properly plugging it back from deeper depths. Run a cement bond log from approximately 7200 feet to 4500 feet. This log shall be supplied to the BLM and also to the Division's Hobbs district office.



- b. The well shall be plugged back from the re-entered depths under direction of the BLM to approximately 7070 feet, where a cast iron bridge plug, capped with cement, shall be set.
- c. The new bond log shall be interpreted to ensure cement exists behind the 9-5/8 inch casing over the intended disposal interval [the bottom (6964 feet) and the top (4722 feet) must be bounded with cement].
- d. If top and bottom are not already bounded by cement, the operator shall squeeze this well to the satisfaction of both the BLM and the Hobbs district office of the Division. All squeeze work shall be verified with new cement bond log(s) supplied to the Division.

The operator shall obtain written confirmation of this work prior to any disposal from the engineering bureau of the Division in Santa Fe. This permit shall not be in effect until this confirmation is obtained.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The wellhead injection pressure on the well shall be limited to **no more than 944 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district office of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 26.13 and 7.24.

Without limitation on the duties of the operator as provided in Division Rules 30 and 29,

or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

In accordance with Division Rule No 26.12.C., the disposal authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request, mailed by the operator prior to the termination date, may grant an extension thereof for good cause. One year after disposal into the well has ceased, the authority to dispose will terminate *ipso facto*.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.

J. DANIEL SANCHEZ
Acting Director

JDS/wvj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14