

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JAN 31 2013
NMOCD ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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
☐ Oil Well ☐ Gas Well ☒ Other **SWD**

2. Name of Operator **Ray Westall Operating, Inc.**

3a. Address
P.O. Box 4, Loco Hills, NM 88255

3b. Phone No. (include area code)
575-677-2372

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650' FNL & 660' FEL, Sec.27, Twp 18S, Rng 29E

RECEIVED
JAN 31 2013
NMOCD ARTESIA

5. Lease Serial No.

NMNM-0030752

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Empire A Federal Com No.2

9. API Well No.

30-015-29618

10. Field and Pool, or Exploratory Area

SWD; Wolfcamp / Canyon

11. County or Parish, State

Eddy

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 checked="" type="checkbox"/> Other Convert well to SWD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	per OCD permit
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	SWD-1368

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.)

RU pulling unit - pull existing rods, pump and tubing.

Set CIBP ~10010' and cap w/ 35' cement. Perf and cement squeeze behind 5-1/2" casing to establish TOC at approximately 8200'.

Selectively perforate Wolfcamp and Canyon disposal intervals to be determined. (Maximum uppermost perf at 8788' and maximum bottom perf at 9950'.)

Install 2-3/8" plastic-coated tubing - pack set at approximately 8690'.

Install 3 or 4, 500 bbl. tanks and plumb. Install injection pump and related equipment. (Note - no land will be disturbed beyond the existing pad site.)

Perform mechanical integrity pressure test per BLM test procedures. (Notify BLM and NMOCD 24 hours prior.)

The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity.

Anticipated daily volume is ~1000 bpd at a maximum surface injection pressure of 1758 psi.

BLM NOT AUTHORIZED TO MAKE "OPERATIONS FOR A WELL WITH AN INJ PACKER" CONDITIONS.

SUBJECT TO LIKE APPROVAL BY STATE

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Accepted for record

NMOCD *RE* **2/4/13**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Ben Stone - 903-488-9850

Title **SOS Consulting, Agent for Ray Westall Operating, Inc.**

Signature

Date

01/04/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Office

APPROVED

San

MAR 29 2013

/s/ Chris Walls

**BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE**

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.

WELL SCHEMATIC - PROPOSED
Empire 'A' Federal Com Well No.2

API 30-015-29618

1650' FNL & 660' FEL, SEC. 27-T18S-R29E
EDDY COUNTY, NEW MEXICO

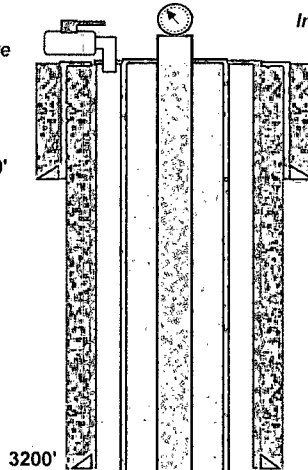
Spud Date: 2/10/2004

Shut In Date: 2009

Annulus Monitored
or open to atmosphere

Injection Pressure Regulated
and Volumes Reported

330'



Surface Casing

13.375", 48# Csg. (17.5" Hole) @ 330'
365 sx Class 'C' - Circulated

Intermediate Casing

8.625", 32# Csg. (12.25" Hole) @ 3200'
1335 sxs Class 'C' - Circulated

Ray Westall Operating, Inc.

Annulus Loaded
w/ Inert Packer Fluid

2.375" PC Tubing (or equivalent)
PKR ~8690'

NOTE: Existing perms within permitted interval
may or may not be utilized as specified intervals.

PROPOSED DISPOSAL INTERVALS
(Selectively Perforated Intervals TO BE DETERMINED.)

TOP of INTERVAL
@ 8788' - Wolfcamp

Production Casing

5.5" 17.0# Csg. (7.875" Hole) @ 11630'
250 sxs Class 'H' - TOC @ 10500' Calculated

Squeeze as necessary to establish
Top of Cement behind 5-1/2" at approximately 8200'

BOTTOM of INTERVAL
@ 9950' - [Pennsylvanian] Canyon

Set CIBP @ ~10010'
(Isolate Existing Perfs)
Cap w/ 35' Cmt.


PBTD @ ~9975'

Morrow Gas Completion (original)
11154'-68", 11207'-28'

11300'-12', 20'-30'

11630'

TD @ 11630'

 **SOS Consulting, LLC**

Drawn by: Ben Stone, 10/13/2012

***Ray Westall Operating, Inc.
Loco Hills, New Mexico***

Empire 'A' Federal Com Well No.2
Salt Water Disposal Operation

*Attachment to Form 3160-5
Intent to Convert to SWD 1/04/12*

DISPOSAL WELL

Upon approval of SWD from NMOCD and BLM, configure well for disposal by setting CIBP at approximately 10,010' & cap with 35' cement. Perf and cement squeeze 5-1/2" casing to establish TOC at approximately 8200'. Selectively perforate Wolfcamp and Canyon disposal intervals to be determined. (Maximum uppermost perf at 8788' and maximum bottom perf at 9950'.)

Install 2-3/8" plastic-coated tubing - packer set at approximately 8690'.

Install 3 or 4, 500 bbl. tanks and plumb. Install injection pump and related equipment. (Note - no land will be disturbed beyond the existing pad site.)

Perform mechanical integrity pressure test per BLM test procedures. (Notify BLM and NMOCD 24 hours prior.)

The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity.

Anticipated daily volume is ~1000 bpd at a maximum surface injection pressure of 1758 psi.

The site will be unmanned however, it will be inspected daily and maintenance performed as required, e.g., check tank and disposal volumes, inspect equipment for mechanical integrity, change filters and/or screens, etc. Trash generated (used filters) from the facility would be hauled off at least once a month. The used filters would be hauled off for disposal at an approved disposal facility.

Roads and site pad will be maintained as needed, depending on weather, wear and intensity of use based on BLM Gold Book Standards.

Ray Westall Operating, Inc. will report monthly disposal volumes to OCD on their forms C-120A and C-115. Manifests containing the contractor name, truck number, source and volume of water will be maintained for at least 3 years.

Upon termination of facility and plugging of the well, the site will be reclaimed and reseeded per BLM standards for the area.

ADVISEMENT OF NOTICE TO INTERESTED PARTIES

All individuals and companies shown as lessee or operator of 7 different BLM leases encountered by the 1/2-mile area of review were notified via U.S. Certified Mail. The list of 71 parties is attached hereto.

STANDARD STIPULATIONS

1. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public or federal land shall be immediately reported to the authorized officer. Operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the operator.
2. Pursuant to 43 CFR 10.4(g) the operator of this authorization must notify the authorized office, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.
3. The operator or its contractor is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. If historic or archaeological materials are uncovered during any project or construction activity, the operator must stop work in the area of the discovery that might further disturb such materials and immediately contact the Authorized Officer. Within five working days, the Authorized Officer will inform the operator as to the mitigation measures the operator will likely have to undertake before the site can be used (assuming in-place preservation is not necessary).
4. The operator shall notify the Authorized Officer at least 180 days prior to non-emergency activities that would cause surface disturbance to the site. BLM will determine whether a cultural resource inventory, treatment, or mitigation is required.
5. A "Notice to Proceed" stipulation shall be required for any non-emergency activities as defined above that would cause surface disturbance on the site. Any request for a "Notice to Proceed" shall be made to the AO, who shall review the proposed action for consistency with resource management concerns such as wildlife, big game winter range, paleontology, threatened and endangered species, and cultural resource protection. Additional measures may be required to protect these resources.

6. The operator shall monitor and control those noxious weeds that may occur. If chemical control is necessary, use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, the operator shall obtain from the Authorized Officer written approval of a plan showing the type and quantity of material to be used, the pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer. Emergency use of pesticides shall be approved in writing by the authorized officer prior to such use.

7. The operator shall comply with all applicable federal laws and regulations existing or hereafter enacted or promulgated. In any event, the operator shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601 et seq.) with regard to any toxic substances that are used, generated by or stored on the facilities (see 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by BLM or NMOCD as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the BLM or NMOCD.

8. The operator shall comply with applicable state standards for public health and safety, environmental protection and siting, construction, operation and maintenance, if state standards are more stringent than federal standards for similar projects.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1368
December 2, 2012

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of 19.15.26.8B NMAC, Ray Westall Operating Inc. seeks an administrative order to utilize its Empire A Federal Well No. 2 (API 30-015-29618) located 1650 feet from the North line and 660 feet from the East line, Unit letter H of Section 27, Township 18 South, Range 29 East, NMPM, Eddy 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, Ray Westall Operating Inc., is hereby authorized to utilize its Empire A Federal Well No. 2 (API 30-015-29618) located 1650 feet from the North line and 660 feet from the East line, Unit letter H of Section 27, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Wolfcamp and Cisco/Canyon formations through perforations from 8788 feet to 9950 feet through internally coated tubing and a packer set within 100 feet of the permitted interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved 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 Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 1758 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/wvjj

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad Field Office

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

SURFACE OWNER

U.S. DEPARTMENT OF INTERIOR - FedEx'd copy of application + BLM SWD Sundry
Bureau of Land Management
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

OFFSET OPERATOR and/or LESSEES (All notified via U.S. Postal Certified Mail - Numbered items are first occurrence of addressee.)

NMNM-0030752

1. ATLANTIC RICHFIELD CO
PO BOX 2819
DALLAS TX 75221
2. BARR RICHARD
500 N LORAIN #1070
MIDLAND TX 79701
3. BRADFORD BARRY LEE
PO BOX 600070
DALLAS TX 75360
4. DEVON ENERGY PROD CO LP
333 W SHERIDAN AVE
OKLAHOMA CITY OK 73102-5010
5. DURANGO PROD CORP
4301 MAPLEWOOD #500
WICHITA FALLS TX 76308
6. HINKLE HARRY B
PO BOX 8805
MIDLAND TX 79708
7. MACK C CHASE TRUSTEE
PO BOX 693
ARTESIA NM 88210
8. MACK ENERGY CORP
PO BOX 960
ARTESIA NM 88211
9. MAGNUM HUNTER PRODUCTION INC
600 E COLLEGE BLVD
IRVING TX 75039
10. MEC PETROLEUM CORP
PO BOX 11265
MIDLAND TX 79702

INTERESTED PARTIES LIST (cont.)

11. MURCHISON OIL & GAS INC
1100 MIRA VISTA BLVD
PLANO TX 75093-4698
 12. SHIFFLETT OPER CO
214 WEST TEXAS #900
MIDLAND TX 79701
 13. SILVERTON PETROLEUM INC
PO BOX 26
GRAHAM TX 76450
 14. SIVLEY TRUST
BOX 26900
ALBUQUERQUE NM 87125
 15. SOUTHWEST ROYALTIES INC
#6 DESTA DR #2100
MIDLAND TX 79705
 16. TRIGG OIL & GAS LP
PO BOX 520
ROSWELL NM 88202
 17. WESTMORELAND TODD E
PO BOX 10107
MIDLAND TX 79702
 18. WILSON SCOTT E
PO BOX 50250
MIDLAND TX 79710
 19. WYNN-TEXAS COMM TRST
500 W ILLINOIS
MIDLAND TX 79701
 20. YATES PETRO CORP
105 S 4TH ST
ARTESIA NM 88210
 21. CROSSLAND OPER LLC
7830 STANFORD AVENUE
DALLAS, TX 75225-8208
 22. JKM ENE LLC
26 EAST COMPRESS RD.
ARTESIA NM 88210
 23. EGL RESOURCES INC
P. O. BOX 10886
MIDLAND TX 79702
- NMNM-055696**
24. ABO PETRO CORP
105 S 4TH ST
ARTESIA NM 88210

INTERESTED PARTIES LIST (cont.)

25. ARROWHEAD OIL CORP
PO BOX 548
ARTESIA NM 88210
26. BURLINGTON RESOURCES O&G CO LP
PO BOX 4289
FARMINGTON NM 87499-4289
27. CANNON EXPL CO
3608 S COUNTY ROAD 1184
MIDLAND TX 79706-6468
28. CIBOLA ENERGY CORP
PO BOX 1668
ALBUQUERQUE NM 87103
29. DUGGAN MARY D
10031 CEDAR CREEK
HOUSTON TX 77042
30. EOG RESOURCES INC
PO BOX 4362
HOUSTON TX 77210-4362
31. HARVEY E YATES CO
1007 MARQUETTE NW
ALBUQUERQUE NM 87102
32. HOLLYHOCK CORP
3907 CRESTGATE
MIDLAND TX 79707

MACK C CHASE TRUSTEE
PO BOX 693
ARTESIA NM 88210
33. MYCO INDUSTRIES INC
105 S 4TH ST
ARTESIA NM 88210
34. OXY Y-1 COMPANY
PO BOX 27570
HOUSTON TX 77227-7570
35. PATHFINDER EXPL CO
4306 CRESTGATE
MIDLAND TX 79707
36. PEGGY A YATES ESTATE
105 S 4TH ST
ARTESIA NM 88210
37. PREMIER OG INC
PO BOX 1246
ARTESIA NM 88210

INTERESTED PARTIES LIST (cont.)

38. SACRAMENTO PARTNERS LP
105 S 4TH ST
ARTESIA NM 88210

39. SHARBRO ENERGY LLC
PO BOX 840
ARTESIA NM 88211-0840

40. SOROCO WELL SVC INC
BOX 27
BLOOMFIELD NM 87413

41. TARA-JON CORP
6003 MEADOWVIEW DR
MIDLAND TX 79707

TRUST Q PEGGY A YATES DEC
105 S 4TH ST
ARTESIA NM 88210-2177

42. WILLIAM P DOOLEY EST
PO BOX G
ARTESIA NM 88210

43. YATES ENERGY CORP
PO BOX 2323
ROSWELL NM 88202-2323

44. YATES INDUSTRIES LLC
PO BOX 1091
ARTESIA NM 88211-1091

45. YATES JOHN A
105 S 4TH ST
ARTESIA NM 88210

YATES PETRO CORP
105 S 4TH ST
ARTESIA NM 88210

NMLC-067132

ABO PETRO CORP
105 S 4TH ST
ARTESIA NM 88210

46. DENTON OIL CO
PO BOX 1252
ARTESIA NM 88210

DURANGO PROD CORP
4301 MAPLEWOOD #500
WICHITA FALLS TX 76308

47. FROSTMAN OIL CORP
PO BOX W
ARTESIA NM 88211

INTERESTED PARTIES LIST (cont.)

48. HAMMOND DAVID G
PO BOX 1538
ARTESIA NM 88211

MAGNUM HUNTER PRODUCTION INC
600 E COLLEGE BLVD
IRVING TX 75039

MYCO INDUSTRIES INC
105 S 4TH ST
ARTESIA NM 88210

OXY Y-1 COMPANY
PO BOX 27570
HOUSTON TX 77227-7570

RAY WESTALL OPER INC
PO BOX 4
LOCO HILLS NM 88255

49. SILVERTON PETROLEUM INC
PO BOX 26
GRAHAM TX 76450

50. VINTAGE LEASE SERVICES LLC
PO BOX 248
ARTESIA NM 88211-0248

WESTALL RAY
PO BOX 4
LOCO HILLS NM 88255

51. WILKE LTD CO
703 S 18TH ST
ARTESIA NM 88210

YATES JOHN A
105 S 4TH ST
ARTESIA NM 88210

YATES PETRO CORP
105 S 4TH ST
ARTESIA NM 88210

NMNM-014775

EOG RESOURCES INC
PO BOX 4362
HOUSTON TX 77210-4362

MAGNUM HUNTER PRODUCTION INC
600 E COLLEGE BLVD
IRVING TX 75039

INTERESTED PARTIES LIST (cont.)

NMNM-035562

52. COON J D
PO BOX 2003
CASPER WY 86202

53. H&F INVESTMENTS
PO BOX 1837
ROSWELL NM 88201

NMNM-0437532

ABO PETRO CORP
105 S 4TH ST
ARTESIA NM 88210

CANNON EXPL CO
3608 S COUNTY ROAD 1184
MIDLAND TX 797066468

DEVON ENERGY PROD CO LP
333 W SHERIDAN AVE
OKLAHOMA CITY OK 73102-5010

54. DOOLEY FLORENCE M
PO BOX G
ARTESIA NM 88210

DUGGAN MARY D
10031 CEDAR CREEK
HOUSTON TX 77042

EOG RESOURCES INC
PO BOX 2267
MIDLAND TX 79702

HOLLYHOCK CORP
3907 CRESTGATE
MIDLAND TX 79707

55. JALAPENO CORP
PO BOX 1608
ALBUQUERQUE NM 87103

56. MARTIN YATES III ESTATE
105 S 4TH ST
ARTESIA NM 88210

MYCO INDUSTRIES INC
207 S 4TH ST
ARTESIA NM 88210

57. NEARBURG EXPL CO LLC
3300 N A ST #120
MIDLAND TX 79705

OXY Y-1 COMPANY
PO BOX 27570
HOUSTON TX 77227-7570

INTERESTED PARTIES LIST (cont.)

PATHFINDER EXPL CO
4306 CRESTGATE
MIDLAND TX 79707

PEGGY E YATES Q TRUST
105 S 4TH ST
ARTESIA NM 88210

58. PERKINS TERENCE P
7501 LYNWOOD NW
ALBUQUERQUE NM 87120

59. RIO PECOS CORP
110 W LOUISIANA #210
MIDLAND TX 79701

SACRAMENTO PARTNERS LP
105 S 4TH ST
ARTESIA NM 88210

SHARBRO ENERGY LLC
PO BOX 840
ARTESIA NM 88211-0840

TARA-JON CORP
6003 MEADOWVIEW DR
MIDLAND TX 79707

60. THE ROGER T ELLIOT FAMILY LP
4105 BAYBROOK DR
MIDLAND TX 79707

61. WILSON MARK D
4501 GREEN TREE BLVD
MIDLAND TX 79707

YATES INDUSTRIES LLC
PO BOX 1091
ARTESIA NM 88211-1091

YATES PETRO CORP
105 S 4TH ST
ARTESIA NM 88210

NMNM-017223

ARROWHEAD OIL CORP
PO BOX 548
ARTESIA NM 88210

CANNON EXPL CO
3608 S COUNTY ROAD 1184
MIDLAND TX 79706-6468

62. CHEVRON USA INC
PO BOX 1635
HOUSTON TX 77251

INTERESTED PARTIES LIST (cont.)

DEVON ENERGY PROD CO LP
333 W SHERIDAN AVE
OKLAHOMA CITY OK 73102-5010

63. DILLARD DARRELL M
415 W WALL #1510
MIDLAND TX 79701

ELLIOTT ROGER T
4105 BAYBROOK DR
MIDLAND TX 79707

EOG RESOURCES INC
PO BOX 4362
HOUSTON TX 77210-4362

64. FORAN OIL CO
8340 MEADOW RD #158
DALLAS TX 752313751

65. GIBSON RICHARD H
PO BOX 6238
LONGVIEW TX 75605-6238

66. LABRADOR OIL CO
400 N ST PAUL #400
DALLAS TX 75201

MAGNUM HUNTER PRODUCTION INC
5215 N O'CONNER BLVD #1500
IRVING TX 75039-3764

MYCO INDUSTRIES INC
207 S 4TH ST
ARTESIA NM 88210

67. OPAL INVESTMENT LTD PTNR
214 N BAY DR
BULLARD TX 75757

68. POWERS CAYCE JR TRST
370 ST PAUL ST
DENVER CO 80206

PREMIER OG INC
PO BOX 1246
ARTESIA NM 88210

TARA - JON CORP
6003 MEADOW VIEW LN
MIDLAND TX 79707

69. WILSON MARK D
4501 GREEN TREE BLVD
MIDLAND TX 79707

WILSON SCOTT E
4306 CRESTGATE
MIDLAND TX 79707

INTERESTED PARTIES LIST (cont.)

70. WOODARD JAMES B
3613 IMPERIAL
MIDLAND TX 79707

71. WOODARD & DILLARD PARTNERS
415 W WALL #1510
MIDLAND TX 79701

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
1220 St. Francis Drive
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
811 S. First St.
Artesia, NM 88210

Conditions of Approval

Ray Westall Operating, Inc
Empire A SWD - 2
API 3001529618, T18S-R29E, Sec 27
January 04, 2013

1. A new "Well Location and Acreage Dedication Plat" (NMOCD Form C-102) is required with the notice of intent package when opening another pay zone.
2. Operator shall remove "Com" from the well name, and rename via sundry.
3. Considering that the well is to be used for commercial water disposal a BLM Right of Way Agreement is to be secured before its use.
4. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
5. Subject to like approval by the New Mexico Oil Conservation Division.
6. Notify BLM 575-200-7902 before plug back procedures. The procedures are to be witnessed. If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
7. Surface disturbance beyond the existing pad must have prior approval.
8. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
9. Functional H₂S monitoring equipment shall be on location.
10. A minimum of 5000 (5M) BOPE shall be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (5M) Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
11. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
12. The BLM PET witness is to run tbg tally and agree to cement placement. Sample each plug for cement curing time and tag and/or pressure test (WOC time of 4 hours recommended) as requested by BLM PET witness.
13. Class H > 7500ft & C < 7500ft) cement will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours(C) & 8 hours(H) is recommended. Formation

isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water and "H" to be mixed 15.6#/gal, 1.18ft³/sx, 5.2gal/sx water.

- 14. Operator is to set a CIBP above the top perforation between 11104 and 11154. Set a balanced Class H cement plug from that CIBP to cover 50 feet above the Morrow formation top of 10740.**
- 15. After the cement squeeze to "establish a TOC at approximately 8200" and before perforating, run a cement bond log from 10,000 or below to top of cement. Provide BLM with an electronic copy (Adobe Acrobat Document). The CBL may be attached to a pswartz@blm.gov email.**
- 1) **Perform a BLM PET witnessed (charted) casing integrity test of 1800 psig.** Document the pressure test on a one hour rotation calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 16. Include a copy of the chart in the subsequent sundry for this workover.**
- 17. Operator shall submit an evaluation of existing logs and shall perform production tests to verify that the injection zone cannot produce in paying quantities.**
18. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
19. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
20. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

Operations for a Well with an Inj Packer

- 2) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 3) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 4) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.

- 5) Make arrangements 24 hours before the test for BLM to witness. In Eddy County email Paul R. Swartz pswartz@blm.gov or phone 575-200-7902, if there is no response, 575-361-2822. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 6) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 7) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 8) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 9) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization. Approved injection pressure compliance is required. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
- 10) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 11) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 12) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 13) **Maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.**
- 14) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 15) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 16) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 17) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of installed equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are

to be included in the subsequent sundry. List daily descriptions of any previously unreported wellbore workover(s) and reason(s) the well annular fluid was replaced.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.