

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM 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. NMNM101599
2. Name of Operator DEVON ENERGY PRODUCTION CO		6. If Indian, Allottee or Tribe Name
3a. Address 333 WEST SHERIDAN AVE OKLAHOMA CITY, OK 73102		7. If Unit or CA/Agreement, Name and/or No. NMNM130543
3b. Phone No. (include area code) Ph: 575-746-5587		8. Well Name and No. CAPELLA 14 FEDERAL COM 4H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 14 T19S R31E NWNW 330FNL 400FWL		9. API Well No. 30-015-39418-00-S1
		10. Field and Pool, or Exploratory LUSK
		11. County or Parish, and State EDDY 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other
	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input checked="" type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back

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 recomplate 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 recompletion 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.)

- This well is producing from the Lusk & Bone Spring
- Water produced is approximately 80 BWPD
- There is one 500bbl tank on location
- Water will be trucked to the a) Cedar Lake 35 Federal 1 SWD b) Big Eddy SWD #1 both owned by Mesquite SWD, Inc. a) API 30-015-26969 b) 30-015-05819
- a) NW/4NE/4, S35, T17S, R30E
b) SE/4SE/4, S3, T20S, R31E

NM OIL CONSERVATION
ARTESIA DISTRICT

JUL 16 2014

RECEIVED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record
LJD NMOC 7-29-14

14. I hereby certify that the foregoing is true and correct. Electronic Submission #240034 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION CO LP, sent to the Carlsbad Committed to AFMSS for processing by ANGEL MAYES on 05/06/2014 (14AXM0085SE)	
Name (Printed/Typed) SANDRA D FARLEY	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 03/26/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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 _____

APPROVED
JUL 11 2014
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.

Additional data for EC transaction #240034 that would not fit on the form

32. Additional remarks, continued

- 6. a) SWD-1274 (attached)
- b) SWD-1186 (attached)

Revisions to Operator-Submitted EC Data for Sundry Notice #240034

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	DISPOSE SR	DISPOSE SR
Lease:	NMNM101599	NMNM101599
Agreement:		NMNM130543 (NMNM130543)
Operator:	DEVON ENERGY PO BOX 250 ARTESIA, NM 88210 Ph: 575-746-5587	DEVON ENERGY PRODUCTION CO LP 333 WEST SHERIDAN AVE OKLAHOMA CITY, OK 73102 Ph: 405.235.3611
Admin Contact:	SANDRA D FARLEY AUTHORIZED REPRESENTATIVE E-Mail: sandy.farley@dvn.com Ph: 575-746-5587	SANDRA D FARLEY AUTHORIZED REPRESENTATIVE E-Mail: sandy.farley@dvn.com Ph: 575-746-5587
Tech Contact:	SANDRA D FARLEY AUTHORIZED REPRESENTATIVE E-Mail: sandy.farley@dvn.com Ph: 575-746-5587	SANDRA D FARLEY AUTHORIZED REPRESENTATIVE E-Mail: sandy.farley@dvn.com Ph: 575-746-5587
Location:		
State:	NM	NM
County:	EDDY	EDDY
Field/Pool:	LUSK & BONE SPRING WEST	LUSK
Well/Facility:	CAPELLA 14 FEDERAL COM 4H Sec 14 T91S R31E	CAPELLA 14 FEDERAL COM 4H Sec 14 T19S R31E NWNW 330FNL 400FWL



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order SWD-1186

August 14, 2009

Mr. Kay Havenor, PHD, Agent for
Mesquite SWD, Inc.
PO Box 1479
Carlsbad, NM 87221

**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 Big Eddy SWD Well No. 1 (API 30-015-05819) located 660 feet from the South line and 660 feet from the East line, Unit P of Section 3, Township 20 South, Range 31 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 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 to re-enter and utilize its Big Eddy SWD Well No. 1 (API 30-015-05819) located 660 feet from the South line and 660 feet from the East line, Unit P of Section 3, Township 20 South, Range 31 East, NMPM, Eddy County, New Mexico, for disposal of produced water into the Mississippian and Siluro-Devonian formations through an open hole interval from approximately 12950 feet to 14205 feet through 3-1/2 inch or smaller diameter, plastic-lined tubing set within 100 feet of the disposal interval.

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 2590 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 an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district II office in Artesia 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 II 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.

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.



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-1274
May 19, 2011

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., Mesquite SWD, Inc. seeks an administrative order to utilize its Cedar Lake 35 Federal Well No. 1 (API 30-015-26969) located 1240 feet from the North line and 1980 feet from the East line, Unit Letter B of Section 35, Township 17 South, Range 30 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. Satisfactory information has been provided that affected parties 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 utilize its Cedar Lake 35 Federal Well No. 1 (API 30-015-26969) located 1240 feet from the North line and 1980 feet from the East line, Unit Letter B of Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Wolfcamp formation through perforations from approximately 8210 feet to 8975 feet through lined tubing and a packer set within 100 feet above the permitted disposal interval.

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 1642 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 rules 19.15.26.13 NMAC and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in 19.15.29 NMAC 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 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
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