



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

9/9/98

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

SWD-725

RE: Proposed:

MC	_____
DHC	_____
NSL	_____
NSP	_____
SWD	<u>X</u> _____
WFX	_____
PMX	_____

Gentlemen:

I have examined the application for the:

Perroc Oil Corp New Mexico State # 3-N-8-9s-33e
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

Recommend approval -

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed

Sept. 2, 1998

Mr. David Catanach
New Mexico Oil Conservation Div.
2040 Pacheco Street
Santa Fe, New Mexico

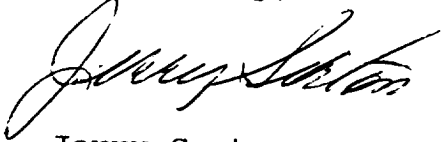
Dear David:

Attached is a application for authorization to inject water into Penroc Oil Corporation Well no. 3 on the New Mexico State "8" lease located in Sec. 8-T9S-R33E, Lea Co., New Mexico.

The proposed disposal well is a Flying M San Andres oil well at this time and the disposal water will be from the other two producing San Andres wells on the same lease which are producing approximately 50 bbls. water per day.

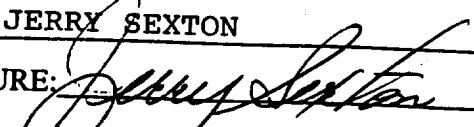
If you need any additional data or have any questions please call.

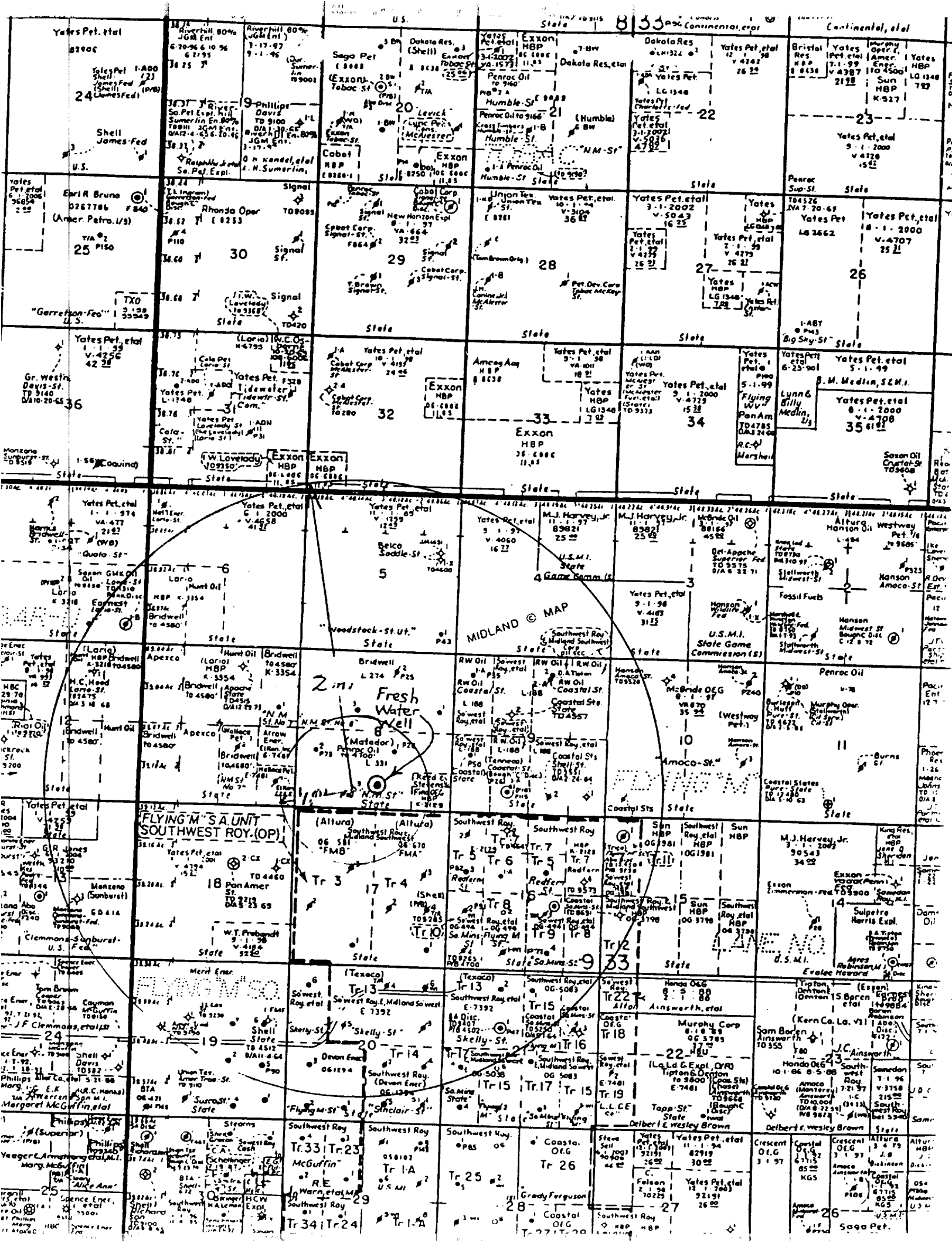
Yours truly,

A handwritten signature in cursive script, appearing to read "Jerry Sexton".

Jerry Sexton
agent

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance XX Disposal Storage
Application qualifies for administrative approval? XX Yes No
- II. OPERATOR: PENROC OIL CORPORATION
ADDRESS: P. O. BOX 5970, HOBBS, NM 88241
CONTACT PARTY: JERRY SEXTON PHONE: 397-3596
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes XX No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map 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. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include 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. Attach data 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. Attach appropriate geologic data on the injection zone 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. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- 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: JERRY SEXTON TITLE: AGENT
SIGNATURE:  DATE: 8-4-98
- * 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



Penroc Oil Corp.

Table of Wells Within 1/2 Mile
of Proposed SWD Well-New Mexico
State ``8`` Well no. 3

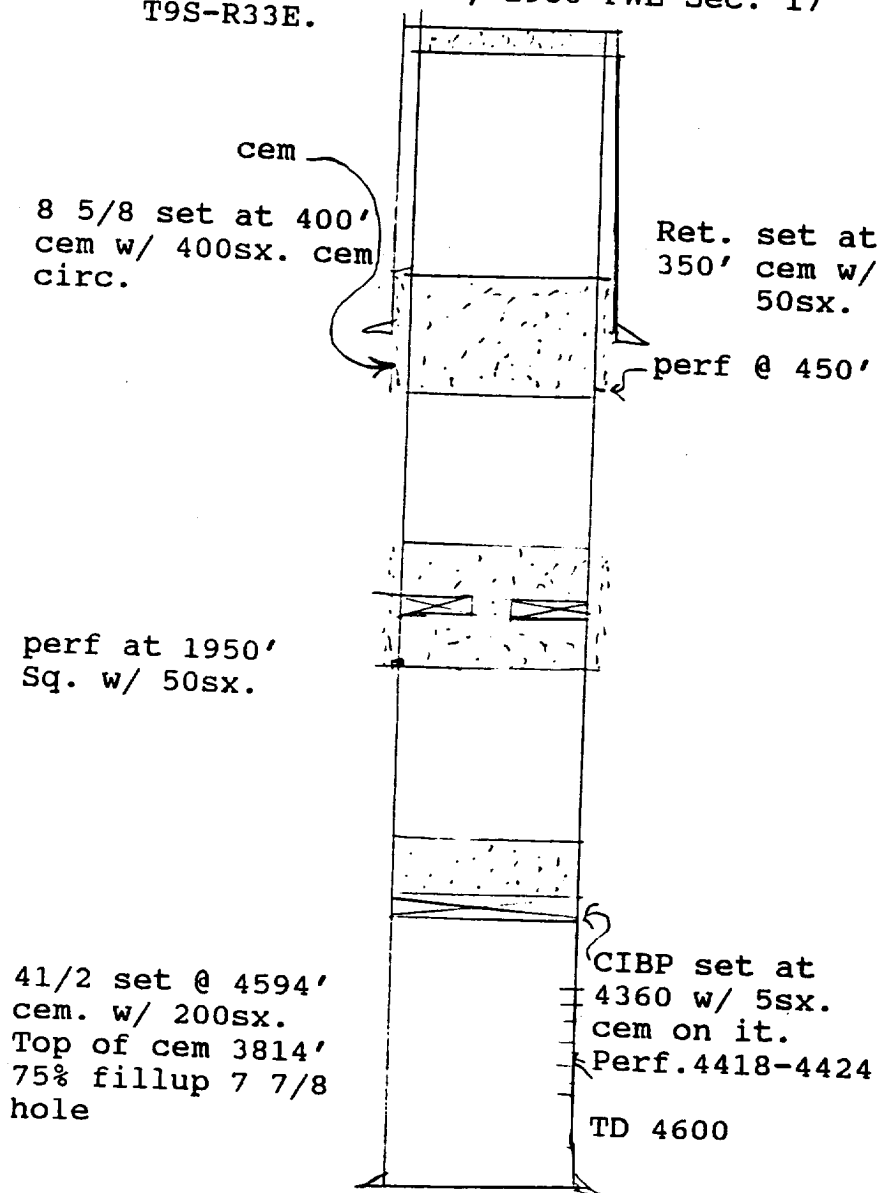
Operator:	Penroc	Penroc
Well name:	State``8``1	State``8`` 2
Location:	Unit D, Sec 8-T9S-R33E	Unit B, Sec 8-T9S-R33E
Date drilled:	1972	1974
TD:	4600	4535
Status:	Oil Well	Oil Well
Casing:	8.625 @ 362' cem circ. 4.5 @ 4600 Cem Top 3640 350 sx.- 7.875 hole 75% fillup	8.625 @ 390' cem circ. 4.5 @ 4535 Cem Top 2975' 400 sx.-7.875 hole 75% Fillup
Perforations:	4410-50	4385-4425
Treatment:	11,000 gal acid	11,000 gal acid

Note: see attached schematic for Plugged and
Abandon well in Unit F Sec. 17-T9S-R33E

Penroc Oil Corp.
SWD application for
New Mexico State "8" no 3

Schematic of Plugged and
Abandon Well within 1/2
Mile proposed well

Coastal Oil & Gas -Flying M Unit No.3
Unit F, 1980' FNL, 1980' FWL Sec. 17
T9S-R33E.



Well Data

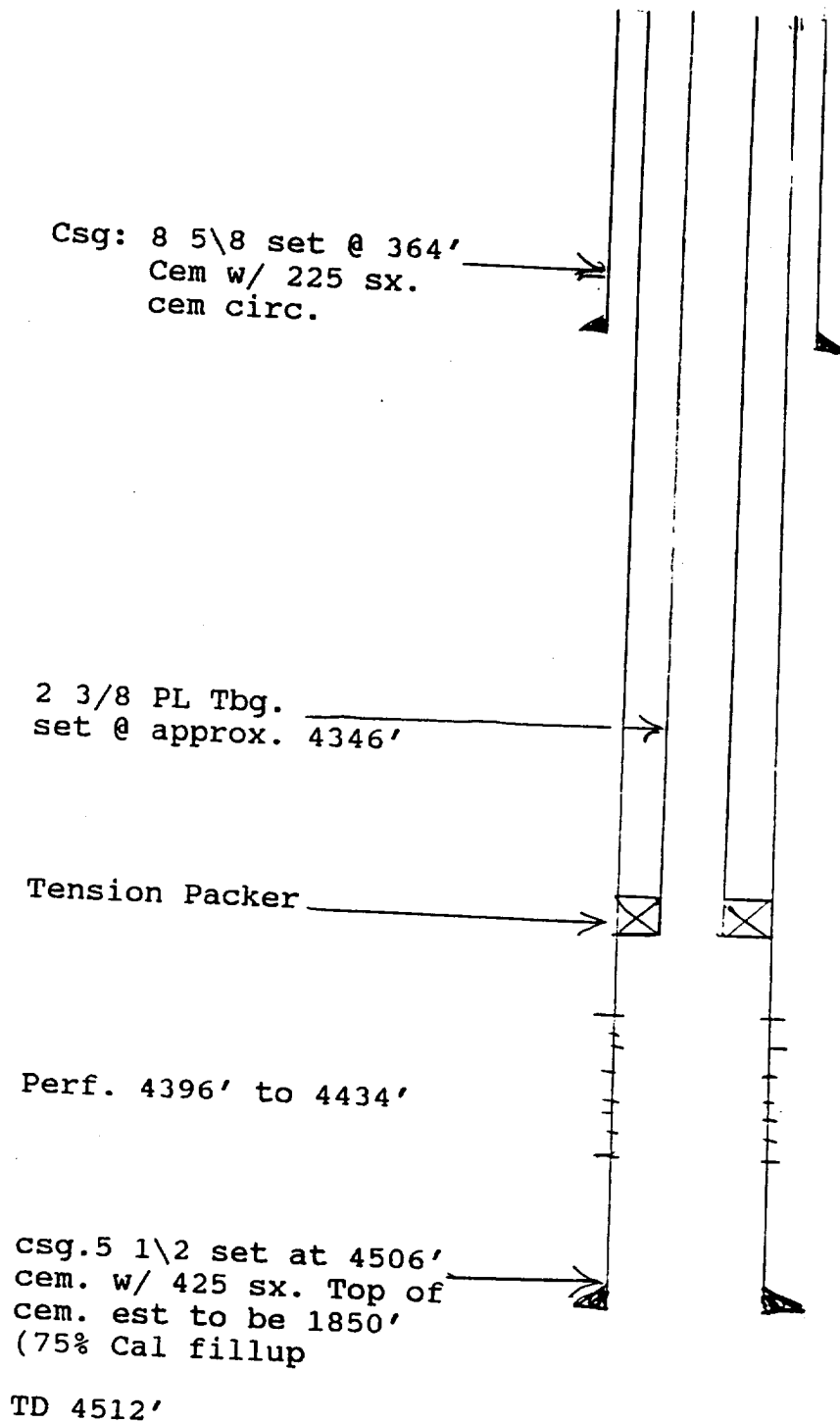
Company:	Penroc Oil Corp.
Lease Name:	New Mexico State "8"
Well No.:	3
Location:	660'FSL, 1980FWL Sec.8-T9S-R33E Lea Co. (Unit N)
Surface csg:	8 5/8 set at 364' cem. w/ 225 sx. cem. circ. hole size 12 1/4"
Production csg.	5 1/2" set @ 4506, cem. w/ 425 sx. Top cem. 1850' (cal 75% fillup)
Tubing:	2 3/8 plastic lined
Packer:	Tension (type will be submitted on C-103)
Date Drilled:	1975
Well usage:	oil well
Injection Formation:	San Andres Dolomite
Injection Interval:	4396' to 4434'
Other Perforations:	None
Other oil zones:	None
Field Name:	Flying M San Andres

Operational Data

Est. average injection rate:	50 BPD
Maximum est. injection rate:	300 BPD
Type System:	Closed
Average injection pressure:	100 PSI
Maximum injection pressure:	880 PSI
Water Source:	Produced Water (San Andres)
Disposal Formation:	San Andres

Well Schematic
Penroc Oil Corp.
Proposed New Mexico
State "8" well N. 3SWD

Loc.: 660'FSL, 1980'FWL
Sec. 8-T9S-R33E Lea Co.





3429 N.W. County Rd. • P.O. Drawer 907 • Hobbs, New Mexico 88241-0907

Phone (505) 392-0149 • Fax (505) 392-5282

Water Analysis Report

Oil Co: Penroc Oil
Lease: N. Mex. St. #8
Well #: 2
Field: Flying "M" San Andres, Lea County, NM.

Sample Loc: Well Head
Date Sampled: September 3, 1998
Date Analysed: September 4, 1998

Analysis:

1. PH 6.43
2. Specific Gravity 60/80 F 11.57
3. CaCO₃ Saturation index at 80 F + 1.071
at 140 F + 2.57

Dissolved Gases

4. Hydrogen Sulfide 29
5. Carbon Dioxide 315
6. Dissolved Oxygen N/A

Cat Ions

7. Calcium (Ca++) 4100
8. Magnesium (Mg++) 650
9. Sodium (Na+) 91,000
10. Barium (Ba++) Not Determined

An Ions

11. Hydroxyl (OH-) 0
12. Carbonate (CO₃=) 0
13. Bicarbonate (HCO₃) 870
14. Sulfate (SO₄=) 3300
15. Chloride (Cl-) 141,600
16. Total Dissolved Solids 188,000
17. Total Iron (FE) 38
18. Total Hardness as CaCO₃ 12,200

ACCOUNT TITLE	MONTH	YEAR	NO.	ACCOUNT	DESCRIPTION	NEW BALANCE
ENT	6/02/97	081316	05-97 7 AF26	660-000	2,780.98	2,780.98
UTILITIES	NET CHANGE			660-000	191.79	191.79
TELEPHONE & RADIO	NET CHANGE			662-000	681.95	681.95
PCI MISC INCOME	NET CHANGE			663-000	1,830.42	1,830.42
WARD & WAREHOUSE EXPENSE	NET CHANGE			663-000	84.00CR	84.00CR
DUES & SUBSCRIPTIONS	NET CHANGE			663-000	298.13	298.13
BANK CHARGES	NET CHANGE			663-000	2,044.46	2,044.46
NEW CHECK CHG SW CRG	NET CHANGE			665-000	10,662.48	10,662.48
TEXAS FRANCHISE TAX	NET CHANGE			667-000	513.74	513.74
POST CLOSING-SAGA EXPENSE	NET CHANGE			667-000	136.00	136.00
INTEREST INCOME	NET CHANGE			670-000	10.00	10.00
INTEREST INCOME NORWEST INV	NET CHANGE			670-000	19.75	19.75
INTEREST INCOME SMITH-BARNETT	NET CHANGE			670-000	29.75	29.75
INTEREST INCOME DREYFUS	NET CHANGE			685-000	1,110.00	1,110.00
INTEREST INCOME MUNY BONDS	NET CHANGE			685-000	1,139.79	1,139.79
INTEREST INCOME SW MMA	NET CHANGE			688-000	1,139.79	1,139.79
SALE OF TIFTON A STATE BOX	NET CHANGE			689-000	307,703.27	307,703.27
HANDOR SALE OF TIFTON	NET CHANGE			689-000	307,703.27	307,703.27
GAIN/LOSS- ON SALE OF ASSETS	NET CHANGE			703-000	30,245.06CR	30,245.06CR
OPERATING CREDITS	NET CHANGE			703-000	1,693.57CR	1,693.57CR
CREW WAGES	NET CHANGE			703-000	31.22CR	31.22CR
	NET CHANGE			703-000	8,717.74CR	8,717.74CR
	NET CHANGE			703-000	28.60CR	28.60CR
	NET CHANGE			703-000	8,233.17CR	8,233.17CR
	NET CHANGE			706-000	48,949.30	48,949.30
	NET CHANGE			706-000	33,750.00CR	33,750.00CR
	NET CHANGE			707-000	24,520.66CR	24,520.66CR
	NET CHANGE			755-000	22,893.00CR	22,893.00CR
	NET CHANGE			763-000	5,024.55	5,024.55

Pro-Kem, Inc.

WATER ANALYSIS REPORT

SAMPLE

Oil Co. : Medellin
Lease : Windmill
Well No. : East
Salesman :

*Now
mexico
Lons 65*

Sample Loc. :
Formation :
Date Analyzed: 25-March-1998

ANALYSIS

Fresh Water

1. pH
2. Specific Gravity 60/60 F. 7.180
3. CaCO₃ Saturation Index @ 80 F. -1.003
@ 140 F. -0.443
+0.257

Dissolved Gases

4. Hydrogen Sulfide
5. Carbon Dioxide
6. Dissolved Oxygen

MG/L EQ. WT. *MEQ/L
Not Present
Not Determined
Not Determined

Cations

7. Calcium (Ca++)
8. Magnesium (Mg++)
9. Sodium (Na+)
10. Barium (Ba++) (Calculated)

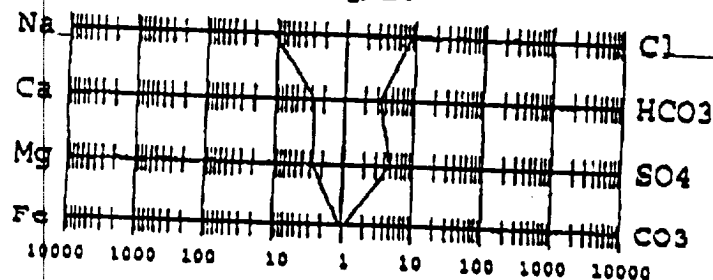
52 // 20.1 = 2.59
32 // 12.2 = 2.62
253 // 23.0 = 11.00
Below 10

Anions

11. Hydroxyl (OH-)
12. Carbonate (CO₃==)
13. Bicarbonate (HCO₃-)
14. Sulfate (SO₄-)
15. Chloride (Cl-)
16. Total Dissolved Solids
17. Total Iron (Fe)
18. Total Hardness As CaCO₃
19. Resistivity @ 75 F. (Calculated)

0 // 17.0 = 0.00
19500 // 30.0 = 650.00
2200 // 48.1 = 45.54
300 // 35.5 = 8.45
1,032 / 18.2 = 0.08
260
2.919 /cm.

LOGARITHMIC WATER PATTERN



CALCIUM SULFATE SOLUBILITY PROFILE



COMPOUND	EQ. WT. X	*meq/L	- mg/L.
Ca(HCO ₃) ₂	81.04	2.59	210
CaSO ₄	68.07	0.00	0
CaCl ₂	55.50	0.00	0
Mg(HCO ₃) ₂	73.17	0.60	44
MgSO ₄	60.19	2.02	121
MgCl ₂	47.62	0.00	0
NaHCO ₃	84.00	0.00	0
NaSO ₄	71.03	2.49	177
NaCl	58.46	8.45	494

*Milli Equivalents per Liter

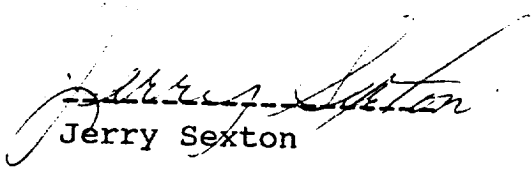
This water is mildly corrosive due to the pH observed on analysis.
The corrosivity is increased by the content of mineral salts in solution.

Affirmative Statement

I, Jerry Sexton do hereby state the following:

1. The Ogallala Aquifer is the only source of fresh water in the area of the proposed SWD well.
2. No known faults or other hydrological connection exist between the San Andres formation and the Ogallala Aquifer.

The above is based on past experience in the area and from reviewing OCD records.


Jerry Sexton

B-4-93
Date

Sept 3, 1998

Mr. Lynn Medlin
General Delivery
Tatum, New Mexico 88267

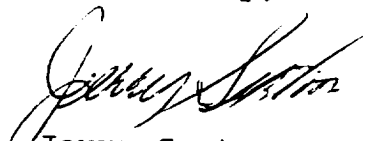
Dear Mr. Medlin

Attached is an application to the New Mexico Oil Conservation Division for a disposal well in Unit N Sec 8-T9S-R33E, Lea Co. New Mexico, which is on your land.

Penroc Oil Corp. is proposing to convert a producing well on the New Mexico State "8" to a Salt Water Disposal well. An estimated 50 bbls. of water per day will be disposed of in the well, all of water will come from the New Mexico State "8" lease.

If you have any questions on the application please contact me at 397-3596.

Yours truly,



Jerry Sexton
Agent

Sept.1,1998

Wallace Oil and Gas
3030 NW Expwy. 18 Fl.
Okc., Ok 73112

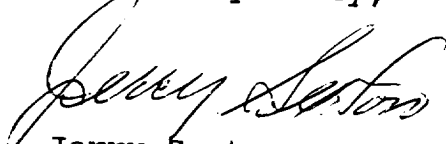
Gentlemen:

This is to advise you that Penroc Oil Corporation is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State "8" well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State "8" lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,



Jerry Sexton

Sept.1,1998

Birdwell Oil Company
P.O. Drawer 1830
Wichita Falls, Tx.76307

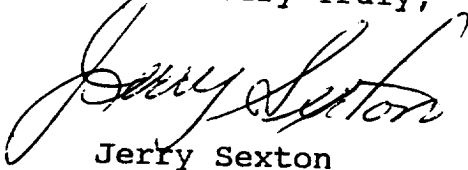
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Yours Very Truly,

A handwritten signature in cursive script, appearing to read "Jerry Sexton", is written over the typed name.

Jerry Sexton

Sept. 1, 1998

Southwest Royalties Inc.
Drawer 11390
Midland, Tx. 79702

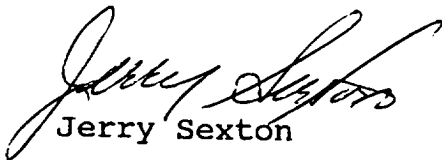
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Yours Very Truly,


Jerry Sexton

Sept.1,1998

Yates Petroleum Corp.
105 South 4th. St.
Artesia, New Mexico 88210

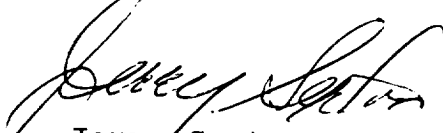
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Yours Very Truly,



Jerry Sexton

Sept. 1, 1998

Arrow Energy
Suite 998
Dallas, Tx. 75321

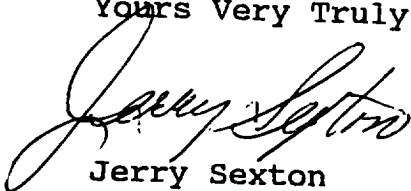
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Yours Very Truly,

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Jerry Sexton

Sept. 1, 1998

Reed & Stevens Inc.
P.O. Box 1518
Roswell, New Mexico 88201

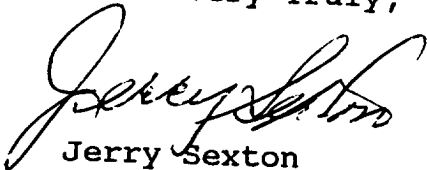
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Yours Very Truly,



Jerry Sexton

Z 576 998 677

Z 576 998 674

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Arrow Energy
Street & Number	Suite 998
Post Office, State, & ZIP Code	Dallas, TX 75321
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	SW Royalties
Street & Number	Drawer 11390
Post Office, State, & ZIP Code	Midland, TX 79702
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

PS Form 3800, April 1995

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Reed & Stevens
Street & Number	P.O. Box 1518
Post Office, State, & ZIP Code	Roswell, NM 88201
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

PS Form 3800, April 1995

Z 576 998 672

Z 576 998 673

Z 576 998 675

Postal Service

Receipt for Certified Mail

Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Lynn Madlin
Street & Number	Green Delivery
Post Office, State, & ZIP Code	Tatum, NM 88267
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

PS Form 3800, April 1995

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Wal-Mart Oil & Gas
Street & Number	3030 NW Expwy 18th
Post Office, State, & ZIP Code	OKC, OK 73113
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Utah
Street & Number	108 S. 4th St.
Post Office, State, & ZIP Code	Alameda, NM 88210
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

PS Form 3800, April 1995

PS Form 3800, April 1995

Sent to	Produce
Street & Number	Drawer 1830
Post Office, State, & ZIP Code	Midland, TX 79702
Postage	\$ 32
Certified Fee	\$ 15
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 47
Postmark or Date	167

Z 576 998 676

HAND OWNER

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs Daily News-Sun, a
daily newspaper published at
Hobbs, New Mexico, do solemnly
swear that the clipping attached
hereto was published once a
week in the regular and entire
issue of said paper, and not a
supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

September 3

1998

and ending with the issue dated

September 3

1998

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 3rd

day of

September

1998

Jodi Jensen
Notary Public.

My Commission expires
October 18, 2000
(Seal)

This newspaper is duly qualified
to publish legal notices or adver-
tisements within the meaning of
Section 3, Chapter 167, Laws of
1977, and payment of fees for
publication has been made.

LEGAL NOTICE

September 3, 1998

Penroc Oil Corp., P.O. Box
5970, Hobbs, New Mexico
88241 is submitting an appli-
cation to the New Mexico Oil
Conservation Division for an
injection permit on the New
Mexico State "8" lease well
number 3. This well is located
660 feet from the south line
and 1980 feet from the west
line of Section 8, Township 9
South, Range 33 East, Flying
M Field, Lea County. The pur-
pose of this injection well will
be to dispose of water from
the Penroc Oil Corp. New
Mexico State "8" lease into
the San Andres Formation at
the average depth of 4416
feet. It is anticipated that 50
barrels of saltwater per day
will be injected into the San
Andres formation at the maxi-
mum pressure of 880 pounds
per square inch pressure. In-
terested parties must file ob-
jections or requests for hear-
ing with the Oil Conservation
Division, 2040 Pacheco St.,
Santa Fe, 87505 within 15
days. Questions regarding
this application may be direct-
ed to Jerry Sexton at Penroc
Oil Corp. at (505) 397-3596.
#16098

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Penroc Oil Corp.
P.O. Box 5970
Hobbs, NM 88241

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