

Ultramar

Ultramar Oil and Gas Limited
200 North Loraine St., Suite 1510
Midland, Texas 79701
915 687 0471

March 4, 1985

Bureau of Land Management
Roswell Resource Area
P.O. Drawer 1857
Roswell, NM 88201

Re: Application for Approval of
Water Disposal Method
Phillips Federal Well No. 1
1850' FSL & 660' FEL,
Sec. 18, T-8-S, R-33-E,
Chaves County, New Mexico
NM 0174830

Gentlemen:

Ultramar Oil and Gas Limited requests approval to dispose of produced water from the subject well into the Rice Engineering Corporation's Tobac SWD System, Chaves County, New Mexico. The Rice Engineering Corporation Tobac SWD System is a New Mexico Oil Conservation Division approved sub-surface produced water disposal system (OCD Order No. R-3654). Water disposal will be into Tobac SWD Well No. G16, on State of New Mexico acreage, located 1989' FNL and 1997' FEL of Section 16, T-8-S, R-33-E, Chaves County, New Mexico.

Produced water from the subject well is anticipated to be approximately 100 BWPD and is from the Tobac (Penn) Field pay interval 8,960' to 8,970'. An analysis of the water is attached. Rice Engineering has a gathering line approximately 200' north of the Phillips Federal Well No. 1 and has agreed to lay a line to connect Ultramar's well into their system. Disposal of produced water into the Rice Engineering system is much more cost effective than the alternate method of trucking produced water to a disposal well.

Rice Engineering will lay and bury 2" PVC line from their east-west line to Ultramar's tank battery connection point. The proposed SWD line



A Member of the Ultramar Group of Companies