

PENROC

Penroc Oil Corporation / P. O. Box 5970 / Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051

August 15, 1989

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: David R. Catanach

Re: Application for Administrative Approval
Authority for Produced Water Disposal
Lea State "403" Well No. 5
Unit F, Sec. 17, T 18 S, R 35 E
Lea County, New Mexico

Gentlemen:

Penroc Oil Corporation is enclosing a form C-108 and the required attachments for an administrative approval to dispose produced water from Penroc well located on the same lease as well as an off-setting Penroc well in section 8. Please note both are state leases.

Penroc has an active disposal on the off-setting lease in section 8, namely State "AF" well No. 3 which is disposing in the wolfcamp formation on vacuum. An additional disposal was approved at State "AF" No. 2 which is currently awaiting partner approval.

Penroc plans to re-enter and convert Lea "403" No. 5 to disposal in the wolfcamp just like the "AF" lease in order to produce 65 BOPD from the "403" well No. 4 and "4011" well No. 1.

Your approval at its earliest will be greatly appreciated.

Sincerely,


M. Y. (Merch) Merchant
President

Enc
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