

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. OIL CONS. COMMISSION
P.O. BOX 1980
HOBBS, NEW MEXICO 88240

Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

| | |
|--|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | 5. Lease Designation and Serial No. NM 60393 |
| 2. Name of Operator Devon Energy Corporation (Nevada) | 6. If Indian, Allottee or Tribe Name N/A |
| 3. Address and Telephone No. 20 N. Broadway, Suite 1500, Oklahoma City, OK 73102-8260 | 7. If Unit or CA, Agreement Designation N/A |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 27-T20S-R34E, Unit M, 660' FSL & 660' FWL | 8. Well Name and No. Gulf DE Federal #1 |
| | 9. API Well No. 30-025-20071 |
| | 10. Field and Pool, or Exploratory Area Lynch Yates 7 Rivers |
| | 11. County or Parish, State Lea Cnty, NM |

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

| TYPE OF SUBMISSION | TYPE OF ACTION |
|---|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Abandonment |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> Altering Casing |
| | <input checked="" type="checkbox"/> Other SWD Information |
| | <input type="checkbox"/> Change of Plans |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Conversion to Injection |
| | <input type="checkbox"/> Dispose Water |

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

- (1) Formation water is produced from the Yates-7 Rivers
- (2) Water production averages approximately 975 BWPD.
- (3) A water analysis of the produced water is attached.
- (4) Water is stored on lease in a 500 bbl fiberglass water tank.
- (5) Water is pumped to the disposal facility through a pipeline.
- (6) Disposal facility
 - A) Operator: Devon Energy Corporation (Nevada)
 - B) Well Name: Ballard DE Federal SWD #3
 - C) Well Type and Number: SWDW #3
 - D) Location: NW/4 NW/4, Sec. 27, T20S, R34E
- (7) A copy of the SWD permit is attached.

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|---|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct | |
| Signed <u>E.L. Buttross, Jr.</u> | Title <u>District Engineer</u> |
| (This space for Federal or State office use) | |
| Approved by <u>(ORIG. SGD.) JOE G. LARA</u> | Title <u>PETROLEUM ENGINEER</u> |
| Conditions of approval, if any: <u>See attached.</u> | Date <u>9/6/94</u> |

BJ SERVICES

WATER ANALYSIS

Date: 8/5/94
 Company: DEVON ENERGY
 Well Name: GULF FEDERAL #1
 County:
 State: NEW MEXICO
 Station: HOBBS

Report #: 242
 Sample #: AM SAMPLE
 Formation:
 Depth:
 H₂O Type: PRODUCED
 Requested By: ERNIE BUTTROSS

pH: 7.05
 Temperature (°F): 75.38
 Specific Gravity: 1.025

Sulfide: PRESENT
 Reducing Agents: NIL
 S.G. @ 60°F: 1.028

| CATIONS | mg/l | me/l | ppm |
|---------------|------|------|------|
| Sodium (calc) | 9245 | 402 | 9020 |
| Calcium | 1200 | 60 | 1171 |
| Magnesium | 960 | 80 | 960 |
| Iron (Fe++) | 1.00 | 0.04 | 0.98 |
| Iron (Fe+++) | 0.00 | 0.00 | 0.00 |

| ANIONS | mg/l | me/l | ppm |
|-------------------------------------|-------|------|-------|
| Chloride | 18000 | 507 | 17561 |
| Sulfate | 920 | 19 | 1698 |
| Bicarbonate | 986 | 16 | 962 |
| Phosphate | | | 29.4 |
| Total Dissolved Solids | 31312 | | 31312 |
| Total Hardness as CaCO ₃ | 7000 | | 7000 |

Calcium Carbonate Scale: PROBABLE

Calcium Sulfate Scale: REMOTE

Equivilent NaCl Concentration: 30276

Analyzed by: CRAIG BAILEY

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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

ORDER NO. SWD-354

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

APPLICATION OF HONDO OIL AND GAS COMPANY

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Hondo Oil and Gas Company made application to the New Mexico Oil Conservation Division on September 9, 1988, for permission to complete for salt water its Ballard "DE" Federal Well No. 3, located in Unit D, of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations.
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant herein, Hondo Oil & Gas Company is hereby authorized to complete its Ballard "DE" Federal Well No. 3 located in Unit D of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Seven Rivers formation at approximately 3615 feet to approximately 4000 feet through 2 7/8-inch plastic lined tubing set in a packer located at approximately 3600 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

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The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 723 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Seven Rivers formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as any seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

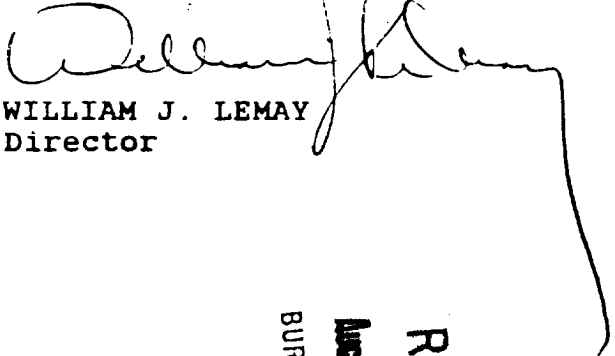
The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

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Order SWD-354
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Approved at Santa Fe, New Mexico, on this 8th day of
November, 1988.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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CARLSBAD RESOURCE AREA

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 be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Oil and Gas 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. All aboveground structures on the lease shall be painted sandstone brown, Federal Std. 595-20318, or 30318, within 90 days if you have not already done so.
6. Any on lease open top storage tanks or pits shall be covered with a wire screen or plastic/nylon netting to prevent entry by birds and other wildlife.
7. This approval does not constitute right-of-way approval for any off lease activities. If water is transported via a pipeline that extends beyond the lease boundary, 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.