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OXY USA INCORPORATED E-Mail: janalym_mendiole@joxy.com 30-015-29122-00-51 3a. Address JDISTRICT I/ARTESIA C.C.D. 3b. Phane No. (joide are code) 1b. Find and Peak of Exploratory Area 3d. Address JDISTRICT I/ARTESIA C.C.D. 3b. Phane No. (joide area code) 1b. SAND DUNES 4. Location of Well (Poolage, See, T, R, M, or Sarvey Description) 11. County or Parish, State See 4 T24S R31E NESE 1980FSL 660FEL EDDY COUNTY, NM 12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION II. County or Parish, State E.Motice of Internt Acidize I. Acidize Descent I. Subsequent Report Casing Repair I. County of Describe Physical Competed Operation. Cherry state all perment deatily, including estimated state of any proposed with ad approximate duation there if the proposed or Completed Operation. Cherry state all perment deatily. Including estimated state of any proposed with ad approximate duation there if the proposed or Completed Operation. Cherry state all perment deatily and approximate duation there if the proposed is to despent deatily on exemption the Bood Mate vertical despti of all there work will be performed or provable the Bood Mate vertical despti of all there with a duation there if the origonial is despent deatily on the loase: Sand Dunes; Delaware, West + 13. Describe Proposed or Completed Operation. Cherr		her			
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^(1 page 2) ** BLM REVISED **

Additional data for EC transaction #461946 that would not fit on the form

32. Additional remarks, continued

-Operator of disposal facility: Mesquite SWD, Inc. -Well Name & No: Sand Dunes SWD #1 - Location by 1/4 1/4 Section, Township, & Range of disposal system: SESW-5-24S-31E -NMOCD permit number: SWD-1697 ✓

-Operator of disposal facility: Mesquite SWD, Inc.

-Well Name & No: Mesa Verde SWD #3 -Location by 1/4 1/4 Section, Township, & Range of disposal system: SESW-13-24S-31E -NMOCD permit number: SWD-1696-A.

-Operator of disposal facility: Mesquite SWD, Inc. -Well Name & No: Station SWD #1 - Location by 1/4 1/4 Section, Township, & Range of disposal system: SENW-7-24S-32E -NMOCD permit number: SWD-1558 ~

-Operator of disposal facility: Solaris Water Midstream, LLC -Well Name & No: Mad Cow SWD #1

- Location by 1/4 1/4 Section, Township, & Range of disposal system: NESE-12-24S-30E -NMOCD permit number: SWD-1755,

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Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary David R. Catanach, Division Director Oil Conservation Division



Administrative Order SWD-1667-A December 8, 2017

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its Sand Dunes SWD Well No. 2 ("subject well") with a location of 2600 feet from the South line and 2500 from the West line, Unit K of Section 8, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, for the purpose of commercial disposal of produced water.

This order amends the disposal interval approved under Administrative Order SWD-1667 (dated February 23, 2017) by including a portion of the Montoya formation. However, the geologist stated that the Montoya formation is dense and will not accept fluids. Next, the injection interval, and corresponding injection pressure have changed. Finally, this order changes the tubing configuration in the well. This order supersedes Administrative Order SWD-1667 which is rescinded.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule 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 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Sand Dunes SWD Well No. 2 (API 30-015-44131) with a location of 2600 feet from the South line and 2500 from the West line, Unit K of Section 8, Township 24 South, Range 31 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open hole interval consisting of the Devonian, Silurian, and Montoya formations from 16547 feet to approximately 17920 feet.

Injection will occur through internally-coated, 5-1/2-inch or smaller tubing inside the surface and intermediate casings, and a 4-1/2-inch or smaller tubing inside the liner and a packer set within 100 feet of the top of the open-hole interval.

Administrative Order SWD-1667-A Mesquite SWD, Inc. December 8, 2017 Page 2 of 3

This permit does not allow disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application and, if necessary, as modified by the District Supervisor.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District I office and Santa Fe Engineering Bureau office.

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 well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 3309 psi**, <u>but</u> <u>may be modified by the Division Director following the completion of the initial Step-Rate Test.</u> 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 formations. 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 II office of the date and time of the installation of disposal equipment and of any MIT 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 19.15.26.13 and 19.15.7.24 NMAC.

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. Administrative Order SWD-1667-A Mesquite SWD, Inc. December 8, 2017 Page 3 of 3

The disposal authority granted herein shall terminate two (2) 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 Division shall consider the well abandoned, and 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.

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DAVID R. CATANACH Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office Bureau of Land Management – Carlsbad Well file – 30-015-44131

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary David R. Catanach, Division Director Oil Conservation Division



Administrative Order SWD-1697 October 10, 2017

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its Sand Dunes SWD Well No. 1 ("proposed well") with a location of 260 feet from the South line and 2053 from the West line, Unit N of Section 5, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, for the purpose of commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule 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 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Sand Dunes SWD Well No. 1 (API 30-015-pending) with a location of 260 feet from the South line and 2053 from the West line, Unit N of Section 5, Township 24 South, Range 31 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open hole interval consisting of the Devonian and Silurian formations from 16620 feet to approximately 18010 feet.

Injection will occur through either an internally-coated, 5-1/2-inch or smaller tubing inside the surface and intermediate casings, and a 4-1/2-inch or small tubing inside the liner. Further, a packer shall be set within 100 feet of the uppermost perforation.

This permit does not allow disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of

Administrative Order SWD-1697 Mesquite SWD, Inc. October 20, 2017 Page 2 of 3

depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application and, if necessary, as modified by the District Supervisor.

The operator shall circulate the cement behind the casing to surface for all surface and intermediate casings.

The operator shall run a CBL (or equivalent) across the 7-5/8-inch liner from 500 feet above the liner to the bottom of the liner to demonstrate a good cement across to demonstrate a good cement across the liner and good cement bond across the 9-5/8-inch casing.

If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II and the operator shall be required to receive written permission prior to commencing disposal.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District II office and Santa Fe Engineering Bureau office.

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 well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 3324 psi**, <u>but</u> <u>may be modified by the Division Director following the completion of the initial Step-Rate Test.</u> 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 formations. Such proper showing shall be demonstrated by sufficient Administrative Order SWD-1697 Mesquite SWD, Inc. October 20, 2017 Page 3 of 3

evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT 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 19.15.26.13 and 19.15.7.24 NMAC.

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 disposal authority granted herein shall terminate two (2) 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 Division shall consider the well abandoned, and 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.

DAVID R. CATANACH Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office Bureau of Land Management - Carlsbad Administrative Application – pMAM1727834407

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary Heather Riley, Division Director Oil Conservation Division



Administrative Order SWD-1696-A October 12, 2018

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its Mesa Verde SWD Well No. 3 ("proposed well") with a location of 1030 feet from the South line and 2635 from the West line, Unit N of Section 13, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, for the purpose of commercial disposal of produced water.

This proposed salt water disposal well's location was selected with collaboration from OXY USA, Inc, to not interfere with future development in the vicinity. As a result, the proposed salt water disposal well is within 10 feet of a governmental unit boundary.

This Order approves a request for an increase in tubing size and supersedes Division Order SWD-1696 issued on October 20, 2017.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8(B) NMAC and satisfactory information has been provided that affected parties as defined in said rule 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 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Mesa Verde SWD Well No. 3 (API 30-015-44676) with a location of 1030 feet from the South line and 2635 from the West line, Unit N of Section 13, Township 24 South, Range 31 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval consisting of the Devonian and Silurian formations from 16620 feet to approximately 17820 feet. Injection will occur through internally-coated, 5½-inch or smaller tubing inside the 75%-inch liner and a packer set within 100 feet of the top of the open-hole interval.

This permit does not allow disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application and, if necessary, as modified by the District Supervisor or the Bureau of Land Management.

The operator shall circulate the cement behind the casing to surface for all surface and intermediate casings.

The operator shall run a CBL (or equivalent) across the 7%-inch liner from 500 feet above the liner to the bottom of the liner to demonstrate a good cement across to demonstrate a good cement across the liner and good cement bond across the 9%-inch casing.

If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II and the operator shall be required to receive written permission prior to commencing disposal.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District II office and Santa Fe Engineering Bureau office.

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 well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11(A) NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District I office of any failure of the tubing, casing or packer in the well, or of any leakage or release of

Administrative Order SWD-1696-A Mesquite SWD, Inc. October 12, 2018 Page 3 of 4

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.

If the disposal well fails a MIT or if there is evidence that the mechanical integrity of said well is impacting correlative rights, the public health, any underground sources of fresh water, or the environment, the Division Director shall require the well to be shut-in within 24 hours of discovery and the operator shall redirect all disposal waters to another facility. The operator shall take the necessary actions to address the impacts resulting from the mechanical integrity issues in accordance with Division Rule 19.15.26.10 NMAC, and the well shall be tested pursuant to Rule 19.15.26.11 NMAC prior to returning to injection.

The wellhead injection pressure on the well shall be limited to **no more than 3324 psi**, <u>but</u> <u>may be modified by the Division Director following the completion of the initial Step-Rate Test.</u> 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 formations. 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 II office of the date and time of the installation of disposal equipment and of any MIT 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 19.15.26.13 and 19.15.7.24 NMAC.

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 disposal authority granted herein shall terminate on October 20, 2019, 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 Division shall consider the well abandoned, and 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 Administrative Order SWD-1696-A Mesquite SWD, Inc. October 12, 2018 Page 4 of 4

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.

HEATHER RILEY Director

HR/prg

cc: Oil Conservation Division – Artesia District Office Bureau of Land management – Carlsbad Field Office Well file 30-015-44676

Susana Martinez Governor

David Martin Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David R. Catanach, Division Directo Oil Conservation Division



Administrative Order SWD-1558 June 26, 2015

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its proposed Station SWD Well No. 1 with a proposed location 2625 feet from the North line and 2315 feet from the West line, Unit letter F of Section 7, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc. (OGRID 161968) is hereby authorized to utilize its proposed Station SWD Well No. 1 (API No. 30-025-Pending) with a proposed location 2625 feet from the North line and 2315 feet from the West line, Unit letter F of Section 7, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for commercial disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Silurian and Devonian formations from approximately 16470 feet to approximately 17975 feet. Injection shall occur through internally-coated tubing and a packer set a maximum of 100 feet above the top of the open-hole interval.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

The operator shall run a CBL (or equivalent) from the bottom of the 7-5/8-inch liner through the 9-5/8 intermediate casing to the surface. This will ensure good cement across the 7-5/8-inch liner through the 9-5/8 intermediate casing. Further, this will ensure that the 9-5/8 intermediate casing has a good cement through the portions that contain the DV tools. The

1220 South St. Francis Drive • Santa Fe, New Mexico 87505 Phone (505) 476-3440 • Fax (505) 476-3462 • email: www.emnrd.state.nm.us/ocd Administrative Order SWD-1558 Mesquite SWD, Inc. June 26, 2015 Page 2 of 3

operator shall provide a copy of the log(s) to Division's District I office prior to commencing injection.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

Failure to comply with any of the requirements detailed above shall result ipso-facto in the loss of injection authority approved by this order.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed in the application and any required modifications of construction as required by the Bureau of Land Management.

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 well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 3294 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 operator shall install and maintain a chart recorder showing casing and tubing pressures during disposal operations.

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 I office of the date and time of the installation of disposal equipment and of any MIT 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 I office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Administrative Order SWD-1558 Mesquite SWD, Inc. June 26, 2015 Page 3 of 3

Without limitation on the dutics of the operator as provided in Division Rules 19.15.29 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 disposal 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 Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) 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 Division shall consider the well abandoned, and 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.

DAVID R. CATANA Director

DRC/mam

cc:

Oil Conservation Division – Hobbs District Office Bureau of Land Management – Carlsbad Field Office Administrative Application pMAM1505850332

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer Deputy Cabinet Secretary Heather Riley, Division Director Oil Conservation Division



Administrative Order SWD-1755 September 28, 2018

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, Solaris Water Midstream, LLC (the "operator") seeks an administrative order for its Mad Cow SWD Well No. 1 (the "proposed well") with a location of 2441 feet from the South line and 1135 feet from the East line, Unit letter I of Section 12, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico, for the purpose of commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8(B) NMAC and 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 Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

<u>Application for Disposal in Devonian and Silurian Formations:</u> Due to the potential for the projected injection volume of the proposed well to impact an area greater than the one-half mile radius applied in Division Form C-108 and Division rule, the applicant has provided the following supplementary information:

- 1. Notification following Division Rule 19.15.26.8(B) NMAC for a radius of one mile from the surface location of the proposed well;
- 2. An expanded Area of Review for wells penetrating the disposal interval for a radius of one mile from the surface location of the proposed well; and
- 3. A statement by a qualified person assessing the potential of induced-seismic events associated with the disposal activities for the predicted service life of the proposed well.

IT IS THEREFORE ORDERED THAT:

The applicant, Solaris Water Midstream, LLC (OGRID 371643), is hereby authorized to utilize its Mad Cow SWD Well No. 1 (API 30-015-45204) with a location of 2441 feet from the South line and 1135 feet from the East line, Unit letter I of Section 12, Township 24 South, Range 30 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through open-hole completion into an interval consisting of the Devonian and Silurian formations from approximately 16420 feet to approximately 17550 feet. Injection will occur through internally-

coated, 5-inch or smaller tubing within the 7⁵/₈-inch liner with a packer set within 100 feet of the top of the disposal interval. This permit does not allow disposal into:

- 1. The Woodford Shale and formations above the lower contact of the Woodford Shale;
- 2. Formations below the Silurian formations including the Montoya formation and the Ellenburger formation (lower Ordovician); and
- 3. Any lost circulation intervals directly on top and obviously connected to these formations.

<u>The well design shall be modified to increase the tie-in between the 7%-inch liner and the</u> <u>9%-inch intermediate casing from 100 feet to 200 feet. The operator shall file a Sundry Notice</u> Form C-103 for this change with the Division's District II for approval.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II and the operator shall be required to receive written permission prior to commencing disposal.

If cement does not circulate on any casing string, the operator shall run a cement bond log (CBL) or other log to determine top of cement and shall notify the Artesia District with the top of cement on the emergency phone number prior to continuing with any further cement activity with the proposed well. If cement did not tie back in to next higher casing shoe, the operator shall perform remedial cement job to bring cement, at a minimum, 200 feet above the next higher casing shoe.

The operator shall run a CBL (or equivalent) across the 7%-inch liner from 500 feet above the liner to the bottom of the liner to demonstrate placement cement across the length of the liner and the cement bond with the tie-in with the next shallower casing string. The operator shall provide a copy of the CBL to the Division's District II prior to commencing disposal.

Prior to commencing disposal, the operator shall obtain a bottom-hole pressure measurement representative of the open-hole completion. This information shall be provided with the written notice of the date of commencement of disposal.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as described in the application and, if necessary, as modified by the District Supervisor.

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 well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11(A) NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II 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.

If the disposal well fails a MIT or if there is evidence that the mechanical integrity of said well is impacting correlative rights, the public health, any underground sources of fresh water, or the environment, the Division Director shall require the well to be shut-in within 24 hours of discovery and the operator shall redirect all disposal waters to another facility. The operator shall take the necessary actions to address the impacts resulting from the mechanical integrity issues in accordance with Division Rule 19.15.26.10 NMAC, and the well shall be tested pursuant to Rule 19.15.26.11 NMAC prior to returning to injection.

The wellhead injection pressure on the well shall be limited to **no more than 3284 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 formations. 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 II office of the date and time of the installation of disposal equipment and of any MIT 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 that includes number of days of operation, injection volume, and injection pressure on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

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 order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

Administrative Order SWD-1755 Solaris Water Midstream, LLC September 28, 2018 Page 4 of 4

The disposal authority granted herein shall terminate one (1) year 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 Division shall consider the well abandoned, and 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.

HEATHER RILEY Director

HR/prg

cc: Oil Conservation Division – Artesia District Office Well file 30-015-45204