

From: [Thompson, Hailee, EMNRD](#)
To: mark@cobaltoperating.com
Subject: IMPORTANT, NOTICE OF LOSS OF INJECTION AUTHORITY
Date: Thursday, January 11, 2024 3:37:00 PM
Attachments: [Notice - Loss of Injection - Cobalt Operating LLC.pdf](#)
[image001.png](#)

Dear Operator,

Please read this email as it contains important information regarding well(s) under the supervision of (Cobalt Operating LLC).

This email has been sent to inform you that the **injection authority** pertaining to one or more disposal well(s) has been lost. The failure to report disposal for longer than 12 consecutive months is defined as abandonment of injection authority and the well(s) must immediately be shut-in and **disconnected** from incoming source of disposal.

Attached to this email is a formal notice letter stating which wells are out of compliance and what the necessary steps are to regain injection authority.

OCD retains the authority to require an audit of submitted data; however, OCD will consider voluntary compliance with this request when reviewing any required supplemental filing or resulting compliance action. If you have any questions, please do not hesitate to contact Phillip Goetze, UIC Group Manager, at 505-660-8274 or phillip.goetze@emnrd.nm.gov.

Thank you,

Hailee Thompson | Petroleum Specialist

E: Hailee.Thompson@emnrd.nm.gov | **T:** 505.699.3713



Engineering Buruea
EMNRD | Oil Conservation Division
8801 Horizon Blvd, Suite 260
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State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Dylan M. Fuge
Deputy Secretary

Dylan M Fuge, Division Director (Acting)
Oil Conservation Division



Mark Burkett
Engineer
Cobalt Operating, LLC
PO Box 519
Tuscola, TX 79562
mark@cobaltoperating.com

UNDERGROUND INJECTION CONTROL PROGRAM
FORMAL NOTICE OF LOSS OF INJECTION AUTHORITY

Dear Operator,

This letter is to provide formal notice that the authority to inject into the well(s) identified in Attachment A has terminated pursuant to 19.15.26.12(C)(1) New Mexico Administrative Code ("NMAC"). This citation of the NMAC states as follows:

Abandonment of injection operations:

Whenever there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a produced water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

Injection of any fluid into any of the identified wells is prohibited until a new injection permit is approved by the Director. Additionally, the operator of the identified wells must immediately ensure the well is shut-in and disconnected from incoming sources of disposal.

Failure to report disposal volumes to the Oil Conservation Division ("OCD") is considered as "non-injection" for purposes of triggering automatic termination of the authority to use the well for disposal. Pursuant to 19.15.7.24 NMAC, disposal volumes must be reported on or before the 15th day of the second month following the month of disposal on Form C-115 (Monthly Production Reports). In addition to the loss of injection authority, the failure to report is, in its own right, a violation that may be punishable under 19.15.5.10 (D) NMAC by assessing a civil penalty of no more than two thousand and five hundred dollars (\$2500) per day of noncompliance for each violation.

Cobalt Operating, LLC
Formal Notice of Loss of Injection Authority

If you plan to continue the use of the well for disposal, you must apply for a new Underground Injection Control ("UIC") permit pursuant to 19.15.16.8 NMAC using Form C-108 and completing the requirements specified in the form. The approval of a UIC permit may be either through the administrative review process or through hearing. Submission of an administratively complete Form C-108 does not guarantee the OCD will approve a new UIC permit for the well.


The well(s) shall be shut in and must not be used for disposal purposes until the following have been approved and all conditions of approval completed. The well(s) must have the following prior to reopening:

- An Approved UIC permit
- A new passing Mechanical Integrity Test (MIT).
- The OCD has approved a new form C-105 for well(s).
- All conditions of approval in the UIC permit have been completed.

Please also be aware that pursuant to 19.15.25.8 NMAC or any applicable Agreed Compliance Order, there is a limited time in which a well(s) must be returned to service or abandoned through either proper temporary abandonment or plugging. For these deadlines, please refer to said rule or agreement.

If you have any question regarding the procedure to obtain a new disposal permit for this well, please contact the Engineering Bureau at OCD.engineer@emnrd.nm.gov. If you have questions as to C-115 reporting, inactive well status, or other compliance issues, contact the OCD Admin and Compliance Bureau at OCD.AdminComp@emnrd.nm.gov.

Sincerely,


Brandon Powell
Deputy Director

1/10/24

Date:

Enclosure: Attachment A: List of Well(s) with Loss of Injection Authority

Cc: Well file for wells listed in Attachment A
Imaging file of corresponding UIC permit in Attachment A

Attachment A
List of Wells with Loss of Injection Authority

1. Consolidated State #003 [30-025-29711]

Pool: SWD; Devonian

Unit C, Sec 9, 17S, 37E, NMPPM

Lea County, New Mexico

Disposal Permit: SWD-1438

Last Month of Reported Disposal: 1/1/2016

[End of List of Effected Wells]

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 305694

CONDITIONS

Operator: NEW MEXICO ENERGY MINERALS & NATURAL RESOURCE 1220 S St Francis Dr Santa Fe , NM 87504	OGRID: 264235
	Action Number: 305694
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.skrien	None	1/19/2024