

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order IPI-461
February 14, 2014

Mr. Michael Hanson
Coleman Oil & Gas, Inc.
P. O. Box Drawer 3337
Farmington, NM 87499-3337

RE: Injection Pressure Increase

Injection Permit: Administrative Order SWD-1010

Pool: SWD; Mesaverde (Pool code: 96160)

Juniper SWD No. 4

API 30-045-32783

Unit N, Sec 17, T24N, R10W, NMPM, San Juan County, New Mexico

Dear Mr. Hanson:

Reference is made to your request on behalf of Coleman Oil & Gas, Inc. (OGRID 4838; "Coleman" or "operator") received by the Division on September 16, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for disposal of oil field produced water (UIC Class II only) in the Mesaverde group by Administrative Order SWD-1010 dated December 27, 2005. The order approved the injection into the Menefee formation and Point Lookout sandstone through perforations from approximately 2815 feet to 3765 feet. The Division order allowed a maximum surface injection pressure (MSIP) of 563 pounds per square inch gauge (psig).

Coleman applied for and received approval for an increase of the MSIP under Administrative Order IPI-286. This order is dated October 10, 2007, and increased the MSIP to 960 psig. Coleman applied for a second MSIP increase on December 15, 2008, but Division denied the administrative application based on status of an "orphaned" well, the Monument Well No. 1 (API 30-045-21912), located in the Area of Review for the above named well. The status of the orphaned well and requirements for corrective action were determined under Hearing Order R-12820, as amended, for another disposal well, the Juniper SWD Well No. 1 (Administrative Order SWD-806, as amended). Coleman completed the corrective action of the Monument Well No. 1 on April 2, 2010; therefore, the operator is resubmitting an application for an increase of the MSIP for the Juniper SWD No. 4.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step-rate test conducted November 20, 2008, through 2 7/8-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

Juniper SWD Well No. 4

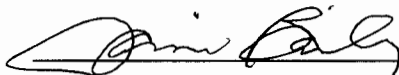
API 30-045-32783

1740 psig

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer. This order supersedes Administrative Order IPI-286 and Order IPI-286 is receded.

Sincerely,



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Aztec Office
Order SWD-1010
Bureau of Land Management - Farmington