

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order

PMX-305

November 4, 2021

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of OCD Order R-13680, as amended, Tarco Energy LC (OGRID No. 279579) has made application to the OCD for permission to convert one formerly producing oil well to an injection well in its Russell C Lease Pressure Maintenance Project located within the Yates-Seven Rivers Formation (Empire Yates-Seven River Pool; 22230) in Eddy County, New Mexico. The well, the Riverwolf Unit No. 5 (API: 30-015-00719) is being proposed for injection of produced water within the project. **Applicant has proposed a name change as used in the C-108 application, but the name change has not been approved at the date of issuance.**

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8(C) NMAC and may be approved administratively by the OCD Director without notice and hearing under 19.15.26.8(F)(5) NMAC. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

The applicant has provided documentation of well type, API Number, casing program, and total depth (TD) of existing wells within the one-half mile area of review (AOR) that were drilled prior to issuing of Order No. R- 13680. The operator provided additional information for the AOR of each well identifying any changes to the existing wells and any new penetrating wells completed since the order was approved.

The proposed expansion of the above-referenced pressure maintenance project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

Tarco Energy LC, as operator, is hereby authorized to inject water into the following well for the purpose of secondary recovery through plastic-lined tubing set into a packer:

API	Well Name	Unit	Section	Township	Range	Footages N/S (ft)	Footages E/W (ft)	Injection Interval	Type
30-015- 00719	Riverwolf Unit #5	C	02	18S	27E	990 FNL	1980 FWL	430-550 ft	Perfs

The approved injection interval for the well is into the Yates -Seven Rivers Formation (Empire Yates-Seven River Pool; 22230) from an approximate perforated true vertical depth of 430 feet to a maximum perforated true vertical depth of 550 feet. The approved maximum surface tubing injection pressure shall be 86 pounds per square inch – gauge (psig) for water injection.

The operator shall set the injection packer no more than 100 feet above the shallowest perforation for the permitted injection interval for the well in the application.

IT IS FURTHER ORDERED THAT:

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

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 injection and prior to resuming injection each time any injection packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Rule 19.15.26.11A NMAC. The OCD 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 as listed above. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures approved for the specific injection fluid for this well.

Subject to the limitations within the hearing order permitting this project, the Director of the OCD may authorize an increase in tubing pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected fluids from the

approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the appropriate Inspections Supervisor of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection on OCD Form C-103, submitted electronically through OCD E-Permitting and notice provided to the OCD Engineering email . The operator shall submit monthly reports of the injection operations on OCD Form C-115, in accordance with Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the appropriate Inspections Supervisor and OCD Engineering Bureau, by email, of any failure of the tubing, casing or packer in the approved injection 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 OCD approval. The OCD may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

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.

The injection 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, provided however the OCD, upon written request by the operator received prior to the one-year deadline, may grant an extension thereof for good cause shown.

PROVIDED FURTHER THAT, jurisdiction is retained by the OCD 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 OCD, after notice and hearing, terminate the disposal authority granted herein. The subject well shall be governed by all provisions of Order No. R-13680, as amended, and associated administrative orders.

A handwritten signature in black ink, appearing to read 'Adrienne', written over a horizontal line.

Adrienne Sandoval
OCD Division Director