



RECEIVED OGD

2014 DEC -9 P 3:02

December 4, 2014

New Mexico Oil Conservation Division
Attn: Phillip Goetze
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Request for Permit Approval Extension
C-108 Authorization To Inject (Order SWD-1391)
Gold Coast 26 Federal SWD #1
Township 24 South, Range 32 East, N.M.P.M.
Section 26: 2310' FSL & 2310' FWL
Lea County, New Mexico
API 30-025-41570

Dear Mr. Goetze:

COG Operating LLC respectfully requests administrative approval for an extension of the approved C-108 authorization to inject for the referenced well until February 5, 2016. This would be a one year extension of the C-108 Order SWD-1391 that was approved on February 5, 2013.

We have just finished drilling this well and will complete it as soon as the BLM approves our completion procedure. The Federal APD conditions of approval require us to submit our completion procedure to the BLM for approval prior to starting completion operations. Getting the NOI approved by the BLM can take, in some cases, in excess of six months. We don't expect approval of the NOI for the completion procedure in less than

CORPORATE ADDRESS

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
PHONE 432.683.7443 | FAX 432.683.7441

LOCAL ADDRESS

Concho West | 2208 West Main Street | Artesia, New Mexico 88210
PHONE 575.748.6940 | FAX 575.748.6968



two months which means that the well won't actually be injecting water prior to C-108 expiration.

The SWD facility delivery and construction will also take at least 2 months. We will be building the facility while awaiting approval of the NOI for the completion procedure.

Our hope and intent is to put this well into SWD service in the 1st quarter of 2015. We are requesting a one year permit approval extension in case the Federal NOI process takes longer than expected. Please do not hesitate to contact me at (575) 748-6940 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Collins".

Brian Collins
Operations Engineering Advisor

BC/sw
Enclosures

Copy: Mr. Maxey Brown, NMOCD Hobbs

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State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1391
February 5, 2013

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of 19.15.26.8B NMAC, COG Operating LLC, seeks an administrative order to utilize its proposed Gold Coast 26 Federal SWD Well No. 1 (API 30-025-NA) to be located 2310 feet from the South line and 2310 feet from the West line, Unit letter K of Section 26, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

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

IT IS THEREFORE ORDERED THAT:

The applicant, COG Operating LLC, is hereby authorized to utilize its proposed Gold Coast 26 Federal SWD Well No. 1 (API 30-025-NA) to be located 2310 feet from the South line and 2310 feet from the West line, Unit letter K of Section 26, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through an open hole interval from approximately 4900 feet to 7200 feet through internally coated tubing and a packer set within 100 feet of the permitted interval.

The operator of this disposal well shall run an injection survey within 1 year of commencing disposal with the goal of determining depth intervals taking disposal fluids, and supply a copy of the survey to the Division and to the US BLM.

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.

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 testing 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 980 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 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 office of the date and time of the installation of disposal 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 disposal to the Division's district 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.

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 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 injection 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 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two 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.



JAMI BAILEY
Director

JB/wvj

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office

**PECOS DISTRICT
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	COG Operating LLC.
LEASE NO.:	NMNM-120907
WELL NAME & NO.:	Gold Coast 26 Fed SWD 1
SURFACE HOLE FOOTAGE:	2310' FSL & 2310' FWL
LOCATION:	Section 26, T. 24 S., R 32 E., NMPM
COUNTY:	Lea County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ General Provisions
- ☐ Permit Expiration
- ☐ Archaeology, Paleontology, and Historical Sites
- ☐ Noxious Weeds
- ☒ Special Requirements
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
- ☐ Construction
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ Road Section Diagram
- ☒ Drilling
 - Cement Requirements
 - H2S requirements
 - Logging Requirements
 - Waste Material and Fluids
- ☐ Production (Post Drilling)
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ Interim Reclamation
- ☐ Final Abandonment & Reclamation

after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer.
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WELL COMPLETION

A NOI sundry with the completion procedure for this well shall be submitted and approved prior to commencing completion work. The procedure will be reviewed to verify that the completion proposal will allow the operator to:

- 1. Properly evaluate the injection zone utilizing open hole logs, swab testing and/or any other method to confirm that hydrocarbons cannot be produced in paying quantities. This evaluation shall be reviewed by the BLM prior to injection commencing.
- 2. Restrict the injection fluid to the approved formation.

If off-lease water will be disposed in this well, the operator shall provide proof of right-of-way approval.