

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



Administrative Order SWD-1858
January 24, 2019

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, Lime Rock Resources II-A, L.P. (the "operator") seeks an amendment of the administrative order to utilize its proposed Choate Davis 23 State SWD Well No. 4 (the "proposed well") to be located 570 feet from the North line and 750 feet from the West line, Unit letter D of Section 23, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, for the purpose of produced water disposal for the operator's lease wells.

THE DIVISION DIRECTOR FINDS THAT:

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and two objections have been received within the prescribed waiting period, both protests to this application were withdrawn following negotiated resolutions. 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.

IT IS THEREFORE ORDERED THAT:

The applicant, Lime Rock Resources II-A, L.P., is hereby authorized to utilize its proposed Choate Davis 23 State SWD Well No. 4 (API 30-015-45445) to be located 570 feet from the North line and 750 feet from the West line, Unit letter D of Section 23, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Abo, Wolfcamp, and Cisco formations through a perforated interval from approximately 6375 feet to 7530 feet and through open hole from 7530 feet to 8700 feet. Injection will be through internally-coated, 4 ½-inch tubing and a packer set within 100 feet of the top of the perforated interval.

The sources for disposal in this well shall be limited to only production from the operator for produced water from the Yeso formation. Any request to include new sources of oil field produced water shall require written notice and approval by the Engineering Bureau in Santa Fe.

If cement does not circulate on any casing string, the operator shall run a CBL or other log to determine top of cement and shall notify the Division's District I office 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.

This administrative permit prohibits the change from lease only for sources of disposal fluids only to commercial disposal well. If the applicant changes from a lease only injection well to a commercial well this order shall terminate ipso facto.

A change of operator for this administrative order shall be approved by the Director. A change in operator without the Director's consent shall terminate this injection authority ipso facto.

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 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 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 1275 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 I 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 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 proposed 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.



Gabriel Wade
Acting Director

GW/mam

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas and Minerals Division
Well file 30-015-45445