NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

AMENDED ADMINISTRATIVE ORDER SWD-838-B

APPLICATION OF DUKE ENERGY FIELD SERVICES, LP FOR ACID GAS DISPOSAL, EDDY COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Duke Energy Field Services, LP (DEFS) made application to the New Mexico Oil Conservation Division on May 7, 2002, for permission to complete for acid gas disposal its Duke AGI Well No. 1 to be located 1232 feet from the South line and 1927 feet from the East line (Unit O) of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. **On January 17, 2003, DEFS asked for an amended order with language as follows.**

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(4) No objections have been received within the waiting period prescribed by said rule.

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 13589 Exhibit No. 8
Submitted by:
DUKE ENERGY FIELD SERVICES, LP
Hearing Date: February 9, 2006

IT IS THEREFORE ORDERED THAT:

Duke Energy Field Services, LP is hereby authorized to complete its Duke AGI Well No. 1 to be located 1232 feet from the South line and 1927 feet from the East line (Unit O) of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of acid gas for disposal purposes into the Devonian formation from a depth of 11200 feet to 11500 feet through 2 7/8 inch tubing set in a packer located at approximately 11100 feet.

IT IS FURTHER ORDERED THAT:

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

Prior to commencing injection operations into the well and at least once per year thereafter, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

During drilling operations, the operator shall monitor the well for hydrocarbon shows. Any hydrocarbon shows within the Devonian shall be reported to the Division prior to commencing injection operations into the well.

The operator shall obtain native formation water samples from the Devonian formation subsequent to completion of drilling operations. These water samples shall be analyzed and the results sent to the Santa Fe Office of the Division.

The casing-tubing annulus shall be loaded and equipped with a pressure gauge at the surface to facilitate detection of leakage in the casing, tubing, or packer.

The operator shall ensure that injected acid gas is properly dehydrated prior to entering the Devonian injection zone.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 3240 psi while injecting Acid Gas with an approximate specific gravity of 0.8. The wellhead pressure on the injection well shall be no more than 2240 psi while injecting water. The operator shall attempt to maintain the injected fluid in the non-corrosive phase with minimum pressure regulating devices as necessary.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected gases from the Devonian formation. Such proper showing shall at least consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia District Office of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia District Office of the Division of the failure of the tubing, casing, or packer in said well or the leakage of water, oil or gas from or around any producing or plugged and abandoned well within the area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, 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 water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Originally approved at Santa Fe, New Mexico, on the 29th day of May 2002. **Amended in Santa Fe, New Mexico, on this 22nd day of January 2003.**

For Wrotenbery (wvjj)

LORI WROTENBERY, Director

LW/wvjj

cc: Oil Conservation Division – Artesia

Complete Well Summary

Duke AGI #1

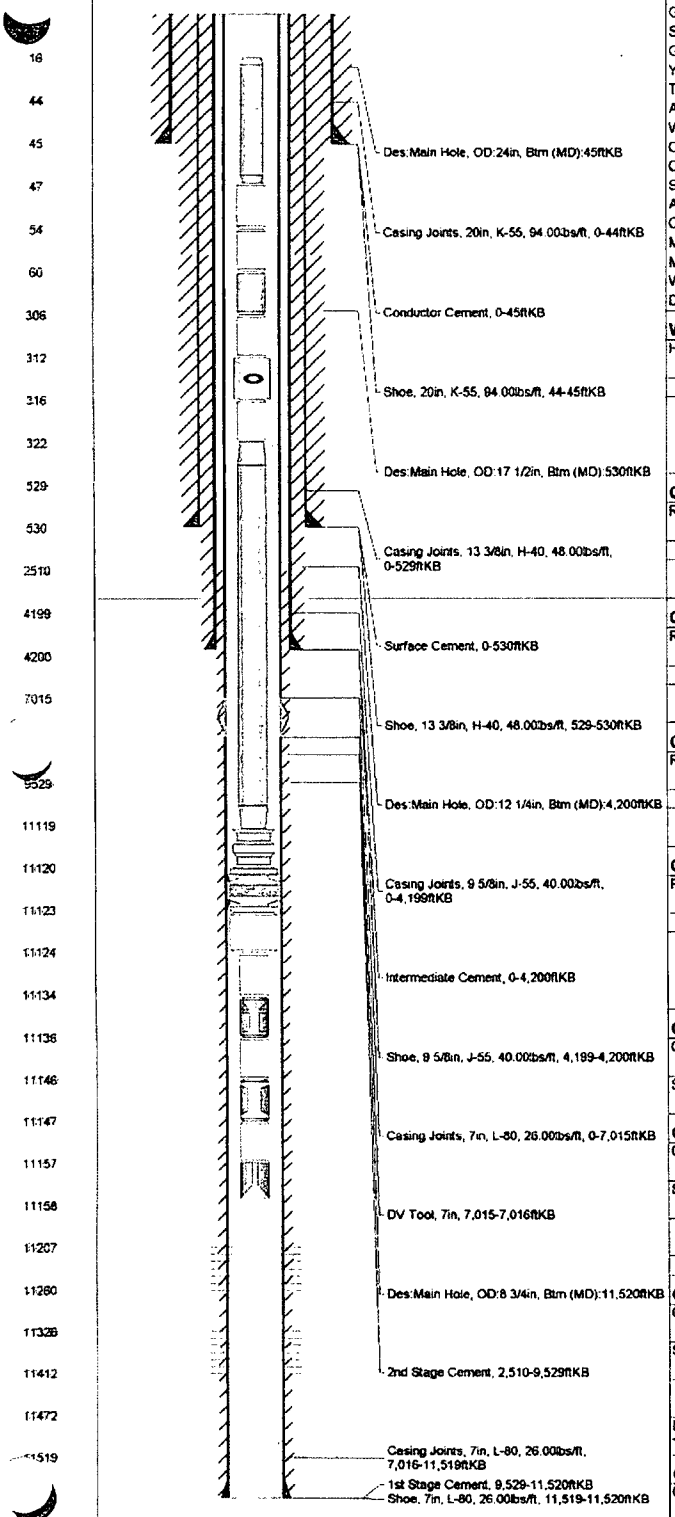
API/UWI	Operator
30-015-32324	Duke Energy Field Services, LP

Area	State/Province	KB-Grd (ft)	KB Elev (ft)	Gr Elev (ft)	PBTD (ftKB)	Spud Date
Artesia	New Mexico	17.50	3628.50	3611.00	11,472.0	8/14/2002

Surface Legal Location	Latitude (DMS)	Longitude (DMS)
1232 ft FSL & 1927 ft FEL Sec 7 T18S R28E		

Main Hole: 7/1/2003 (KB-Grd: 17.5ft)

MD (ftKB) | ID | Schematic - Actual



Formation Pick Groups: Main Formations

Name	Top (ftKB)	Comment
Queen	1,430.0	
Grayburg	1,935.0	
San Andres	2,230.0	
Glorieta	3,860.0	
Yeso	4,092.0	
Tubb	5,050.0	
Abo	6,172.0	
Wolfcamp	7,196.0	
Cisco	7,888.0	
Canyon	8,412.0	
Strawn	9,024.0	
Atoka	9,680.0	
Chester	10,428.0	
Morrow	10,587.0	
Mississippi	10,587.0	
Woodford	11,129.0	
Devonian	11,152.0	

Wellbores: Main Hole

Hole API #	Bottom Hole Legal Location	Profile Type	KO MD (ftKB)	VS Dir (°)

Size (in)	Top (ftKB)	Btm (ftKB)
24	0.0	45.0
17 1/2	45.0	530.0
12 1/4	530.0	4,200.0
8 3/4	4,200.0	11,520.0

Casing: Conductor, 45.0ftKB

Run Date	Centralizers	Scratchers	Drift Min
8/13/2002			

OD (in)	Item Des	Btm (ftKB)	Jts	ID (in)	Wt (lbf)	Grade	Top Thread
20	Casing Joints	44.0		19.124	4,137.4	K-55	
20	Shoe	45.0		19.124	94.0	K-55	

Casing: Surface, 530.0ftKB

Run Date	Centralizers	Scratchers	Drift Min
8/16/2002			

OD (in)	Item Des	Btm (ftKB)	Jts	ID (in)	Wt (lbf)	Grade	Top Thread
13 3/8	Casing Joints	529.0		12.715	25,400.7	H-40	
13 3/8	Shoe	530.0		12.715	48.0	H-40	

Casing: Intermediate, 4,200.0ftKB

Run Date	Centralizers	Scratchers	Drift Min
8/24/2002			

OD (in)	Item Des	Btm (ftKB)	Jts	ID (in)	Wt (lbf)	Grade	Top Thread
9 5/8	Casing Joints	4,199.0		8.835	168,017.4	J-55	
9 5/8	Shoe	4,200.0		8.835	40.0	J-55	

Casing: Production, 11,520.0ftKB

Run Date	Centralizers	Scratchers	Drift Min
9/27/2002			

OD (in)	Item Des	Btm (ftKB)	Jts	ID (in)	Wt (lbf)	Grade	Top Thread
7	Casing Joints	7,015.0		6.276	182,452.3	L-80	
7	DV Tool	7,016.0		6.276			
7	Casing Joints	11,519.0		6.276	117,118.0	L-80	
7	Shoe	11,520.0		6.276	26.0	L-80	

Cement: Conductor, casing, 8/13/2002 00:00

Cementing Company	Evaluation Method	Cement Evaluation Results
	Returns to Surface	

Stg No.	Description	Top (ftKB)	Btm (ftKB)	Full Return
1	Conductor Cement	0.0	45.0	Yes

Cement: Surface, casing, 8/16/2002 00:00

Cementing Company	Evaluation Method	Cement Evaluation Results
	Returns to Surface	

Stg No.	Description	Top (ftKB)	Btm (ftKB)	Full Return
1	Surface Cement	0.0	530.0	Yes

Type	Class	Amt (sacks)	Yield (ft³/sack)	Mix H20 Ratio (gal/sack)	V (bbl)	Fluid Des
	C	675	1.34			

Cement: Intermediate, casing, 8/24/2002 00:00

Cementing Company	Evaluation Method	Cement Evaluation Results
	Returns to Surface	

Stg No.	Description	Top (ftKB)	Btm (ftKB)	Full Return
1	Intermediate Cement	0.0	4,200.0	Yes

Type	Class	Amt (sacks)	Yield (ft³/sack)	Mix H20 Ratio (gal/sack)	V (bbl)	Fluid Des
Lead	C	825	2.41			
Tail	C	200	1.33			

Cement: Production, casing, 9/27/2002 00:00

Cementing Company	Evaluation Method	Cement Evaluation Results
	Cement Bond Log	

Stg No.	Description	Top (ftKB)	Btm (ftKB)	Full Return
1	1st Stage Cement	9,529.0	11,520.0	Yes

Type	Class	Amt (sacks)	Yield (ft³/sack)	Mix H20 Ratio (gal/sack)	V (bbl)	Fluid Des