



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-836

APPLICATION OF PRONGHORN MANAGEMENT CORPORATION FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Pronghorn Management Corporation made application to the New Mexico Oil Conservation Division on April 5, 2002, for permission to re-enter for produced water disposal its State "T" Well No. 2 (API No. 30-025-03735) located 4290 feet from the South line and 500 feet from the West line (Unit L) of Section 6, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

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.

IT IS THEREFORE ORDERED THAT:

Pronghorn Management Corporation is hereby authorized to re-enter its State "T" Well No. 2 (API No. 30-025-03735) located 4290 feet from the South line and 500 feet from the West line (Unit L) of Section 6, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into

EXHIBIT

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the San Andres and Glorieta formations from a depth of 6000 feet to 6200 feet through 2 7/8 inch plastic-lined tubing set in a packer located approximately at 5950 feet.

IT IS FURTHER ORDERED THAT:

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

Prior to perforating for injection, the following cementing operations must take place: Set a 5 1/2 inch CIBP at 10500 feet, spot mud, then perforate above the current cement top at approximately 9762 feet and squeeze cement through perforations to the surface. Next, spot mud from the retainer to 6500 feet and set a cement plug inside the 5 1/2 inch casing at 6500 feet. Wait on cement then run a CBL/CET from 6500 feet to the surface with pressure on the annulus and submit to the Hobbs District office for approval.

The casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

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

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 1200 psi.

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 fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs District Office of the Division 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 Hobbs District Office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as

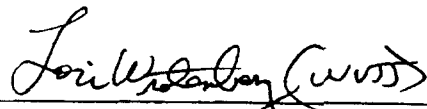
may be timely and necessary to correct such failure or leakage.

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.

Approved at Santa Fe, New Mexico, on this 30th day of April 2002.



LORI WROTENBERY, Director

LW/WVJ

cc: Oil Conservation Division – Hobbs

District I
1625 N. French Dr., Hobbs, NM 88240
District II
2201 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1229 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address PRONGHORN MANAGEMENT CORPORATION P. O. BOX 1772 HOBBS, NM 88241		¹ OGRID Number 122811
		¹ API Number 30 - 025-03735
³ Property Code 14991	³ Property Name STATE "T"	⁴ Well No. 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	6	16-S	36-E		4290	SOUTH	500'	WEST	LEA

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 SAN ANDRES GLORIETA						¹⁰ Proposed Pool 2			

¹¹ Work Type Code P	¹² Well Type Code S	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3976 DF
¹⁶ Multiple NO	¹⁷ Proposed Depth PBD 6500'	¹⁸ Formation SAN ANDRES GLORIETA	¹⁹ Contractor N/A	²⁰ Spud Date A.S.A.P.

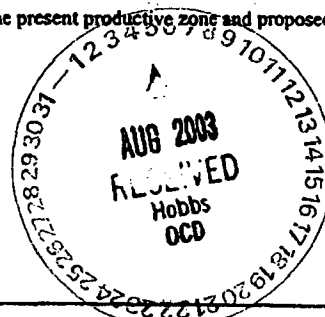
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/4"	13 3/8"	48#	378'	400	CIRC.
12 1/4"	8 5/8"	28 - 32 #	4749'	1352	625'
7 7/8"	5 1/2"	17 - 20 #	10,679'	300	9762'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attached.
Administrative Order
SWD - 836

Permit Expires 1 Year From Approval
Date Unless Drilling Underway
Plug-Back



²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>G. A. Baber</i> Printed name: G. A. BABER Title: PARTNER Phone: 8-5-03		OIL CONSERVATION DIVISION Approved by: <i>[Signature]</i> Title: PETROLEUM ENGINEER Approval Date: AUG 05 2003 Expiration Date: Conditions of Approval: Attached <input type="checkbox"/>	
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