

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



Administrative Order PMX-280
February 18, 2019

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-13680, as amended, Tarco Energy, LC (OGRID No. 279579) has made application to the Division for permission to add an additional injection well to its Russell C Pressure Maintenance Project located within the Red Lake; Glorieta-Yeso, Northeast; Pool (96836) in Eddy County, New Mexico. This well, Brad State Well No. 1 is being proposed for injection of water within this project.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and may be approved administratively by the Division Director without notice and hearing, per Ordering Paragraph (1) of Division Order No. R-13680 dated February 14, 2013. The proposed well is eligible for conversion to injection under the terms of that rule and Ordering paragraph (1). 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 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 Number	Well Name	Lot/ Unit	Sec	Twp	Rng	Footage F/S	Footage E/W	Injection Interval; Type of Interval
30-015-40618	Brad State Well No. 1	3/C	2	18S	27E	330' FNL	2300' FWL	411'-451'; perfs

The wellhead injection pressure on the well shall be limited to **no more than 82 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 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 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 this 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 for this well.

Subject to the limitations within the hearing order permitting this project, 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 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 supervisor of the Division's District II office 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 to the District I office. The operator shall submit monthly reports of the disposal operations on Division 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 District II office 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.

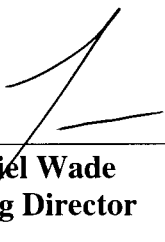
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

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.

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 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. The subject well shall be governed by all provisions of Division Order No. R-13680 and associated administrative orders.

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



GW/mam

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office – Oil, Gas, and Minerals
Well File – 30-015-40618
Case File 14931