

P/P

Form C-101
Revised July 18, 2013**District I**1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720**District II**811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720**District III**1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170**District IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address Rice Operating Company as Agent for the Northern Lea SWD System 112 W Taylor Hobbs, NM 88240		⁴ OGRID Number 19174
		⁵ API Number 30-025-46576
⁶ Property Code 326510	⁷ Property Name N-7	⁸ Well No. 1

7. Surface Location

UL - Lot N	Section 7	Township 21S	Range 37E	Lot Idn	Feet from 813	N/S Line S	Feet From 1318	E/W Line W	County Lea
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8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
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9. Pool Information

Pool Name SWD; San Andres	Pool Code 96121
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Additional Well Information**SWD-1751**

¹¹ Work Type N	¹² Well Type S	¹³ Cable/Rotary R	¹⁴ Lease Type X P	¹⁵ Ground Level Elevation 3494
¹⁶ Multiple	¹⁷ Proposed Depth 5100	¹⁸ Formation San Andres	¹⁹ Contractor TBD	²⁰ Spud Date 4/15/2020
Depth to Ground water 250		Distance from nearest fresh water well .71 Miles North		Distance to nearest surface water 1.9 Miles SW

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

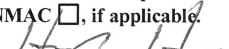
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2	13 3/8	48 lbs	1300	850	Circ
Production	12 1/4	9 5/8	40 lbs	5100	3300	Circ

Casing/Cement Program: Additional Comments

Use of DV Tool to be placed above lost circulation zone

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular & Rams	3000 psi	3000 psi	TBD

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.
 Signature: 

Printed name: Hayden Holub

Title: Operations Manager

E-mail Address: hholub@riceswd.com

Date: 12/5/2019

Phone: 575-393-9174

OIL CONSERVATION DIVISION

Approved By:



Title:

Approved Date: 12/10/2019

Expiration Date: 12/10/2021

Conditions of Approval Attached

OCD ORDER #SWD-1751

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-46576	Pool Code 96121	Pool Name SWD;SAN ANDRES
Property Code 326510	Property Name N-7	Well Number 1
OGRID No. 19174	Operator Name RICE OPERATING COMPANY	Elevation 3494'

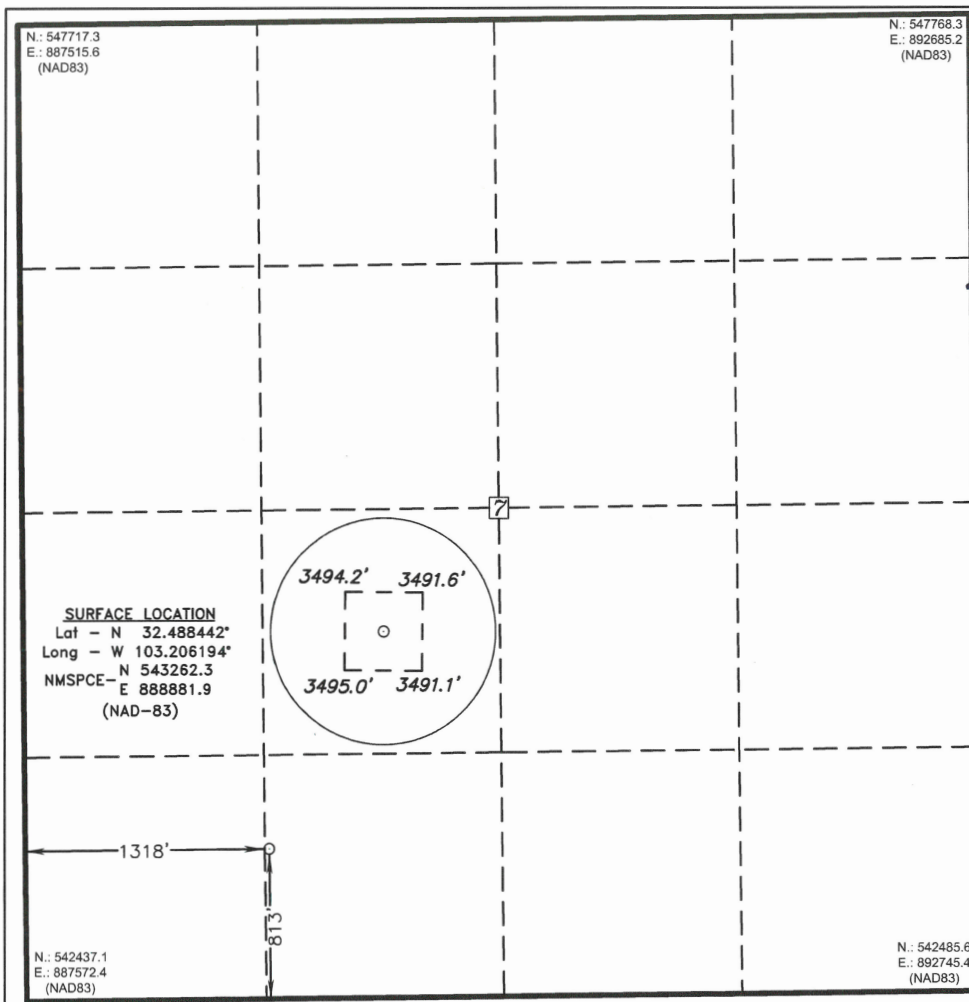
Surface Location

UL or lot No. N	Section 7	Township 21 S	Range 37 E	Lot Idn	Feet from the 813	North/South line SOUTH	Feet from the 1318	East/West line WEST	County LEA
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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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unLEASED mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Printed Name

Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

AUGUST 1, 2018

Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No. Gary L. Jones 7977
BASIN SURVEYS

0' 500' 1000' 1500' 2000'
SCALE: 1" = 1000'
WO Num.: 33961

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



Administrative Order SWD-1751
October 2, 2018

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, Rice Operating Company (the "operator") seeks an administrative order for its N 7 Well No. 1 ("proposed well") with a proposed location of 813 feet from the South line and 1318 feet from the West line, Unit N of Section 7, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The 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 no objections have been received within the prescribed waiting period. 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, Rice Operating Company (OGRID 19174), is hereby authorized to utilize its N 7 Well No. 1 (API 30-025-Pending) with a proposed location of 813 feet from the South line and 1318 feet from the West line, Unit N of Section 7, Township 21 South, Range 37 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) through perforations into an interval consisting of San Andres formation from **4457 feet to 4908 feet**. Injection will occur through internally-coated, 5-¹/₂-inch or smaller tubing with a packer set within 100 feet of the top perforation of the disposal interval.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District Office and the operator shall be required to receive written permission prior to commencing disposal.

If cement does not circulate on any casing string, the operator shall run a cement bond log (CBL) or other log to determine top of cement and shall notify the Hobbs District 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.

*The operator shall conduct a swab or production test of the approved injection interval for hydrocarbon potential and obtain a water sample for analysis of hydrocarbon content as well as general water chemistry (including major cations, major anions, and Total Dissolved Solids (TDS)). The Division's District I office shall be noticed prior to this test and given the opportunity to witness the test. The operator shall supply the results of the water sample to Division's District I office and Santa Fe Bureau office prior to commencing injection. **If the analysis of the sample is found to contain a TDS concentration of 10000 milligrams per liter or less, the injection authority under this Order shall be suspended 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. This includes the completion and construction of the well as described in the application and, if necessary, as modified by the District Supervisor.

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 891 psi**. 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 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 I 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.

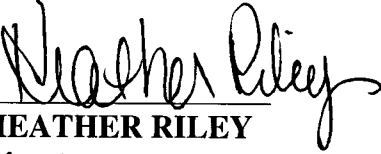
The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 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 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.


HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Hobbs District Office
New Mexico State Land Office – Oil, Gas and Minerals Division
Administrative Application - pMAM1822950834

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

Adrienne Sandoval, Director
Oil Conservation Division



November 27, 2019

RICE Operating Company (OGRID 19174)
c/o Hayden Holub, Manager
hholub@riceswd.com
112 West Taylor
Hobbs, NM 88240

RE: Administrative Order SWD-1751; Extension of Deadline to Inject
Well: N-7 Well No. 1 (API 30-025-PENDING)
Located: Unit N, Sec 7, T21S, R37E, NMPM, Lea County, New Mexico
Order Date: October 2, 2018
Injection formations: San Andres, 4457 feet to 4908 feet

Dear Mr. Holub:

Reference is made to your August 20, 2019 request on behalf of the operator to extend the deadline stipulated in the above titled order to commence injection for the above referenced well for reasons outlined in your correspondence. The current deadline date to commence injection under said order is one year after issuance of the order: October 2, 2019.

It is the Division's understanding from your correspondence that since the date of issuance of this permit, there have been no changes in affected parties and no additional wells drilled in the one-half mile Area of Review.

The Division finds that for reasons you have stated, the granting of this request to extend this administrative order is in the interest of conservation, will prevent waste, and will protect the environment.

The deadline to commence injection for the existing order is hereby extended until October 2, 2020.

All requirements of the above referenced administrative order and agreements in the application remain in full force and effect.

Any additional extension of the deadline to commence injection for this administrative order will not be considered unless the operator has already commenced drilling of the subject well. Otherwise, the injection authority shall expire under the terms of the extended administrative order and the operator shall be required to submit a new application to obtain injection authority for the referenced well.

ADRIENNE SANDOVAL
Director

AS/rl
cc: Oil Conservation Division – Hobbs District Office
SWD-1751

CONDITIONS OF APPROVAL

API #	Operator	Well name & Number
30-025-46576	Rice Engineering Co	N 7 SWD # 001

Applicable conditions of approval marked with **XXXXXX**

Administrative Orders Required

XXXXXXX	Review order SWD 1753 for additional conditions of approval

Other wells

Casing

XXXXXXX	SURFACE & PRODUCTION CASING - Cement must circulate to surface
XXXXXXX	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water

Lost Circulation

XXXXXXX	Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186

Water flows

XXXXXXX	Must notify OCD Hobbs Office of any water flow in the Salado formation at 575-370-3186. Report depth and flow rate.

Stage Tool

XXXXXXX	Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186
XXXXXXX	If using Stage Tool on Surface casing, Stage Tool must be greater than 350' and a minimum 200 feet above surface shoe.
XXXXXXX	When using a Stage Tool on Production Casing Stage must be a minimum of 50 feet below previous casing shoe.

Completion & Production

XXXXXXX	Will require a deviation survey with the C-105
XXXXXXX	Must notify Hobbs OCD office prior to conducting MIT (575) 393-6161 ext. 114
XXXXXXX	Must conduct & pass MIT prior to any injection
XXXXXXX	Approval of this APD does not approve your tubing sizes. Please see SWD order for approved tubing sizes.
XXXXXXX	Must conduct & pass MIT prior to any injection