State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-432 March 24, 2013

Mr. Ben Stone, Agent Strata Production Company 1301 North Sycamore Avenue Roswell, NM 88201

RE: <u>Injection Pressure Increase</u>

Disposal Permit: SWD-1323 Pool: SWD; Cherry Canyon Forty Niner Ridge Unit Well No. 6 API 30-015-33637 Unit O, Sec 22, T23S, R30E, NMPM, Eddy County, New Mexico

Dear Mr. Stone:

Reference is made to your request on behalf of Strata Production Company (OGRID 21712) received by the Division on March 11, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the Cherry Canyon member of the Delaware Mountain Group by Division administrative order SWD-1323 approved March 26, 2012. That permit allowed disposal through perforations from 4510 feet to 5780 feet at a maximum surface disposal pressure of 900 psi.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step rate test for this well run February 4, 2013, you are hereby authorized to inject at the following maximum surface tubing pressure:

Forty Niner Ridge Unit Well No. 6

API 30-015-33637 1500 psi

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This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,

JAMI BAILEY

Director

JB/wvjj

cc:

Oil Conservation Division - Artesia

File: SWD-1323