

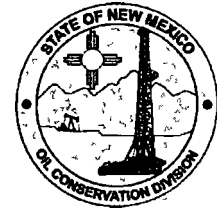
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1488-A
June 22, 2017

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19 15 26 8(B) NMAC, Chevron USA, Incorporated (the "operator") seeks an administrative order to utilize its proposed Salado Draw SWD 13 Well No. 1 with a location of 290 feet from the South line and 10 feet from the West line, Unit letter M of Section 13, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

The operator petitioned the Division to extend the deadline to commence injection under Administrative Order SWD-1488. The Division reviewed the well file along with the drilling history provided by the operator and found that the well was not able to commence injection by the stipulated deadline due to complex downhole problems that extended for several months. The operator also stated that an evaluation of the upper portion of the permitted interval indicated very low permeability and the Division delayed the issuance of an amended order until the operator had completed deepening of the open-hole interval. The current request for an extension of the deadline was to provide the opportunity to re-enter the well and complete the final deepening of the borehole into the Fusselman formation.

Additionally, this Order provides for corrected depths of the permitted injection interval, the Devonian and Silurian formations, following the submittal of data as requested in the original order. This amended Order approves the minor modifications for the extension of the deadline to commence injection and the corrected depths of the permitted interval. This Order supersedes Administrative Order SWD-1488 issued June 13, 2014.

THE DIVISION DIRECTOR FINDS THAT.

The application has been duly filed under the provisions of Rule 19 15 26.8(B) NMAC and satisfactory information has been provided that affected parties as defined in said rule 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 Rule 19 15.26.8 NMAC have been met and the operator is in compliance with Rule 19 15 5 9 NMAC.

IT IS THEREFORE ORDERED THAT

The applicant, Chevron USA, Incorporated (OGRID 4323), is hereby authorized to utilize its Salado Draw SWD 13 Well No. 1 (API 30-025-42354) with a location of 290 feet from the

South-line and 10 feet from the West line, Unit letter M of Section 13, Township 26 South, Range 32 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) through open hole into the Devonian and Silurian formations from 17729 feet to 19300 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the permitted interval.

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 well construction proposed and described in the application, and as modified by the requirements of the Bureau of Land Management.

The operator shall supply the Division and the Bureau of Land Management, Carlsbad office with a copy of a mudlog over any new drilled portion of the permitted disposal interval not previously submitted in the mudlog dated August 2015. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District I office and the operator shall be required to receive written permission prior to commencing disposal.

The operator shall also provide a summary of depths (picks) for formation tops in the injection interval to the Division's District I office prior to commencing disposal.

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.

The maximum surface injection pressure on the well shall be limited to **no more than 3575 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 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 formation. 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 office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19 15 26 13 and 19 15 7 24 NMAC

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

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 Rule 19 15 5 9 NMAC

The disposal authority granted herein shall terminate two (2) years 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



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
Well file 30-025-42354