

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF OIL CONSERVATION DIVISION
FOR ORDER TO AMEND APDS OF ENUMERATED
WELLS AND TO ORDER TEMPORARY CESSATION OF
ASSOCIATED DRILLING AND COMPLETION ACTIVITIES**

**CASE NO. 22472
ORDER NO. R-22063**

ORDER

This matter came before the Director (“Director”) of the New Mexico Oil Conservation Division (“OCD”) on the Application for an Order to amend the approval of the Applications for Permit to Drill (“APDs”) for certain enumerated wells. OCD conducted a public hearing on February 3, 2022, and having considered the testimony and evidence presented, and being otherwise fully advised in the matter, the Director enters the following findings of fact, conclusions of law, and order:

FINDINGS OF FACT

1. OCD gave notice of the hearing as required by 19.15.5.10 NMAC.
2. The Director takes administrative notice of the records, exhibits, and testimony in Case No. 22102 and Order No. R-21888.
3. The Director adopts the findings of fact set forth in Order R-21888.
4. The operators affected by this Order are engaged in oil and gas production and do business in New Mexico.
5. In the Application and in the public notice, OCD listed the wells and well API numbers that are subject to this proceeding. OCD amended the Application to remove one well: WPX Energy Permian, LLC’s COLLIE 35 34 22 27 FEE #402H well, API 30-015-47294. This Order applies to the following wells (collectively the “Wells”) each of which is located in the vicinity of a subsurface cavern (“Cavity”) created by the Carlsbad Brine Well:
 - Marathon Oil Permian, LLC, OGRID 372098
API 30-015-44692, Well Name *CATAPULT 1 WXY FEE #003H*
 - Matador Production Company, OGRID 228937
API 30-015-46590, Well Name *HAZEL INEZ #204H*
API 30-015-46596, Well Name *HAZEL INEZ #203H*

Mewbourne Oil Company, OGRID 14744 (Wells with * have been drilled but not completed)

*API 30-015-48087, Well Name *CITY SLICKERS 28 29 W0AD FEE #001H*

*API 30-015-47305, Well Name *WATERBOY 27 26 W0DA FEE #001H*

*API 30-015-46808, Well Name *MIGHTY DUCKS 15 16 W0PM STATE COM #001H*

*API 30-015-46807, Well Name *MIGHTY DUCKS 15 16 W0IL STATE COM #002H*

API 30-015-46003, Well Name *MIGHTY DUCKS 16 15 W0MP STATE COM #001H*

API 30-015-48053, Well Name *MIGHTY DUCKS 15 16 W0HE STATE COM #001H*

API 30-015-48054, Well Name *MIGHTY DUCKS 15 16 W0AD STATE COM #001H*

API 30-015-48077, Well Name *Sandlot 9-8 W0PM Fee 1H*

API 30-015-48078, Well Name *Sandlot 9-8 W0IL Fee 1H*

API 30-015-48079, Well Name *Sandlot 9-8 W0HE Fee 1H*

API 30-015-48080, Well Name *Sandlot 9-8 W0AD Fee 1H*

API 30-015-46228, Well Name *SQUINTS 4 5 W0IJ FEE #001H*

API 30-015-45584, Well Name *DOUBTFIRE 25 30 W0MP FEE COM #001H*

API 30-015-45580, Well Name *DOUBTFIRE 25 30 B3MP FEE #001H*

API 30-015-45583, Well Name *DOUBTFIRE 25 30 W0MP FEE COM #002H*

Tap Rock Operating, LLC, OGRID 372043

API 30-015-46687, Well Name *OLD CHUB FEDERAL COM #131H*

API 30-015-46686, Well Name *OLD CHUB FEDERAL COM #201H*

API 30-015-46675, Well Name *OLD CHUB FEDERAL COM #205H*

API 30-015-46672, Well Name *OLD CHUB FEDERAL COM #202H*

API 30-015-46685, Well Name *OLD CHUB FEDERAL COM #207H*

API 30-015-46688, Well Name *OLD CHUB FEDERAL COM #132H*

WPX Energy Permian, LLC, OGRID 246289

API 30-015-42355, Well Name *OLD CAVERN FEE #001*

API 30-015-42381, Well Name *SMEDLEY FEE #001*

6. OCD presented the testimony of one witness, Mr. Jim Griswold, OCD Special Projects Manager for the Carlsbad Brine Well remediation project and offered thirteen exhibits.
7. No other party presented testimony or offered exhibits.
8. OCD conducted a sonar survey of the Cavity in September 2021, which was completed and analyzed in October 2021.

9. The September 2021 sonar survey revealed continued roof failure, with points in the roof structure losing approximately five feet of vertical depth within the Cavity.
10. OCD recommenced sand injection into the Cavity the first week of October.
11. At the time sand injection restarted, OCD estimated approximately sixty-three thousand cubic yards of void space.
12. Sand injection progressed at or ahead of projected schedule.
13. As of February 1, 2022, OCD estimates that approximately ninety-five percent of void space observed in the September 2021 sonar survey was filled.
14. OCD projects to complete backfill operations on or around February 11, 2022.
15. OCD conducted a subsequent sonar survey in January 2022.
16. The preliminary results of the January 2022 sonar survey indicate continued roof failure, moving the vertical extent of the roof “a couple feet” closer to the maximum depth of groundwater.
17. At the time of the hearing, post-backfill operations were projected to take approximately one month, including surface restoration and depressurization of the Cavity, but final timelines are still under review and determination by the contractor.
18. The post-backfill operations constitute “substantial completion” of the remediation project contract.
19. A final report must be generated by OCD’s contractor within sixty days of substantial completion before the project and the contract would be considered to be complete.
20. OCD requires the technical analysis of risk and the post-backfill state of the Cavity included in the final report to appropriately condition the recommencement of drilling and completion activities in proximity to the Cavity.

CONCLUSIONS OF LAW

21. Pursuant to NMSA 1978, § 70-2-6, OCD has jurisdiction over the parties and the subject matter herein.
22. OCD is authorized to make orders “to prevent crude petroleum oil, natural gas or water from escaping from strata in which it is found into other strata.” NMSA 1978, § 70-2-12(B)(2).

23. OCD is authorized to make orders “to require wells to be drilled, operated and produced in such manner as to prevent injury to neighboring leases or properties.” NMSA 1978, § 70-2-12(B)(7).
24. Drilling and completion activities associated with the enumerated Wells pose a clear and immediate risk of harm to the stability of the Cavity and the successful completion of the ongoing remediation project.
25. Based on testimony and evidence presented, the Director finds that currently permitted activity associated with the enumerated Wells, must be suspended for a period of forty-five days.

ORDER

26. The APDs for all enumerated Wells are suspended for a period of forty-five days from the date of this order.
27. The APDs for all enumerated Wells are amended to include the following conditions of approval, applicable to commencement of activity after forty-five days from the date of this Order:
 - a. The Operator of a Well shall provide to OCD 60 days’ notice where possible, or within 72 hours of scheduling drilling or completion activities if less than 60 days, prior to the start of any drilling or completion activities at any of the referenced Wells. In all instances, such notice shall be provided no less than 14 days prior to the start of any such activities.
 - b. OCD retains the right to require the cessation of any drilling or completion activities associated with the APDs due to concerns about potential impacts to ongoing or completed remediation activities at the Carlsbad brine well,
 - i. If OCD orders cessation pursuant to this provision, it shall do so in a written communication (email is sufficient) simultaneously submitted to Operator that contains a high-level rationale for the OCD’s cessation order. The duration of the initial period for such cessation may be as follows:
 1. up to 45 days if Operator is more than 45 days from starting actual drilling or completion activities; or
 2. if Operator is within 45 days from starting actual drilling or completion activities, or is conducting actual drilling or completion activities, the initial period of cessation shall be limited to 72 hours (not including weekend or holiday time);
 3. whichever cessation period in paragraph 62(c)(i)(1) or (2) applies shall be referred to hereafter the “Initial Period”.

- ii. If OCD's concerns, as summarized in its written communication, are not resolved to OCD's satisfaction in its sole discretion during the Initial Period (up to 45 days or 72 hours, whichever is applicable), OCD may extend any such cessation until the earlier of (i) 45 additional days or (ii) a hearing before the OCD; provided, however, that no cessation shall be authorized for a cumulative period of more than 90 days without an OCD hearing.
- iii. During the Initial Period or any extension thereof, OCD and each affected Operator shall discuss OCD's rationale for the cessation order and make a good faith effort to determine whether the Operator's current or planned operations can be carried out in a manner satisfactory to the OCD.

28. OCD retains jurisdiction of this matter for the entry of such further Orders as it may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**
AES/bb

Date: 3/09/2022