

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-1714  
March 1, 2018

ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8 (B) NMAC, Pogo Oil and Gas Operating, Inc. (the "operator" or "Pogo") seeks an administrative order for its State BD SWD Well No. 4 ("subject well") located 1894 feet from the North line and 604 feet from the East line, Unit H of Section 2, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico, for disposal of produced water of the operator.

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:

Pogo Oil and Gas Operating, Inc. (OGRID 372000), is hereby authorized to utilize its State BD SWD Well No. 4 (API 30-025-35662) at a location 1894 feet from the North line and 604 feet from the East line, Unit H of Section 2, Township 12 South, Range 33 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) into the Devonian formation through both a perforated and open-hole interval from approximately 11000 feet to approximately 11500 feet. Injection will occur through either an internally-coated, 3-1/2-inch or smaller tubing inside the liner. Further, a packer shall be set within 100 feet of the injection interval.

*This permit does not allow disposal into formations below the Silurian including the Montoya formation and the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to these formations.*

Sources of the UIC Class II fluids for disposal in the subject well shall be limited to the production from wells operated by Pogo. Sources of UIC Class II fluids from other operators shall not be permitted for disposal in the subject well

*Injection of produced water shall be only from the produced water samples supplied by the applicant, which includes the Devonian, Wolfcamp, and Pennsylvanian formations. If water from*



*other formations is injected into the subject well, this order shall be null and void.*

*If the subject well is transferred to another operator, this order shall be null and void.*

**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. The well construction shall be as proposed and described in the application, and if necessary as modified by the District Supervisor.

*The operator shall drill out all of the plugs and test casing, for all plugs from the surface to approximately 11000 feet.*

*Operator shall swab the open perforations from 11022 to 11056 feet and obtain a fluid sample.*

*Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District I office and Santa Fe Engineering Bureau office.*

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 wellhead injection pressure on the well shall be limited to **no more than 2200 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 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 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

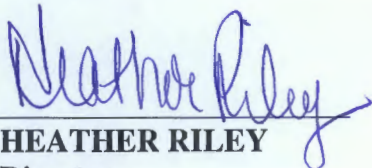
to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

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 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 disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced disposal 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  
New Mexico State Land Office – Oil, Gas, and Minerals  
Well File - 30-025-35662