

State of New Mexico
Energy, Minerals and Natural Resources Department

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Adrienne Sandoval, Director
Oil Conservation Division



Administrative Order SWD-2171
December 23, 2019

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, Devon Energy Production Company, LP (the "operator") seeks an administrative order for its Rio Blanco 33 Federal Well No. 2 (API 30-025-36360) with a location of 1980 feet from the North line and 1980 from the West line, Unit letter F of Section 33, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, for the purpose of disposal of produced water.

This Order is an amendment of administrative order SWD-1618, issued February 25, 2016, to deepen the open-hole interval. With approval of this order, order SWD-1618 is superseded.

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 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.

Application for Disposal in Devonian and Silurian Formations: Due to the potential for the projected injection volume of the proposed well to impact an area greater than the one-half mile radius applied in Division Form C-108 and Division rule, the applicant has provided the following supplementary information:

1. Notification following Division Rule 19.15.26.8(B) NMAC for a radius of one mile from the surface location of the proposed well;
2. An expanded Area of Review for wells penetrating the disposal interval for a radius of one mile from the surface location of the proposed well; and
3. A statement by a qualified person assessing the potential of induced-seismic events associated with the disposal activities for the predicted service life of the proposed well.

IT IS THEREFORE ORDERED THAT:

The applicant, Devon Energy Production Company, LP (OGRID 6137), is hereby authorized to utilize its Rio Blanco 33 Federal Well No. 2 (API 30-025-36360) with a location of

1980 feet from the North line and 1980 from the West line, Unit letter F of Section 33, Township 22 South, Range 34 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) through an open hole interval consisting of the Devonian and Silurian formations from 14,570 feet to approximately 16,148 feet. Injection will occur through internally coated, 2 $\frac{7}{8}$ -inch or smaller tubing inside the 5-inch liner and a packer set within 100 feet of the top of the open-hole interval. This permit does not allow disposal into:

1. The Woodford Shale and formations above the lower contact of the Woodford Shale;
2. Formations below the Silurian formations including the Montoya formation and the Ellenburger formation (lower Ordovician); and
3. Any lost circulation intervals directly on top and obviously connected to these formations.

Prior to commencing disposal, the operator shall submit 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.

Prior to commencing disposal, the operator shall obtain a bottom-hole pressure measurement representative of the open-hole completion. This information shall be provided with the written notice of the date of commencement of disposal.

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 or the Bureau of Land Management.

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.

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 2,914 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 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.

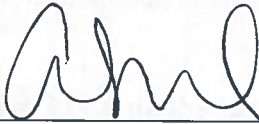
The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

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 two (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.



ANDRIENNE SANDOVAL
Director

AS/bl

cc: Oil Conservation Division – Hobbs District Office
Admin. Appl. No. pMAM1917756840
State Land Office – Oil, Gas and Minerals Division
Bureau of Land Management – Carlsbad Field Office

Attachment: C-108 well completion diagram

INJECTION WELL DATA SHEET

OPERATOR: _____ Devon Energy Production Company, LP _____

WELL NAME & NUMBER: _____ RIO BLANCO 33 FED #2

WELL LOCATION: _____ 1980' FNL & 1980' FWL _____ F _____
FOOTAGE LOCATION _____ UNIT LETTER _____ Sec 33 _____ T22S _____ R34E _____
SECTION _____ TOWNSHIP _____ RANGE _____WELLBORE SCHEMATIC

DEVON ENERGY PRODUCTION COMPANY LP

Well Name: RIO BLANCO 33 FED 2	Field: NE BELL LAKE, DEVONIAN
Location: 1980' FNL & 1980' FWL, SEC 33, T22S, R34E	County: LEA State: NM
Elevation: 3429' KB, 3406' GL; 23' KB-GL	Spud Date: 5/2/04
AP# 30-025-36360 Prepared by: Clifton Harlin	Date: 3/17/14
	Rev: 4/18/19
	Compl Date: 6/6/04

PROPOSED DEVONIAN SWD SCHEMATIC

17-1/2" Hole
13-3/8" - 488' P110, @ 3.148'
Circ'd to surface w/ 1000 sx

12-1/4" Hole
9-5/8" - 488' P110, @ 3.148'
Circ'd to surface w/ 1000 sx

Calc TOC @ 9,000'

5" Liner 11646' @ 11.646'
Liner spaced to 14.5 ELM

8-7/8" Hole
7" - 288' P110, LTRC, @ 11.577' MD
Circ'd w/ 600 sx. CTOC @ 9000'

6-1/8" Hole
5" - 288' P110, LTRC, @ 14.570'
Circ'd w/ 600 sx

PROPOSED INJECTION INTERVAL:
Devonian, Stanton, Permian Open Hole 14,570' - 16,148'

3-7/8" Openhole

TD @ 16,148'

FORMATION	TOC
Delaware	8178
Bell Spring	8473
Wellcamp	11173
Stanton	11688
Albion Shale	11895
M. North	12768
Lower Morrow	13273
Mississippi Lm	13866
Woodford	14373
Devonian	14572

PROPOSED INJECTION TUBING:
14,566' - 14,572' 11.646' P-110, IPC tubing
2,597' - 2,573' 6.56' L80, IPC tubing
Circ'd to total w/ 1.87" nipple
Nickel coated Airvent Packer @ 14,450'
6" x 2-3/8" sub (nickel coated)
1.87" nipple (nickel coated)
WLG, COT @ 14,508'

WELL CONSTRUCTION DATA
Surface CasingHole Size: 17-1/2" Casing Size: 13-3/8", 61# & 54.5# @ 2428'Cemented with: 1900 SX. or ft³Top of Cement: Surface Method Determined: Circ. cementIntermediate CasingHole Size: 12-1/4" Casing Size: 9-5/8", 40# @ 5148'Cemented with: 1900 SX. or ft³Top of Cement: Surface Method Determined: Circ. cementProduction CasingHole Size: 8-3/4" Casing Size: 7", 26# @ 11977'Cemented with: 600 SX. or ft³Top of Cement: 9000' Method Determined: CTOCTotal Depth: 16,148' 5" Liner 11646'-14570'Injection Interval (Open Hole)14,570' to 16,148'

(Perforated or Open Hole; indicate which)