

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-424
August 30, 2012

Ms. Denise Pinkerton
Chevron Midcontinent, LP
15 Smith Road
Midland, TX 79705

RE: Injection Pressure Increase

Disposal Permit: R-8930 Pool: SWD; Cherry Canyon
Pardue Farms 27 Well No. 8 API 30-015-26122
Unit H, Sec 27, T23S, R28E, NMPM, Eddy County, New Mexico

Dear Ms. Pinkerton:

Reference is made to your request on behalf of Chevron Midcontinent, L.P. (OGRID 241333) received by the Division on August 29, 2012, 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 hearing Order R-8930 approved May 10, 1989. That permit allowed disposal from approximately 4400 feet to 4800 feet without any repair conditions - or from approximately 3500 to 4800 feet with the conditions that the Pardue Farms 27 Well No. 7 and the Pardue Farms 26 Well No. 2 must be repaired by squeeze cementing to raise the cement tops in those two wells. It is our understanding that the actual disposal perforations in this well are from 4394 feet to 4662 feet, resulting (as per R-8930) in a maximum disposal tubing pressure of 879 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 August 10, 2012, you are hereby authorized to inject at the following maximum surface tubing pressure:

Pardue Farms 27 Well No. 8 API 30-015-26122 1100 psi

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,



JAMP BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
File: Case No. 9658