

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1424
June 24, 2013

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of 19.15.26.8B NMAC, EOG Resources, Inc. (**operator**), seeks an administrative order to utilize its proposed Endurance 25 Federal SWD Well No. 2 (**API No. 30-025-41067**) located 2310 feet from the North line and 990 feet from the West line, Unit letter E of Section 25, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B 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 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, EOG Resources, Inc., is hereby authorized to utilize its proposed Endurance 25 Federal SWD Well No. 2 (**API No. 30-025-41067**) located 2310 feet from the North line and 990 feet from the West line, Unit letter E of Section 25, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water into the Delaware formation through perforations from approximately 5,200 feet to 7,200 feet through internally coated tubing and a packer set within 100 feet of the permitted interval.

The operator shall conduct the following remedial work before commencing injection operations into this injection well:

The operator shall run a Cement Bond Log (CBL) in the injection well to determine the exact top of cement (TOC) on the production casing. If the indicated cement top is deeper than 4,500 feet, the operator shall bring the cement top to 4,500 feet. The operator shall notify the Division's district I office of the date and time when this work is to be done so that it can be witnessed and approved before commencing injection operations into this well.

The operator shall plug back the injection well from 10,500 feet to 7,200 feet. This remedial work shall be witnessed and approved by the Division's District I Office before commencing injection operations into the injection well.

The operator shall re-enter and properly re-plug and abandon the following plugged and abandoned wells:

- (a) Del-Lea Federal Well No. 1 (API No. 30-025-23932), Sec.25, T-26-S, R-33-E**
- (b) Elliot Federal 25 Well No. 1 (API No. 30-025-08425), Sec. 25, T-26-S, R-33-E**

These wells were not properly plugged and abandoned in 1971, and 1959 respectively. The operator shall notify the Division's District I Office of the date and time of re-plugging these wells so that the work can be witnessed and approved before commencing injection operations into the injection well.

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.

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 testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wire-line verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to no more than **1040** 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 test 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 on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

June 24, 2013

Page 3

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.

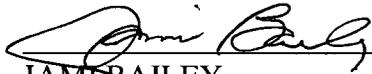
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two 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 inject 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.



JAMI BAILEY

Director

JB/re

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management BLM - Roswell